



FUSION IP PLC

("Fusion", "the Company" or "the Group")

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 JANUARY 2010

Fusion IP plc (AIM: FIP), the university IP commercialisation company that turns world class research into business, is pleased to announce its Interim Results for the six months ended 31 January 2010.

Highlights:

- Generated our first profit, £0.9m (Jan 09: loss of £0.5m), excluding subsidiary spin-out costs and amortisation. Loss for the period including the cost of subsidiary spin-outs and amortisation amounted to £1.2m (Jan 09: loss of £2.2m)
- Raised £3.0m (net of expenses) in November 2009 and signed a co-investment agreement with IP Group in which they also took a 19.8% equity stake in the Company
- Increased revenues to £0.8m (Jan 09: £0.1m) by signing our first major IP licensing deal from the Sheffield agreement
- Increase in fair value of investments of £0.8m (Jan 09 increase of £0.5m)
- Continued to maintain a strong cash position, with funds of £6.8m at 31 Jan 2010 (31 Jan 09: £6.5m)
- Dr Alison Fielding, currently Chief Technology Officer at IP Group plc, joined the Board as Non-Executive Director
- Created three new spin-out companies **Asalus Medical Instruments**, **Seren Photonics** and **Progenteq**

Commenting on these Preliminary Results, David Baynes, Chief Executive Officer of Fusion, said: "This has been a good period for the Company, one in which we have raised funds, broadly progressed the portfolio, signed agreements with key new investors and importantly moved towards profitability. Our relationships with our universities remain as positive as ever and our IP pipelines continue to look very strong. We look forward to the rest of the financial year."

For further information please contact:

Fusion IP **+44 (0)114 275 5555**

David Baynes, CEO
Tony Gardiner, CFO

Buchanan Communications **+44 (0)20 7466 5000**

Tim Anderson / Lisa Baderoon / Catherine Breen

Seymour Pierce **+44 (0)20 7107 8000**

Chris Howard / Catherine Leftley

About Fusion

Fusion IP plc, previously called Biofusion plc, was established in 2002 to commercialise university-generated intellectual property. Fusion has signed long term agreements with two of the UK's leading research intensive universities, the University of Sheffield and Cardiff University, giving a combined R&D spend attributable to Fusion of approximately £185m a year.

Fusion's first agreement was a ten-year exclusive arrangement with the University of Sheffield giving it the right to commercialise (through both the creation of spin-out companies and licensing) research, owned by the University, initially in the area of medical life sciences. This agreement was expanded in July 2008 to include all non-life science research-generated IP such as energy, engineering and electronics. Fusion has significant shareholdings in a portfolio of Sheffield University spin-out companies including Simcyp, Magnomatics, Diurnal and Phase Focus.

In January 2007, Fusion completed a ten year exclusive agreement with Cardiff University, also giving it the right to commercialise (through the creation of spin-out companies) Cardiff University's research-generated IP. Fusion has significant shareholdings in a portfolio of Cardiff University spin-out companies including Mesuro, Abcellute, Medaphor and Q-Chip.

On 2 December 2009, Fusion announced that it had raised approximately £3.2 million through a fund raising and that, as a result of its participation in such fund raising, IP Group plc ("IP Group") held approximately 19.8% of Fusion. Fusion has also entered into a Co-Investment Agreement with IP Group under which IP Group has the right to acquire, for cash, 20% of Fusion's equity in any new Fusion portfolio company. As Fusion normally owns 60% of any new portfolio company at start-up, IP Group's shareholding will normally equate to a 12% stake in the new portfolio company.

Fusion also has a Memorandum of Understanding with Finance Wales, the provider of commercial funding to Wales-based SMEs, which outlines a strategy of co-investment in opportunities arising from the Cardiff Agreement.

