

**To: City Editors**

**For immediate release  
22 November 2010**

## **The Biotech Growth Trust PLC**

### **Unaudited Interim Results for the six months ended 30 September 2010**

<b>Financial Highlights</b>	<b>30 September 2010</b>	<b>31 March 2010</b>	<b>% Change</b>
Net asset value per share	<b>168.3p</b>	182.6p	-7.8
Share price	<b>159.0p</b>	175.8p	-9.6
Discount of share price to net asset value per share	<b>5.5%</b>	3.7%	-
NASDAQ Biotechnology Index (sterling adjusted)	<b>569.3</b>	618.1	-7.9

No interim dividend is proposed.

The following are attached:

- Chairman's Statement
- Review of Investments
- Top and Bottom Five Contributors to Net Asset Value Performance
- Income Statement
- Statement of Changes in Equity
- Balance Sheet
- Cash Flow Statement
- Notes to the Interim Financial Statements

This Announcement is not the Company's interim report. It is an abridged version of the Company's full interim report for the six months ended 30 September 2010. The full interim report will be sent to shareholders on 26 November 2010. The full interim report, together with a copy of this announcement, will also be available on the Company's website: [www.biotechgt.com](http://www.biotechgt.com)

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# **The Biotech Growth Trust PLC**

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## **Chairman's Statement**

### **Performance**

Following strong returns during the last financial year, it is disappointing to report that markets were rather more subdued during the first half of the current financial year. The Company's net asset value per share fell by 7.8% during the period compared to a fall of 7.9% in the Company's benchmark, the NASDAQ Biotechnology Index, measured in sterling terms. The Company's share price fell by 9.6% as the discount of the share price to the net asset value per share widened from 3.7% at 31 March 2010 to 5.5% at 30 September 2010.

During the half year the U.S. dollar fell by 3.9% against sterling from \$1.52 to £1 at the end of March 2010 to \$1.58 to £1 at the end of September 2010. This had an adverse influence on the Company's net asset value. Another negative factor was the slight underperformance of the biotechnology sector against the wider market. This underperformance reflected concerns over the short term impact of the recently enacted U.S. healthcare reform and weaker than expected earnings reports from a number of major biotechnology companies.

Merger and acquisition (M&A) activity remains extremely important for the sector. For example, the shares of portfolio holding Genzyme rose by over 25% on news that Sanofi-Aventis had made a takeover approach. We believe that we are well placed to benefit from further M&A activity in the future.

### **Discount Management Policy and Share Buyback Policy**

The Board has continued to implement its policy of active discount management and to buy back shares for cancellation when the discount of the share price against the net asset value per share is greater than 6%. During the six months under review the Company repurchased a total of 90,052 shares for cancellation at a cost of £134,000 (including expenses).

### **Revenue and Dividends**

The revenue loss for the period was £202,000 (six months ended 30 September 2009: loss of £233,000) and no interim dividend is declared (six months ended 30 September 2009: nil).

### **Outlook**

President Obama's Democratic Party suffered heavy losses in the recent U.S. mid-term elections. The Republican Party took control of the House of Representatives and made significant gains in the Senate. This result brings uncertainty to the proposed healthcare reform in the U.S. as the Republicans have indicated that they would wish to 'repeal and replace' the healthcare reform law passed in early 2010. President Obama, however, has pledged to find common ground with the Republicans on this and other key issues and the polls suggest that, overall, the public wants the healthcare reform to be amended rather than scrapped altogether. The outcome is likely to remain unclear for some time and at this stage it is impossible to predict whether progress or paralysis will mark the remainder of President Obama's term of office. While it is unlikely that there will be a wholesale repeal of the healthcare reform, the expected gridlock should lead to less negative rhetoric and legislation against the healthcare industry, a positive for healthcare companies overall.

# **The Biotech Growth Trust PLC**

Interim Results for the six months ended 30 September 2010

Your Board remains of the view that the longer term outlook for the biotechnology sector is promising, with M&A activity being a key driver of performance for the sector as a whole.

