

HARRIS & HARRIS GROUP INC /NY/
Form 10-Q
November 09, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

Form 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2016

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: 0-11576

HARRIS & HARRIS GROUP, INC.
(Exact Name of Registrant as Specified in Its Charter)

New York 13-3119827
(State or Other Jurisdiction of (I.R.S. Employer Identification No.)
Incorporation or Organization)

1450 Broadway, New York, New York 10018
(Address of Principal Executive Offices) (Zip Code)

(212) 582-0900
(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company

(Do not check if a smaller reporting company)

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Shares outstanding at November 8, 2016
Common Stock, \$0.01 par value per share	30,880,829 shares

Harris & Harris Group, Inc.
Form 10-Q, September 30, 2016

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PART I. FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

In the opinion of management, these financial statements reflect all adjustments, consisting of valuation adjustments and normal recurring accruals, necessary for a fair statement of our financial position, results of operations and cash flows for such periods.

Harris & Harris Group, Inc.® (the "Company," "us," "our" and "we"), is an internally managed, non-diversified management investment company that has elected to operate as a business development company ("BDC") under the Investment Company Act of 1940 (the "1940 Act"). Certain information and disclosures normally included in the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP") have been condensed or omitted as permitted by Regulation S-X and Regulation S-K. Accordingly, they do not include all information and disclosures necessary for a fair presentation of our financial position, results of operations and cash flows in conformity with GAAP. The results of operations for any interim period are not necessarily indicative of the results for the full year. The accompanying consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto contained in our Annual Report on Form 10-K for the year ended December 31, 2015.

HARRIS & HARRIS GROUP, INC.
CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES
(Unaudited)

	September 30, 2016	December 31, 2015
ASSETS		
Investments, in portfolio securities at value:		
Unaffiliated privately held companies (cost: \$10,878,510 and \$18,857,235, respectively)	\$4,715,016	\$5,376,472
Unaffiliated rights to milestone payments (adjusted cost basis: \$781,863 and \$781,863, respectively)	3,442,745	3,362,051
Unaffiliated publicly traded securities (cost: \$2,664,644 and \$1,623,029, respectively)	922,605	957,544
Non-controlled affiliated privately held companies (cost: \$51,750,473 and \$49,262,921, respectively)	45,985,741	41,909,262
Non-controlled affiliated publicly traded companies (cost: \$17,073,716 and \$23,165,788, respectively)	5,431,815	18,371,105
Controlled affiliated privately held companies (cost: \$24,382,537 and \$23,205,336, respectively)	7,247,421	7,010,534
Equity method privately held companies (adjusted cost basis: \$251,244 and \$165,936, respectively)	251,244	165,936
Total, investments in private portfolio companies, rights to milestone payments and public securities at value (cost: \$107,782,987 and \$117,062,108, respectively)	67,996,587	77,152,904
Cash	13,384,820	17,922,630
Funds held in escrow from sales of investments at value (Note 3)	116,872	374,565
Receivable from portfolio companies	26,081	13,032
Receivable from sale of investments (Note 3)	53,162	0
Interest receivable	189,512	10,333
Prepaid expenses	274,586	563,699
Other assets	381,054	424,123
Total assets	\$82,422,674	\$96,461,286
LIABILITIES & NET ASSETS		
Term loan credit facility (Note 5)	\$5,000,000	\$5,000,000
Post retirement plan liabilities (Note 8)	1,231,910	1,202,148
Accounts payable and accrued liabilities	632,715	1,268,355
Deferred rent	235,100	279,112
Total liabilities	\$7,099,725	\$7,749,615
Commitments and contingencies (Note 11)		
Net assets	\$75,322,949	\$88,711,671
Net assets are comprised of:		
Preferred stock, \$0.10 par value, 2,000,000 shares authorized; none issued	\$0	\$0
Common stock, \$0.01 par value, 45,000,000 shares authorized at 9/30/16 and 12/31/15; 33,218,651 and 33,183,576 issued at 9/30/16 and 12/31/15, respectively	332,186	331,836
Additional paid in capital (Note 9)	215,787,335	215,762,973
Accumulated net operating and realized loss	(96,757,129)	(83,377,629)
Accumulated unrealized depreciation of investments	(39,786,400)	(39,909,204)
Accumulated other comprehensive income (Note 8)	352,482	509,220
Treasury stock, at cost (2,337,822 shares at 9/30/16 and 12/31/15) (Note 12)	(4,605,525)	(4,605,525)

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Net assets	\$75,322,949	\$88,711,671
Shares outstanding	30,880,829	30,845,754
Net asset value per outstanding share	\$2.44	\$2.88

The accompanying unaudited notes are an integral part of these consolidated financial statements.

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HARRIS & HARRIS GROUP, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,	September 30,	September 30,	September 30,
	2016	2015	2016	2015
Investment income:				
Interest from:				
Unaffiliated companies	\$5,319	\$6,785	\$11,629	\$27,561
Non-controlled affiliated companies	105,572	44,886	258,444	299,208
Controlled affiliated companies	103,558	72,759	289,700	164,392
Cash and U.S. Treasury securities and other	478	4,599	2,827	9,347
Fees for providing managerial assistance to portfolio companies (Note 14)	315,250	71,359	685,103	84,859
Yield-enhancing fees on debt securities	35,975	44,014	80,533	90,062
Total investment income	566,152	244,402	1,328,236	675,429
Expenses:				
Salaries, benefits and stock-based compensation (Note 9)	618,070	955,900	1,839,577	3,012,078
Administration and operations	65,763	105,120	318,175	341,214
Professional fees	286,930	278,654	935,495	1,165,673
Rent (Note 3)	75,266	83,308	189,707	218,772
Insurance expense	66,184	73,768	193,297	215,103
Directors' fees and expenses	79,519	98,218	224,279	286,743
Interest and other debt expenses	209,831	209,831	625,882	561,577
Custody fees	10,008	15,701	34,698	47,317
Depreciation	11,346	11,710	34,123	36,412
Total expenses	1,422,917	1,832,210	4,395,233	5,884,889
Net operating loss	(856,765)	(1,587,808)	(3,066,997)	(5,209,460)
Net realized (loss) gain:				
Realized (loss) gain from investments:				
Unaffiliated companies	(2,926,711)	(294,797)	(5,852,173)	3,005,039
Controlled affiliated companies	0	1,559,235	0	1,559,235
Non-controlled affiliated companies	0	0	(1,244,955)	(392,430)
Publicly traded companies	(3,042,478)	11,158	(3,042,463)	52,569
Realized (loss) gain from investments	(5,969,189)	1,275,596	(10,139,591)	4,224,413
Income tax expense (Note 10)	50	376	4,541	2,081
Net realized (loss) gain from investments	(5,969,239)	1,275,220	(10,144,132)	4,222,332
Net decrease (increase) in unrealized depreciation on investments:				
Unaffiliated companies	2,947,500	(1,371,570)	7,317,270	(5,777,416)
Controlled affiliated companies	249,748	(2,057,974)	(940,313)	951,492
Unaffiliated rights to milestone payments	448,888	1,876,900	80,694	1,864,218
Non-controlled affiliated companies	(3,923,811)	(11,672,922)	1,588,925	(14,472,165)
Publicly traded non-controlled affiliated companies	(2,027,026)	(3,409,275)	(10,710,083)	(4,011,079)
Publicly traded unaffiliated companies	3,191,640	102,816	2,786,311	325,767
Net decrease (increase) in unrealized depreciation on investments	886,939	(16,532,025)	122,804	(21,119,183)
Net realized and unrealized (loss) gain on investments	(5,082,300)	(15,256,805)	(10,021,328)	(16,896,851)
Share of loss on equity method investments	(82,972)	(60,012)	(168,371)	(249,848)

