



THE BIOTECH GROWTH TRUST PLC
HALF YEAR REPORT & ACCOUNTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

Frostrow
CAPITAL



OrbiMed
Healthcare Fund Management

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FINANCIAL CALENDAR

| | |
|--|-----------------|
| Financial Year End | 31 March |
| Final Results Announced | June |
| Half Year End | 30 September |
| Half Year End Results Announced | November |
| Interim Management Statement Announced | February/August |
| Annual General Meeting | July |

WINNER:
**Investment Week, Investment Company
of the Year, Specialist Category 2012 and 2013**

**Investment Trusts Magazine,
Best Specialist Trust 2011 and 2012**

**techMark Technology Fund Manager of the
year 2011, 2012 (OrbiMed Capital LLC)**

**UK tech awards Fund Manager of the year 2013
(OrbiMed Capital LLC)**

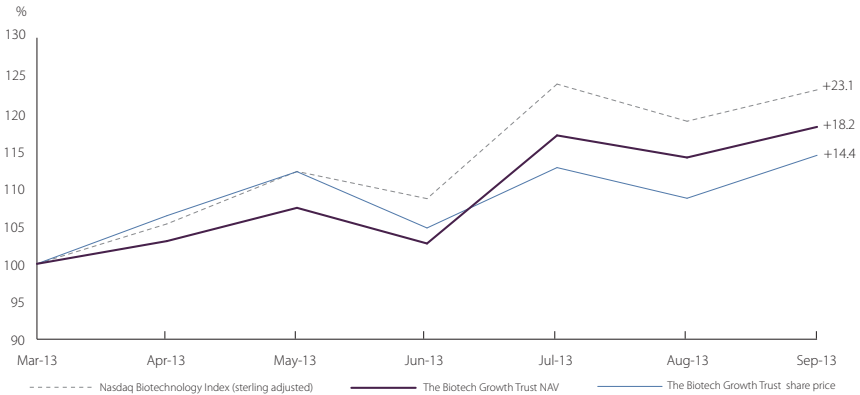
COMPANY SUMMARY

KEY STATISTICS

| | 30 September 2013 | 31 March 2013 | % change |
|--|-------------------|---------------|----------|
| Net asset value per share | 439.2p | 371.7p | +18.2 |
| Share price | 421.0p | 368.0p | +14.4 |
| Discount of share price to net asset value per share | 4.1% | 1.0% | - |
| NASDAQ Biotechnology Index (sterling adjusted) | 1,352.6 | 1,099.0 | +23.1 |
| Shareholders' funds | £301.0m | £239.6m | +25.6 |
| Gearing* | 8.1% | N/A | - |

* See glossary on page 17

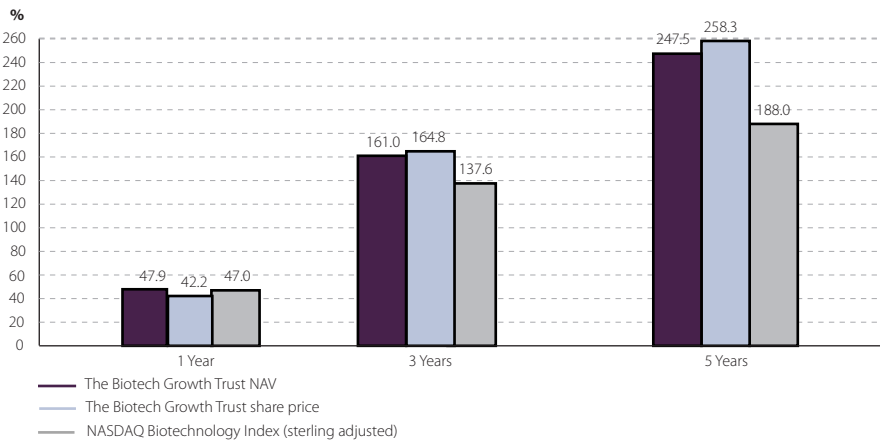
SIX MONTH PERFORMANCE



Figures are rebased to 100 at 31 March 2013

Source: Morningstar

ONE, THREE AND FIVE YEAR PERFORMANCE TO 30 SEPTEMBER 2013



Source: Morningstar

COMPANY SUMMARY (continued)

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Shareholder approval to amend the Company's Investment Objective and Policy was obtained at a General Meeting held on 30 October 2013. The Company's new Investment Objective and Policy is set out below.

INVESTMENT OBJECTIVE

The Biotech Growth Trust PLC seeks capital appreciation through investment in the worldwide biotechnology industry. Performance is measured against the NASDAQ Biotechnology Index (sterling adjusted).

INVESTMENT POLICY

In order to achieve its investment objective, the Company invests in a diversified portfolio of shares and related securities in biotechnology companies on a worldwide basis.

