



FRONTIER IP GROUP PLC
("Frontier IP" "the Group")

HALF YEARLY REPORT 2015/16

KEY POINTS

- Group revenue quadrupled to £992,000 (2014: £244,000) – principally reflecting a higher gain on the revaluation of investments of £883,000 (2014: £160,000)
- Revenue from services increased 30% to £109,000 (2014: £84,000)
- Profit before tax of £549,000 (2014: loss of £242,000)
- Fair value of the portfolio up 31% to £3,745,000 at 31 December 2015 (30 June 2015: £2,859,000), an increase of 138% year on year (31 December 2014: £1,574,000)
- Basic earnings per share of 2.07p (2014: basic loss per share of 1.07p)
- Cash balances as at 31 December 2015 of £264,000 (30 June 2015: £636,000; 31 December 2014: £184,000)
- Net assets per share increased to 23.0p as at 31 December 2015 (30 June 2015: 20.9p; 31 December 2014: 17.0p)
- Further progress in funding the portfolio including:
 - PulsiV Solar announced its first fundraising
 - Nandi Proteins fundraising successfully completed post period-end
- First milestone achieved in our strategy of developing relationships internationally with the announcement, in January 2016, of our agreement with Évora University in Portugal

Andrew Richmond, Chairman, commented,

"I am pleased to report that we made excellent progress over the first half of the financial year. We continued to actively pursue the growth of our portfolio and this was reflected in a 31% increase in the fair value of our portfolio compared to 30 June 2015 and in a 138% increase compared to 31 December 2014. We have been successful in securing investment in our portfolio with the completion of fundraisings in PulsiV Solar and Nandi Proteins and look forward to seeing further progress within the portfolio. In line with our aim to extend our sources of exploitable IP, we were pleased to announce our agreement with Évora University in Portugal in January this year, our first relationship to be established by the Group with a university outside of the UK. We remain encouraged by the opportunities for growth in our portfolio."

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INTERIM MANAGEMENT STATEMENT

Summary

Frontier IP's core strategy is to generate value by providing best practice IP commercialisation services to institutions and start-ups, by developing a portfolio of companies capable of commercial success and by providing access to capital for these portfolio companies.

I am pleased to report that we made excellent progress in each of these areas in the first half of the financial year. We continued to actively pursue the growth of our portfolio and this was reflected in a 31% increase in the fair value of our portfolio compared to 30 June 2015 and a 138% increase compared to 31 December 2014. We provided access to capital for portfolio companies Pulsiv Solar Limited ("Pulsiv Solar") and Nandi Proteins Limited ("Nandi Proteins"), which significantly contributed to increasing total revenue in the half-year.

Pulsiv Solar, which provides a pioneering technology which significantly improves the energy efficiency of photovoltaic solar panels, completed its first fundraising and has continued to make good progress since. Its operation is expanding and results from early testing continue to show significant increases in energy generation when compared with conventional inverter technology.

Post period-end, Nandi Proteins completed a further fundraising at a significantly higher valuation - twice the price per share of the previous fundraising announced in November 2014. Interest in its ingredient-replacement technology is growing, as it offers the food industry the potential to address increasing obesity levels.

Our access to sources of intellectual property ("IP") is expanding, and we were pleased to announce in January 2016 our agreement with Universidade de Évora, Portugal ("Évora"), the first such agreement to be established by the Group with a university outside of the UK. Frontier IP has been engaged to accelerate the commercial value of IP developed within or owned by Évora and will receive a share of the equity in each spin-off company created by the university, as well as a share in the licensing revenue it receives.

Opportunities continue to be encouraging and, looking ahead, we expect to see further progress in our portfolio over the remainder of the financial year.

Results

Financial assets at fair value through profit and loss at 31 December 2015 increased to £3,745,000 (30 June 2015: £2,859,000; 31 December 2014: £1,574,000). Revenue from services over the first half increased by 30% to £109,000 (2014: £84,000) while the 306% increase in total revenue to £992,000 (2014: £244,000) reflected higher investment revaluations (unrealised) of £883,000 (2014: £160,000). The profit before tax was £549,000 (2014: loss £242,000). Administrative expenses decreased by 9% to £443,000 (2014: £487,000) primarily reflecting reduced consultancy fees. Basic earnings per share was 2.07p (2014: loss per share of 1.07p).

Cash balances stood at £264,000 as at 31 December 2015 (30 June 2015: £636,000; 31 December 2014: £184,000). Net assets per share as at 31 December 2015 were 23.0p (30 June 2015: 20.9p; 31 December 2014: 17.0p).

Operational Review

We are pleased to report good progress in a number of our portfolio companies during the period, contributing to significant growth in total revenue for the half-year.

The fundraising in Pulsiv Solar has enabled it to accelerate the development of its solar inverter technology, with the latest prototype well-advanced. Existing and new IP has been secured and the Pulsiv Solar team is expanding with the appointment of its first full time employee. The global solar inverter market is forecast to be valued at approximately \$7 billion in 2015 and Pulsiv Solar's technology can be integrated into new systems or retrofitted to existing solar panels.

