

The Biotech Growth Trust PLC

Annual Report for the year ended 31 March 2015



About The Biotech Growth Trust PLC

The Biotech Growth Trust PLC seeks capital appreciation through investment in the worldwide biotechnology industry. 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.

Further details of the Company's investment policy are set out on page 15 of this annual report.

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The Biotech Growth Trust PLC
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www.biotechgt.com

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@biotechgt



Winner:

Money Observer Awards, best large Trust 2014

Investment Week, Investment Company of the year,
Specialist Category 2012 and 2013

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

UKtech awards Fund Manager of the year 2013
(OrbiMed Capital LLC)

Investment Trusts Magazine, Best Specialist Trust 2011 and 2012

techMARK

Technology Fund Manager of the Year Award

Winner

The Biotech Growth Trust PLC



winner

The Biotech Growth
Trust PLC
fund manager of
the year award



Company Summary

The Company

The Company is an investment trust and its shares are listed on the Official List and traded on the main market of the London Stock Exchange. The Company is a member of the Association of Investment Companies ("AIC").

Total assets less current liabilities as at 31 March 2015 were £533.3 million and the market capitalisation was £507.0 million.

Management

The Company is an Alternative Investment Fund ("AIF") under the European Union Alternative Investment Fund Managers' Directive ("AIFMD"). During the year the Company appointed Frostrow Capital LLP ("Frostrow") as Alternative Investment Fund Manager ("AIFM") to provide company management, company secretarial, administrative and marketing services. The Company and Frostrow jointly appointed OrbiMed Capital LLC ("OrbiMed") as Portfolio Manager. Further disclosures required under the AIFMD can be found on the Company's website: www.biotechgt.com.

Performance

Performance is measured against the NASDAQ Biotechnology Index (sterling adjusted).

Capital Structure

The Company's capital structure is composed solely of Ordinary Shares. Details are given in note 11 to the accounts on page 59 of this annual report.

Dividend

No dividend is recommended in respect of the year ended 31 March 2015 (2014: nil).

Continuation Vote

In accordance with Company's Articles of Association a resolution will be proposed at the forthcoming Annual General Meeting that the Company continue as an investment trust for a further five year period.

If passed the next continuation vote of the Company shall be held at the Annual General Meeting in 2020 and further opportunities to vote on the continuation of the Company shall be given to shareholders every five years thereafter.

ISA Status

The Company's shares are eligible for Individual Savings Accounts ('ISAs') and for Junior ISAs.

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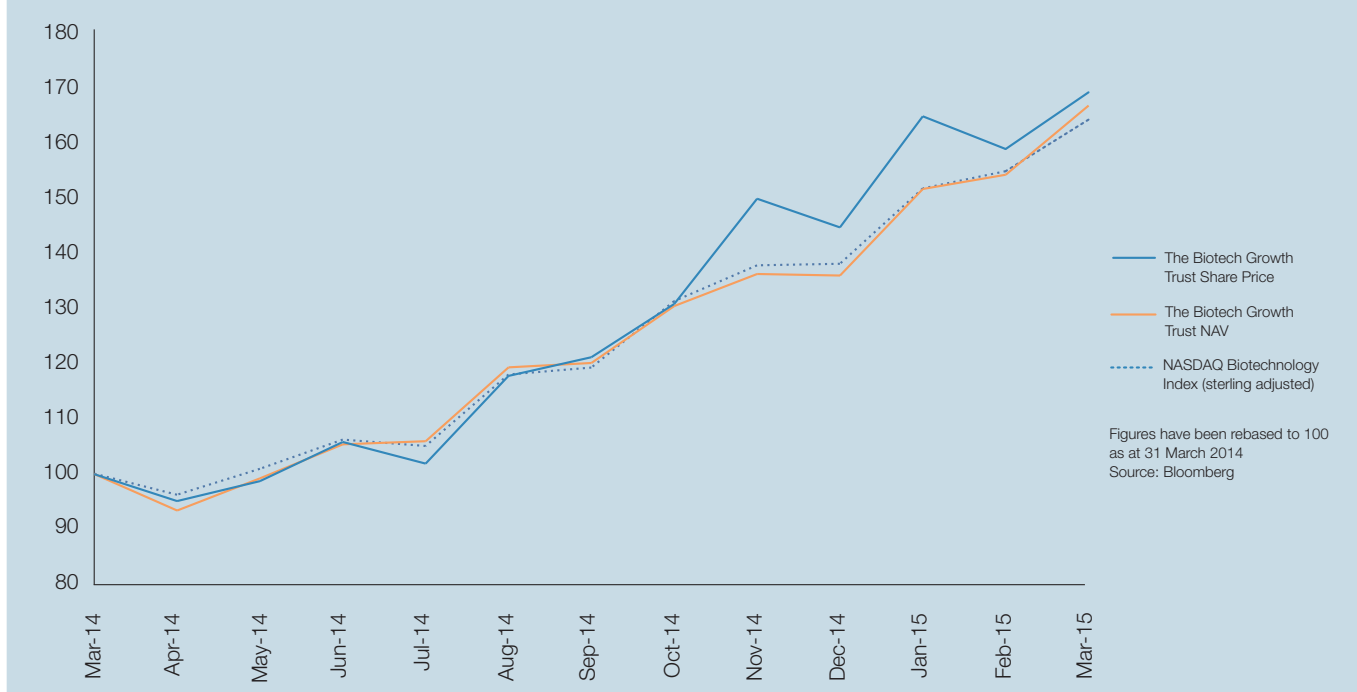
Strategic Report / Company Performance

Financial Highlights

	As at 31 March 2015	As at 31 March 2014	% Change
Net asset value per share	834.7p	498.7p	+67.4
Share price	793.5p	467.0p	+69.9
Discount of share price to net asset value per share	4.9%	6.4%	–
NASDAQ Biotechnology Index (sterling adjusted) (Benchmark)	2,423.5	1,480.1	+63.7
Ongoing charges*	1.2%	1.2%	–
Gearing*	9.4%	8.3%	–

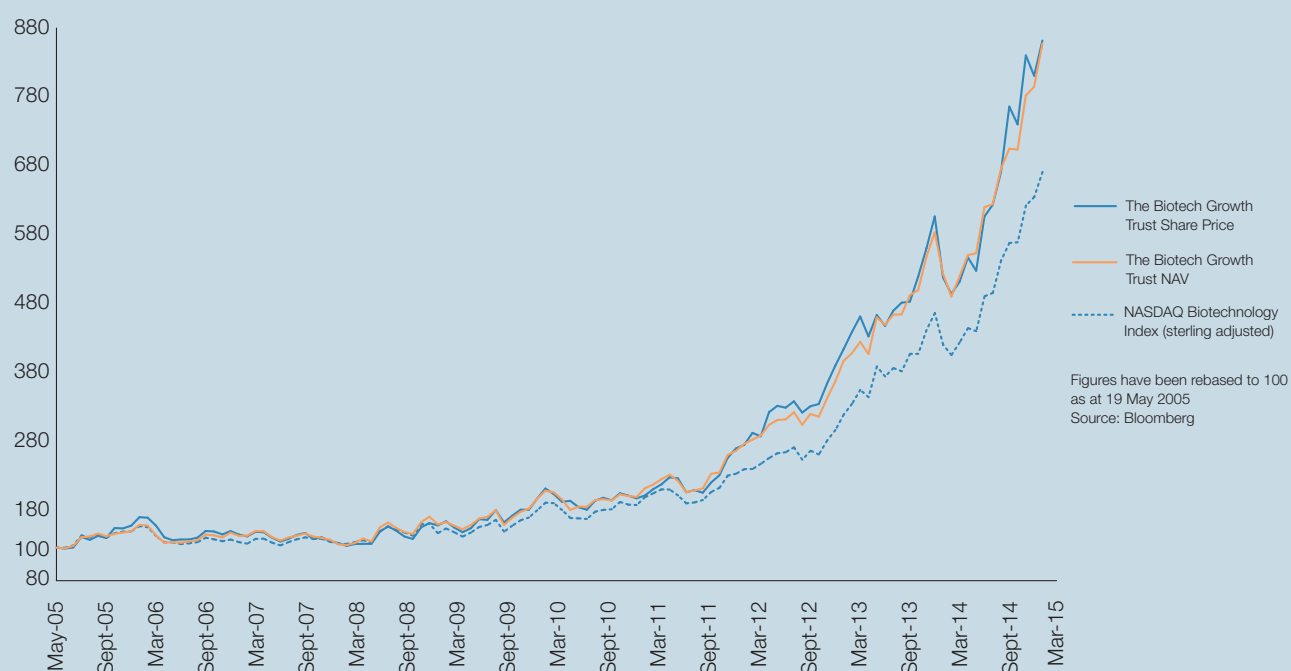
*See glossary on page 83 of the annual report.