Investment restrictions

The Board seeks to manage the Company's risk by imposing various investment limits and restrictions as follows:

- The Company will not invest more than 10%, in aggregate, of the value of its gross assets in other closed ended investment companies (including investment trusts) listed on the London Stock Exchange, except where the investment companies themselves have stated investment policies to invest no more than 15% of their gross assets in other closed ended investment companies (including investment trusts) listed on the London Stock Exchange.
- The Company will not invest more than 15%, in aggregate, of the value of its gross assets in other closed ended investment companies (including investment trusts) listed on the London Stock Exchange.
- The Company will not invest more than 15% of the value of its gross assets in any one individual stock at the time of acquisition.
- The Company will not invest more than 10% of the value of its gross assets in direct unquoted investments at the time of acquisition. This limit does not include any investment in private equity funds managed by the Investment Manager or any affiliates of such entity.
- The Company may invest or commit for investment a maximum of US\$15 million, after the deduction of proceeds of disposal and other returns of capital, in private equity funds managed by OrbiMed Capital LLC, the Company's Investment Manager, or an affiliate thereof.
- The Company may be unable to invest directly in certain countries. In these circumstances, the Company may gain exposure to companies in such countries by investing indirectly through swaps. Where the Company invests in swaps, exposure to underlying assets will not exceed 5% of the gross assets of the Company at the time of entering into the contract.

In accordance with the requirements of the UK Listing Authority, any material change to the investment policy will only be made with the approval of shareholders by ordinary resolution.

CAPITAL STRUCTURE

During the half year, a total of 4,070,000 new shares were issued by the Company and no shares were repurchased by the Company for cancellation. At 30 September 2013, the Company had 68,536,347 shares of 25p each in issue (30 September 2012: 63,056,347; 31 March 2013: 64,466,347). Since the end of the half year no further shares have been either issued or repurchased.

GEARING

The Company's borrowing policy is that borrowings will not exceed 10% of the Company's net assets. The Company's borrowing requirements are met through the utilisation of a loan facility, repayable on demand, provided by the Company's custodian, Goldman Sachs & Co. New York. As at 30 September 2013 the Company had borrowed £9.3 million under this facility. As of this date the net gearing level was 8.1% of the Company's net assets.

CONTINUATION VOTE

The next continuation vote of the Company is scheduled to be held at the Annual General Meeting in 2015. Further opportunities to vote on the continuation of the Company shall be given to shareholders every five years thereafter.

"...The Company's net asset value per share rose by 18.2% and the share price by 14.4% during the period."

PERFORMANCE

The Company's net asset value per share rose by 18.2% and the share price by 14.4% during the period, both significantly outperforming the broader market (the MSCI World Index rose by 1.0% in sterling terms during the period) but underperforming the benchmark, the NASDAQ Biotechnology Index, measured in sterling terms, which rose by 23.1%. The Company's underperformance of the benchmark was principally due to one holding, **Infinity Pharmaceuticals**, a small capitalisation biotechnology company, a significant holding in the portfolio, but not a large constituent of the benchmark. The company's share price fell following concern about the safety profile of their lead compound for the treatment of haematological cancers. Such dramatic share price movements are not uncommon for small capitalisation biotechnology companies that have a significant reliance on a single compound; additional data will be needed better to define the risk/benefit profile of this drug. Further information on investment performance and the outlook for the Company is given in the Review of Investments.

CAPITAL STRUCTURE

The Company's strong performance has continued to fuel demand for new shares. I am pleased to report that a total of 4,070,000 new shares were issued by the Company during the period and to the date of this report, always at a premium to the prevailing net asset value per share, raising £15.9 million of new funds for the Company. Our success in issuing new shares required the publication of a Prospectus by the Company in July.

INVESTMENT OBJECTIVE AND POLICY

Shareholder approval was obtained at a General Meeting of the Company held on 30 October 2013 to amend the Company's investment objective and policy. Both the Board and the Investment Manager believe that the Company's existing investment objective and policy constrained the Company's investment portfolio by limiting the majority of investee companies to those with a market capitalisation of less than U.S. \$3 billion, which took no account of how the biotechnology sector has evolved over the years. The new investment objective and policy allows greater flexibility in the size of biotechnology companies in which the Company can invest and can be found on page 2 of this Half Year Report.

REGULATORY

The Board intends to achieve compliance with the Alternative Investment Fund Managers Directive (the 'Directive') by 22 July 2014. The Board, together with its advisers, is currently reviewing the options open to the Company and will endeavour to ensure that all documentation and arrangements to enable the Company to comply with the Directive are in place well in advance of the deadline.

REVENUE AND DIVIDENDS

The revenue loss for the period was £36,000 (six months ended 30 September 2012: profit of £18,000) and no interim dividend is declared (six months ended 30 September 2012: nil).

OUTLOOK

The development of new products and the prospect of merger and acquisition activity continue to be key drivers for the biotechnology sector. Our Investment Manager believes that large capitalisation biotechnology companies also offer good value opportunities due, in part, to positive earnings prospects for 2014 and beyond. Against this back-drop, the Board remains confident in the future performance of the sector and considers that the portfolio is well positioned to benefit from this positive outlook.

THE RT HON LORD WALDEGRAVE OF NORTH HILL
CHAIRMAN
29 NOVEMBER 2013

PERFORMANCE REVIEW

The Company's net asset value per share increased 18.2% during the six month period ended 30 September. This compares to a 23.1% increase in the Company's benchmark, the sterling-adjusted NASDAQ Biotechnology Index. The Company's share price increased 14.4% during the period.

