

NEWS RELEASE

To: City Editors

For immediate release  
23 November 2011

## The Biotech Growth Trust PLC

### Unaudited Interim Results for the six months ended 30 September 2011

Financial Highlights	30 September 2011	31 March 2011	% Change
Net asset value per share	<b>183.2p</b>	186.0p	-1.5
Share price	<b>173.5p</b>	166.0p	+4.5
Discount of share price to net asset value per share	<b>5.3%</b>	10.8%	-
NASDAQ Biotechnology Index (sterling adjusted)	<b>619.7</b>	647.9	-4.4

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
- Statement of Financial Position
- 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 2011. The full interim report will be sent to shareholders on 29 November 2011. 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)

**For further information please contact:**

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# **The Biotech Growth Trust PLC**

Interim Results for the six months ended 30 September 2011

## **Chairman's Statement**

### **Performance**

Against a background of severe economic and political difficulties in many parts of the world, stock markets experienced periods of high volatility during the Company's half year and the MSCI World Index fell by 15.1% in sterling terms during the period. Thanks, however, to its defensive qualities, the Biotechnology sector substantially outperformed the wider market. The Company's benchmark, the NASDAQ Biotechnology Index, measured in sterling terms, fell by 4.4% over the same period. The Company's net asset value per share fell by 1.5% during the period and, while disappointing in absolute terms, this represents a substantial outperformance of both the benchmark and the wider market. The Company's share price performed better still, rising by 4.5% as the discount of the share price to the net asset value per share narrowed from 10.8% at 31 March 2011 to 5.3% at 30 September 2011.

I am pleased to report that the Company's Investment Manager has won the techMARK Technology Fund Manager of the Year award for its management of the Company's portfolio which was the best performing technology fund for the period 1 October 2010 to 30 September 2011.

Further information on investment performance and the outlook for the Company is given in the Review of Investments.

### **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 1,084,144 shares for cancellation at a cost of £1,947,000 (including expenses).

### **Revenue and Dividends**

The revenue loss for the period was £170,000 (six months ended 30 September 2010: loss of £202,000) and no interim dividend is declared (six months ended 30 September 2010: nil).

### **Outlook**

There is enormous uncertainty regarding the outlook for the markets for the remainder of 2011 and beyond. Massive global economic imbalances persist, the euro zone is in chronic turmoil, growth in many countries is stubbornly low and employment in the U.S. is apparently an intractable problem. Nevertheless, in spite of these worrying circumstances, your Board believes that historically low valuations in the Biotechnology sector, the sector's role as a key source of innovative new drugs and continuing merger and acquisition activity will together enable the long term investor in the sector to be well rewarded.

**John Sclater CVO**

*Chairman*

23 November 2011

# The Biotech Growth Trust PLC

Interim Results for the six months ended 30 September 2011

## Review of Investments

The Company's net asset value per share decreased by 1.5% during the period. The Company's benchmark index, the NASDAQ Biotechnology Index (measured on a sterling adjusted basis), declined by 4.4% during this period.

The top contributors to performance in the portfolio were Pharmasset, Pharmacyclics, Idenix Pharmaceuticals, Cubist Pharmaceuticals and Biogen Idec.

- Pharmasset continued to be a top performer due to emerging data showing that its nucleotide polymerase inhibitors are likely to be leaders among the next generation of hepatitis C treatments. The strong potency and high barrier to resistance of these compounds make them ideal candidates to replace Interferon-containing regimens as standard of care with potentially higher cure rates and more favorable side-effect profiles. Since the period end Gilead Sciences confirmed its agreement to acquire Pharmasset for approximately U.S. 11 billion. This represents an 89% premium to Pharmasset's closing share price on 18 November.
- Pharmacyclics performed strongly due to positive phase II data presented at the American Society of Clinical Oncology annual meeting demonstrating robust activity of its lead compound PCI-32765 for the treatment of chronic lymphocytic leukemia and mantle cell lymphoma. We continue to believe that this is one of the most exciting compounds currently in clinical development against cancer.
- Idenix Pharmaceuticals' shares strengthened due to the rising profile of polymerase inhibitors against hepatitis C based on the Pharmasset data, and increased optimism that its own polymerase inhibitor would prove safe in the clinic.
- Cubist's shares advanced after the company announced a settlement in its patent dispute with Teva concerning lead drug Cubicin. The patent issue had long been an overhang on the stock that compressed the valuation. The settlement delays the launch of a generic version of the drug until 2018.
- Biogen Idec shares rose due to better than expected phase III data for BG-12 for Multiple Sclerosis. We expect this drug to compete favourably against existing treatments.