Performance for the Year to 31 March 2015



Strategic Report / Company Performance

Performance since 19 May 2005, the Date of Appointment of OrbiMed Capital LLC as Portfolio Manager to 31 March 2015



Five Year Performance Record

	2010	2011	2012	2013	2014	2015
Net asset value per share	182.6p	186.0p	250.9p	371.7p	498.7p	834.7p
Share price	175.8p	166.0p	236.0p	368.0p	467.0p	793.5p
Discount of share price to net asset value per share	3.7%	10.8%	5.9%	1.0%	6.4%	4.9%
NASDAQ Biotechnology Index (sterling adjusted)	618.1	647.9	801.1	1,099.0	1,480.1	2,423.5

Strategic Report / Chairman's Statement

Dear Shareholder,

Investment performance

I am delighted to report that following last year's strong performance the Company has again achieved excellent returns for shareholders. During the year the Company's net asset value per share increased by 67.4% which outperformed the Company's benchmark index which increased by 63.7%.

The Company's positive performance during the year was due in part to the performance of holdings in Biogen, Gilead Sciences, Celgene, Neurocrine Biosciences and Medivation. Arrowhead Research, Prothena and Vanda Pharmaceuticals were poor performers during the year. Our experience with these investments is, whilst disappointing, symptomatic of investing in the biotechnology sector which can be volatile; inevitably there will be investments which do not deliver positive returns for shareholders. Further information on the Company's investments can be found in the Portfolio Manager's Review and Portfolio Focus beginning on page 7 of this annual report.

This is the tenth anniversary of your Company appointing OrbiMed as Portfolio Manager, which has enabled the Company to continue strong overall performance and has enabled it to win further awards. It is particularly pleasing to report that your Company was declared the best large trust at the 2014 Money Observer Awards.

Share price performance

The Company's share price increased by 69.9% over the year as a whole. During the earlier part of the year, the Company's continued strong overall performance gave rise to new demand for the Company's shares and a total of 110,000 shares were re-issued from treasury at a small premium to the net asset value per share reflecting the Board's proactive approach to discount management. This share issuance, however, was offset by the need to buy back 4,445,522 shares in the later part of the year reflecting the Board's commitment to limit the Company's share price discount to 6% over the long-term. Share buy-backs have continued since the year-end with a further 701,783 shares having been bought back for holding in treasury up to the date of this report. As at 31 March 2015 the Company had 68,886,347 shares in issue including 4,997,831 shares held in treasury (2014: 68,886,347 including 652,309 shares held in treasury).

Return and Dividend

The total return per share amounted to 328.0p for the year (2014: 126.8p), comprising a revenue gain of 0.2p per share (2014: 0.1p revenue deficit) and a capital gain of 327.8p (2014: 126.9p). No dividend is recommended in respect of the year ended 31 March 2015 (2014: nil).

Board Composition

As announced this time last year, Dr. John Gordon retired from the Board at the conclusion of the 2014 Annual General Meeting. Under the guidance of the Nomination Committee the composition of the Board is being refreshed in order to ensure that it continues to be independent and complies with good corporate governance practice and the AIC Investment Trust Guidelines.

Mr. Paul Gaunt will retire at the conclusion of the forthcoming 2015 Annual General Meeting. Paul has served on the Board since the launch of the Company in 1997. Paul has been an outstanding member of the Board and we have particularly valued his overall contribution and in particular when the Company changed its Portfolio Manager during a time when the future of the Company was in question. He will be greatly missed.

It is my intention to retire as Chairman at the conclusion of the 2016 Annual General Meeting. I have been on the Board since 1998 and Chairman since 2012. I am delighted that Mr. Andrew Joy is to succeed me as Chairman. His extensive experience in the investment community will undoubtedly serve shareholders well in the future.

The Board is currently in the process of recruiting a new director to the Board as part of our ongoing refreshment programme. Accordingly the Board have engaged the services of a specialist non-executive director recruitment consultant, Trust Associates, in order to facilitate this search and an announcement will be made in due course.

I can formally confirm that Trust Associates has no other connection with the Company.



The Rt Hon Lord Waldegrave
of North Hill

Chairman

Strategic Report / Chairman's Statement

Proposed Changes to the Company's Articles of Association

It is proposed that the Company adopts new Articles of Association (the "Articles") to enable it to comply with its obligations under various international tax regulations. A Special Resolution will be proposed at the Annual General Meeting which will, if approved ratify the adoption of amended Articles of Association. The material differences between the current and the proposed Articles of Association are summarised on page 93 of the annual report.

Borrowing

Shareholder approval to increase the Company's borrowing limit from 15% to 20% was obtained at a General Meeting held on 31 March 2015. The intention behind increasing the borrowing facility is not to take the borrowing levels to their maximum and keep them there over the long-term. Rather, the increased facility provides the Portfolio Manager with tactical flexibility for situations when market dislocations exist. It enables the Portfolio Manager to move quickly to take advantage of opportunities to acquire quality companies at distressed prices, without necessarily having to sell other stocks in the portfolio to do so.

Outlook

Despite some commentators expressing concern that the Biotechnology sector is now overvalued, the focus of our Portfolio Manager continues to be on the selection of stocks with strong prospects for capital enhancement. The investment portfolio has been constructed not only to provide shareholders with exposure to biotechnology companies with good prospects and at attractive valuations, but also to allow the Company to benefit from corporate activity within the Healthcare sector as a whole, such corporate activity being a key driver of superior returns within the sector.

Your Board believes that the long-term investor in the biotechnology sector will continue to be well rewarded.

Annual General Meeting

The Annual General Meeting of the Company this year will be held at the Barber-Surgeons' Hall, Monkwell Square, Wood Street, London EC2Y 5BL on Wednesday, 8 July 2015 at 12 noon and we hope as many shareholders as possible will attend. This will be an opportunity to meet the Board and to receive a presentation from our Portfolio Manager. Shareholders who are unable to attend are encouraged to return their forms of proxy to ensure their votes are represented.

The Rt Hon Lord Waldegrave of North Hill
Chairman

21 May 2015

Strategic Report / Investment Portfolio

Investment Portfolio as at 31 March 2015

Security	Country /Region	Fair value £'000	% of investments
Biogen	United States	63,994	11.0
Celgene	United States	46,116	7.9
Amgen	United States	43,790	7.5
Gilead Sciences	United States	39,142	6.7
Illumina	United States	23,635	4.0
Alexion Pharmaceuticals	United States	23,114	4.0
Medivation	United States	21,649	3.7
Neurocrine Biosciences	United States	21,365	3.7
Incyte	United States	19,388	3.3
Shire	Jersey	19,020	3.3
Ten largest investments		321,213	55.1
Impax Laboratories	United States	18,936	3.3
Horizon Pharmaceutical	Ireland	18,799	3.2
Bluebird Bio	United States	18,791	3.2
Regeneron Pharmaceuticals	United States	17,639	3.0
Receptos	United States	17,338	3.0
Jazz Pharmaceuticals	Ireland	13,385	2.3
Affymetrix	United States	13,300	2.3
GW Pharmaceuticals	United Kingdom	12,387	2.1
Vertex Pharmaceuticals	United States	10,730	1.8
Ono Pharmaceutical	Japan	10,664	1.8
Twenty largest investments		473,182	81.1
Pacira Pharmaceuticals	United States	10,528	1.8
Amag Pharmaceuticals	United States	10,124	1.7
Fluidigm	United States	9,787	1.7
Salix Pharmaceuticals	United States	9,546	1.7
Ironwood Pharmaceuticals	United States	9,435	1.6
Auspex Pharmaceuticals	United States	8,010	1.4
Puma Biotechnology	United States	7,975	1.4
Infinity Pharmaceuticals	United States	6,016	1.0
Xencor	United States	5,346	0.9
Actelion	Switzerland	5,310	0.9
Thirty largest investments		555,259	95.2
Newlink Genetics	United States	5,161	0.9
Innate Pharmaceutical	France	4,723	0.8
Advaxis	United States	4,181	0.7
OrbiMed Asia Partners L.P. (unquoted)*	Far East	3,439	0.6
Dicema Pharmaceuticals	United States	3,154	0.5
ArQule	United States	1,683	0.3
Forward Pharma	Denmark	1,246	0.2
Avalanche Biotechnologies	United States	1,165	0.2
Cempra	United States	1,156	0.2
Achillion Pharmaceuticals	United States	1,049	0.2
Forty largest Investments.		582,216	99.8
Spark Therapeutics	United States	993	0.2
Total investments		583,209	100.0

All of the above investments are equities unless otherwise stated.