Top contributors to performance in the portfolio were **Regeneron Pharmaceuticals**, **Incyte**, **Celgene**, **Gilead Sciences** and **Acadia Pharmaceuticals**.

- Regeneron shares appreciated due to strong sales of lead drug Eylea for wet age-related macular degeneration. Additionally, investor enthusiasm increased for their pipeline drug targeting PCSK9 for high cholesterol. Phase III data will be available in 2014, and this could represent a multi-billion dollar sales opportunity.
- Incyte shares increased due to continued strong sales of Jakafi for Myelofibrosis and the release of new preliminary data showing that Jakafi may also play a role in the treatment of pancreatic cancer. This raises the possibility that Jakafi may be useful against a broader range of solid tumours.
- Celgene shares appreciated over the period due to continued positive data releases for their drug apremilast for psoriasis and psoriatic arthritis and positive results of a Phase 3 study in front-line multiple myeloma for their drug Revlimid. Approval of Revlimid in the first-line setting in Europe represents a major sales expansion opportunity for the company.
- Gilead Sciences shares appreciated over the period due to positive data releases for their hepatitis C drug sofosbuvir and positive trial results for their drug idelalisib in leukemia and lymphoma.
- Acadia shares increased due to positive investor sentiment about the upcoming approval for pimavanserin for Parkinson's disease psychosis. Investors have also become more optimistic about the possibility of pimavanserin proving effective for psychosis associated with Alzheimer's disease, which would represent a much larger market opportunity.

The largest losses were from positions in **Infinity Pharmaceuticals**, **Dynavax Technologies**, and **Prosensa**.

- Shares in Infinity Pharmaceuticals declined due to the release of new safety data for IPI-145 that showed a higher than expected rate of infectious and respiratory adverse events. Additional patient experience will be required to better characterise the benefit/risk profile of IPI-145 compared to other agents in development.
- Dynavax shares declined because the U.S. Food and Drug Administration (FDA) requested an additional safety trial prior to approval of their hepatitis B vaccine Heplisav, significantly delaying the launch of the vaccine.
- Prosensa shares declined due to the failure of drisapersen for Duchenne muscular dystrophy. As Prosensa's entire pipeline is built on the same exon-skipping technology, the future of the company is uncertain.

OUTLOOK

The biotechnology sector performed strongly during the review period. As we previously detailed in our report at the year-end, major biotechnology companies as a group are experiencing a period of earnings reacceleration as significant new product launches are reinvigorating the outlook for these companies. For example, **Biogen Idec** recently launched Tecfidera for multiple sclerosis. The launch has exceeded all expectations, and the drug is well on its way to becoming a blockbuster. **Gilead Sciences** will soon launch sofosbuvir for hepatitis C. We expect this drug to be a multi-billion dollar drug and capture the majority of

this market. Looking at valuations, the average 2015 price/earnings ratio of the four established major biotechnology companies is currently 15.8x. This is in-line with the average 2015 figure for major pharmaceutical companies, which is currently 15.2x. However, the long term earnings per share growth rate for major biotechnology companies is an estimated 18% vs. only 5% for major pharmaceutical companies. This argues that the biotechnology sector is still cheap relative to the pharmaceutical sector and we therefore expect continued strength from major biotechnology companies.

Merger & Acquisition (M&A) activity has long been an important catalyst for the sector, particularly for the emerging biotechnology companies with mid- and late-stage products. Two holdings within the portfolio were recently acquired: **Onyx Pharmaceuticals** and **Astex Pharmaceuticals**. Onyx was acquired by **Amgen** primarily to obtain its recently launched myeloma drug, Kyprolis. Astex Pharmaceuticals was acquired by Otsuka for its cancer pipeline including its leukemia drug SGI-110. We find it encouraging that even though the sector has been revalued higher over the past two years, strategic acquirers still find companies to be attractive at these levels. Additionally it is notable that acquirers are being rewarded by investors for M&A. For example, Amgen's stock increased strongly after the acquisition of Onyx as the deal was positively received by investors as it will increase the company's long term growth potential.

With increased investor interest in the biotechnology sector, the IPO market has been particularly strong compared to prior years. Thus far in 2013 there have been over 30 biotechnology IPOs. The Company participated in six IPOs during the period which contributed to performance.

Finally we note that the sector will continue to have important catalysts to sustain the momentum in the sector. For 2014, we are expecting important pivotal data from a number of companies including **Vertex Pharmaceuticals** for its cystic fibrosis combination regimen, **InterMune** for its pulmonary fibrosis drug Esbriet, and **Exelixis** for its prostate cancer drug Cometriq. On the product launch front, in addition to sofosbuvir, important launches include Pharmacyclics' Ibutinib for chronic lymphocytic leukemia and mantle cell lymphoma, and BioMarin's Vimizim for Morquio syndrome.

The number of holdings in the portfolio remains approximately 40. The Company's Investment Objective and Policy were recently amended to remove the restriction requiring the majority of assets to be invested in emerging biotechnology companies. This provides flexibility to increase allocation to major biotechnology when we find the investment case to be particularly compelling. We believe the fundamentals of the sector remain strong and look forward to updating investors in the future.