Chairman and Chief Executive's Statement

We are pleased to announce our interim results for the six months ended 31 January 2010. This has been a good trading period for the Company, in which we have:

- Increased revenue and portfolio returns to £1.8m (31 January 2009 £0.5m)
- Generated our first profit, £0.9m (31 January 2009: loss of £0.5m), excluding subsidiary spin-out costs and amortisation
- Raised £3.0m (net of expenses) in November 2009 and signed a co-investment agreement with IP Group in which they also took a 19.8% equity stake in the Company
- Continued to maintain a strong cash position, with funds of £6.8m at 31 January 2010 (31 January 2009: £6.5m)
- Created three new spin-out companies

Licensing

Our focus on generating license revenue from our agreement with the University of Sheffield, combined with maximising the Company's consultancy charges, saw combined revenues rise during the period to £0.8m. This included our first major licensing deal with a leading global orthopaedic company, for the use of orthopaedic planning software that originated from Sheffield's Medical Physics team. The deal, which was worth just over £0.8m, resulted in a one-off licence fee income for Fusion of just over £0.4m.

New Portfolio Companies

Our portfolio of companies, in which we hold a significant shareholding, continues to grow and we created three new companies during the period:

Seren Photonics

Seren is an ultrahigh efficient light-emitting diode (LED) company founded on the invention of Dr Tao Wang, Reader in the Department of Electronic and Electrical Engineering at the University of Sheffield. His novel processing technique, combines nanoscience and fundamental physics to greatly increase the efficiency at which an LED converts energy into light. Successful demonstrations of the technology have so far resulted in a doubling of the light output compared to untreated LED structures, which means that either much brighter lamps can be manufactured or that the power consumption of state-of-the-art lamps can be reduced.

Seren's revolutionary technology is initially targeted at the large and fast growing high brightness LED markets such as back lighting for laptop computers and TVs, signs and displays as well as domestic and architectural lighting. This market is currently worth an estimated \$3bn and is set to grow to \$8bn by 2013.

Fusion's undiluted shareholding in Seren Photonics is 48%.

Asalus Medical Instruments

Asalus is a medical devices company founded on the inventions of Mr Neil Warren, Manager of the Wales Institute of Minimal Access Therapy (WIMAT) at University Hospital Wales in Cardiff. It is developing three innovative new devices that will improve the safety and efficiency of laparoscopic surgery. Laparoscopic surgery is a modern surgical technique in which operations in the abdomen are performed through small incisions, as compared to the larger incisions needed in traditional surgical procedures. Over 2 million laparoscopic operations per year are now performed in the USA alone and this number has grown rapidly over recent years.

Asalus is developing three products:

- A novel smoke and steam clearance device that represents a paradigm shift in the way in which electrosurgical smoke is removed from the abdominal cavity during laparoscopic surgery;
- A novel access port that will provide significant benefits over those currently on the market; and
- A novel, multifunctional device for the atraumatic manipulation of tissues and organs.

Fusion's undiluted shareholding in Asalus Medical Instruments is 48%.

Progenteq

Progenteq is developing a novel cartilage replacement therapy that has the potential to revolutionise the treatment of acute knee injuries. The company is founded on the work of Professor Charlie Archer's research group at Cardiff University's School of Biosciences. The group has successfully isolated cells from the articular cartilage which surround the main bones in the knee joint and these cells have the potential to be expanded in the laboratory to produce very large quantities of cartilage. As a result this cell type could provide an ideal source of material for an "allogeneic" cartilage replacement therapy, whereby donor cells can be grown and stored in a cartilage tissue bank and then inserted into patients with acute knee injuries as and when needed. The successful development of a cartilage cell bank could also pave the way for treatment of degenerative cartilage damage such as that seen in osteoarthritis.

Fusion's undiluted shareholding in Progenteq is 48%.

Key Portfolio Companies

Our portfolio of companies is a broad one and includes the following key companies:

Simcyp

Simcyp is a profitable Sheffield based company providing predictive pharmacokinetic tools, workshops and consultancy services to major global pharmaceutical and bioscience companies, leading academic institutes and regulatory authorities. Its user-friendly Simulator and databases predict drug absorption, clearance, distribution and metabolic drug-drug interactions from in vitro and clinical data. By simulating pharmacokinetics in virtual patient populations and identifying individuals at extreme risk, Simcyp is able to accelerate drug discovery and development. Turnover and profits have continued to grow in the first half of the year and the company is on target to achieve its budget for the year to July 2010.