* Partnership interest

Portfolio Breakdown

Investments	Fair value £'000	% of investments
Equities	579,770	99.4
Partnership interest	3,439	0.6
Total investments	583,209	100.0

Strategic Report / Portfolio Manager's Review

Performance Review

We are pleased to report that the Company's net asset value per share increased 67.4% during the year. This compares to a 63.7% increase in the Company's benchmark, the NASDAQ Biotechnology Index (measured on a sterling adjusted basis). The Company's share price increased 69.9% as the discount to net asset value per share narrowed from 6.4% to 4.9%.



Sven Borho

OrbiMed Capital LLC
Portfolio Manager

The leading contributors to performance in the portfolio during the year were **Biogen, Gilead Sciences, Celgene, Neurocrine Biosciences and Medivation.**

- Biogen shares appreciated due to robust sales of Tecfidera for multiple sclerosis and positive phase Ib data of BIIB037 for Alzheimer's disease.
- Gilead shares appreciated due to strong launches of Sovaldi and Harvoni for the treatment of Hepatitis C. The combined drugs recorded \$12.4 billion total sales in 2014. Patient volumes were significantly higher than expected, and the total Hepatitis C market continues to grow with expanded diagnostic screening.
- Celgene shares rose due to strong commercial execution and due to positive phase II data of GED-0301 in Crohn's disease.
- Neurocrine shares appreciated due to positive results from the first of two phase III trials of Elagolix for endometriosis.
- Medivation shares appreciated due to robust clinical data that led to the U.S. Food and Drug Administration ("FDA") approval for the use of prostate cancer drug Xtandi in the pre-chemotherapy setting. The label expansion significantly increased the value of the company, as it allowed Medivation to capture earlier stage patients and extend the duration that patients receive drug.

Whilst there were five leading contributors to performance during the year, there were only three notable detractors, namely;

Arrowhead Research, Prothena and Vanda Pharmaceuticals

- Arrowhead shares declined due to disappointing phase II data of ARC-520 for Hepatitis B.
- Prothena shares declined due to the release of disappointing results from the phase I trial of NEOD001 for AL amyloidosis.
- Vanda shares declined due to a weaker than expected launch of Hetlioz for non-24-hour sleep-wake disorder.

Sector Review

It has been another year of remarkable performance for biotech stocks. Since the current bull market started in early 2012, the Nasdaq Biotechnology Index has outperformed the overall market in 10 of 12 quarters, with a 3-year compounded annual growth rate of 43% (vs. 18% for the S&P 500 index). The strong stock performance was driven by solid fundamental progress and positive revisions to earnings estimates for the major biotech companies. Gilead Sciences, one of the top contributors in our portfolio, experienced the greatest upward earnings revision in 2014, due to successful launches of Sovaldi and Harvoni for Hepatitis C that significantly exceeded expectations. As a result of impressive commercial execution, the major biotech companies have accumulated abundant cash on their balance sheets, which will likely continue to fuel M&A activities to drive near-term upside for the sector and support growth in the long term.

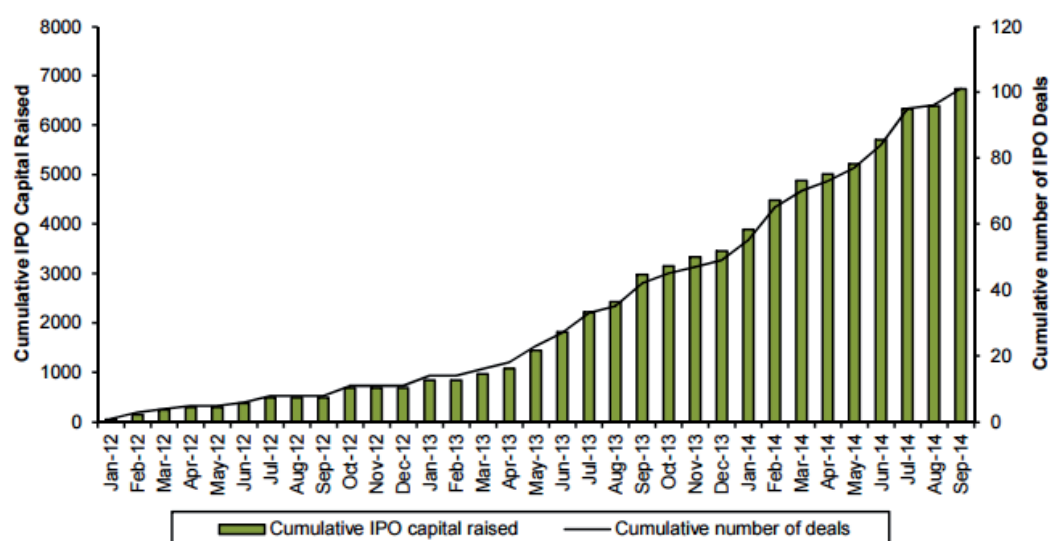
Sentiment in Biotech Remains Strong

Although biotech stocks were weak in the beginning of the year, triggered in part by concerns over drug pricing, they have since rebounded and reached new highs. Similarly, a recent correction at the end of March 2015 sent shares down temporarily but again failed to meaningfully dampen investor enthusiasm. We consider these corrections to be healthy instances of market consolidation which often provide opportunities to build new positions or add to existing ones. Valuations remain attractive among the major biotechnology companies, and we believe that they still do not fully incorporate the reacceleration of growth from new products that we have previously detailed. Meanwhile, the strong performance of Puma Biotechnology and Neurocrine Biosciences following positive phase III results highlights the importance of clinical data releases to catalyze stock appreciation in the sector. Given abundant clinical catalysts in 2015, we believe the portfolio is well positioned to benefit from potential breakthroughs in emerging therapeutic areas.

Strategic Report / Portfolio Manager's Review

Biotech Universe Keeps Expanding in a Strong Financing Environment

The IPO class of 2014 hit new records in terms of both the number of public listings and proceeds raised. Over 60 biotech companies went public in 2014, with nearly 60% of those new companies listed within or above their IPO ranges. The high IPO activity since 2013 has greatly expanded the number of innovative biotech companies in which we can invest.



Source: Bernstein Research

New Therapeutic Opportunities: Gene Therapy

As a part of our investment philosophy, we look for investment opportunities in fields where rapid clinical advances are being made that may dramatically transform the standard of care. Previously we have highlighted multiple developments in the immuno-oncology space. This has continued to be an exciting area of development, and the Company has been able to profit well from investments in this space. This year we would like to highlight gene therapy. The concept of gene therapy has been around for a long time. However we are now beginning to see significant advances in the clinic, and we believe this field could revolutionize the treatment of a number of diseases in the future.

Gene therapy refers to the process of introducing genes into a patient's cells with the aim of correcting a genetic defect or improving clinical outcomes. It is an appealing approach, particularly for the treatment of genetic disorders, where it is difficult for conventional therapies to target the root cause of the disease at the DNA level. Importantly, by permanently introducing a functional copy of a gene, gene therapy has the potential to provide a cure for those diseases. The concept of gene therapy first emerged in the 1970s, followed by some initial successes. However, the field encountered several significant setbacks in the late 1990's and early 2000's due to safety issues.