SVEN BORHO
ORBIMED CAPITAL LLC
INVESTMENT MANAGER
29 NOVEMBER 2013

PRINCIPAL CONTRIBUTORS TO AND DETRACTORS FROM NET ASSET VALUE PERFORMANCE 6

FOR THE SIX MONTHS TO 30 SEPTEMBER 2013

| | Contribution 2013 £'000 | Contribution per share (pence)* |
|-------------------------------|--|--|
| Top Five Contributors | | |
| 1 Regeneron Pharmaceuticals | 8,962 | 13.3 |
| 2 Incyte | 6,863 | 10.1 |
| 3 Celgene | 4,969 | 7.3 |
| 4 Gilead Sciences | 4,782 | 7.1 |
| 5 Acadia Pharmaceuticals | 4,741 | 7.0 |
| | 30,317 | 44.8 |
| Bottom Five Detractors | | |
| 1 Infinity Pharmaceuticals | (15,023) | (22.2) |
| 2 Dynavax Technologies | (2,585) | (3.8) |
| 3 Prosensa | (1,243) | (1.8) |
| 4 Optimer Pharmaceuticals | (738) | (1.1) |
| 5 Agios Pharmaceuticals | (448) | (0.7) |
| | (20,037) | (29.6) |

* based on 67,630,199 ordinary shares being the weighted average number of shares in issue for the year ended 30 September 2013

Source: Frostrow Capital LLP

PORTFOLIO

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AS AT 30 SEPTEMBER 2013

| Investments | Country | Fair Value £'000 | % of Investments |
|---------------------------|----------------|-----------------------------|-----------------------------|
| Celgene | United States | 31,178 | 9.6 |
| Gilead Sciences | United States | 28,177 | 8.7 |
| Regeneron Pharmaceuticals | United States | 26,457 | 8.1 |
| Amgen | United States | 26,396 | 8.1 |
| Biogen Idec | United States | 19,478 | 6.0 |
| Incyte | United States | 15,435 | 4.7 |
| Mylan | United States | 13,270 | 4.1 |
| Medivation | United States | 12,526 | 3.9 |
| BioMarin Pharmaceutical | United States | 12,089 | 3.7 |
| Vertex Pharmaceuticals | United States | 11,095 | 3.4 |
| Top 10 investments | | 196,101 | 60.3 |
| illumina | United States | 9,730 | 3.0 |
| InterMune | United States | 9,584 | 2.9 |
| Alexion Pharmaceuticals | United States | 8,807 | 2.7 |
| Infinity Pharmaceuticals | United States | 7,645 | 2.3 |
| Cubist Pharmaceuticals | United States | 7,471 | 2.3 |
| Techne | United States | 7,366 | 2.3 |
| Exelixis | United States | 7,082 | 2.2 |
| Impax Laboratories | United States | 6,050 | 1.9 |
| Affymetrix | United States | 6,009 | 1.8 |
| Onyx Pharmaceuticals | United States | 5,581 | 1.7 |
| Top 20 investments | | 271,426 | 83.4 |
| Portola Pharmaceuticals | United States | 5,402 | 1.7 |
| Acadia Pharmaceuticals | United States | 5,290 | 1.6 |
| Fluidigm | United States | 4,666 | 1.4 |
| Ono Pharmaceutical | Japan | 4,592 | 1.4 |
| Shire | Ireland | 4,516 | 1.4 |
| Jazz Pharmaceuticals | United States | 4,089 | 1.3 |
| Exact Sciences | United States | 3,669 | 1.1 |
| Endo Health Solutions | United States | 2,946 | 0.9 |
| Array Biopharma | United States | 2,919 | 0.9 |
| Questcor Pharmaceuticals | United States | 2,865 | 0.9 |
| Top 30 investments | | 312,380 | 96.0 |

All of the above investments are equities unless otherwise stated.

PORTFOLIO (continued)

AS AT 30 SEPTEMBER 2013

| Investments | Country | Fair Value £'000 | % of Investments |
|---|----------------|-----------------------------|-----------------------------|
| Orbimed Asia Partners L.P. <i>(unquoted)</i> | Far East | 2,654 | 0.8 |
| Bluebird Bio | United States | 2,195 | 0.7 |
| Dynavax Technologies | United States | 1,776 | 0.6 |
| ArQule | United States | 1,354 | 0.4 |
| Synageva BioPharma | United States | 1,302 | 0.4 |
| Avanir Pharmaceuticals | United States | 1,180 | 0.4 |
| Bavarian Nordic | Denmark | 767 | 0.2 |
| Neurocrine Biosciences | United States | 718 | 0.2 |
| Esperion Therapeutics | United States | 708 | 0.2 |
| Ophthotech | United States | 312 | 0.1 |
| Total investments | | 325,346 | 100.0 |

All of the above investments are equities unless otherwise stated.