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Net decrease in net assets resulting from operations:

Total	\$(6,022,037)	\$(16,904,625)	\$(13,256,696)	\$(22,356,159)
Per average basic and diluted outstanding share	\$(0.20)	\$(0.54)	\$(0.43)	\$(0.71)
Average outstanding shares - basic and diluted	30,880,829	31,251,950	30,859,267	31,272,790

The accompanying unaudited notes are an integral part of these consolidated financial statements.

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HARRIS & HARRIS GROUP, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited)

	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
Net decrease in net assets resulting from operations	\$(6,022,037)	\$(16,904,625)	\$(13,256,696)	\$(22,356,159)
Other comprehensive loss:				
Amortization of prior service (benefit)	(52,246)	(52,246)	(156,738)	(156,738)
Other comprehensive loss	(52,246)	(52,246)	(156,738)	(156,738)
Comprehensive loss	\$(6,074,283)	\$(16,956,871)	\$(13,413,434)	\$(22,512,897)

The accompanying unaudited notes are an integral part of these consolidated financial statements.

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HARRIS & HARRIS GROUP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
Cash flows used in operating activities:		
Net decrease in net assets resulting from operations	\$(13,256,696)	\$(22,356,159)
Adjustments to reconcile net decrease in net assets resulting from operations to net cash used in operating activities:		
Net realized loss and change in unrealized depreciation on investments	10,016,787	16,894,770
Depreciation of fixed assets, amortization of prepaid assets and accretion of bridge note interest	(353,331)	(381,204)
Share of loss on equity method investments	168,371	249,848
Stock-based compensation expense	47,027	617,972
Amortization of prior service (benefit)	(156,738)	(156,738)
Funding of operating commitment to equity method investments	(253,680)	(262,215)
Purchase of affiliated portfolio companies	(5,517,052)	(6,690,532)
Purchase of unaffiliated portfolio companies	(698,300)	(509,824)
Payments received on debt investments	0	783,418
Proceeds from repayment of bridge notes of affiliated portfolio companies	113,950	39,757
Proceeds from repayment of bridge notes of controlled affiliated portfolio companies	869,242	0
Proceeds from repayment of bridge notes of non-controlled affiliated portfolio companies	0	2,415,188
Proceeds from sale of investments of unaffiliated portfolio companies	3,094,171	5,557,846
Proceeds from sale of investments of publicly traded unaffiliated portfolio companies	2,007,980	170,662
Changes in assets and liabilities:		
Receivable from portfolio companies	(13,049)	160,877
Receivable from sale of investments	(53,162)	0
Interest receivable	(179,179)	51,462
Prepaid expenses	289,113	334,202
Other assets	10,379	(191,891)
Post retirement plan liabilities	29,762	40,065
Accounts payable and accrued liabilities	(635,640)	(257,935)
Deferred rent	(44,012)	(38,752)
Net cash used in operating activities	(4,514,057)	(3,529,183)
Cash flows from investing activities:		
Purchase of fixed assets	(1,438)	(6,806)
Net cash used in investing activities	(1,438)	(6,806)
Cash flows from financing activities:		
Proceeds from drawdown of loan facility	0	5,000,000
Purchase of treasury stock	0	(737,662)
Payment of withholdings related to net settlement of restricted stock	(22,315)	(47,644)
Net cash (used in) provided by financing activities	(22,315)	4,214,694
Net (decrease) increase in cash	\$(4,537,810)	\$678,705
Cash at beginning of the period	17,922,630	20,748,314
Cash at end of the period	\$13,384,820	\$21,427,019

Supplemental disclosures of cash flow information:

Income taxes paid	\$4,541	\$2,081
Interest paid	\$380,556	\$304,167

The accompanying unaudited notes are an integral part of these consolidated financial statements.

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HARRIS & HARRIS GROUP, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
(Unaudited)

	Nine Months Ended September 30, 2016	Year Ended December 31, 2015
Changes in net assets from operations:		
Net operating loss	\$(3,066,997)	\$(7,162,510)
Net realized (loss) gain on investments	(10,144,132)	4,531,700
Net decrease (increase) in unrealized depreciation on investments	122,804	(17,302,729)
Share of loss on equity method investments	(168,371)	(312,291)
Net decrease in net assets resulting from operations	(13,256,696)	(20,245,830)
Changes in net assets from capital stock transactions:		
Purchase of treasury stock	0	(1,199,994)
Acquisition of vested restricted stock awards to pay required employee withholding tax	(22,315)	(86,914)
Stock-based compensation expense	47,027	798,965
Net increase (decrease) in net assets resulting from capital stock transactions	24,712	(487,943)
Changes in net assets from accumulated other comprehensive loss:		
Other comprehensive loss	(156,738)	(208,983)
Net decrease in net assets resulting from accumulated other comprehensive loss	(156,738)	(208,983)
Net decrease in net assets:	(13,388,722)	(20,942,756)
Net Assets:		
Beginning of the period	88,711,671	109,654,427
End of the period	\$75,322,949	\$88,711,671

The accompanying unaudited notes are an integral part of these consolidated financial statements.