Post period-end, we completed a further fundraising in Nandi Proteins, which will enable it to take advantage of the current high level of interest in its technology from multi-national food companies. In particular, the sugar, fat and additive replacement properties of its technology are very relevant at a time when food companies are under increasing legislative pressure to reduce the level of these ingredients in their products. Nandi Proteins is working to scale up its technology to meet this potential demand in the coming year.

Following its first fundraising in early 2015, Alusid Limited ("Alusid") has established a pilot plant, produced its first sample product, SilicaStone, which won Product of the Year – Surfaces at Mixology North, a prestigious interior design awards event and reached the final three in the Innovation category at the Homes & Gardens magazine Designer Awards. Discussions with both suppliers of recyclable raw materials and potential customers are well underway and Alusid will shortly be seeking to raise further funds to enable it to meet projected demand.

Cambridge Sensor Innovation Limited ("CSI"), which exploits a novel sensor technology developed by Dr. Mark Williamson at the Department of Chemical Engineering and Biotechnology at the University of Cambridge, made good progress in developing its next generation sensor technology during the period and a first order for this new generation technology has been received from a global speciality chemicals company. The next challenge for CSI will be to create the capacity to manufacture in larger volumes and it will shortly be seeking third party funding to achieve this goal.

In order to maintain the growth in our portfolio we continue to work with new and existing partners to source and identify new opportunities and are working on a range of pipeline projects.

As stated in the Group's Annual Report & Financial Statements 2015 we anticipate undertaking an equity placing during this second half, using the authorities granted at our most recent Annual General Meeting. This funding will provide ongoing working capital for the Group and support delivery of the strong growth opportunities available to us.

Outlook

Frontier IP has made encouraging progress over the first half and the continuing growth in value of our portfolio is especially pleasing. We remain very positive about the opportunities within our portfolio and from our sources of exceptional IP and look forward to reporting on further progress over the second half of the financial year.

Neil Crabb**Chief Executive Officer**

9 March 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2015

	Notes	Six months ended 31 December 2015 (unaudited) £'000	Six months ended 31 December 2014 (unaudited) £'000	Year ended 30 June 2015 (audited) £'000
Revenue				
Revenue from services		109	84	170
Other operating income				
Unrealised profit on the revaluation of investments	7	883	160	1,421
Total revenue		992	244	1,591
Administrative expenses		(443)	(487)	(945)
Profit/(loss) from operations		549	(243)	646
Interest income on short-term bank deposits		-	1	1
Profit/(loss) before tax		549	(242)	647
Taxation	5	-	-	-
Profit/(loss) and total comprehensive income/(expense) attributable to the equity holders of the parent		549	(242)	647
Profit/(loss) per share attributable to the equity holders of the parent				
Basic earnings/(loss) per share	6	2.07p	(1.07)p	2.76p
Diluted earnings/(loss) per share	6	2.05p	(1.05)p	2.71p

All of the Group's activities are classed as continuing and there were no comprehensive gains or losses in any period other than those included in the statement of comprehensive income.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

		As at 31 December 2015 (unaudited) £'000	As at 31 December 2014 (unaudited) £'000	As at 30 June 2015 (audited) £'000
ASSETS	Notes			
Non-current assets				
Tangible fixed assets		1	2	2
Goodwill		1,966	1,966	1,966
Financial assets at fair value through profit and loss	7	3,745	1,574	2,859
Trade receivables		117	84	29
		<u>5,829</u>	<u>3,626</u>	<u>4,856</u>
Current assets				
Trade receivables and other current assets		154	145	188
Cash and cash equivalents		264	184	636
		<u>418</u>	<u>329</u>	<u>824</u>
Total assets		<u>6,247</u>	<u>3,955</u>	<u>5,680</u>
LIABILITIES				
Current liabilities				
Trade and other payables		(128)	(119)	(123)
		<u>(128)</u>	<u>(119)</u>	<u>(123)</u>
Net assets		<u>6,119</u>	<u>3,836</u>	<u>5,557</u>
EQUITY				
Called up share capital		2,660	2,253	2,660
Share premium account		5,200	4,794	5,200
Reverse acquisition reserve		(1,667)	(1,667)	(1,667)
Share based payment reserve		58	134	45
Retained earnings		(132)	(1,678)	(681)
Total equity		<u>6,119</u>	<u>3,836</u>	<u>5,557</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six month period ended 31 December 2015

	Share capital £'000	Share premium account £'000	Reverse acquisition reserve £'000	Share- based payment reserve £'000	Profit and loss account £'000	Total £'000
At 1st July 2014	2,253	4,794	(1,667)	125	(1,436)	4,069
Share-based payments	-	-	-	9	-	9
(Loss)/comprehensive expense for the period	-	-	-	-	(242)	(242)
At 31 December 2014	2,253	4,794	(1,667)	134	(1,678)	3,836
Issue of shares	407	406	-	-	-	813
Share-based payments	-	-	-	19	-	19
Transfer on expiry of warrants in prior year	-	-	-	(108)	108	-
Profit/comprehensive income for the period	-	-	-	-	889	889
At 30 June 2015	2,660	5,200	(1,667)	45	(681)	5,557
Share-based payments	-	-	-	13	-	13
Profit/comprehensive income for the period	-	-	-	-	549	549
At 31 December 2015	2,660	5,200	(1,667)	58	(132)	6,119