INCOME STATEMENT

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for the six months ended 30 September 2013

| | Note | (Unaudited) Six months ended 30 September 2013 | | | (Unaudited) Six months ended 30 September 2012 | | | (Audited) Year ended 31 March 2013 | | |
|--|------|--|------------------|----------------|--|------------------|----------------|--|------------------|----------------|
| | | Revenue £'000 | Capital £'000 | Total £'000 | Revenue £'000 | Capital £'000 | Total £'000 | Revenue £'000 | Capital £'000 | Total £'000 |
| Investment income | | | | | | | | | | |
| Investment income | 2 | 477 | – | 477 | 328 | – | 328 | 570 | – | 570 |
| Total income | | 477 | – | 477 | 328 | – | 328 | 570 | – | 570 |
| Gains and losses on investments | | | | | | | | | | |
| Gains on investments held at fair value through profit or loss | | – | 43,772 | 43,772 | – | 30,873 | 30,873 | – | 80,714 | 80,714 |
| Exchange gains/(losses) on currency balances | | – | 927 | 927 | – | (204) | (204) | – | 92 | 92 |
| Expenses | | | | | | | | | | |
| Investment management, management and performance fees | 3 | – | 875 | 875 | – | (1,797) | (1,797) | – | (4,586) | (4,586) |
| Other expenses | | (469) | – | (469) | (286) | – | (286) | (566) | – | (566) |
| Profit before finance costs and taxation | | 8 | 45,574 | 45,582 | 42 | 28,872 | 28,914 | 4 | 76,220 | 76,224 |
| Finance costs | | – | (20) | (20) | – | (13) | (13) | – | (18) | (18) |
| Profit before taxation | | 8 | 45,554 | 45,562 | 42 | 28,859 | 28,901 | 4 | 76,202 | 76,206 |
| Taxation | | (44) | – | (44) | (24) | – | (24) | (58) | – | (58) |
| (Loss)/profit for the period/year | | (36) | 45,554 | 45,518 | 18 | 28,859 | 28,877 | (54) | 76,202 | 76,148 |
| Basic and diluted (loss)/earnings per share | 4 | (0.1)p | 67.4p | 67.3p | 0.0p | 46.1p | 46.1p | (0.1)p | 121.2p | 121.1p |

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

STATEMENT OF CHANGES IN EQUITY

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(Unaudited)

Six months ended 30 September 2013

| | 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 2013 | 16,117 | 26,122 | 25,167 | 5,577 | 170,341 | (3,708) | 239,616 |
| Net profit/(loss) for period | – | – | – | – | 45,554 | (36) | 45,518 |
| Issue of new shares | 1,017 | 14,870 | – | – | – | – | 15,887 |
| At 30 September 2013 | 17,134 | 40,992 | 25,167 | 5,577 | 215,895 | (3,744) | 301,021 |

(Unaudited)

Six months ended 30 September 2012

| | 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 2012 | 15,560 | 19,300 | 25,214 | 5,572 | 94,139 | (3,654) | 156,131 |
| Net profit for period | – | – | – | – | 28,859 | 18 | 28,877 |
| Issue of new shares | 209 | 2,135 | – | – | – | – | 2,344 |
| Repurchase of own shares | (5) | – | (47) | 5 | – | – | (47) |
| At 30 September 2012 | 15,764 | 21,435 | 25,167 | 5,577 | 122,998 | (3,636) | 187,305 |

(Audited)

Year ended 31 March 2013

| | 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 2012 | 15,560 | 19,300 | 25,214 | 5,572 | 94,139 | (3,654) | 156,131 |
| Net profit/(loss) for the year | – | – | – | – | 76,202 | (54) | 76,148 |
| Issue of new shares | 562 | 6,822 | – | – | – | – | 7,384 |
| Repurchase of own shares | (5) | – | (47) | 5 | – | – | (47) |
| At 31 March 2013 | 16,117 | 26,122 | 25,167 | 5,577 | 170,341 | (3,708) | 239,616 |

STATEMENT OF FINANCIAL POSITION

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as at 30 September 2013

| | (Unaudited) 30 September 2013 £'000 | (Unaudited) 30 September 2012 £'000 | (Audited) 31 March 2013 £'000 |
|---|--|--|--|
| Note | | | |
| Non current assets | | | |
| Investments held at fair value through profit or loss | 325,346 | 179,677 | 244,296 |
| Current assets | | | |
| Other receivables | 1,226 | 1,072 | 13,967 |
| Cash and cash equivalents | – | 11,931 | 8,401 |
| | 1,226 | 13,003 | 22,368 |
| Total assets | 326,572 | 192,680 | 266,664 |
| Current liabilities | | | |
| Other payables | 16,226 | 5,375 | 27,048 |
| Bank overdraft | 9,325 | – | – |
| | 25,551 | 5,375 | 27,048 |
| Net assets | 301,021 | 187,305 | 239,616 |
| Equity attributable to equity holders | | | |
| Ordinary share capital | 17,134 | 15,764 | 16,117 |
| Share premium account | 40,992 | 21,435 | 26,122 |
| Special reserve | 25,167 | 25,167 | 25,167 |
| Capital redemption reserve | 5,577 | 5,577 | 5,577 |
| Capital reserve | 215,895 | 122,998 | 170,341 |
| Revenue reserve | (3,744) | (3,636) | (3,708) |
| Total equity | 301,021 | 187,305 | 239,616 |
| Net asset value per share | 5 439.2p | 297.0p | 371.7p |