In the past decade, the field of gene therapy has rapidly evolved. The lessons learned from previous failures have led to significant improvements in the technology of gene transfer that serves as a foundation for gene therapy and largely determines the safety profile of a treatment. The viruses used to deliver genes have been refined or redesigned to minimize safety issues and to better accommodate the expression of the incorporated genes. Additionally, the therapeutic goals have shifted to address more realistically defined indications, particularly those rare diseases that are severe and have monogenic causes. Over the past few years, remarkable results have been obtained in clinical trials of AAV- or lentiviral vector-based studies in Leber's congenital amaurosis, hemophilia B, B-thalassemia, and Wiskott-Aldrich syndrome. In November 2012, uniQure's GLYBERA received approval by the European Commission and became the first approved gene therapy in the Western world. GLYBERA is an AAV-based vector carrying the lipoprotein lipase gene for the treatment of severe lipoprotein lipase deficiency. Backed by better science and improved technology, gene therapy is experiencing a renaissance.

According to statistics presented by the U.S. FDA, there are currently 450 active gene therapy studies in the US, with 8% being phase III studies and 15-20% being phase IIb studies. Although the U.S. FDA has not yet approved a human gene therapy product, it has provided a growing body of guidelines to clarify regulatory requirements for gene therapy products. Given the significant advancements in technology and improving regulatory environment, we expect gene therapy to become a viable treatment option for diseases with high unmet medical need in the coming years.

Strategic Report / Portfolio Manager's Review

The field of gene therapy has now become a significant opportunity for investors as a number of the leaders in the field have gone public in the recent wave of biotechnology IPOs. Relevant investments in the Company include positions in Bluebird Bio, Spark Therapeutics and Avalanche Biotechnologies. Early data from Bluebird Bio provided positive proof-of concept that patients with B-thalassemia, an inherited disorder that results in the decreased synthesis of the B-globin chains of hemoglobin, may be able to achieve a functional cure with a single infusion of treatment. (Bluebird is further highlighted in the Portfolio Focus section.) Spark Therapeutics is a recent addition to the portfolio. Spark is developing AAV-vector based gene therapy for orphan genetic diseases. Its lead candidate, SPK-RPE65, has demonstrated convincing efficacy in the treatment of RPE65-mediated retinal dystrophy, an inherited disorder that leads to blindness. Additionally, results from various clinical-stage programs targeting eye diseases, hemophilia, heart failure, and rare genetic disorders will be presented in 2015. We continue to evaluate novel approaches and we believe the portfolio is well positioned to benefit from advances in the field.

Outlook

As the biotech sector has outperformed the broader market for the past three years, many investors have expressed concern about a possible pullback. However, we would argue that the appreciation of biotech stocks has been rational, because it tracks with upward revisions to earnings estimates and is supported by fundamental breakthroughs in science and clinical practice. We continue to see new product cycles, earnings growth, and robust pipeline advancement as a solid justification for valuation of the major biotech companies. The price investors pay for the growth in these companies is far from the high end seen historically and is attractive compared to large pharmaceutical companies and the broader market.

Among the emerging biotech companies, clinical results remain a key driver for stock performance. This year we have highlighted the opportunities in gene therapy. We are encouraged by the early data that suggest functional cures can be achieved for severe genetic disorders. We look forward to multiple data readouts in 2015, including phase II data from Avalanche Biotechnologies in wet age-related macular degeneration (a leading cause of blindness in the elderly), phase III data from Spark in a rare form of inherited blindness, and data from Bluebird Bio in B-thalassemia and sickle cell disease. We continue to be bullish on immuno-oncology. The first PD-1 inhibitors were approved for the treatment of melanoma in 2014. We believe various combination therapies with PD-1 inhibitors will extend the benefit of immunotherapy to a larger number of patients by promoting higher response rates in established indications, and by increasing the number of tumor types addressable by immunotherapy. Toward this end, we look forward to data from portfolio companies Incyte and Innate Pharma.

M&A activity will continue to be a major catalyst in the sector as large pharmaceutical and biotech companies seek growth and pipeline assets. During the review period, we have seen another major boost to biotech from the \$21 billion acquisition of Pharmacyclics by Abbvie, which set a new high-water mark for the value of an oncology asset. Many of the portfolio companies with de-risked assets or leading technologies, such as Incyte, Medivation, Puma, and Bluebird Bio, are potential candidates for acquisition.

The number of holdings in the Company as at 31 March 2015 was 41 and the number of holdings has not materially changed since the year end. Currently approximately 50% of the Company's assets are invested in emerging biotechnology companies, and 50% are invested in major biotechnology companies. With attractive valuation and abundant clinical and regulatory catalysts, we believe that the sector though volatile is well positioned to continue its positive momentum.

Sven Borho

OrbiMed Capital LLC, Portfolio Manager

21 May 2015

Strategic Report / Portfolio Focus

Puma Biotechnology

Puma is an emerging biotechnology company focused on the development of small molecules for the treatment of cancer. Its lead development compound is neratinib, an oral, irreversible inhibitor of the HER2 receptor. Neratinib is currently being studied in various stages of HER2+ or HER2 mutated breast cancer, and other solid tumors with HER2 mutations.

Puma shares appreciated nearly 300% after the announcement of positive phase III results of neratinib for HER2+ breast cancer following Herceptin-based adjuvant therapy last July. The data showed treatment with neratinib resulted in a 33% reduction in cancer recurrence or death versus placebo. The large effect size suggests neratinib will become a new standard of care and sets a high bar for other adjuvant drugs in development. We believe Puma shares remain undervalued relative to the opportunity for neratinib in adjuvant breast cancer.

This year Puma will report phase II neoadjuvant data in breast cancer, and the company will present full data in adjuvant as well as metastatic settings at medical conferences. We believe neratinib has a differentiated clinical profile that can provide benefits across several lines of therapy. Furthermore, with positive phase III data in an indication with multi-billion dollar market potential, we see Puma as a prime acquisition candidate.

Neurocrine Biosciences

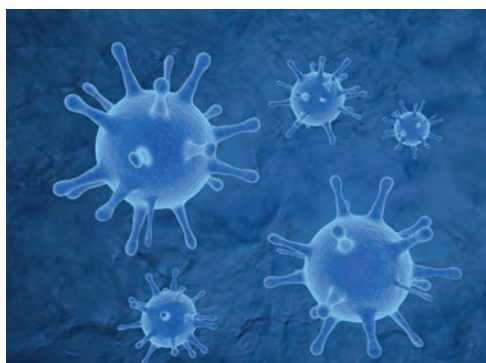
Neurocrine Biosciences is an emerging biopharmaceutical company focused on neurological and endocrine diseases. The company has three drugs in development: 1) elagolix, a GnRH antagonist in Phase 3 for endometriosis and uterine fibroids, partnered with AbbVie, 2) NBI-98854, a VMAT-2 inhibitor in Phase 3 for tardive dyskinesia, and 3) NBI-77860, a CRF1 receptor antagonist in Phase 1 for congenital adrenal hyperplasia. Endometriosis is a condition affecting 170 million women worldwide characterized by abnormal growth of endometrial tissue outside of the uterus, leading to excessive pain and bleeding during menstruation. Elagolix is an oral treatment that reduces production of certain hormones in women, thereby alleviating the symptoms of endometriosis.

Our investment thesis in Neurocrine was premised on our expectation that Phase 3 results for elagolix in early 2015 would be positive, based on our own analysis of the trial's design and previous trial results. In January 2015, Neurocrine and AbbVie announced that the trial had indeed successfully met its co-primary endpoints of reducing pain associated with endometriosis with an acceptable safety profile.

The company has a number of additional value-creating catalysts in the second half of 2015, including Phase 2b results for elagolix in uterine fibroids, Phase 3 results for NBI-98854 in tardive dyskinesia, and Phase 2 results for NBI-77860 in congenital adrenal hyperplasia. We remain investors in the company because we believe these catalysts will be positive.