Fusion's undiluted shareholding in Simcyp is 20.8%.

Magnomatics

In August 2009, Magnomatics which specialises in the development of advanced magnetic transmission systems and high-torque electrical machines, announced it had signed a six-figure contract with the Ministry of Defence (MoD) to perform a detailed design study of a Magnetically Geared Propulsion Motor, based on the Pseudo Direct Drive (PDD®) it has patented. The contract with MoD will see Magnomatics further developing its technology at the MW scale, such that Defence Equipment and Support can assess the potential for its use within Integrated Full Electric Propulsion systems within future frigates and submarines.

The Magnomatics PDD® integrates magnetic gearing within a brushless permanent magnet machine to enable superior electrical machine performance in low speed, high continuous torque drive applications. A PDD® solution offers the potential for increased system efficiency in a significantly more compact package than other motor technologies, offering significant benefits over standard propulsion motors.

Magnomatics has also developed a mature range of gear technologies using the high-torque magnetic gear the company has invented. These gears use permanent magnets to transmit torque between an input and output shaft without mechanical contact meaning they have reduced maintenance, improved reliability and higher efficiency than conventional gears. This is the same technology used to create the PDD®.

Fusion has an undiluted shareholding of 48.2% in Magnomatics.

Mesuro

In December 2009, Mesuro, which sells advanced radio frequency testing and measurement systems to the communications industry, satisfied all the milestones set out in its April 2009 investment round and as a result drew down the final £0.35m from its investors Fusion, Finance Wales and the ERA Foundation.

This took Fusion's undiluted shareholding to 49% resulting in a fair value uplift for Fusion of £0.6m in the period.

Diurnal

In November 2009 Fusion invested £0.3m into Diurnal, as part of a £0.6m funding round in which Finance Wales has also invested £0.3m under its MoU with Fusion.

Diurnal has developed a delayed and sustained release therapy to deliver hydrocortisone in a manner that mimics the body's normal circadian rhythm for producing this important steroid. Diurnal's approach has the potential to help patients with deficiencies in steroid hormones, testosterone, thyroid hormones and associated conditions by regulating metabolism, growth development and puberty, tissue function and in determining mood. Each of these deficiencies requires life-long treatment and Diurnal's novel approach to drug delivery has the potential to drastically improve patients' lives.

Diurnal will utilise the funds raised to continue to develop its new formulation approach to endocrine therapy and has received regulatory approval to begin its phase 1 clinical trial of its lead product Chronocort®. This programme is scheduled to be complete by the summer. The product, has already received two related Orphan Drug designations from the European Medicines Agency, which affords ten years of market exclusivity after the grant of marketing authorisation in Europe.

Following the fund raising Fusion has an undiluted shareholding of 51.8% in Diurnal.

Demasq

Demasq, which has developed a knee imaging software engine (KIS) to help a clinician visualise the soft tissue of the knee joint using the original digital X-ray, has suspended its fund raising plans and its CE mark whilst it resolves certain technical issues. If these issues are resolved satisfactorily Demasq will then be in a position to revive its funding plans and CE mark and complete its independent studies to validate the product. At this time there can be no certainty that these issues will be resolved, and the company has made provision for half of its investment during the period. We will continue to monitor this investment closely during the second half of the year.

Fusion has an undiluted shareholding of 47.5% in Demasq.

Morvus

In December 2009, Morvus, a pharmaceutical company that specialises in the discovery and commercialisation of novel drugs for the oncology market, completed a £2.15 million fund raising to enable the company to progress its main drug development programs.

Fusion's holding in Morvus results from Fusion's sale of its specialist oncology portfolio companies, Cardiff Protides Limited and Cardiff Biologicals Limited, to Morvus in late 2007. Cardiff Protides and Cardiff Biologicals were formed to exploit the innovative research of Professors Chris McGuigan and Wen Jiang at Cardiff University. In November 2009 Morvus announced that it had granted a licence to Nucana Biomed Limited to develop and commercialise its Protide technology platform.