CASH FLOW STATEMENT

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for the six months ended 30 September 2013

| | (Unaudited) Six months ended 30 September 2013 £'000 | (Unaudited) Six months ended 30 September 2012 £'000 | (Audited) Year ended 31 March 2013 £'000 |
|--|--|--|--|
| Net cash (outflow)/inflow from operating activities (note 6) | (34,540) | 10,020 | 1,154 |
| Net cash (outflow)/inflow before financing | (34,540) | 10,020 | 1,154 |
| Net cash inflow from financing activities | 15,887 | 2,297 | 7,337 |
| Net (decrease)/increase in cash and cash equivalents | (18,653) | 12,317 | 8,491 |
| Cash and cash equivalents at start of period | 8,401 | (182) | (182) |
| Realised gains/(losses) on foreign currency | 927 | (204) | 92 |
| Cash and cash equivalents at period/year end | (9,325) | 11,931 | 8,401 |

NOTES TO THE FINANCIAL STATEMENTS 13

1. ACCOUNTING POLICIES

The condensed financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"). These comprise standards and interpretations approved by the International Accounting Standards Board ("IASB"), together with interpretations of the International Accounting Standards and Standing Interpretations Committee approved by the International Accounting Standards Committee ("IASC") that remain in effect, to the extent that IFRS have been adopted by the European Union.

The same accounting policies used for the year ended 31 March 2013 have been applied.

2. INCOME

| | (Unaudited) Six months ended 30 September 2013 £'000 | (Unaudited) Six months ended 30 September 2012 £'000 | (Audited) Year ended 31 March 2013 £'000 |
|---------------------|--|--|--|
| Overseas income | 477 | 328 | 570 |
| Total income | 477 | 328 | 570 |

3. INVESTMENT MANAGEMENT, MANAGEMENT AND PERFORMANCE FEES

| | (Unaudited) Six months ended 30 September 2013 £'000 | (Unaudited) Six months ended 30 September 2012 £'000 | (Audited) Year ended 31 March 2013 £'000 |
|---|--|--|--|
| Investment management fee | 894 | 581 | 1,245 |
| Management fee | 410 | 271 | 583 |
| Performance fee (written back)/charged in the period/year* | (2,179) | 945 | 2,758 |
| | (875) | 1,797 | 4,586 |

*In accordance with the performance fee arrangements described on pages 17 and 18 of the Company's 2013 Annual Report, a performance fee of £579,000 was accrued at 30 September 2013 (30 September 2012: £2,320,000), crystallised and become payable as at that date (September 2012: nil).

The performance fee amount of £2,179,000 which was written back as at 30 September 2013, represents outperformance generated as at 31 March 2013 which was not maintained during the period.

NOTES TO THE FINANCIAL STATEMENTS 14 (continued)

4. BASIC AND DILUTED (LOSS)/EARNINGS PER SHARE

| | (Unaudited) Six months ended 30 September 2013 £'000 | (Unaudited) Six months ended 30 September 2012 £'000 | (Audited) Year ended 31 March 2013 £'000 |
|---|--|--|--|
| The (loss)/earnings per share is based on the following figures: | | | |
| Net revenue (loss)/gain | (36) | 18 | (54) |
| Net capital gain | 45,554 | 28,859 | 76,202 |
| Net total gain | 45,518 | 28,877 | 76,148 |
| Weighted average number of shares in issue during the period/year | 67,630,199 | 62,541,679 | 62,887,103 |
| | Pence | Pence | Pence |
| Revenue (loss)/earnings per share | (0.1) | 0.0 | (0.1) |
| Capital earnings per share | 67.4 | 46.1 | 121.2 |
| Total earnings per share | 67.3 | 46.1 | 121.1 |

5. NET ASSET VALUE PER SHARE

The net asset value per share is based on the net assets attributable to equity shareholders of £301,021,000 (30 September 2012: £187,305,000; 31 March 2013: £239,616,000) and on 68,536,347 shares, (30 September 2012: 63,056,347; 31 March 2013: 64,466,347) being the number of shares in issue at the period end.

NOTES TO THE FINANCIAL STATEMENTS 15

(continued)

6. RECONCILIATION OF PROFIT BEFORE TAXATION TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

| | (Unaudited) Six months ended 30 September 2013 £'000 | (Unaudited) Six months ended 30 September 2012 £'000 | (Audited) Year ended 31 March 2013 £'000 |
|---|--|--|--|
| Profit before taxation | 45,562 | 28,901 | 76,206 |
| Gains on investments held at fair value through profit or loss | (44,699) | (30,669) | (80,806) |
| Net (purchases)/sales of investments | (31,928) | 11,128 | 3,185 |
| Increase in other receivables | (44) | (47) | (49) |
| (Decrease)/increase in other payables | (3,431) | 707 | 2,618 |
| Net cash (outflow)/inflow | (34,540) | 10,020 | 1,154 |

7. TRANSACTION COSTS

Purchase and sale transaction costs for the six months ended 30 September 2013 were £359,000 (six months ended 30 September 2012: £196,000; year ended 31 March 2013: £436,000). These costs comprise mainly of commission costs.

8. COMPARATIVE INFORMATION

The financial information contained in this half year 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 2013 and 2012 has not been audited, or reviewed by the auditors.