Our focus continues to be on the selection of stocks with strong prospects for capital growth and our belief that the long term investor in our sector will be well rewarded is still firm.

**John Sclater CVO**

*Chairman*

22 November 2010

## **Review of Investments**

The Company's net asset value per share declined by 7.8% during the six month period ended 30 September 2010. The Company performed in-line with our benchmark index, the NASDAQ Biotechnology Index (measured on a sterling adjusted basis), which declined 7.9% during this period. Currency movements had a negative effect on the Company's NAV performance, as sterling appreciated 3.9% against the U.S. dollar during this period.

The largest gains in the portfolio were from positions in Genzyme, Pharmacyclics, Endo Pharmaceuticals, The Medicines Company and Illumina. Genzyme received a takeover bid from Sanofi-Aventis at a 27% premium, which was subsequently rejected by Genzyme's Board as being too low. Most investors believe Sanofi-Aventis is committed to completing the transaction and will increase its offer. Pharmacyclics announced positive data from its phase I trial of PCI-32765, its Btk inhibitor for the treatment of lymphoma. We continue to believe that this compound is one of the most promising new agents for cancer. Endo Pharmaceuticals made progress in its franchise extension strategy for its painkiller Opana and also acquired two businesses, the urology diagnostics/services company HealthTronics and the generics company Qualitest, which are both accretive to earnings. The Medicines Company received an extension of its patent for its lead drug Angiomax. Illumina has posted strong operating results with the introduction of its new HiSeq instrument line, continuing its leadership in the gene sequencing sector.

The biggest losses were from positions in Gilead Sciences and Allos Therapeutics. Gilead has performed poorly due to increased concern that it will be unable to grow beyond the patent expiry for its HIV drug Viread in 2018. We continue to think there is value in the company's shares and the patent cliff will not be as dramatic as investors fear. Allos' shares declined due to a disappointing launch of their lead drug Folotyn for T-cell lymphoma.

Since the signing of the U.S. healthcare reform bill in March 2010, markets have struggled to determine the implications of the reform measures for healthcare companies. The major biotechnology companies tended to underperform as investors factored in reduced Medicaid reimbursement and other small reform impacts into earnings projections. While there are some minimal reform-related costs for biotechnology companies to absorb in the near-term, the gains in patient volumes from having an extra 30 million Americans insured in 2014 should still represent a net benefit for the industry. In general, Americans remain divided about their support for the healthcare reform package. In the run-up to the mid-term elections, one of the main Republican platform initiatives resonating with voters was the Republicans' desire to repeal or replace "ObamaCare" and they substantially eroded the Democratic majorities in Congress, taking control of the House of Representatives and making significant gains in the Senate. While it is unlikely that this will lead to wholesale

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repeal of healthcare reform, the resulting gridlock should lead to less negative rhetoric and legislation against the healthcare industry, a positive for healthcare companies overall.

Merger and acquisition (M&A) activity remains a key theme for biotechnology investing. During the period, Sanofi-Aventis launched a takeover bid for Genzyme, one of the largest holdings within the portfolio. If the transaction is completed, this will leave only five independent biotechnology companies that we consider major, following the acquisitions of Genentech, MedImmune and Chiron over the past several years. The acquisition shows that M&A activity is not restricted to emerging biotechnology companies and that the larger, more mature major biotechnology companies still represent compelling value. Interestingly, Genzyme focuses primarily on orphan disease markets, which involves delivering extremely high-priced drugs to very small patient populations. In the past it has been conventional wisdom that large pharmaceutical companies would not acquire orphan disease companies, as it would be poor public relations to sell such expensive drugs, whose prices can exceed \$300,000 annually. Sanofi's acquisition interest in Genzyme may signal a shift in this attitude towards these markets and a belief that high pricing is sustainable even for a large pharmaceutical company. Other profitable orphan disease companies that may now be considered as acquisition targets include portfolio holdings Shire Pharmaceuticals, BioMarin Pharmaceuticals, and former holding Alexion Pharmaceuticals.