HARRIS & HARRIS GROUP, INC.
CONSOLIDATED SCHEDULE OF
INVESTMENTS AS OF SEPTEMBER 30, 2016
(Unaudited)

Method of Valuation (1)	Primary Industry (2)	Cost	Shares/ Principal	Value
Investments in Unaffiliated Companies (3) - 12.1% of net assets at value				
Private Placement Portfolio (Illiquid) (4) - 6.3% of net assets at value				
Fleet Health Alliance, LLC (5)(8)(9)(10)				
Developing software for information transfer amongst healthcare providers and consumers				
Unsecured Convertible Bridge Note, 0%, (acquired 4/22/16)	(M)	\$ 225,000	\$ 225,000	\$ 225,000
Mersana Therapeutics, Inc. (5)(8)(9)				
Developing antibody drug conjugates for cancer therapy				
Common Stock (acquired 7/27/12)	(H)	3,875,395	350,539	717,186
Series A-1 Convertible Preferred Stock (acquired 7/27/12-4/2/14)	(H)	683,538	635,081	1,336,199
Series B-1 Convertible Preferred Stock (acquired 2/20/15-6/14/16)	(H)	365,820	339,887	731,555
		4,924,753		2,784,940
Muses Labs, Inc. (5)(8)(10)				
Developing a data analytics platform for precision medicine				
Unsecured Convertible Bridge Note, 5%, (acquired 5/25/16)	(M)	215,746	\$ 212,000	215,746
Nanosys, Inc. (5)(8)(9)				
Developing inorganic nanowires and quantum dots for use in LED-backlit devices				
Series C Convertible Preferred Stock (acquired 4/10/03)	(M)	1,500,000	803,428	128,149
Series D Convertible Preferred Stock (acquired 11/7/05)	(M)	3,000,003	1,016,950	436,897
Series E Convertible Preferred Stock (acquired 8/13/10)	(M)	496,573	433,688	323,784
		4,996,576		888,830
Nano Terra, Inc. (5)(8)				
Developing surface chemistry and nano-manufacturing solutions				
Warrants for Common Stock expiring on 2/22/21 (acquired 2/22/11)	(I)	69,168	4,462	407
Warrants for Series A-3 Preferred Stock expiring on 11/15/22 (acquired 11/15/12)	(I)	35,403	47,508	97,345
		104,571		97,752

The accompanying unaudited notes are an integral part of these consolidated financial statements.

HARRIS & HARRIS GROUP, INC.
CONSOLIDATED SCHEDULE OF
INVESTMENTS AS OF SEPTEMBER 30, 2016
(Unaudited)

Method of Valuation (1)	Primary Industry (2)	Cost	Shares/ Principal	Value	
Investments in Unaffiliated Companies (3) - 12.1% of net assets at value (Cont.)					
Private Placement Portfolio (Illiquid) (4) - 6.3% of net assets at value (Cont.)					
Phylagen, Inc. (5)(8)				Life Sciences	
Developing technology to improve human health and business productivity					
			(M)	\$216,548	\$200,000 \$303,167
			(M)	10,663	\$10,000 14,928
				227,211	318,095
Xenio Corp. (5)(8)(11)				Electronics	
Developing a smart platform for LED lighting that enables local intelligence and communication capabilities					
			(M)	184,653	221,938 184,653
Total Unaffiliated Private Portfolio (cost: \$10,878,510)					\$4,715,016
Rights to Milestone Payments (Illiquid) (6) - 4.6% of net assets at value					
Amgen, Inc. (8)(9)				Life Sciences	
			(I)	\$548,998	\$548,998 \$2,975,353
Canon, Inc. (8)(9)				Electronics	
			(I)	232,865	\$232,865 467,392
Laird Technologies, Inc. (8)(9)				Energy	
			(I)	0	\$0 0
Total Unaffiliated Rights to Milestone Payments (cost: \$781,863)					\$3,442,745

The accompanying unaudited notes are an integral part of these consolidated financial statements.

HARRIS & HARRIS GROUP, INC.
CONSOLIDATED SCHEDULE OF
INVESTMENTS AS OF SEPTEMBER 30, 2016
(Unaudited)

Method of Valuation (1)	Primary Industry (2)	Cost	Shares/ Principal	Value
Publicly Traded Portfolio (7) - 1.2% of net assets at value				
Champions Oncology, Inc. (5)(9)				
Life Sciences				
Developing its TumorGraft™ platform for personalized medicine and drug development				
Common Stock (acquired 3/24/11-3/11/15)		(M)	\$966,588	145,075 \$243,726
Warrants for Common Stock expiring 1/28/19 (acquired 1/28/13)		(I)	400	5,500 2,281
			966,988	246,007
OpGen, Inc. (5)(9)(12)				
Life Sciences				
Developing tools for genomic sequence assembly and analysis				
Common Stock (acquired 5/5/15)		(M)	1,271,292	316,335 518,789
Warrants for the Purchase of Common Stock expiring 5/8/20 (acquired 5/5/15)		(M)	425,579	300,833 118,197
Warrants for the Purchase of Common Stock expiring 2/17/25 (acquired 5/5/15)		(I)	785	31,206 39,612
			1,697,656	676,598
Total Unaffiliated Publicly Traded Portfolio (cost: \$2,664,644)				\$922,605
Total Investments in Unaffiliated Companies (cost: \$14,325,017)				\$9,080,366
Investments in Non-Controlled Affiliated Companies (3) - 68.3% of net assets at value				
Private Placement Portfolio (Illiquid) (13) - 61.1% of net assets at value				
ABSMaterials, Inc. (5)(8)				
Energy				
Developing nano-structured absorbent materials for water remediation and consumer applications				
Series A Convertible Preferred Stock (acquired 2/17/10-10/24/11)		(I)	\$435,000	390,000 \$240,482
Series B Convertible Preferred Stock (acquired 11/8/13-6/25/14)		(I)	1,217,644	1,037,751 852,557
Secured Convertible Bridge Note, 8%, (acquired 1/20/16)		(M)	105,589	\$100,000 105,589
			1,758,233	1,198,628

The accompanying unaudited notes are an integral part of these consolidated financial statements.