The information for the year ended 31 March 2013 has been extracted from the latest published audited financial statements. The audited financial statements for the year ended 31 March 2013 have been filed with the Registrar of the 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.

PRINCIPAL RISKS AND UNCERTAINTIES

A review of the half year and the outlook for the Company can be found in the Chairman's Statement beginning on page 3 and in the Review of Investments beginning on page 4. The principal risks faced by the Company fall into ten broad categories: objective and strategy; level of discount/premium; portfolio performance; operational and regulatory; market price risk; liquidity risk; shareholder profile; currency risk; the risk associated with the Company's loan facility; and credit risk. Information on each of these areas is given in the Business Review within the Annual Report and Accounts for the year ended 31 March 2013. In the view of the Board these principal risks and uncertainties are applicable to the remaining six months of the financial year as they were to the six months under review.

RELATED PARTY TRANSACTIONS

During the first six months of the current financial year, no transactions with related parties have taken place which have materially affected the financial position or the performance of the Company.

GOING CONCERN

The Directors believe, having considered the Company's investment objective, risk management policies, capital management policies and procedures, and the nature of the portfolio and the expenditure projections, that the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for the foreseeable future. For these reasons, they consider there is reasonable evidence to continue to adopt the going concern basis in preparing the accounts.

DIRECTORS' RESPONSIBILITIES

The Board of Directors confirms that, to the best of its knowledge:

- (i) the condensed set of financial statements contained within the Half Year Report has been prepared in accordance with applicable accounting standards including International Accounting Standards, (IAS) 34; and
- (ii) the interim management report and the Chairman's statement includes a fair review of the information required by 4.2.7R and 4.2.8R of the UK Listing Authority and Transparency Rules.

The Half Year Report has not been reviewed or audited by the Company's auditors.

The Half Year Report was approved by the Board on 29 November 2013 and the above responsibility statement was signed on its behalf by:

**THE RT HON LORD WALDEGRAVE OF NORTH HILL
CHAIRMAN**

AIFM Directive

The Alternative Investment Fund Managers Directive (the 'Directive') is a European Union Directive that entered into force on 22 July 2013. The Directive regulates EU fund managers that manage alternative investment funds (this includes investment trusts). There is a one-year transition period within which alternative investment funds must comply with the provisions of the Directive.

Discount or Premium

A description of the difference between the share price and the net asset value per share. The size of the discount or premium is calculated by subtracting the share price from the net asset value per share and is usually expressed as a percentage (%) of the net asset value per share. If the share price is higher than the net asset value per share the result is a premium. If the share price is lower than the net asset value per share, the shares are trading at a discount.

Gearing

Gearing is calculated by dividing total assets (as defined below) less cash or cash equivalents by shareholders' funds expressed as a percentage.

Initial Public Offering (IPO)

The initial offer by a company of shares to be quoted on a stock exchange. Often known as a flotation.

Net Asset Value (NAV)

The value of the Company's assets, principally investments made in other companies and cash being held, minus any liabilities. The NAV is also described as 'shareholders' funds'. The NAV is often expressed in pence per share after being divided by the number of shares which have been issued. The NAV per share is unlikely to be the same as the share price which is the price at which the Company's shares can be bought or sold by an investor. The share price is determined by the relationship between the demand and supply of the shares.

Total Assets

Total assets less current liabilities before deducting prior charges. Prior charges includes all loans for investment purposes.

INVESTMENT PLATFORMS

The Company's shares are traded openly on the London Stock Exchange and can be purchased through a stock broker or other financial intermediary. The shares are available through savings plans (including Investment Dealing Accounts, ISAs, Junior ISAs and SIPPs) which facilitate both regular monthly investments and lump sum investments in the Company's shares. There are a number of investment platforms that offer these facilities. A list of some of them, that is not comprehensive nor constitutes any form of recommendation, can be found below:

| | |
|------------------------|---|
| Alliance Trust Savings | http://www.alliancetrustsavings.co.uk/ |
| Barclays Stockbrokers | https://www.barclaysstockbrokers.co.uk/Pages/index.aspx |
| Club Finance | http://www.clubfinance.co.uk/ |
| Fast Trade | http://www.fasttrade.co.uk/wps/portal |
| FundsDirect | http://www.fundsdirect.co.uk/Default.asp |
| Halifax Share Dealing | http://www.halifax.co.uk/Sharedealing/ |
| Hargreaves Lansdown | http://www.hl.co.uk/ |
| HSBC | https://investments.hsbc.co.uk/ |
| iDealing | http://www.idealing.com/ |
| IG Index | http://www.igindex.co.uk/ |
| Interactive Investor | http://www.iii.co.uk/ |
| IWEB | http://www.iweb-sharedealing.co.uk/share-dealing-home.asp |
| James Brearley | http://www.jbrearley.co.uk/Marketing/index.aspx |
| Natwest Stockbrokers | http://www.natweststockbrokers.com/nw/products-and-services/share-dealing.ashx |
| Saga Share Direct | https://www.sagasharedirect.co.uk/ |
| Selftrade | http://www.selftrade.co.uk/ |
| The Share Centre | https://www.share.com/ |
| Sippdeal | http://www.sippdeal.co.uk/ |
| Saxo Capital Markets | http://uk.saxomarkets.com/ |
| TD Direct Investing | http://www.tddirectinvesting.co.uk/ |