Following the funding round, Fusion owns 9.7% of Morvus, resulting in a fair value uplift of £0.4m in the period.

Phase Focus

Phase Focus has made significant technical and commercial advances during the period. On a technical front the company has demonstrated the capability of its technology to perform materials measurements with nano-scale accuracies. On a commercial front the company has delivered its first optical microscopy product for live cell imaging, and has entered into discussions with partners concerning plans to co-develop or license the technology in semiconductor and laboratory instrumentation markets. We expect the company to enter its first commercial deals during the second half of the year.

Fusion holds an undiluted shareholding of 55.6% in Phase Focus.

Fund raising and agreement with IP Group

In November 2009, Fusion raised £3.2 million (before expenses) by way of a Subscription through the issue of 10,740,741 new Ordinary Shares (the "Subscription Shares") at a price of 27 pence per share and a Placing of 925,926 new Ordinary Shares issued at a price of 27 pence per share. As part of the fund raising, IP Group subscribed for all the Subscription Shares.

Fusion also signed a New Co-investment Agreement with IP Group which gives IP Group the right to acquire for cash, at a predetermined portfolio company valuation of £500,000, 20% of Fusion's equity in any new portfolio company formed from its agreements with Cardiff and Sheffield. This will normally equate to a 12% stake in the new portfolio company's share capital. If IP Group exercises this right, it will be legally bound to invest in the seed funding round of the portfolio company, in excess of £200,000, at the same value as Fusion and in proportion to the shareholdings of the company.

At the same time Fusion and CCVU (formerly NPI Ventures Limited) agreed to terminate the CCVU Co-Investment Agreement signed in March 2006 and CCVU sold its 6.3% holding (equating to 2,668,858 Ordinary Shares) in Fusion to purchasers procured by Seymour Pierce, Fusion's brokers. As a result of terminating the CCVU Co-Investment Agreement, CCVU has lost its right to appoint a director to the board of the Company but retains its warrants to subscribe for 3,675,000 Ordinary Shares which have exercise prices between 150p and 220p.

New Board director

We are delighted to welcome Dr Alison Fielding to the Board as Non-Executive Director. Alison, who is currently Chief Technology Officer at IP Group plc, joins the Fusion board following IP Group's purchase of a 19.8% stake in Fusion.

Alison brings a wealth of intellectual property commercialisation experience to the Board. At IP Group, Alison is responsible for the evaluation and commercialisation of intellectual property originating from the ten research intensive universities with which IP Group has partnerships. Alison holds an MBA from Manchester Business School, a PhD in organic chemistry and a first class degree in chemistry from the University of Glasgow. We look forward to working with Alison.

Current trading and outlook

This has been a good period for the Company, one in which we have raised funds, broadly progressed the portfolio, signed agreements with key new investors and importantly moved towards profitability. Our relationships with our universities remain as positive as ever and our IP pipelines continue to look very strong. We look forward to the rest of the financial year.

Doug Liversidge CBE
Chairman
31 March 2010

David Baynes
Chief Executive

Financial review

Results

Excluding the cost of subsidiary spin-outs and amortisation, the Group achieved an underlying profit from operating activities of £864,000 compared to a loss of £462,000 for the six months ended 31 January 2009.

The Group's reported loss from operating activities for the period reduced to £1,217,000, compared to a loss of £2,187,000 for the six months ended 31 January 2009.

The movement in reported losses arose from several factors and can be summarised as follows:

- increase in revenues due to licensing income of £623,000;
- increase in net fair value movements and gains on disposal of investments of £787,000;
- increase in operating expenses primarily due to the additional cost of subsidiary spin-out operating expenses of £285,000; and
- decrease in net finance income due to reduced interest rates on cash balances held of £101,000.

Changes in fair values

The Group reported a change in fair value of £768,000 (31 January 2009: £501,000) in relation to its investments in spin-out companies. The change in fair value reflects an uplift in fair value of £1,494,000 arising from increased valuations in three spin-out companies, offset by unrealised losses against three investments in portfolio companies as detailed in note 2 to the interim financial statements.