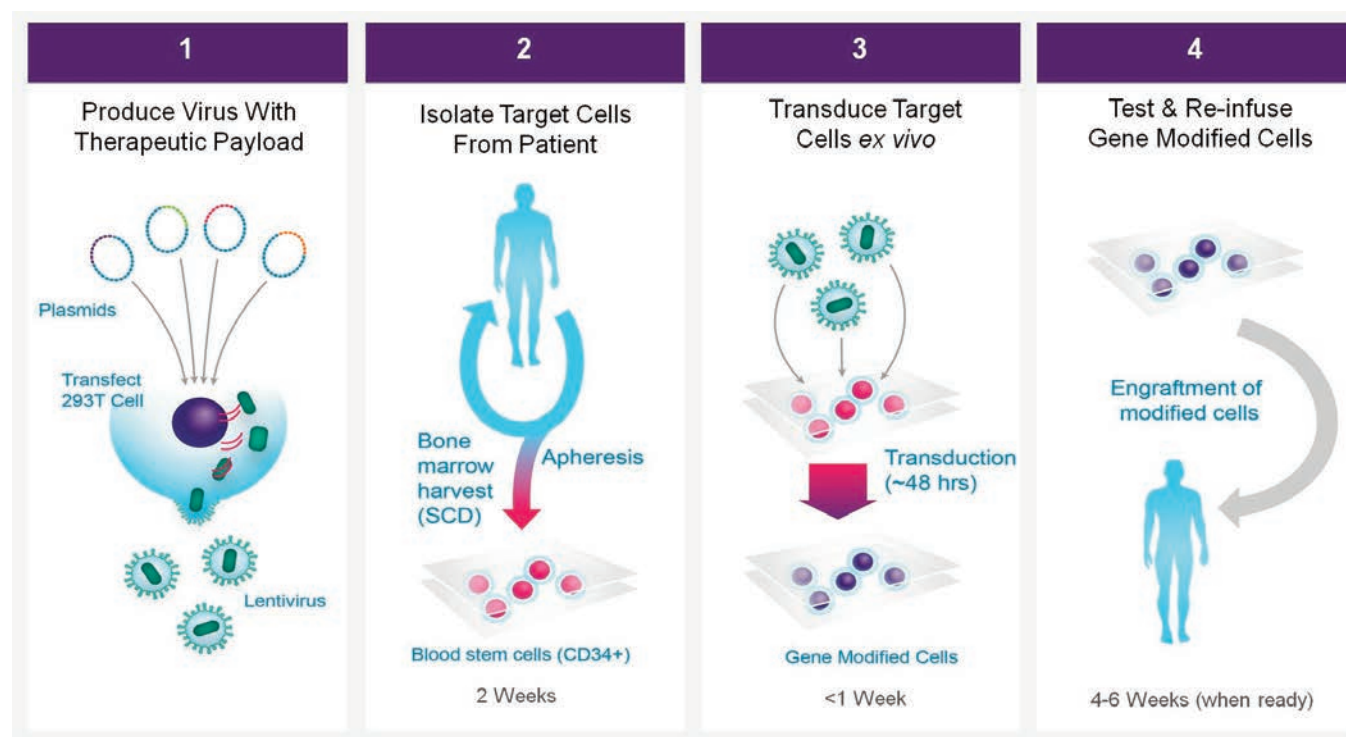
Bluebird Bio

Bluebird Bio is a clinical-stage biotech company focused on developing gene therapies for severe genetic and rare diseases. It has a leading gene therapy platform, including vectors, transduction protocol, and manufacturing processes, that has been optimized to deliver consistent gene therapies at scale. The company takes an ex vivo, lentivirus-based approach to introduce genetic modification to the patient's own hematopoietic stem cells, and then reintroduce the cells into the body. The company has generated proof-of-concept data in two genetic conditions: β -thalassemia, an autosomal recessive disease of red blood cell dysfunction characterized by severe anemia, and childhood cerebral adrenoleukodystrophy (CCALD), an X-linked disorder of progressive neurodegenerative decline. The company also has a strategic collaboration with Celgene to develop modified T cell products to treat liquid and solid tumor cancers.



Strategic Report / Portfolio Focus

Bluebird's product candidate for β -thalassemia is known as LentiGlobin. It consists of a lentiviral vector carrying a single-codon variant of the β -globin gene. β -thalassemia is an inherited disorder that results in the decreased synthesis or complete absence of the β -globin chains of hemoglobin, so patients must frequently undergo regular blood transfusions. Bluebird presented interim data from two phase I/II clinical trials of LentiGlobin at the 2014 American Society of Hematology conference, which showed impressive efficacy. The first four patients treated all achieved transfusion independence for at least 3 months, and two of them achieving transfusion-free status for 9 and 12 months, respectively. These results suggest the possibility of functional cures with one single infusion of therapy. LentiGlobin recently received the Breakthrough Therapy designation from the FDA for treating transfusion-dependent patients with β -thalassemia. LentiGlobin is also being developed for sickle cell disease, a related indication caused by production of abnormal hemoglobin chains. The hemoglobin variant causes red blood cells to assume a sickle-like shape which can put patients at risk of stroke, shortness of breath, and sudden or chronic pain throughout the body. Phase I data in this indication are expected in 2015.



A second advanced product candidate is Lenti-D, which is in phase II/III clinical studies for the treatment of childhood cerebral adrenoleukodystrophy (CCALD) - a rare, hereditary neurological disorder affecting young boys caused by mutations on the ABCD1 gene. Currently, the only effective treatment for CCALD is allogeneic stem cell transplantation (SCT). Lenti-D consists of a lentiviral vector carrying the ABCD1 gene and presents a potential improvement over SCT. Proof-of-concept for the company's approach comes from a four-patient CCALD trial conducted in France using a related lentiviral gene therapy vector. In this study, 3 of 4 patients experienced a good response to therapy that has been shown to be durable for over six years. The company's phase II/III study will yield data in 2016.

Strategic Report / OrbiMed Capital LLC

Firm History

OrbiMed's investment business was founded in 1989 with a vision to invest across the spectrum of healthcare companies: from venture capital start-ups to large multinational companies.

Beginning with our first public equity fund in 1989, the Firm expanded to include long/short equity and private equity investments in 1993. In 2007 the firm expanded to Asia, opening offices in Mumbai and Shanghai, and launching a fund focused on private equity healthcare opportunities in China and India. In 2010 the Firm expanded to the Middle East, opening an office in Israel to seek innovative life sciences venture capital opportunities across the region. In 2011 OrbiMed launched a Royalty Opportunities fund, focused on investing in healthcare royalty streams.

Today, OrbiMed has a singular focus on seeking successful investments on a worldwide basis across the entire spectrum of private and publicly-traded life sciences companies. With approximately \$14 billion in net assets under management, OrbiMed ranks as the world's largest healthcare-dedicated investment firm.

OrbiMed's investment professionals possess a combination of extensive scientific, medical, and financial expertise. The following five individuals represent the portfolio management team for the Company:

The OrbiMed Team for the Company



Mr. Samuel D. Isaly is the Managing Partner of OrbiMed. Mr. Isaly is one of the world's most recognised healthcare fund managers and has been active in global healthcare investing and analysis since 1968 when he joined Chase Manhattan Bank in New York. During his career, Mr. Isaly has been a pharmaceutical analyst with Chase Manhattan Bank, Merrill Lynch, Legg Mason, and S.G. Warburg. Mr. Isaly launched OrbiMed's asset management business in 1989. Mr. Isaly has a B.A. in Economics from Princeton University and a M. Sc. (Econ.) from The London School of Economics.



Mr. Sven H. Borho, CFA, is a founding Partner of OrbiMed. Mr. Borho's biography can be found within the Directors' biography on page 24 of this annual report.



Mr. Geoffrey C. Hsu, CFA, is a Partner at OrbiMed. He joined OrbiMed in 2002 as a biotechnology analyst. Prior to joining OrbiMed, he worked as a financial analyst in the healthcare investment banking group at Lehman Brothers. Mr. Hsu received his A.B. degree summa cum laude from Harvard University and holds an M.B.A. from Harvard Business School. Prior to business school, he spent two years studying medicine at Harvard Medical School.



Mr. Richard D. Klemm, Ph.D., CFA, is a Public Equity Partner focused on biotechnology companies. He completed a Ph.D. from the Massachusetts Institute of Technology in molecular biology in 2000. Dr. Klemm has published scientific articles in the fields of DNA replication and transcription. He received a B.A. from the University of California, Berkeley in 1994 with majors in molecular and cell biology and economics.



Haige Lu, Ph.D., is an Analyst focused on biotechnology companies. Prior to joining OrbiMed, he worked as a Research Fellow at Memorial Sloan-Kettering Cancer Centre. He received his Ph.D. from Stanford University in Chemical Biology and his B.S. in Chemistry from Peking University in China.