The largest losses were from positions such as in K-V Pharmaceutical, Illumina, and Life Technologies.

- K-V Pharmaceutical shares declined in part due to the U.S. Food and Drug Administration's decision to not block compounding pharmacies from making generic versions of the company's drug Makena. As a result, the launch of the product has fallen short of expectations.

## **The Biotech Growth Trust PLC**

Interim Results for the six months ended 30 September 2011

- Illumina and Life Technologies, both providers of equipment and reagents for academic and commercial research, declined due to concerns about cutbacks in the research budget of the U.S. National Institutes of Health. Additionally, Life Technologies was affected by supply disruptions for its sequencing instruments due to the Fukushima earthquake.

### **Outlook**

Macroeconomic worries intensified during the period concerning slowing global growth and the debt crisis in Europe and biotechnology stocks were not completely immune from this. However, the fundamentals of the industry remain strong. Valuations are at the low end of the historical range and the major biotechnology companies have generally met or exceeded financial expectations. Although healthcare reform in the U.S. had been a concern previously, it has not had significant negative consequences for the biotechnology sector. Biotechnology continues to be a key source of innovative new drugs, and the potential reward to investors of correctly identifying these drug candidates at an early stage is very significant.

The number of holdings in the portfolio is approximately 40, exclusive of unquoted investments and warrants. The geographic distribution of assets is 90% North America, 6% Europe and 4% Asia. Currently approximately 45% of the Company's assets are invested in major capitalisation companies, and 55% are invested in small and mid-capitalisation companies. We believe that the Company is well positioned to capitalise on the opportunities in the sector.

### **Sven Borho**

OrbiMed Capital LLC

Investment Manager

23 November 2011

**The Biotech Growth Trust PLC**  
Interim Results for the six months ended 30 September 2011

**Top and Bottom Five Contributors to Net Asset Value Performance  
For the Six Months to 30 September 2011**

	Contribution for the six months to 30 September 2011	Contribution per Share (p) *
	<u>£'000</u>	
<b>Top Five contributors</b>		
Pharmasset	6,736	10.5
Pharmacyclics	4,375	6.8
Idenix Pharmaceuticals	1,581	2.5
Cubist Pharmaceuticals	1,239	1.9
Biogen Idec	1,024	1.6
	<b>14,955</b>	<b>23.3</b>
 <b>Bottom Five contributors</b>		
K-V Pharmaceutical	(2,350)	(3.7)
Illumina	(2,047)	(3.2)
Warner Chilcott	(1,496)	(2.3)
Life Technologies	(1,486)	(2.3)
Insmed	(1,312)	(2.0)
	<b>(8,691)</b>	<b>(13.5)</b>

\*based on 64,268,350 ordinary shares being the weighted average number of shares in issue during the period ended 30 September 2011

Source: Frostrow Capital LLP

# The Biotech Growth Trust PLC

Interim Results for the six months ended 30 September 2011

## Income Statement

For the six months ended 30 September 2011

	(Unaudited) Six months ended 30 September 2011			(Unaudited) Six months ended 30 September 2010			(Audited) Year ended 31 March 2011		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
<b>Investment income</b>									
Investment income	85	-	85	7	-	7	69	-	69
<b>Total income</b>	<b>85</b>	<b>-</b>	<b>85</b>	<b>7</b>	<b>-</b>	<b>7</b>	<b>69</b>	<b>-</b>	<b>69</b>
<i>(note 2)</i>									
<b>Gains and losses on investments</b>									
(Losses)/gains on investments held at fair value through profit or loss	-	(1,199)	(1,199)	-	(8,913)	(8,913)	-	2,691	2,691
Exchange gains on currency balances	-	351	351	-	223	223	-	402	402
<b>Expenses</b>									
Investment management, management and performance fees	-	(857)	(857)	-	(512)	(512)	-	(752)	(752)
<i>(note 3)</i>									
Other expenses	(225)	-	(225)	(199)	-	(199)	(398)	-	(398)
<b>(Loss)/profit before finance costs and taxation</b>	<b>(140)</b>	<b>(1,705)</b>	<b>(1,845)</b>	<b>(192)</b>	<b>(9,202)</b>	<b>(9,394)</b>	<b>(329)</b>	<b>2,341</b>	<b>2,012</b>
Finance costs	(18)	-	(18)	(10)	-	(10)	(11)	-	(11)
<b>(Loss)/profit before taxation</b>	<b>(158)</b>	<b>(1,705)</b>	<b>(1,863)</b>	<b>(202)</b>	<b>(9,202)</b>	<b>(9,404)</b>	<b>(340)</b>	<b>2,341</b>	<b>2,001</b>
Taxation	(12)	-	(12)	-	-	-	(1)	-	(1)
<b>(Loss)/profit for the period/year</b>	<b>(170)</b>	<b>(1,705)</b>	<b>(1,875)</b>	<b>(202)</b>	<b>(9,202)</b>	<b>(9,404)</b>	<b>(341)</b>	<b>2,341</b>	<b>2,000</b>
<b>(Loss)/earnings per share (note 4)</b>	<b>(0.3)p</b>	<b>(2.6)p</b>	<b>(2.9)p</b>	<b>(0.3)p</b>	<b>(14.0)p</b>	<b>(14.3)p</b>	<b>(0.5)p</b>	<b>3.5p</b>	<b>3.0p</b>