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2015

	Six months ended 31 December 2015 (unaudited) £'000	Six months ended 31 December 2014 (unaudited) £'000	Year ended 30 June 2015 (audited) £'000
Cash flows from operating activities			
Cash used in operations	(369)	(315)	(730)
Taxation paid	-	-	-
Net cash used in operating activities	(369)	(315)	(730)
Cash flows from investing activities			
Purchase of tangible fixed assets	-	-	(1)
Purchase of financial assets at fair value through profit and loss	(3)	(89)	(33)
Interest received	-	1	-
Net cash used in investing activities	(3)	(88)	(34)
Cash flows from financing activities			
Proceeds from issue of equity shares	-	-	854
Costs of share issue	-	-	(41)
Net cash generated from financing activities	-	-	813
Net (decrease)/increase in cash and cash equivalents	(372)	(403)	49
Cash and cash equivalents at beginning of period	636	587	587
Cash and cash equivalents at end of period	264	184	636
Cash used in operations			
Profit/(loss) before tax	549	(242)	647
Adjustments for:			
Share-based payments	13	9	28
Depreciation	1	-	2
Costs of share issue	-	-	-
Fair value (gain) on financial assets at fair value through profit or loss	(883)	(160)	(1,421)
Changes in working capital:			
Trade and other receivables	(55)	224	1
Trade and other payables	6	(146)	13
	(369)	(315)	(730)

NOTES

1. General information

The Company is a limited liability company incorporated in England and with its registered office at NorthWest Wing, Bush House, Aldwych, London WC2B 4EZ. The Company's trading office is situated at 93 George Street, Edinburgh EH2 3ES.

The Company is quoted on the AIM market.

This condensed consolidated interim financial information was approved and authorised for issue by a duly appointed and authorised committee of the Board of Directors on 8th March 2016.

This condensed interim financial information has not been audited or reviewed by the Company's auditor.

2. Basis of preparation

This condensed consolidated interim financial information for the six months ended 31 December 2015 has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 30 June 2015, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

This condensed consolidated interim financial information does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006. The comparatives for the full year ended 30 June 2015 are not the Company's full statutory accounts for that year. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor's report on those accounts was unqualified, contained an emphasis of matter with respect to going concern, and did not contain a statement under sections 498(2) or 498(3) of the Companies Act 2006.

3. Accounting policies

The accounting policies applied by the Group in these unaudited half year results are consistent with those applied in the annual financial statements for the year ended 30 June 2015 as described in the Group's Annual Report for that year and as available on our website www.frontierip.co.uk. No new standards that have become effective in the period have had a material effect on the Group's financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

4. Segmental information

The chief operating decision-maker has been identified as the Group's board of directors. The board reviews the Group's internal reporting in order to assess performance and allocate resources. Currently the board considers that the Group has one operating activity, the commercialisation of University IP. All of the Group's activities are carried out in the UK.

5. Taxation

The taxation expense is recognised based on management's best estimate of the weighted average annual tax rate expected for the full financial year. Management expects that there will be no tax charge arising in the year and so there is no charge to taxation for the six months to 31 December 2015 (2014: Nil).

A deferred tax asset has not been recognised in respect of losses in view of the uncertainty as to the level of future taxable profits.

6. Earnings/(loss) per share

The calculation of the basic earnings / (loss) per share for the six months ended 31 December 2015 and 31 December 2014 and for the year ended 30 June 2015 is based on the earnings / (losses) attributable to the shareholders of Frontier IP Group Plc in each period divided by the weighted average number of shares in issue during the period.

Basic earnings/(loss) per share	<i>Earnings/(loss) attributable to shareholders £'000</i>	<i>Weighted average number of shares Number</i>	<i>Basic earnings/(loss) per share Pence</i>
Six months ended 31 December 2015	549	26,601,020	2.07
Six months ended 31 December 2014	(242)	22,534,353	(1.07)
Year ended 30 June 2015	647	23,414,536	2.76
Diluted earnings/(loss) per share	<i>Earnings/(loss) attributable to shareholders £'000</i>	<i>Weighted average number of shares Number</i>	<i>Diluted earnings/(loss) per share Pence</i>
Six months ended 31 December 2015	549	26,808,407	2.05
Six months ended 31 December 2014	(242)	23,112,885	(1.05)
Year ended 30 June 2015	647	23,854,707	2.71

7. Financial Assets at Fair Value Through Profit and Loss

	31 December 2015 £'000	31 December 2014 £'000	30 June 2015 £'000
Opening balance	2,859	1,325	1,325
Additions	3	89	113
Fair value increase	883	160	1,421
Closing balance	<u>3,745</u>	<u>1,574</u>	<u>2,859</u>

8. Copies of Half Yearly Report

Copies of the Half Yearly Report will be available on the Company's website, www.frontierip.co.uk, and on request from the Company's offices at 93 George Street, Edinburgh EH2 3ES no later than 11 March 2016.