Investments

At 31 January 2010, the Group had investments and loans in 15 spin-out companies carried at a fair value of £7,752,000 (31 July 2009: £6,397,000). During the period the Group invested £336,000 in follow-on funding (31 January 2009: £656,000). Following completion of a funding round in Mesuro Limited, the Group's shareholding has fallen below 51% and Mesuro Limited has been deconsolidated during the period with the investment now carried at fair value.

In addition the Group still has seven spin-out subsidiaries which are consolidated. During the half year the Group provided early stage funding of £460,000 to these subsidiaries (31 January 2009: £631,000).

Cash balances

Cash balances of the Group as at 31 January 2010 were £6,752,000 (31 July 2009: £5,033,000). The Directors believe these balances are sufficient to support the current portfolio of companies, planned creation of new portfolio companies and corporate operating expenses for at least the next twelve months.

The net increase in cash and cash equivalents of £1,719,000 is primarily summarised as outflows on operating activities of £1,353,000, net inflows on investing activities of £75,000 and net cash received from share issues of £2,997,000.

Issue of share capital

On 3 December 2009, following the successful completion of a Placing and Subscription for new shares the Company issued 12,088,884 Ordinary shares of 1p each. Of the total number of shares, 10,740,741 Subscription shares were issued to IP Group, 925,926 Placing shares were issued to new and existing institutional shareholders and 422,217 shares were issued to the University of Sheffield. As a result of this transaction, IP Group holds approximately 19.8% of the Company.

Consolidated statement of comprehensive income

for the six months ended 31 January 2010

	Note	Six months ended 31 January 2010 £000	Six months ended 31 January 2009 £000	Year ended 31 July 2009 £000
Revenue and portfolio return				
Revenue		762	139	442
Dividend income		—	54	55
Change in fair value of investments	2	768	501	58
Gain/(loss) on disposal of investments		280	(240)	6
		1,810	454	561
Operating expenses				
– corporate operating expenses		(946)	(916)	(1,771)
– subsidiary spin-out operating expenses		(1,077)	(794)	(1,866)
– amortisation of intangible assets		(998)	(1,026)	(2,024)
		(3,021)	(2,736)	(5,661)
Results from operating activities				
		(1,211)	(2,282)	(5,100)
Finance income		26	181	221
Finance expenses		(32)	(86)	(136)
Loss before taxation				
		(1,217)	(2,187)	(5,015)
Taxation		—	—	—
Loss and total comprehensive income for the period				
		(1,217)	(2,187)	(5,015)
Attributable to:				
– owners of the parent		(837)	(1,913)	(4,280)
– non-controlling interests		(380)	(274)	(735)
		(1,217)	(2,187)	(5,015)
Basic and fully diluted loss per share				
	3	(1.81)p	(4.54)p	(10.15)p

Consolidated statement of financial position

as at 31 January 2010

	As at 31 January 2010 £000	As at 31 January 2009 £000	As at 31 July 2009 £000
Assets			
Non-current assets			
Property, plant and equipment	147	244	251
Intangible assets	14,488	16,451	15,474
Investments	7,752	7,314	6,397
Total non-current assets	22,387	24,009	22,122
Current assets			
Trade and other receivables	631	444	503
Cash and cash equivalents	6,752	6,493	5,033
Total current assets	7,383	6,937	5,536
Total assets	29,770	30,946	27,658
Equity			
Called up share capital	543	422	422
Capital reserve	2	2	2
Share premium	39,041	36,052	36,052
Capital redemption reserve	1	1	1
Retained earnings	(13,690)	(10,653)	(12,936)
Equity attributable to equity holders of the parent	25,897	25,824	23,541
Non-controlling interests	—	—	139
Total equity	25,897	25,824	23,680
Non-current liabilities			
Amounts owed to related parties	3,271	4,377	3,264
Current liabilities			
Trade and other payables	602	745	714
Total liabilities	3,873	5,122	3,978
Total equity and liabilities	29,770	30,946	27,658