Although the number of major biotechnology companies has gradually been declining over the years due to acquisitions, there are several companies with major drug launches underway or expected over the next year that are poised to become the next generation of major biotechnology companies. Three such candidates are currently held within the portfolio. Dendreon recently launched Provenge, a cell-based immunotherapy for the treatment of advanced prostate cancer. We expect Provenge sales to eventually exceed \$2 billion. In December we expect approval of Human Genome Sciences' Benlysta for Lupus. This is a multi-billion dollar opportunity, as lupus is a high-unmet medical need. Finally, in mid-2011, we anticipate the approval of Vertex's Telaprevir for hepatitis C. Data released recently indicates that Telaprevir increases the cure rate to 75% compared to 44% for the current standard of care. We expect rapid uptake of this drug, due to retreatment of prior treatment failures and an increase in new patients seeking treatment.

The number of holdings in the portfolio remains at approximately 30, exclusive of unquoted investments and warrants. The geographic distribution of assets is 82% North America, 14% Europe, 3% Israel and 1% Asia. Currently approximately 40% of the Company's assets are invested in major biotechnology companies, and 60% are invested in emerging biotechnology companies. We have taken a closer look at potential opportunities in Asia as more companies have gone public in that area.

With the Republicans having made significant gains in the recent U.S. mid-term elections, investors increasingly understanding the implications of healthcare reform, and several blockbuster drugs expected to launch over the next 12-18 months, we think that the outlook for the biotechnology sector is bright and believe that strong returns can be delivered.

OrbiMed Capital LLC  
Investment Manager  
22 November 2010

# The Biotech Growth Trust PLC

Interim Results for the six months ended 30 September 2010

## Top and Bottom Five Contributors to Net Asset Value Performance For the Six Months to 30 September 2010

	Contribution for the six months to 30 September 2010	Contribution per Share (p) *
	<b>£'000</b>	
<b>Top Five contributors</b>		
Genzyme	3,421	5.2
Pharmacyclics	3,041	4.6
Endo Pharmaceuticals	2,795	4.2
The Medicines Company	2,507	3.8
Illumina	1,760	2.7
	<b><u>13,524</u></b>	<b><u>20.5</u></b>
<b>Bottom Five contributors</b>		
Gilead Sciences	(2,251)	(3.4)
Allos Therapeutics	(1,773)	(2.7)
Curis	(1,750)	(2.7)
InterMune	(1,735)	(2.6)
Celgene	(1,464)	(2.2)
	<b><u>(8,973)</u></b>	<b><u>(13.6)</u></b>

\*based on 65,934,855 ordinary shares being the weighted average number of shares in issue during the period ended 30 September 2010