The Company does not have any income or expenses which are not included in the profit for the period. Accordingly, the "loss/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 (loss)/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.

# The Biotech Growth Trust PLC

Interim Results for the six months ended 30 September 2011

## Statement of Changes in Equity

Six months ended 30  
September 2011  
(Unaudited)

	Ordinary Share Capital £'000	Share Premium Account £'000	Special Reserve £'000	Capital Redemption Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Total £'000
At 31 March 2011	16,239	19,300	30,420	4,893	53,311	(3,345)	120,818
Net loss for the period	-	-	-	-	(1,705)	(170)	(1,875)
Buyback of shares	(271)	-	(1,947)	271	-	-	(1,947)
<b>At 30 September 2011</b>	<b>15,968</b>	<b>19,300</b>	<b>28,473</b>	<b>5,164</b>	<b>51,606</b>	<b>(3,515)</b>	<b>116,996</b>

Six months ended 30  
September 2010  
(Unaudited)

	Ordinary Share Capital £'000	Share Premium Account £'000	Special Reserve £'000	Capital Redemption Reserve £'000	Capital Reserve £'000	Revenue Reserve £'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>

Year ended 31 March  
2011  
(Audited)

	Ordinary Share Capital £'000	Share Premium Account £'000	Special Reserve £'000	Capital Redemption Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Total £'000
At 31 March 2010	16,490	19,298	32,021	4,642	50,970	(3,004)	120,417
Net profit/(loss) for the year	-	-	-	-	2,341	(341)	2,000
Buy back of shares	(251)	-	(1,601)	251	-	-	(1,601)
Refund of issue costs	-	2	-	-	-	-	2
<b>At 31 March 2011</b>	<b>16,239</b>	<b>19,300</b>	<b>30,420</b>	<b>4,893</b>	<b>53,311</b>	<b>(3,345)</b>	<b>120,818</b>

# The Biotech Growth Trust PLC

Interim Results for the six months ended 30 September 2011

## Statement of Financial Position

as at 30 September 2011

	(Unaudited) 30 September 2011 £'000	(Unaudited) 30 September 2010 £'000	(Audited) 31 March 2011 £'000
<b>Non current assets</b>			
Investments held at fair value through profit or loss	<b>112,731</b>	113,061	128,346
<b>Current assets</b>			
Other receivables	<b>5,466</b>	643	1,161
Cash and cash equivalents	<b>3,870</b>	5,294	5,691
	<b>9,336</b>	5,937	6,852
<b>Total assets</b>	<b>122,067</b>	118,998	135,198
<b>Current liabilities</b>			
Other payables	<b>5,071</b>	8,117	14,380
	<b>5,071</b>	8,117	14,380
<b>Net assets</b>	<b>116,996</b>	110,881	120,818
<b>Equity attributable to equity holders</b>			
Ordinary share capital	<b>15,968</b>	16,467	16,239
Share premium account	<b>19,300</b>	19,300	19,300
Special reserve	<b>28,473</b>	31,887	30,420
Capital redemption reserve	<b>5,164</b>	4,665	4,893
Capital reserve	<b>51,606</b>	41,768	53,311
Revenue reserve	<b>(3,515)</b>	(3,206)	(3,345)
<b>Total equity</b>	<b>116,996</b>	110,881	120,818
<b>Net asset value per share (note 5)</b>	<b>183.2p</b>	168.3p	186.0p