Consolidated statement of cash flows

for the six months ended 31 January 2010

	Six months Ended 31 January 2010 £000	Six months Ended 31 January 2009 £000	Year ended 31 July 2009 £000
Cash flows from operating activities			
Loss for the period	(1,217)	(2,187)	(5,015)
Adjustments for:			
Depreciation of property, plant and equipment	57	50	170
Amortisation of intangible assets	998	1,026	2,024
Net finance costs/(income)	6	(95)	(85)
Share-based payments	51	—	—
(Gain)/loss on disposal of investments	(280)	240	(6)
Fair value movement on investments	(768)	(501)	(58)
Changes in working capital:			
(Increase)/decrease in trade and other receivables	(128)	539	480
(Decrease)/increase in trade and other payables	(72)	(130)	(222)
	(1,353)	(1,058)	(2,712)
Interest paid	—	(47)	(47)
Net cash flows used in operating activities	(1,353)	(1,105)	(2,759)
Cash flows from investing activities			
Purchase of property, plant and equipment	(28)	(10)	(141)
Purchase of investments	(336)	(713)	(1,300)
Proceeds from disposal of investments	425	167	1,059
Purchase of intangible fixed assets	(12)	—	(20)
Interest received	26	181	221
Net cash flows from/(used in) investing activities	75	(375)	(181)
Cash flows from financing activities			
Proceeds from issue of share capital	3,151	2,115	2,115
Share issue costs	(154)	(505)	(505)
Net cash flows from financing activities	2,997	1,610	1,610
Net increase/(decrease) in cash and cash equivalents	1,719	130	(1,330)
Cash and cash equivalents at the beginning of the period	5,033	6,363	6,363
Cash and cash equivalents at the end of the period	6,752	6,493	5,033

Consolidated statement of changes in equity

for the six months ended 31 January 2010

	Attributable to equity holders of the Group				Total £000	Minority interests £000	Total £000
	Share capital £000	Share premium £000	Other reserves £000	Retained earnings £000			
At 1 August 2008	367	31,671	3	(8,611)	23,430	—	23,430
Consolidated loss for the period to 31 January 2009	—	—	—	(1,913)	(1,913)	(274)	(2,187)
Minority interest attributable to Group	—	—	—	(129)	(129)	129	—
Issue of share capital	55	4,381	—	—	4,436	—	4,436
Disposal of subsidiaries	—	—	—	—	—	145	145
At 31 January 2009	422	36,052	3	(10,653)	25,824	—	25,824
Consolidated loss for the period to 31 July 2009	—	—	—	(2,367)	(2,367)	(461)	(2,828)
Minority interest attributable to Group	—	—	—	(39)	(39)	(84)	(123)
Disposal of subsidiaries	—	—	—	123	123	684	807
At 31 July 2009	422	36,052	3	(12,936)	23,541	139	23,680
Consolidated loss for the period to 31 January 2010	—	—	—	(837)	(837)	(380)	(1,217)
Minority interest attributable to Group	—	—	—	32	32	(32)	—
Issue of share capital	121	2,989	—	—	3,110	—	3,110
Share-based payments	—	—	—	51	51	—	51
Disposal of subsidiaries	—	—	—	—	—	273	273
At 31 January 2010	543	39,041	3	(13,690)	25,897	—	25,897

Notes to the consolidated financial statements

for the six months ended 31 January 2010

1 Accounting policies

Basis of preparation and accounting policies

The interim results of Fusion IP plc (the "Group") are for the six months ended 31 January 2010.

These unaudited consolidated interim financial statements have been prepared in accordance with the AIM Rules. These comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated cash flow statement, the consolidated statement of changes in equity and the related notes ("the interim financial statements"). The Group has chosen not to adopt IAS 34 "Interim Financial Reporting" in the preparation of these interim financial statements.

These interim financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets at fair value, as required by IAS 39 "Financial Instruments: Recognition and Measurement". These interim financial statements are presented in Sterling, rounded to the nearest thousand.