Source: Frostrow Capital LLP

## Income Statement

For the six months ended 30 September 2010

# The Biotech Growth Trust PLC

Interim Results for the six months ended 30 September 2010

	(Unaudited) Six months ended 30 September 2010			(Unaudited) Six months ended 30 September 2009			(Audited) Year ended 31 March 2010		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
<b>Investment income</b>									
Investment income	7	-	7	4	-	4	31	-	31
Other income	-	-	-	-	-	-	34	-	34
<b>Total income</b>	<b>7</b>	<b>-</b>	<b>7</b>	<b>4</b>	<b>-</b>	<b>4</b>	<b>65</b>	<b>-</b>	<b>65</b>
<i>(note 2)</i>									
<b>Gains and losses on investments</b>									
(Losses/gains on investments held at fair value through profit or loss	-	(8,913)	(8,913)	-	9,119	9,119	-	30,979	30,979
Exchange gains/(losses) on currency balances	-	223	223	-	(62)	(62)	-	(725)	(725)
<b>Expenses</b>									
Investment management, management and performance fees	-	(512)	(512)	-	(621)	(621)	-	(1,365)	(1,365)
<i>(note 3)</i>									
Refund of VAT previously paid on management fees	-	-	-	-	-	-	-	168	168
Other expenses	(199)	-	(199)	(235)	-	(235)	(417)	-	(417)
<b>(Loss)/profit before finance costs and taxation</b>	<b>(192)</b>	<b>(9,202)</b>	<b>(9,394)</b>	<b>(231)</b>	<b>8,436</b>	<b>8,205</b>	<b>(352)</b>	<b>29,057</b>	<b>28,705</b>
Finance costs	(10)	-	(10)	(2)	(3)	(5)	(3)	(13)	(16)
<b>(Loss)/profit before taxation</b>	<b>(202)</b>	<b>(9,202)</b>	<b>(9,404)</b>	<b>(233)</b>	<b>8,433</b>	<b>8,200</b>	<b>(355)</b>	<b>29,044</b>	<b>28,689</b>
Taxation	-	-	-	-	-	-	-	-	-
<b>(Loss)/profit for the period</b>	<b>(202)</b>	<b>(9,202)</b>	<b>(9,404)</b>	<b>(233)</b>	<b>8,433</b>	<b>8,200</b>	<b>(355)</b>	<b>29,044</b>	<b>28,689</b>
<b>(Loss)/earnings per share (note 4)</b>	<b>(0.3)p</b>	<b>(14.0)p</b>	<b>(14.3)p</b>	<b>(0.5)p</b>	<b>16.9p</b>	<b>16.4p</b>	<b>(0.6)p</b>	<b>52.4p</b>	<b>51.8p</b>

The Company does not have any income or expenses which are not included in the profit for the period. Accordingly, the "Profit for the period" is also the "Total comprehensive income for the period", as defined in IAS 1 (revised) and no separate Statement of Comprehensive Income has been presented.

All of the profit and total Comprehensive Income for the period is attributable to the owners of the Company.

The total column of the statement is the Income Statement of the Company prepared in accordance with IFRS. The supplementary revenue and capital columns are presented for information purposes as recommended by the Statement of Recommended Practice issued by the Association of Investment Companies. All items in the above statement derive from continuing operations. No operations were acquired or discontinued during the period.

## Statement of Changes in Equity

# The Biotech Growth Trust PLC

Interim Results for the six months ended 30 September 2010

Six months ended 30  
September 2010  
(Unaudited)

	Share Capital £'000	Share Premium Account £'000	Special Reserve £'000	Capital Redemption Reserve £'000	Capital Reserve £'000	Retained Earnings £'000	Total £'000
At 31 March 2010	16,490	19,298	32,021	4,642	50,970	(3,004)	120,417
Net loss for the period	-	-	-	-	(9,202)	(202)	(9,404)
Buyback of shares	(23)	-	(134)	23	-	-	(134)
Refund of issue costs	-	2	-	-	-	-	2
<b>At 30 September 2010</b>	<b>16,467</b>	<b>19,300</b>	<b>31,887</b>	<b>4,665</b>	<b>41,768</b>	<b>(3,206)</b>	<b>110,881</b>

Six months ended 30 September  
2009  
(Unaudited)

	Share Capital £'000	Special Reserve £'000	Capital Redemption Reserve £'000	Capital Reserve £'000	Retained Earnings £'000	Total £'000
At 31 March 2009	12,824	33,800	4,307	21,926	(2,649)	70,208
Net profit/(loss) for the period	-	-	-	8,433	(233)	8,200
Buyback of shares	(292)	(1,475)	292	-	-	(1,475)
<b>At 30 September 2009</b>	<b>12,532</b>	<b>32,325</b>	<b>4,599</b>	<b>30,359</b>	<b>(2,882)</b>	<b>76,933</b>

Year ended 31 March  
2010  
(Audited)