**The Biotech Growth Trust PLC**  
Interim Results for the six months ended 30 September 2011

**Cash Flow Statement**

for the six months ended 30 September 2011

	(Unaudited) Six months ended 30 September 2011 £'000	(Unaudited) Six months ended 30 September 2010 £'000	(Audited) Year ended 31 March 2011 £'000
Net cash (outflow)/inflow from operating activities <i>(note 6)</i>	(298)	13,692	15,376
<b>Net cash (outflow)/inflow before financing</b>	<b>(298)</b>	<b>13,692</b>	<b>15,376</b>
Net cash outflow from financing activities	(1,874)	(8,621)	(10,087)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(2,172)</b>	<b>5,071</b>	<b>5,289</b>
Cash and cash equivalents at start of period	5,691	-	-
Realised gain on foreign currency	351	223	402
<b>Cash and cash equivalents at period end</b>	<b>3,870</b>	<b>5,294</b>	<b>5,691</b>

# The Biotech Growth Trust PLC

Interim Results for the six months ended 30 September 2011

## Notes to the Interim Financial Statements

### 1. Accounting Policies

The condensed financial statements have been prepared under the historical cost convention, except for the measurement at fair value of investments, and in accordance with applicable accounting standards and with the revised Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' dated January 2009 ("the SORP"). Where presentational guidance set out in the revised SORP is consistent with the requirements of International Financial Reporting Standards, the Directors have sought to prepare the condensed financial statements on a basis compliant with the recommendations of the SORP.

The same accounting policies used for the year ended 31 March 2011 have been applied.

### 2. Income

	<b>(Unaudited) Six months ended 30 September 2011 £'000</b>	(Unaudited) Six months ended 30 September 2010 £'000	(Audited) Year ended 31 March 2011 £'000
Investment income	85	7	69
Total income	<b>85</b>	7	69

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

	<b>(Unaudited) Six months ended 30 September 2011 £'000</b>	(Unaudited) Six months ended 30 September 2010 £'000	(Audited) Year ended 31 March 2011 £'000
Investment management fee	397	336	711
Management fee	176	158	322
Performance fee charged/(written back) in the period/year*	284	18	(281)
	<b>857</b>	512	752

\*In accordance with the performance fee arrangements described on page 12 of the 2011 Annual Report, a performance fee of £284,000 was accrued at the period end (six months ended 30 September 2010: £506,000; year ended 31 March 2011: £nil).

**The Biotech Growth Trust PLC**  
Interim Results for the six months ended 30 September 2011

**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 £1,875,000 (six months ended 30 September 2010: £9,404,000 loss; year ended 31 March 2011: £2,000,000 gain) and on 64,268,350 (six months ended 30 September 2010: 65,934,855 and year ended 31 March 2011: 65,687,388) 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) Six months ended 30 September 2011 £'000</b>	(Unaudited) Six months ended 30 September 2010 £'000	(Audited) Year ended 31 March 2011 £'000
Net revenue loss	<b>(170)</b>	(202)	(341)
Net capital (loss) gain	<b>(1,705)</b>	(9,202)	2,341
<b>Net total (loss)/gain</b>	<b>(1,875)</b>	(9,404)	2,000
Weighted average number of shares in issue during the period/year	<b>64,268,350</b>	65,934,855	65,687,388
	<b>Pence</b>	Pence	Pence
Revenue loss per share	<b>(0.3)</b>	(0.3)	(0.5)
Capital (loss)/earnings per share	<b>(2.6)</b>	(14.0)	3.5
<b>Total (loss)/earnings per share</b>	<b>(2.9)</b>	(14.3)	3.0

**5. Net Asset Value per Share**

The net asset value per share is based on the net assets attributable to equity shareholders of £116,996,000 (30 September 2010: £110,881,000; 31 March 2011: £120,818,000) and on 63,870,537 shares (30 September 2010: 65,869,809; 31 March 2011: 64,954,681), 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 2011

**Notes to the Interim Financial Statements (continued)**

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

	(Unaudited) Six months ended 30 September 2011 £'000	(Unaudited) Six months ended 30 September 2010 £'000	(Audited) Year ended 31 March 2011 £'000
(Loss)/profit before taxation	(1,863)	(9,404)	2,001
Losses/(gains) on investments held at fair value through profit or loss	848	8,690	(3,093)
Movements in investments held at fair value through profit or loss	417	14,674	17,294
Decrease/(increase) in other receivables	33	18	(15)
Increase/(decrease) in other payables	267	(286)	(811)
<b>Net cash (outflow)/inflow</b>	<b>(298)</b>	<b>13,692</b>	<b>15,376</b>

**7. Transaction Costs**

Purchase and sale transaction costs for the six months ended 30 September 2011 were £229,000 (six months ended 30 September 2010: £256,000; year ended 31 March 2011: £530,000). 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 2011 and 2010 has not been audited or reviewed by the auditors.

The information for the year ended 31 March 2011 has been extracted from the latest published audited financial statements. The audited financial statements for the year ended 31 March 2011 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  
23 November 2011