These interim financial statements do not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006 and are unaudited. The comparative information for the six months ended 31 January 2009 is also unaudited. Statutory accounts for the year ended 31 July 2009 were approved by the Board of Directors on 9 November 2009 and delivered to the Registrar of Companies. The report of the auditors was: (i) unqualified; (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report; and (iii) did not contain a statement under Section 498 of the Companies Act 2006.

Except as described below, the accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 July 2009, as described in those financial statements. The consolidated financial information does not comply with the full disclosure requirements of all applicable IFRS.

The adoption of IAS 1 "Amendments to Presentation of Financial Statements" makes certain changes to the format and titles of the primary financial statements and to the presentation of some items within these statements. IAS 1 affects the presentation of owner changes in equity and introduces a "Statement of Comprehensive Income".

As of 1 August 2009 the Group determines and presents operating segments based on the information that internally is provided to the Group's chief operating decision maker. This change in accounting policy is due to the adoption of IFRS 8 "Operating Segments". Previously operating segments were determined and presented in accordance with IAS 14 "Segment Reporting". The new accounting policy in respect of segment operating disclosures is presented as follows.

An operating segment is a component of the Group that engages in business activities from which it may earn income and incur expenses, including income and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Board of Directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.

Under both IFRS 8 "Operating Segments" and IAS 14 "Segment Reporting" the Group has determined that it only has one reportable segment. This position is under constant scrutiny and will be re-evaluated as necessary as the Group develops.

Going concern

The Group has cash balances as at 31 January 2010 of £6,752,000. The Directors have prepared and review on a regular basis financial forecasts based upon assumptions as to funding, investments in new and existing spin-out companies and the realisation of assets, along with other factors known to have a significant impact on results. Based upon these the Directors have concluded that the Group has adequate working capital and cash balances to operate for the foreseeable future and that it is appropriate to use the going concern basis of preparation for this financial information.

2 Investments – designated at fair value through profit and loss

	Spin-out companies £000	Loans £000	Total £000
Fair Value			
At 1 August 2009	4,990	1,407	6,397
Additional investments/loans	477	110	587
Change in fair value in the period	1,453	(685)	768
At 31 January 2010	6,920	832	7,752
Change in fair value in the period			
Fair value gains	1,494	—	1,494
Fair value losses	(41)	(685)	(726)
	1,453	(685)	768

3 Loss per share

The basic loss per share is calculated on the basis of the losses attributable to equity shareholders of the parent company and the average number of shares in issue being 46,183,594 for the period ended 31 January 2010 (42,153,966 for 31 July 2009 and 42,153,966 for 31 January 2009). Share options are non-dilutive for the period because of the loss. There were no dividends for the period ended 31 January 2010.

4 Share capital

On 3 December 2009, following the successful completion of a Placing and Subscription for new shares the Company issued 12,088,884 Ordinary shares of 1p each. Of the total number of shares, 10,740,741 Subscription shares were issued to IP Group, 925,926 Placing shares were issued to new and existing institutional shareholders and 422,217 shares were issued to the University of Sheffield. As a result of this transaction, IP Group holds approximately 19.8% of the Company.

The new shares issued represented 29% of the Company's then existing share capital and following the issue represents 22% of the Company's enlarged issued share capital. The Company's current issued share capital is 54,242,850 Ordinary shares of 1p each.

5 Related party transactions

During the period, under the terms of the expanded Sheffield agreement dated August 2008, Fusion paid the University of Sheffield £26,000 (2009: £52,000) as payments to support the management of the IP pipeline. At 31 January 2010, Fusion owed the University of Sheffield £704,000 (2009: £1,838,000) relating to loan notes and accrued interest arising from the purchase of interests in portfolio spin-out companies.

Under the terms of the agreement dated January 2007, Fusion paid Cardiff University £105,000 (2009: £105,000) as payments to support the management of the IP pipeline. At 31 January 2010, Fusion owed Cardiff University £1,431,000 (2009: £1,383,000) relating to loan notes and accrued interest arising from the purchase of interests in portfolio spin-out companies.