HARRIS & HARRIS GROUP, INC.
CONSOLIDATED SCHEDULE OF
INVESTMENTS AS OF SEPTEMBER 30, 2016
(Unaudited)

Method of Valuation (1)	Primary Industry (2)	Cost	Shares/ Principal	Value
Investments in Non-Controlled Affiliated Companies (3) - 68.3% of net assets at value (Cont.)				
Private Placement Portfolio (Illiquid) (13) - 61.1% of net assets at value (Cont.)				
AgBiome, LLC (5)(8)(9)				Life Sciences
Providing early-stage research and discovery for agriculture and utilizing the crop microbiome to identify products that reduce risk and improve yield				
Series A-1 Convertible Preferred Stock (acquired 1/30/13)	(I)	\$2,000,000	2,000,000	\$5,877,743
Series A-2 Convertible Preferred Stock (acquired 4/9/13-10/15/13)	(I)	521,740	417,392	1,273,672
Series B Convertible Preferred Stock (acquired 8/7/15)	(I)	500,006	160,526	686,576
		3,021,746		7,837,991
D-Wave Systems, Inc. (5)(8)(9)(14)				Electronics
Developing high-performance quantum computing systems				
Series 1 Class B Convertible Preferred Stock (acquired 9/30/08)	(H)	1,002,074	1,144,869	2,520,573
Series 1 Class C Convertible Preferred Stock (acquired 9/30/08)	(H)	487,804	450,450	995,955
Series 1 Class D Convertible Preferred Stock (acquired 9/30/08)	(H)	748,473	855,131	1,890,714
Series 1 Class E Convertible Preferred Stock (acquired 11/24/10)	(H)	248,049	269,280	603,580
Series 1 Class F Convertible Preferred Stock (acquired 11/24/10)	(H)	238,323	258,721	579,913
Series 1 Class H Convertible Preferred Stock (acquired 6/27/14)	(H)	909,088	460,866	1,119,022
Series 2 Class D Convertible Preferred Stock (acquired 9/30/08)	(H)	736,019	678,264	1,499,657
Series 2 Class E Convertible Preferred Stock (acquired 6/1/12-3/22/13)	(H)	659,493	513,900	1,159,038
Series 2 Class F Convertible Preferred Stock (acquired 6/1/12-3/22/13)	(H)	633,631	493,747	1,113,585
Warrants for Common Stock expiring 5/12/19 (acquired 5/12/14)	(I)	26,357	20,415	16,154
		5,689,311		11,498,191

The accompanying unaudited notes are an integral part of these consolidated financial statements.

HARRIS & HARRIS GROUP, INC.
CONSOLIDATED SCHEDULE OF
INVESTMENTS AS OF SEPTEMBER 30, 2016
(Unaudited)

Method of Valuation (1)	Primary Industry (2)	Cost	Shares/ Principal	Value
Investments in Non-Controlled Affiliated Companies (3) - 68.3% of net assets at value (Cont.)				
Private Placement Portfolio (Illiquid) (13) - 61.1% of net assets at value (Cont.)				
EchoPixel, Inc. (5)(8)				
Life Sciences				
Developing virtual reality 3-D visualization software for life sciences and health care applications				
Series Seed Convertible Preferred Stock (acquired 6/21/13-6/30/14)	(I)	\$1,250,000	4,194,630	\$920,842
Series Seed-2 Convertible Preferred Stock (acquired 1/22/16)	(I)	500,000	1,476,668	329,089
Unsecured Convertible Bridge Note, 0%, (acquired 7/12/16)	(M)	350,000	\$350,000	437,500
		2,100,000		1,687,431
Ensemble Therapeutics Corporation (5)(8)(9)				
Life Sciences				
Developing DNA-Programmed Chemistry™ for the discovery of new classes of therapeutics				
Series B Convertible Preferred Stock (acquired 6/6/07)	(I)	2,000,000	1,449,275	0
Series B-1 Convertible Preferred Stock (acquired 4/21/14)	(I)	679,754	492,575	1,201,610
		2,679,754		1,201,610
Genome Profiling, LLC (5)(8)(10)				
Life Sciences				
Developing a platform to analyze and understand the epigenome				
Unsecured Convertible Bridge Note, 8%, (acquired 8/4/16)	(M)	230,000	\$230,000	230,000
HZO, Inc. (5)(8)				
Electronics				
Developing novel industrial coatings that protect electronics against damage from liquids				
Common Stock (acquired 6/23/14)	(M)	666,667	405,729	378,952
Series I Convertible Preferred Stock (acquired 6/23/14)	(M)	5,709,835	2,266,894	3,538,876
Series II Convertible Preferred Stock (acquired 6/23/14-8/3/15)	(M)	2,500,006	674,638	1,568,988
Series II-A Convertible Preferred Stock (acquired 9/9/16)	(M)	226,070	69,053	245,009
Warrants for Series II-A Convertible Preferred Stock expiring 7/15/23 (acquired 7/15/16)	(I)	29,820	6,577	23,274
		9,132,398		5,755,099

The accompanying unaudited notes are an integral part of these consolidated financial statements.

HARRIS & HARRIS GROUP, INC.
CONSOLIDATED SCHEDULE OF
INVESTMENTS AS OF SEPTEMBER 30, 2016
(Unaudited)

Method of Primary Cost Shares/
Valuation (1) Industry (2) Cost Shares/
Principal Value

Investments in Non-Controlled Affiliated Companies (3) -
68.3% of net assets at value (Cont.)

Private Placement Portfolio (Illiquid) (13) -
61.1% of net assets at value (Cont.)