CAPITA ASSET SERVICES – SHARE DEALING SERVICE

A quick and easy share dealing service is available to existing shareholders through the Company's Registrar, Capita Asset Services, to either buy or sell shares. An online and telephone dealing facility provides an easy to access and simple to use service.

| Type of trade | Online | Telephone |
|--------------------|--|--|
| Share certificates | 1% of the value of the deal (Minimum £21.00, max £125.00) | 1.5% of the value of the deal (Minimum £28.50, max £175.00) |

There is no need to pre-register and there are no complicated forms to fill in. The online and telephone dealing service allows you to trade 'real time' at a known price which will be given to you at the time you give your instruction.

To deal online or by telephone all you need is your surname, shareholder reference number, full postcode and your date of birth. Your shareholder reference number can be found on your latest statement or certificate where it will appear as either a 'folio number' or 'investor code'. Please have the appropriate documents to hand when you log on or call, as this information will be needed before you can buy or sell shares.

For further information on this service please contact: www.capitadeal.com (online dealing) or 0871 664 0364† (telephone dealing).

If calling from outside of the UK please dial +44 (0) 203 367 2686

† Calls cost 10p per minute plus network extras and may be recorded for training purposes. Lines are open from 8.00 a.m. to 4.30 p.m. Monday to Friday.

The Share Dealing Service is provided by Capita IRG Trustees Limited which has issued and approved the preceding paragraphs. Capita IRG Trustees Limited, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU is registered in England and Wales with number 2729260. Capita IRG Trustees Limited is authorised and regulated by the Financial Conduct Authority and is also authorised to conduct cross-border business in the EEA under the provisions of the EU Markets in Financial Investments Directive.

RISK WARNINGS

- Past performance is no guarantee of future performance.
- The value of your investment and any income from it may go down as well as up and you may not get back the amount invested. This is because the share price is determined, in part, by the changing conditions in the relevant stockmarkets in which the Company invests and by the supply and demand for the Company's shares.
- As the shares in an investment trust are traded on a stockmarket, the share price will fluctuate in accordance with supply and demand and may not reflect the underlying net asset value of the shares; where the share price is less than the underlying value of the assets, the difference is known as the 'discount'. For these reasons, investors may not get back the original amount invested.
- Although the Company's financial statements are denominated in sterling, all of the holdings in the portfolio are currently denominated in currencies other than sterling and therefore they may be affected by movements in exchange rates. As a result, the value of your investment may rise or fall with movements in exchange rates.
- Investors should note that tax rates and reliefs may change at any time in the future.
- The value of ISA and Junior ISA tax advantages will depend on personal circumstances. The favourable tax treatment of ISAs and Junior ISAs may not be maintained.

DIRECTORS

The Rt Hon Lord Waldegrave of North Hill (Chairman)
Sven Borho
Professor Dame Kay Davies, CBE
Paul Gaunt
Dr John Gordon
Andrew Joy
Peter Keen

COMPANY REGISTRATION NUMBER

3376377 (Registered in England)
The Company is an investment company as defined under Section 833 of the Companies Act 2006.

WEBSITE

www.biotechgt.com

REGISTERED OFFICE

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Telephone: +1 212-739-6400
www.orbimed.com
Registered under the U.S. Securities Exchange Commission.

MANAGER, COMPANY SECRETARY AND ADMINISTRATOR

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E-Mail: info@frostrow.com
Website: www.frostrow.com
Authorised and regulated by the Financial Conduct Authority.
If you have an enquiry about the Company or if you would like to receive a copy of the Company's monthly fact sheet by e-mail, please contact Frostrow Capital using the above e-mail address.

CUSTODIAN AND BANKER

Goldman Sachs & Co.
200 West Street, Third Floor
New York
NY10282 USA

AUDITORS

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London EC2P 2YU

STOCKBROKERS

Winterflood Securities Limited
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Cannon Bridge, 25 Dowgate Hill,
London EC4R 2GA

REGISTRARS

Capita Asset Services
The Registry,
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Telephone (in UK): 0871 664 0300†
Telephone (from overseas): +44 208 639 3399
Facsimile: +44 (0) 1484 600911
E-Mail: shareholderenquiries@capita.co.uk
Website: www.capitaassetservices.com
Please contact the Registrars if you have a query about a certificated holding in the Company's shares.
†Calls cost 10p per minute plus network extras and may be recorded for training purposes. Lines are open from 8.30 a.m.-5.30 p.m. Monday-Friday.

SHARE PRICE LISTINGS

The price of your shares can be found in various publications including the Financial Times, The Daily Telegraph, The Times and The Scotsman.

The Company's net asset value per share is announced daily on the TrustNet website at www.trustnet.com

IDENTIFICATION CODES

| | | | |
|---------|-----------|---|--------------|
| Shares: | SEDOL | : | 0038551 |
| | ISIN | : | GB0000385517 |
| | BLOOMBERG | : | BIOG LN |
| | EPIC | : | BIOG |



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