Strategic Report / Principal Contributors to and Detractors from Net Asset Value

Top and bottom five contributors to Net Asset Value performance for the year ended 31 March 2015

Top Five Contributors

	Contribution for the year ended 31 March 2015 £'000	Contribution per share (pence)*
Biogen	21,248	32.5p
Gilead Sciences	20,439	31.3p
Celgene	15,644	23.9p
Neurocrine Biosciences	13,331	20.4p
Medivation	12,797	19.6p
	83,459	127.7p

Top Five Detractors

	Contribution for the year ended 31 March 2015 £'000	Contribution per share (pence)*
Arrowhead Research	(5,841)	(8.9)p
Prothena	(3,483)	(5.3)p
Vanda Pharmaceuticals	(1,741)	(2.7)p
BioMarin	(743)	(1.1)p
Pacira Pharmaceuticals	(455)	(0.7)p
	(12,263)	(18.7)p

* based on 65,319,717 (excluding shares held in treasury) ordinary shares being the weighted average number of shares in issue during the year ended 31 March 2015

Strategic Report / Business Review

The Directors present their Strategic Report for the Company for the year ended 31 March 2015. The Strategic Report, set out on pages 2 to 23, contains a review of the Company's business model and strategy, an analysis of its performance during the financial year and its future developments and details of the principal risks and challenges it faces. Its purpose is to inform the shareholders in the Company and help them to assess how the Directors have performed their duty to promote the success of the Company.

Principal Service Providers

The principal service providers to the Company are Frostrow Capital LLP (Frostrow), OrbiMed Capital LLC (OrbiMed) and J.P. Morgan Chase Clearing Corp (J.P. Morgan). Details of their responsibilities are set out below.

Alternative Investment Fund Manager (AIFM)

As reported in the half year report to 30 September 2014 the Company appointed Frostrow as its AIFM during the year. Under the terms of its AIFM agreement with the Company, Frostrow provides, inter alia, the following services:

- risk management services;
- marketing and shareholder services;
- administrative and secretarial services;
- advice in respect of the modus operandi of the investment company sector including, corporate governance requirements;
- maintains the Company's accounting records;
- maintaining professional indemnity insurance at the level required under AIFM Rules in order to cover potential liability risks arising from professional negligence;
- prepares and dispatches the annual and half yearly reports and monthly factsheets; and
- upholds compliance with applicable tax, legal and regulatory requirements.

Portfolio Manager

Under the terms of its portfolio management agreement with the AIFM and the Company, OrbiMed provides, inter alia, the following services:

- seeking out and evaluating investment opportunities;
- recommending the manner by which monies should be invested, disinvested, retained or realised;
- advising on how rights conferred by the investments should be exercised;
- analysing the performance of investments made; and
- advising the Company in relation to trends, market movements and other matters which may affect the investment objective and policy of the Company.

Prime Broker and Custodian

During the year the Company appointed J.P. Morgan Europe Limited as its depositary and J.P. Morgan Clearing Corp. (J.P. Morgan) as prime broker and custodian. These new arrangements replaced the Company's existing custody and prime brokerage arrangements with Goldman Sachs & Co.

J.P. Morgan Europe Limited has discharged its liability under article 21(12) of the Directive in respect of its obligations under the first and second paragraphs of that article, regarding its liability for loss of financial instruments held by the prime broker.

J.P. Morgan Clearing Corp. as a prime broker provides the following services, inter alia, under its agreements with the Company:

- safekeeping and custody of the Company's investments and cash;
- provision of an overdraft facility; and
- derivative and foreign exchange services.

Further details of contractual arrangements with the principal service providers, including fees, are included within the Directors Report on pages 66 to 68 of this annual report.

Strategic Report / Business Review

Investment Objective and Policy

To seek capital appreciation through investment in the worldwide biotechnology industry. 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. Performance is measured against the NASDAQ Biotechnology Index (sterling adjusted).

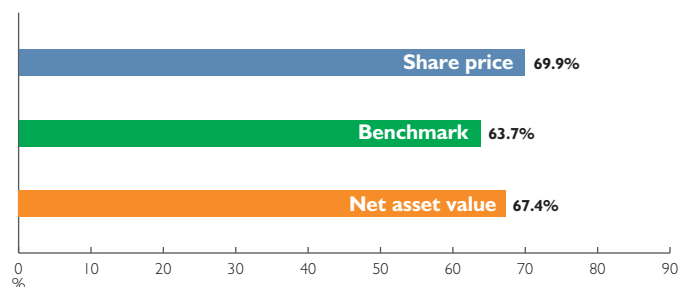
The Directors, as advised by the Company's AIFM and Portfolio Manager, agreed in November 2014 that the Company's borrowing limit should be increased from 10% to 15% of the Company's net assets. Shareholders were notified of this change and the Directors' commitment to continue to keep the borrowing limit under review via the Chairman's Statement contained within the Half Year Report dated 10 November 2014.

Shareholder approval to increase the Company's borrowing limit from 15% to 20% was obtained at a General Meeting held on 31 March 2015.

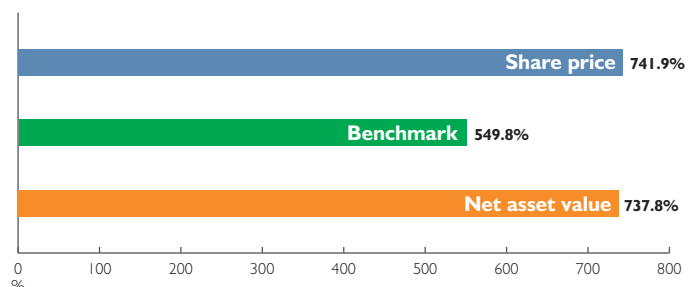
The Company's approach to using borrowing will not change in practice and the level of borrowing adopted will continue to be reviewed and agreed with the Directors and the Company's AIFM from time to time, subject always to the proposed overall limit of 20% of the Company's net assets.

Total Return to 31 March 2015

Year to 31 March 2015



Since 19 May 2005, the date of Appointment of OrbiMed Capital LLC as Portfolio Manager to 31 March 2015



Strategic Report / Business Review

Investment Approach

The Company's Portfolio Manager is OrbiMed Capital LLC ("OrbiMed").

OrbiMed, based in New York, is a portfolio manager focused exclusively on the healthcare sector, with approximately U.S.\$14 billion in assets under management as at 31 March 2015 across a range of funds, including investment trusts, hedge funds and private equity funds. OrbiMed's investment management activities were founded in 1989 by Mr. Samuel D. Isaly. Further details on OrbiMed can be found on page 12 of this annual report.

Consistent with the revised mandate which was implemented in October 2013, OrbiMed has invested the Company's assets in the worldwide biotechnology industry. Geographic allocation is in line with the geographic distribution of investment opportunities, with the majority of the Company's investments in companies based in North America. The portfolio comprised 41 holdings as at 31 March 2015 (2014: 46 holdings).

OrbiMed takes a bottom-up approach to stock selection based on intensive proprietary research. Stock selection is based on rigorous financial analysis, exhaustive scientific review, frequent meetings with company management and consultations with physicians and other industry experts.

OrbiMed looks for strong management teams, healthy organic growth from current products and deep pipelines to fuel future growth.

Portfolio risk management is conducted via position size limits and geographic diversification. The Company maintains adequate portfolio liquidity by limiting the Company's ownership to 15% of an individual company's equity (at the time of investment) and by strictly limiting the Company's exposure to direct unquoted companies to 10% of the portfolio at the time of acquisition.

Investment Limitations

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 Portfolio 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, the Company's Portfolio Manager, or an affiliate thereof.
- Prior to the General Meeting held on 31 March 2015, the Company's borrowing policy was that borrowing would not exceed 15% of the Company's net assets. With effect from the 31 March 2015 the Company's borrowing policy is that borrowing will not exceed 20% of the Company's net assets. The Company's borrowing requirements are met through the utilisation of an overdraft facility, repayable on demand and provided by J.P. Morgan Clearing Corp. This facility can be drawn at the discretion of the AIFM.
- 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.

Strategic Report / Business Review

Dividend Policy

The Company invests with the objective of achieving capital growth and it is expected that dividends, if any, are likely to be small. The Board intends only to pay dividends on the Company's shares to the extent required in order to maintain the Company's investment trust status.