Method of Valuation (1)	Primary Industry (2)	Cost	Shares/ Principal	Value
Laser Light Engines, Inc. (8)(9)(15)				
Manufactured solid-state light sources for digital cinema and large-venue projection displays				
			Energy	
Series A Convertible Preferred Stock (acquired 5/6/08)	(M)	\$2,000,000	7,499,062	\$ 0
Series B Convertible Preferred Stock (acquired 9/17/10)	(M)	3,095,802	13,571,848	0
Secured Convertible Bridge Note, 12%, (acquired 10/7/2011)	(M)	200,000	\$ 200,000	0
Secured Convertible Bridge Note, 12%, (acquired 11/17/2011)	(M)	95,652	\$ 95,652	0
Secured Convertible Bridge Note, 12%, (acquired 12/21/2011)	(M)	82,609	\$ 82,609	0
Secured Convertible Bridge Note, 12%, (acquired 3/5/2012)	(M)	434,784	\$ 434,784	0
Secured Convertible Bridge Note, 12%, (acquired 7/26/2012)	(M)	186,955	\$ 186,955	0
Secured Convertible Bridge Note, 20%, (acquired 4/29/2013)	(M)	166,667	\$ 166,667	0
Secured Convertible Bridge Note, 20%, (acquired 7/22/2013)	(M)	166,667	\$ 166,667	0
Secured Convertible Bridge Note, 10%, (acquired 10/30/2013)	(M)	80,669	\$ 80,669	0
Secured Convertible Bridge Note, 10%, (acquired 2/5/2014)	(M)	19,331	\$ 19,331	0
Secured Convertible Bridge Note, 10%, (acquired 6/24/2014)	(M)	13,745	\$ 13,745	0
		6,542,881		0
Lodo Therapeutics Corporation (5)(8)(9)				
Developing and commercializing novel therapeutics derived from a metagenome-based Natural Product Discovery Platform				
			Life Sciences	
Series A Convertible Preferred Stock (acquired 12/21/15-4/22/16)	(I)	658,190	658,190	658,993

The accompanying unaudited notes are an integral part of these consolidated financial statements.

HARRIS & HARRIS GROUP, INC.
CONSOLIDATED SCHEDULE OF
INVESTMENTS AS OF SEPTEMBER 30, 2016
(Unaudited)

Method of Valuation (1)	Primary Industry (2)	Cost	Shares/ Principal	Value
Investments in Non-Controlled Affiliated Companies (3) - 68.3% of net assets at value (Cont.)				
Private Placement Portfolio (Illiquid) (13) - 61.1% of net assets at value (Cont.)				
Metabolon, Inc. (5)(8)(9)				Life Sciences
Developing a biochemical profiling platform for precision medicine				
Series B Convertible Preferred Stock (acquired 6/29/09)		(M)	\$2,500,000	371,739 \$2,924,040
Series B-1 Convertible Preferred Stock (acquired 6/29/09)		(M)	706,214	148,696 1,169,615
Series C Convertible Preferred Stock (acquired 4/30/09)		(M)	1,000,000	1,000,000 2,678,510
Series D Convertible Preferred Stock (acquired 8/25/11)		(M)	1,499,999	835,882 2,272,335
Series E-1 Convertible Preferred Stock (acquired 3/2/15)		(M)	1,225,000	444,404 1,439,068
Series E-2 Convertible Preferred Stock (acquired 3/2/15)		(M)	299,999	103,277 312,755
			7,231,212	10,796,323
ORIG3N, Inc. (5)(8)(9)				Life Sciences
Developing precision medicine applications for induced pluripotent stems cells				
Series 1 Convertible Preferred Stock (acquired 2/5/15-8/5/15)		(I)	500,000	1,195,315 1,165,150
Series A Convertible Preferred Stock (acquired 11/25/15-9/7/16)		(I)	1,500,000	1,364,666 1,504,222
			2,000,000	2,669,372
Petra Pharma Corporation (5)(8)(9)				Life Sciences
Developing small molecule inhibitors for treatment of cancer and metabolic diseases				
Series A Convertible Preferred Stock (acquired 12/23/15)		(I)	1,025,050	1,025,050 1,027,353

The accompanying unaudited notes are an integral part of these consolidated financial statements.

HARRIS & HARRIS GROUP, INC.
CONSOLIDATED SCHEDULE OF
INVESTMENTS AS OF SEPTEMBER 30, 2016
(Unaudited)

Method of Valuation (1)	Primary Industry (2)	Cost	Shares/ Principal	Value
Investments in Non-Controlled Affiliated Companies (3) - 68.3% of net assets at value (Cont.)				
Private Placement Portfolio (Illiquid) (13) - 61.1% of net assets at value (Cont.)				
Produced Water Absorbents, Inc. (5)(8)(16) Energy				
Providing integrated process separation solutions to the global oil and gas industries, enabling onsite treatment of produced and flowback water				
Common Stock (acquired 4/30/16)		(M)	\$7,670,281	50,243,350 \$0
Warrants for Common Stock expiring upon liquidation event (acquired 4/30/16)		(I)	65,250	450,000 0
Senior Secured Debt, 15% commencing on 4/1/16, maturing on 12/31/19 (acquired 4/1/16)		(I)	1,946,167	\$2,533,766 1,424,750
			9,681,698	1,424,750
Total Non-Controlled Affiliated Private Portfolio (cost: \$51,750,473)				\$45,985,741
Publicly Traded Portfolio (17) - 7.2% of net assets at value				
Adesto Technologies Corporation (5)(9)(18) Electronics				
Developing low-power, high-performance memory devices				
Common Stock (acquired 10/27/15)		(M)	\$11,482,417	1,769,868 \$3,929,107
Enumeral Biomedical Holdings, Inc. (5)(9) Life Sciences				
Developing therapeutics and diagnostics through functional assaying of single cells				
Common Stock (acquired 7/31/14)		(M)	4,993,357	7,966,368 1,441,913
Warrants to purchase Common Stock expiring 2/2/2024 (acquired 7/31/14)		(I)	57,567	255,120 34,631
Warrants to purchase Common Stock expiring 7/30/2019 (acquired 7/31/14)		(I)	540,375	1,500,000 26,164
			5,591,299	1,502,708
Total Non-Controlled Affiliated Publicly Traded Portfolio (cost: \$17,073,716)				\$5,431,815
Total Investments in Non-Controlled Affiliated Companies (cost: \$68,824,189)				\$51,417,556

The accompanying unaudited notes are an integral part of these consolidated financial statements.