	Share Capital £'000	Share Premium Account £'000	Special Reserve £'000	Capital Redemption Reserve £'000	Capital Reserve £'000	Retained Earnings £'000	Total £'000
At 31 March 2009	12,824	-	33,800	4,307	21,926	(2,649)	70,208
Net profit/(loss) for the year	-	-	-	-	29,044	(355)	28,689
Issue of shares	4,001	19,877	-	-	-	-	23,878
Issue costs	-	(579)	-	-	-	-	(579)
Buy back of shares	(335)	-	(1,779)	335	-	-	(1,779)
<b>At 31 March 2010</b>	<b>16,490</b>	<b>19,298</b>	<b>32,021</b>	<b>4,642</b>	<b>50,970</b>	<b>(3,004)</b>	<b>120,417</b>

**The Biotech Growth Trust PLC**  
Interim Results for the six months ended 30 September 2010

**Balance Sheet**

as at 30 September 2010

	(Unaudited) 30 September 2010 £'000	(Unaudited) 30 September 2009 £'000	(Audited) 31 March 2010 £'000
<b>Non current assets</b>			
Investments held at fair value through profit or loss	113,061	77,434	132,618
<b>Current assets</b>			
Other receivables	643	2,031	304
Cash and cash equivalents	5,294	95	-
	<b>5,937</b>	<b>2,126</b>	<b>304</b>
<b>Total assets</b>	<b>118,998</b>	<b>79,560</b>	<b>132,922</b>
<b>Current liabilities</b>			
Other payables	8,117	2,627	4,016
Bank loan	-	-	8,489
	<b>8,117</b>	<b>2,627</b>	<b>12,505</b>
<b>Net assets</b>	<b>110,881</b>	<b>76,933</b>	<b>120,417</b>
<b>Equity attributable to equity holders</b>			
Ordinary share capital	16,467	12,532	16,490
Share premium account	19,300	-	19,298
Special reserve	31,887	32,325	32,021
Capital redemption reserve	4,665	4,599	4,642
Capital reserve	41,768	30,359	50,970
Retained earnings	(3,206)	(2,882)	(3,004)
<b>Total equity</b>	<b>110,881</b>	<b>76,933</b>	<b>120,417</b>
<b>Net asset value per share (note 5)</b>	<b>168.3p</b>	<b>153.5p</b>	<b>182.6p</b>

**The Biotech Growth Trust PLC**  
Interim Results for the six months ended 30 September 2010

**Cash Flow Statement**

for the six months ended 30 September 2010

	(Unaudited) Six months ended 30 September 2010 £'000	(Unaudited) Six months ended 30 September 2009 £'000	(Audited) Year ended 31 March 2010 £'000
Net cash inflow/(outflow) from operating activities <i>(note 6)</i>	13,692	3,218	(27,698)
<b>Net cash inflow/(outflow) before financing</b>	<b>13,692</b>	3,218	(27,698)
Net cash (outflow)/inflow from financing activities	(8,621)	(5,222)	26,262
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>5,071</b>	(2,004)	(1,436)
Cash and cash equivalents at start of period	-	2,161	2,161
Realised gain/(loss) on foreign currency	223	(62)	(725)
<b>Cash and cash equivalents at period end</b>	<b>5,294</b>	95	-

# The Biotech Growth Trust PLC

Interim Results for the six months ended 30 September 2010

## Notes to the Interim Financial Statements

### 1. Accounting Policies

The condensed financial statements have been prepared under the historical cost convention, except for the valuation of investments at fair value, and in accordance with applicable accounting standards and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' dated January 2009.

The same accounting policies used for the year ended 31 March 2010 have been applied.

### 2. Income

	(Unaudited) Six months ended 30 September 2010 £'000	(Unaudited) Six months ended 30 September 2009 £'000	(Audited) Year ended 31 March 2010 £'000
Investment income	7	4	31
Other operating income	-	-	34
<b>Total income</b>	<b>7</b>	<b>4</b>	<b>65</b>

### 3. Investment Management, Management and Performance Fees

	(Unaudited) Six months ended 30 September 2010 £'000	(Unaudited) Six months ended 30 September 2009 £'000	(Audited) Year ended 31 March 2010 £'000
Investment management fee	336	226	544
Management, administrative and company secretarial fee	158	101	247
Performance fee charged in the period/year&	18	294	574
<b>Total</b>	<b>512</b>	<b>621</b>	<b>1,365</b>

\*In accordance with the performance fee arrangements described on page 12 of the 2010 Annual Report, a performance fee of £506,000 was accrued at the period end (six months ended 30 September 2009: £516,000; year ended 31 March 2010: £799,000).