Company Promotion

The aim of the Company's promotional activities is to encourage demand for the Company's shares. The Company has appointed Frostrow Capital LLP to provide marketing services, in the belief that a well-marketed investment company is more likely to grow over time, have a more diverse, stable list of shareholders and its shares will trade at close to NAV per share over the long run. Frostrow actively promotes the Company in the following ways:

Engaging regularly with institutional investors, discretionary wealth managers and a range of execution-only platforms:

Frostrow regularly talks and meets with institutional investors, discretionary wealth managers and execution-only platform providers to discuss the Company's strategy and to understand any issues and concerns, covering both investment and corporate governance matters;

Making Company information more accessible: Frostrow works to raise the profile of the Company by targeting key groups within the investment community, holding annual investment seminars, overseeing PR output and managing the Company's website and wider digital offering, including investment manager webcasts and social media;

Disseminating key Company information: Frostrow performs the Investor Relations function on behalf of the Company and manages the investor database. Frostrow produces all key corporate documents, distributes Monthly Factsheets, Annual Reports and updates from Orbimed on the portfolio and market developments; and

Monitoring market activity, acting as a link between the Company, shareholders and other stakeholders: Frostrow maintains regular contact with sector Broker Analysts and other research and data providers, and conducts periodic investor perception surveys, liaising with the Board to provide up-to-date and accurate information on the latest shareholder and market developments.

Key Performance Indicators

The Board assesses its performance in meeting the Company's objective against the following Key Performance Indicators ("KPI's"):



During the year the Company appointed Frostrow as its AIFM in order to comply with the AIFMD. The management of the portfolio has in turn been delegated to OrbiMed under the terms of a portfolio management agreement. In addition to its role as AIFM, Frostrow is also responsible for company secretarial, administration and marketing services to the Company. Each provider is responsible to the Board which is ultimately responsible to shareholders for performing against the above KPIs.

Net asset value return

The Directors regard the Company's net asset value total return as being the overall measure of value delivered to shareholders over the long term. Total return reflects the net asset value growth of the Company. OrbiMed's investment style is such that performance is likely to deviate from that of the benchmark index. The Board considers the most important comparator to be the NASDAQ Biotechnology Index (sterling adjusted).

During the year under review the Company's net asset value per share return was 67.4% outperforming the benchmark by 3.7%.

A full description of performance during the year under review and the investment portfolio is contained in the Portfolio Manager's Review commencing on page 7 of this annual report.

Strategic Report / Business Review

Share price return

The Directors also regard the Company's share price return to be a key indicator of performance. This is monitored closely by the Board. During the year under review the Company's share price return was 69.9%. Please see pages 2 and 3 of this annual report for further information.

Stock contribution analysis

The Board together with the AIFM undertakes a regular review of the portfolio and in particular the principal contributors to and detractors from net asset value.

The Portfolio Manager provides a detailed explanation of portfolio performance at each Board Meeting.

Further details of the principal contributors to and detractors from net asset value performance for the year to 31 March 2015 can be found on page 13 of this annual report.

Share discount/premium price to net asset value per share

The Board undertakes a regular review of the level of discount/premium and consideration is given to ways in which share price performance may be enhanced, including the effectiveness of marketing and share issuance and buy-backs, where appropriate. The Board has a discount control mechanism in place intended to establish a target level of no more than a 6% discount of share price to the net asset value per share. Shareholders should note, however, that it remains possible for the share price discount to net asset value per share to be greater than 6% on any one day due to the fact that the share price continues to be influenced by overall supply and demand for the Company's shares in the secondary market. The volatility of the net asset value per share in an asset class such as biotechnology is another factor over which the Board has no control. The making and timing of any share buy-backs or share issuance is at the absolute discretion of the Board.

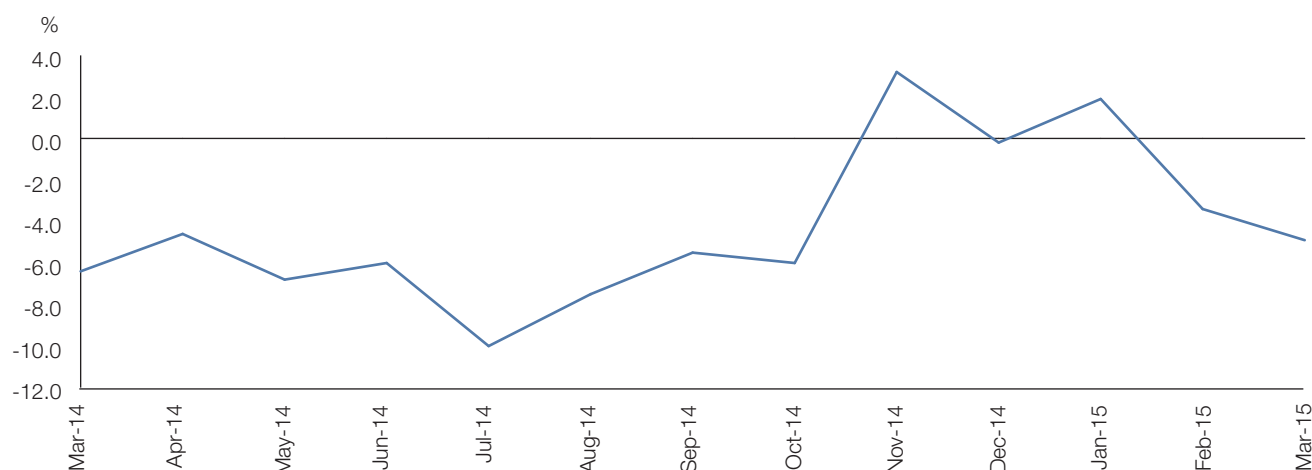
During the year under review 4,445,522 shares were bought back to be held in treasury by the Company.

Demand for the Company's shares led to the issue of a total of 110,000 shares from treasury during the year at a price representing a small premium to NAV per share.

To meet this demand the Company published a Prospectus in July 2013. However, on 28 April 2014 the Board exercised their discretion to suspend the Placing Programme under the Prospectus, as in the short term the Board believed that further share issues can be made within the current limits approved by Shareholders.

The chart below demonstrates the (discount)/premium that the Company traded at during the year.

(Discount)/Premium to 31 March 2015



The discount of the Company's share price to the net asset value per share at 31 March 2015 stood at 4.9% (2014: 6.4%).

Strategic Report / Business Review

Ongoing charges ratio

The Board continues to be conscious of expenses and works hard to maintain a sensible balance between strong service and costs. As at 31 March 2015 the ongoing charges ratio was 1.2% (2014: 1.2%).

Risk Management

The principal risks identified by the Board and the actions taken to mitigate them are set out below under ten headings.

Objective and Strategy	Level of discount/premium	Portfolio Performance	Operational and Regulatory	Market Price Risks	Liquidity Risk	Shareholder Profile	Currency Risk	Overdraft Facility	Credit Risk
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The Board is responsible for the management of the risks faced by the Company and the Board regularly review these risks and how risk is mitigated. The Board carries out a robust assessment of the risks that face company including those that would threaten its business model, future performance and liquidity.