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HARRIS & HARRIS GROUP, INC.
CONSOLIDATED SCHEDULE OF
INVESTMENTS AS OF SEPTEMBER 30, 2016
(Unaudited)

Method of Valuation (1)	Primary Industry (2)	Cost	Shares/ Principal	Value
Investments in Controlled Affiliated Companies (3) - 9.6% of net assets at value				
Private Placement Portfolio (Illiquid) (19) - 9.6% of net assets at value				
Black Silicon Holdings, Inc. (5)(8)(15)(20) Electronics				
Holding company for interest in a company that develops silicon-based optoelectronic products				
Series A Convertible Preferred Stock (acquired 8/4/15)	(I)	\$ 750,000	233,499	\$ 0
Series A-1 Convertible Preferred Stock (acquired 8/4/15)	(I)	890,000	2,966,667	0
Series A-2 Convertible Preferred Stock (acquired 8/4/15)	(I)	2,445,000	4,207,537	0
Series B-1 Convertible Preferred Stock (acquired 8/4/15)	(I)	1,169,561	1,892,836	0
Series C Convertible Preferred Stock (acquired 8/4/15)	(I)	1,171,316	1,674,030	0
Secured Convertible Bridge Note, 8%, (acquired 8/25/16)	(I)	1,279,593	\$ 1,269,158	300,690
		7,705,470		300,690
Interome, Inc. (5)(8)(10) Life Sciences				
Developing a platform to facilitate precision health and medicine				
Common Stock (acquired 3/1/16)	(M)	10	1,000,000	10
Secured Convertible Bridge Note, 12%, (acquired 3/1/16)	(M)	300,000	\$ 300,000	300,000
Secured Convertible Bridge Note, 12%, (acquired 7/12/16)	(M)	300,000	\$ 300,000	300,000
Secured Convertible Bridge Note, 12%, (acquired 9/14/16)	(M)	50,000	\$ 50,000	50,000
Secured Convertible Bridge Note, 12%, (acquired 9/29/16)	(M)	350,000	\$ 350,000	350,000
		1,000,010		1,000,010
NGX Bio, Inc. (5)(8)(21) Life Sciences				
Developing translational genomics solutions				
Series Seed Convertible Preferred Stock (acquired 6/6/14-1/10/16)	(I)	500,002	666,667	514,217
Series A Convertible Preferred Stock (acquired 8/20/15-9/30/15)	(I)	499,999	329,989	343,920
Unsecured Convertible Bridge Note, 6% (acquired 4/6/16)	(M)	514,630	\$ 500,000	514,630
		1,514,631		1,372,767

The accompanying unaudited notes are an integral part of these consolidated financial statements.

HARRIS & HARRIS GROUP, INC.
CONSOLIDATED SCHEDULE OF
INVESTMENTS AS OF SEPTEMBER 30, 2016
(Unaudited)

Method of Valuation (1)	Primary Industry (2)	Cost	Shares/ Principal	Value
Investments in Controlled Affiliated Companies (3) - 9.6% of net assets at value (Cont.)				
Private Placement Portfolio (Illiquid) (19) - 9.6% of net assets at value (Cont.)				
ProMuc, Inc. (5)(8)				
Life Sciences				
Developing synthetic mucins for the nutritional, food and health care markets				
Common Stock (acquired 12/18/13)		(M)	\$ 1,000	\$ 1
Secured Convertible Bridge Note, 8%, (acquired 12/18/13)		(M)	428,093	\$ 350,000 228,093
Secured Convertible Bridge Note, 8%, (acquired 8/13/14)		(M)	117,096	\$ 100,000 62,390
Secured Convertible Bridge Note, 8%, (acquired 8/5/15)		(M)	81,953	\$ 75,000 43,666
Secured Convertible Bridge Note, 8%, (acquired 12/7/15)		(M)	58,604	\$ 55,000 31,225
			685,747	365,375
Senova Systems, Inc. (5)(8)(22)				
Life Sciences				
Developing next-generation sensors to measure pH				
Series B Convertible Preferred Stock (acquired 9/9/11-7/18/12)		(I)	1,218,462	1,350,000 0
Series B-1 Convertible Preferred Stock (acquired 8/1/13-1/15/14)		(I)	1,083,960	2,759,902 0
Series C Convertible Preferred Stock (acquired 10/24/14-4/1/15)		(I)	1,208,287	1,611,049 621,188
Warrants for Series B Preferred Stock expiring 10/15/17 (acquired 10/15/12)		(I)	131,538	164,423 0
Warrants for Series B Preferred Stock expiring 4/24/18 (acquired 4/24/13)		(I)	20,000	25,000 0
Secured Convertible Bridge Note, 10%, (acquired 1/15/16)		(I)	267,808	\$ 250,000 267,808
Secured Convertible Bridge Note, 10%, (acquired 8/12/16)		(I)	21,541	\$ 21,250 21,541
Secured Convertible Bridge Note, 10%, (acquired 9/30/16)		(I)	15,504	\$ 15,500 15,504
			3,967,100	926,041

The accompanying unaudited notes are an integral part of these consolidated financial statements.

HARRIS & HARRIS GROUP, INC.
CONSOLIDATED SCHEDULE OF
INVESTMENTS AS OF SEPTEMBER 30, 2016
(Unaudited)

Method of Valuation (1)	Primary Industry (2)	Cost	Shares/ Principal	Value
Investments in Controlled Affiliated Companies (3) - 9.6% of net assets at value (Cont.)				
Private Placement Portfolio (Illiquid) (19) - 9.6% of net assets at value (Cont.)				
SynGlyco, Inc. (5)(8)(15)				
Developed synthetic carbohydrates for pharmaceutical applications				
Life Sciences				
Common Stock (acquired 12/13/11)	(I)	\$2,729,817	57,463	\$0
Series A' Convertible Preferred Stock (acquired 12/13/11-6/7/12)	(I)	4,855,627	4,855,627	0
Secured Convertible Bridge Note, 8%, (acquired 2/26/16)	(I)	71,064	\$67,823	59,150
		7,656,508		59,150
TARA Biosystems, Inc. (5)(8)				
Developing human tissue models for toxicology and drug discovery applications				
Life Sciences				
Common Stock (acquired 8/20/14)	(I)	20	2,000,000	921,647
Secured Convertible Bridge Note, 8%, (acquired 8/20/14)	(M)	350,827	\$300,000	487,260
Secured Convertible Bridge Note, 8%, (acquired 5/18/15)	(M)	222,005	\$200,000	308,341
Secured Convertible Bridge Note, 8%, (acquired 12/1/15)	(M)	1,280,219	\$1,200,000	1,506,140
		1,853,071		3,223,388
Total Controlled Private Placement Portfolio (cost: \$24,382,537)				\$7,247,421
Total Investments in Controlled Affiliated Companies (cost: \$24,382,537)				\$7,247,421
Total Investments in Private Placement and Publicly Traded Portfolio (cost: \$107,531,743)				\$67,745,343

The accompanying unaudited notes are an integral part of these consolidated financial statements.