In addition, during the period, fees totalling £310,000 were paid, of which £224,000 related to fees which crystallised at 31 March 2010 and £86,000 in relation to fees which crystallised and became payable at 30 June 2010.

# The Biotech Growth Trust PLC

Interim Results for the six months ended 30 September 2010

## Notes to the Interim Financial Statements (continued)

### 4. (Loss)/Earnings per Share

The (loss)/earnings per share figure is based on the net loss for the six months of £9,404,000 (six months ended 30 September 2009: £8,200,000 gain; year ended 31 March 2010: £28,689,000 gain) and on 65,934,855 (six months ended 30 September 2009: 50,043,197 and year ended 31 March 2010: 55,422,574) shares, being the weighted average number of shares in issue during the period.

The (loss)/return per share detailed above can be further analysed between revenue and capital as follows:

	<b>(Unaudited)</b> <b>Six months</b> <b>ended 30</b> <b>September</b> <b>2010</b> <b>£'000</b>	(Unaudited) Six months ended 30 September 2009 £'000	(Audited) Year ended 31 March 2010 £'000
Net revenue loss	<b>(202)</b>	(233)	(355)
Net capital (loss) gain	<b>(9,202)</b>	8,433	29,044
<b>Net total (loss)/gain</b>	<b>(9,404)</b>	8,200	28,689
Weighted average number of shares in issue during the period	<b>65,934,855</b>	50,043,197	55,422,574
	<b>Pence</b>	Pence	Pence
Revenue loss per share	<b>(0.3)</b>	(0.5)	(0.6)
Capital (loss)/earnings per share	<b>(14.0)</b>	16.9	52.4
<b>Total (loss)/earnings per share</b>	<b>(14.3)</b>	16.4	51.8

### 5. Net Asset Value per Share

The net asset value per share is based on the net assets attributable to equity shareholders of £110,881,000 (30 September 2009: £76,933,000; 31 March 2010: £120,417,000) and on 65,896,809 (30 September 2009: 50,127,463; 31 March 2010: 65,959,861) shares, being the number of shares in issue at the period end.

# The Biotech Growth Trust PLC

Interim Results for the six months ended 30 September 2010

## Notes to the Interim Financial Statements (continued)

### 6. Reconciliation of Profit/(Loss) Before Taxation to Net Cash Inflow/(Outflow) From Operating Activities

	(Unaudited) Six months ended 30 September 2010 £'000	(Unaudited) Six months ended 30 September 2009 £'000	(Audited) Year ended 31 March 2010 £'000
(Loss)/profit before taxation	(9,404)	8,200	28,689
Losses/(gains) on investments held at fair value through profit or loss	8,690	(9,057)	(30,254)
Movements in investments held at fair value through profit or loss	14,674	3,678	(26,783)
Decrease/(increase) in other receivables	18	17	(17)
(Decrease)/increase in other payables	(286)	380	667
Net cash inflow/(outflow)	13,692	3,218	(27,698)

### 7. Transaction Costs

Purchase and sale transaction costs for the six months ended 30 September 2010 were £256,000 (six months ended 30 September 2009: £183,000 year ended 31 March 2010: £415,000). These costs comprise mainly commission.

### 8. Comparative Information

The financial information contained in this interim report does not constitute statutory accounts as defined in section 435 (1) of the Companies Act 2006. The financial information for the six months ended 30 September 2010 and 2009 has not been audited or reviewed by the auditors.

The information for the year ended 31 March 2010 has been extracted from the latest published audited financial statements. The audited financial statements for the year ended 31 March 2010 have been filed with the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report, and did not contain statements under section 498 of the Companies Act 2006.

Frostrow Capital LLP  
Company Secretary  
22 November 2010