HARRIS & HARRIS GROUP, INC.
CONSOLIDATED SCHEDULE OF
INVESTMENTS AS OF SEPTEMBER 30, 2016
(Unaudited)

Method of Valuation (1)	Primary Industry (2)	Cost	Shares/ Principal	Value
Equity Method Investments (23) - 0.3% of net assets at value				
Private Placement Portfolio (Illiquid) (23) - 0.3% of net assets at value				
Accelerator IV-New York Corporation (8)(9)(24) Identifying and managing emerging biotechnology companies Series A Common Stock (acquired 7/21/14-1/29/16)			Life Sciences (E)	\$186,736 581,907 \$186,736
AgTech Accelerator Corporation (8)(9)(10)(24) Identifying and managing emerging agriculture technologies companies Common Stock (acquired 5/4/16)			Life Sciences (E)	64,508 150,000 64,508
Total Equity Method Investments (cost: \$251,244)				\$251,244
Total Investments (cost: \$107,782,987)				\$67,996,587

The accompanying unaudited notes are an integral part of these consolidated financial statements.

HARRIS & HARRIS GROUP, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS AS OF SEPTEMBER 30, 2016

(Unaudited)

Notes to Consolidated Schedule of Investments

(1) See "Footnote to Consolidated Schedule of Investments" on page 37 for a description of the "Valuation Procedures."

We classify "Energy" companies as those that seek to improve performance, productivity or efficiency, and to reduce environmental impact, waste, cost, energy consumption or raw materials. We classify "Electronics" companies as those that address problems in electronics-related industries, including semiconductors and computing. We classify "Life Sciences" companies as those that address problems in life sciences-related industries, including precision health and precision medicine, biotechnology, agriculture, advanced materials and chemicals, health care, bioprocessing, water, industrial biotechnology, food, nutrition and energy.

Investments in unaffiliated companies consist of investments in which we own less than five percent of the voting shares of the portfolio company. Investments in non-controlled affiliated companies consist of investments in which we own five percent or more, but less than 25 percent, of the voting shares of the portfolio company, or where we hold one or more seats on the portfolio company's board of directors but do not control the company.

(3) Investments in controlled affiliated companies consist of investments in which we own 25 percent or more of the voting shares of the portfolio company or otherwise control the company, including control of a majority of the seats on the board of directors, or more than 25 percent of the seats on the board of directors, with no other entity or person in control of more director seats than us. Among our controlled affiliated companies, ProMuc, Inc., and Interome, Inc., were 100 percent owned by us at September 30, 2016.

The aggregate cost for federal income tax purposes of investments in unaffiliated privately held companies is (4) \$10,878,510. The gross unrealized appreciation based on the tax cost for these securities is \$90,884. The gross unrealized depreciation based on the tax cost for these securities is \$6,254,378.

(5) All or a portion of the investments or instruments are pledged as collateral under our Loan Facility with Orix Corporate Capital, Inc.

The aggregate cost for federal income tax purposes of investments in unaffiliated rights to milestone payments is (6) \$781,863. The gross unrealized appreciation based on the tax cost for these securities is \$2,660,882. The gross unrealized depreciation based on the tax cost for these securities is \$0.

The aggregate cost for federal income tax purposes of investments in unaffiliated publicly traded companies is (7) \$2,664,644. The gross unrealized appreciation based on the tax cost for these securities is \$0. The gross unrealized depreciation based on the tax cost for these securities is \$1,742,039.

(8) We are subject to legal restrictions on the sale of our investment(s) in this company.

(9) Represents a non-income producing investment. Investments that have not paid dividends or interest within the last 12 months are considered to be non-income producing.

(10) Initial investment was made in 2016.

We received shares of Xenio Corp. as part of the consideration distributed to shareholders of Bridgelux, Inc., for (11) the sale of Bridgelux, Inc., to an investment group led by China Electronics Corporation and ChongQing Linkong Development Investment Company. The close of this transaction occurred on August 1, 2016.

The Company's securities of OpGen, Inc., were subject to a lock-up agreement that restricted our ability to trade these securities. The lock-up agreement expired on August 18, 2016. A total of 300,833 shares and 300,833 (12) warrants are not qualifying assets under Section 55(a) of the 1940 Act. Under the 1940 Act, we may not acquire non-qualifying assets unless, at the time the acquisition is made, qualifying assets are at least 70 percent of our total assets.

The accompanying unaudited notes are an integral part of these consolidated financial statements.

HARRIS & HARRIS GROUP, INC.

CONSOLIDATED SCHEDULE OF INVESTMENTS AS OF SEPTEMBER 30, 2016

(Unaudited)

The aggregate cost for federal income tax purposes of investments in non-controlled affiliated privately held (13) companies is \$51,750,473. The gross unrealized appreciation based on the tax cost for these securities is \$14,862,714. The gross unrealized depreciation based on the tax cost for these securities is \$20,627,446.

D-Wave Systems, Inc., is located and is doing business primarily in Canada. We invested in D-Wave through Parallel Universes, Inc., a Delaware company. Our investment is denominated in Canadian dollars and is subject (14) to foreign currency translation. See "Note 3. Summary of Significant Accounting Policies." D-Wave is not a qualifying asset under Section 55(a) of the 1940 Act. Under the 1940 Act, we may not acquire non-qualifying assets unless, at the time the acquisition is made, qualifying assets are at least 70 percent of our total assets.

(15) Represents a non-operating entity that exists to collect future payments from licenses or other engagements and/or monetize assets for future distributions to investors and debt holders.

(16) Produced Water Absorbents, Inc., also does business as ProSep, Inc.

The aggregate cost for federal income tax purposes of investments in non-controlled affiliated publicly traded (17) companies is \$17,073,716. The gross unrealized appreciation based on the tax cost for these securities is \$0. The gross unrealized depreciation based on the tax cost for these securities is \$11,641,901.

A total of 200,000 shares of our holdings in Adesto Technologies Corporation are not qualifying assets under (18) Section 55(a) of the 1940 Act. Under the 1940 Act, we may not acquire non-qualifying assets unless, at the time the acquisition is made, qualifying assets are at least 70 percent of our total assets.

The aggregate cost for federal income tax purposes of investments in controlled affiliated companies is (19) \$24,382,537. The gross unrealized appreciation based on the tax cost for these securities is \$1,370,317. The gross unrealized depreciation based on the tax cost for these securities is \$18,505,433

On August 4, 2015, SiOnyx, Inc., reorganized its corporate structure to become a subsidiary of a new company, (20) Black Silicon Holdings, Inc. Our security holdings of SiOnyx converted into securities of Black Silicon Holdings. SiOnyx was then acquired by an undisclosed buyer. Black Silicon Holdings owns a profit interest in the undisclosed buyer.

(21) On August 19, 2015, UberSeq, Inc., changed its name to NGX Bio, Inc.

(22) On October 19, 2016, Senova Systems, Inc., sold substantially all of its assets to an undisclosed buyer for an up-front payment and potential future payments upon achievement of milestones.

The aggregate cost for federal income tax purposes of investments in privately held equity method investments is (23) \$251,244. Under the equity method, investments are carried at cost, plus or minus the Company's equity in the increases and decreases in the investee's net assets after the date of acquisition and certain other adjustments.

(24) See "Note 11. Commitments and Contingencies."

The accompanying unaudited notes are an integral part of these consolidated financial statements.

HARRIS & HARRIS GROUP, INC.
CONSOLIDATED SCHEDULE OF INVESTMENTS AS OF DECEMBER
31, 2015

Method of Valuation (1) Primary Industry (2) Cost Shares / Principal Value

Investments in Unaffiliated Companies (3) –
11.0% of net assets at value

Private Placement Portfolio (Illiquid) (4) –
6.1% of net assets at value

Bridgelux, Inc. (5)(8)(9)(10)		Energy		
Manufacturing high-power light emitting diodes (LEDs) and arrays				
Series B Convertible Preferred Stock (acquired 11/29/07)	(M)	\$ 1,000,000	1,861,504	\$ 258,939
Series C Convertible Preferred Stock (acquired 7/27/07)	(M)	1,352,196	2,130,699	34,737
Series D Convertible Preferred Stock (acquired 2/25/08-3/10/10)	(M)	1,371,622	999,999	737,006
Series E Convertible Preferred Stock (acquired 6/1/11)	(M)	672,599	440,334	607,572
Series E-1 Convertible Preferred Stock (acquired 3/16/12)	(M)	386,073	399,579	400,630
Warrants for Series E Convertible Preferred Stock expiring 12/31/17 (acquired 1/27/11)	(M)	93,969	170,823	0
Warrants for Common Stock expiring 6/1/16 (acquired 6/1/11)	(M)	72,668	132,100	0
Warrants for Common Stock expiring 8/9/18 (acquired 8/9/13)	(M)	148,409	171,183	0
Warrants for Common Stock expiring 10/21/18 (acquired 10/21/11)	(M)	18,816	84,846	0
		5,116,352		2,538,884
Cambrios Technologies Corporation (5)(8)(9)(11)		Electronics		
Developed nanowire-enabled electronic materials for the display industry				
Series B Convertible Preferred Stock (acquired 11/9/04-2/16/05)	(M)	1,294,025	1,294,025	0
Series C Convertible Preferred Stock (acquired 3/21/07)	(M)	1,300,000	1,300,000	0
Series D Convertible Preferred Stock (acquired 8/7/09)	(M)	515,756	515,756	0
Series D-2 Convertible Preferred Stock (acquired 5/31/11)	(M)	92,400	92,400	0
Series D-4 Convertible Preferred Stock (acquired 7/12/12)	(M)	216,168	216,168	0
		3,418,349		0

The accompanying notes are an integral part of these consolidated financial statements.

HARRIS & HARRIS GROUP, INC.
CONSOLIDATED SCHEDULE OF INVESTMENTS AS OF DECEMBER
31, 2015

Method of Valuation (1) Primary Industry (2) Cost Shares / Principal Value

Investments in Unaffiliated Companies (3) –
11.0% of net assets at value (Cont.)

Private Placement Portfolio (Illiquid) (4) –
6.1% of net assets at value (Cont.)

Magic Leap, Inc. (8)(9)(12)		Electronics			
Developing novel human computing interfaces and software					
Series B Convertible Preferred Stock (acquired 5/1/15)	(I)		\$ 338,604	29,291	\$ 348,994
Mersana Therapeutics, Inc. (5)(8)(9)		Life Sciences			
Developing antibody drug conjugates for cancer therapy					
Series A-1 Convertible Preferred Stock (acquired 7/27/12-4/2/14)	(H)		683,538	635,081	613,892
Series B-1 Convertible Preferred Stock (acquired 2/20/15)	(H)		104,521	97,111	104,407
Common Stock (acquired 7/27/12)	(H)		3,875,395	350,539	309,963
			4,663,454		1,028,262
Nanosys, Inc. (5)(8)(9)		Energy			
Developing inorganic nanowires and quantum dots for use in LED-backlit devices					
Series C Convertible Preferred Stock (acquired 4/10/03)	(M)		1,500,000	803,428	128,853
Series D Convertible Preferred Stock (acquired 11/7/05)	(M)		3,000,003	1,016,950	597,334
Series E Convertible Preferred Stock (acquired 8/13/10)	(M)		496,573	433,688	452,627
			4,996,576		1,178,814
Nano Terra, Inc. (5)(8)		Energy			
Developing surface chemistry and nano- manufacturing solutions					
Warrants for Common Stock expiring on 2/22/21 (acquired 2/22/11)	(I)		69,168	4,462	211
Warrants for Series A-3 Preferred Stock expiring on 11/15/22 (acquired 11/15/12)	(I)		35,403	47,508	61,978
			104,571		62,189

The accompanying notes are an integral part of these consolidated financial statements.