Principal Risks and Uncertainties	Management/Mitigation
<p>Objective and Strategy</p> <p>The Company becomes unattractive to investors.</p>	<p>The Board reviews regularly the Company's investment objective and investment guidelines in the light of investor sentiment monitoring closely whether the Company should continue in its present form. The Board also considers the size of the Company to ensure that it is at an optimum level. The Board, through the AIFM and the Portfolio Manager, holds regular discussions with major shareholders. A continuation vote is to be held at the forthcoming Annual General Meeting and if passed every five years thereafter. Each month the Board receives a report which monitors the investments held in the portfolio compared against the benchmark index and the investment guidelines. Additional reports and presentations are regularly presented to investors by the Company's AIFM and Portfolio Manager.</p>
<p>Level of discount/premium</p> <p>The risk of the Company's share price not being representative of its underlying net assets.</p>	<p>The Board undertakes a regular review of the level of discount/premium and consideration is given to ways in which share price performance may be enhanced, including the effectiveness of marketing and share issuance and buy-backs, if considered appropriate. The Board has an active discount management policy in place, buying back the Company's shares to hold in treasury or for cancellation if the market price is at a discount greater than 6% to the net asset value per share. The making and timing of any share issuance or buy-backs is at the absolute discretion of the Board.</p>
<p>Portfolio Performance</p> <p>Investment performance may not be meeting shareholder requirements.</p>	<p>The Board reviews regularly investment performance against the benchmark and against the Company's peer group. The Board also receives regular reports that show an analysis of performance compared to other relevant indices. The Portfolio Manager provides an explanation of significant stock selection decisions and an overall rationale for the make-up of the portfolio. The Portfolio Manager discusses current and potential investment holdings with the Board on a regular basis.</p>

Strategic Report / Business Review

Principal Risks and Uncertainties	Management/Mitigation
<p>Operational and Regulatory</p> <p>A breach of Sections 1158 and 1159 of the Corporation Tax Act 2010 could lead to the Company being subject to tax on capital gains, whilst a serious breach of other regulatory rules (including those associated with the Alternative Investment Fund Managers Directive) may lead to suspension from the Stock Exchange or to a qualified Audit Report. Other control failures, either by the AIFM, the Portfolio Manager or any other of the Company's service providers, may result in operational and/or reputational problems, erroneous disclosures or loss of assets through fraud, as well as breaches of regulations.</p>	<p>All transactions and income and expenditure forecasts are reviewed by the Board at each Board Meeting. The Board considers regularly all major risks, the measures in place to control them and the possibility of any other risks that could arise. The Board also ensures that satisfactory assurances are received from service providers. The Compliance Officer of the AIFM and of the Portfolio Manager produce regular reports for review at the Company's Audit and Management Engagement Committee meetings and are available to attend such meetings in person if required.</p>
<p>Market Price Risks</p> <p>Uncertainty about future prices of financial instruments held.</p>	<p>The Board meets on a quarterly basis during the year and on an ad hoc basis if necessary. At each meeting the Directors consider the asset allocation of the portfolio in order to minimise the risk associated with particular countries, sectors, or instruments. The Portfolio Manager has responsibility for selecting investments in accordance with the Company's investment objective and seeks to ensure that investment in individual stocks falls within acceptable risk levels.</p>
<p>Liquidity Risk</p>	<p>Ability to meet funding requirements when they arise. The Portfolio Manager has constructed the portfolio so that funds can be raised at short notice if required.</p>
<p>Shareholder Profile</p>	<p>Activist shareholders whose interests are not consistent with the long-term objectives of the Company may be attracted onto the shareholder register.</p> <p>The AIFM provides a shareholder analysis at every Board Meeting so that the Board can give consideration as to any action required; this is in addition to regular reporting by the Company's Stockbroker. The Board has implemented an active discount management policy as mentioned on page 18 of this annual report.</p>
<p>Currency Risk</p>	<p>Movements in exchange rates could adversely affect the performance of the portfolio.</p> <p>A significant proportion of the Company's assets is, and will continue to be, invested in securities denominated in foreign currencies, in particular U.S. dollars. As the Company's shares are denominated and traded in sterling, the return to shareholders will be affected by changes in the value of sterling relative to those foreign currencies. The Board has made clear the Company's position with regard to currency fluctuations which is that it does not currently hedge against currency exposure.</p>

Strategic Report / Business Review

Principal Risks and Uncertainties	Management/Mitigation
Overdraft Facility	<p>The provider of the Company's overdraft facility may no longer be prepared to lend to the Company.</p> <p>The Board, the AIFM and the Portfolio Manager are kept fully informed of any likelihood of the withdrawal of the overdraft facility so that repayment can be effected in an orderly fashion.</p> <p>The Company's borrowing requirements are met through the utilisation of an overdraft facility, repayable on demand, provided by J.P. Morgan Clearing Corp.</p>
Credit Risk	<p>The Company's assets can be held by J.P. Morgan Clearing Corp. as collateral for the loan provided by them to the Company. Such assets taken as collateral may be used, loaned, sold, rehypothecated or transferred by J.P. Morgan Clearing Corp., although the Company maintains the economic benefits from ownership of those assets. J.P. Morgan Clearing Corp may take up to 140% of the value of the outstanding overdraft as collateral.</p> <p>Assets held by J.P. Morgan Clearing Corp, as Prime Broker, that are not used as collateral, are held in segregated client accounts.</p> <p>Further information on financial instruments and risk, as required by IFRS 7, can be found in note 13 to the financial statements beginning on page 59 of this annual report.</p>

Investment Trends and Outlook

The Portfolio Manager takes a bottom-up approach to stock selection based on intensive proprietary research. Stock selection is based on rigorous financial analysis, exhaustive scientific review, frequent meetings with company management and consultations with physicians and other industry experts.

The Portfolio Manager seeks to invest in biotechnology companies with strong management teams, innovative products in development and sufficient financial resources to develop those products.

The attainment of profitability frequently acts as a significant catalyst for biotech share price appreciation. As a result, the Portfolio Manager believes superior returns can be achieved by investing in emerging biotechnology companies two to three years prior to sustainable profitability. Companies that become profitable benefit from greater analyst research coverage, a wider institutional investor base and reduced clinical development risk (since profitability typically coincides with a product approval and launch). The Portfolio Manager generally seeks to exit its investments when the wider investor community starts to value a newly profitable biotechnology company in excess of its anticipated future growth.

Risk management is conducted via position size limits, geographic diversification and an appropriate weighting between major and emerging biotechnology.

The Company believes that the biotechnology sector's strong performance during the Company's financial year was justified based on the solid fundamentals of the sector. It further believes that earnings per share growth within the Sector for the next few years will be strong due, in part, to new product launches from a number of major biotechnology companies. In addition to these new products, it also believes that there are several late stage products from smaller biotechnology companies with significant potential and that the sector is still attractive relative to large pharmaceutical companies and the general market given the biotechnology sector's substantial potential.

Strategic Report / Business Review

Director, Social, Economic and Environmental Matters and Looking to the Future

Directors

The Directors of the Company, who served during the year, are shown below. Further information on the Directors can be found on page 24. Details of the Directors' remuneration arrangements can be found on pages 43 to 46 of this annual report.

The Rt Hon Lord Waldegrave of North Hill (Chairman of the Board and Nomination Committee)

Sven Borho

Professor Dame Kay Davies DBE

Paul Gaunt

Dr John Gordon (retired from the Board on 10 July 2014)

Andrew Joy (Senior Independent Director and Chairman of the Remuneration Committee)

Peter Keen (Chairman of the Audit and Management Engagement Committee)

Board Diversity

The Company is supportive of the recommendations of Lord Davies' Report that the performance of corporate boards can be improved by encouraging the appointment of the best people from a range of differing perspectives and backgrounds. The Company recognises the benefits of diversity on the Board, including gender, and takes this into account in its Board appointments. The Company is committed to ensuring that any director search process actively seeks persons with the right qualifications so that appointments can be made on the basis of merit against objective criteria from a diverse selection of candidates. To this end the Board will continue to consider diversity during any director search process and note that the Davies Review of Women on Board recommended that UK listed companies in the FTSE 100 should be aiming for a minimum of 25% of females on the Board.

The Company does not have any employees. Therefore there is no employee information to disclose.

	Male	Female
Directors of the Company	5	1

Social, Economic and Environmental Matters

The Directors, through the Company's Portfolio Manager, encourage companies in which investments are made to adhere to best practice with regard to corporate governance. In light of the nature of the Company's business there are no relevant human rights issues and the Company does not have a human rights policy.

The Company recognises that social and environmental issues can have an effect on some of its investee companies.

The Company is an investment trust and so its own direct environmental impact is minimal. The Board of Directors consists of six Directors, five of whom are resident in the UK and one resident in the United States. The Board holds the majority of its regular meetings in the United Kingdom and has a policy that travel, as far as possible, is minimal, thereby minimising the Company's greenhouse gas emissions. Further details concerning greenhouse gas emissions can be found within the Report of the Directors on page 71 of this annual report.

Looking to the Future

The Board concentrates its attention on the Company's investment performance and OrbiMed's investment approach and on factors that may have an effect on this approach. Marketing reports are given to the Board at each Board meeting by the AIFM which include how the Company will be promoted and details of planned communications with existing and potential shareholders. The Board is regularly updated by the AIFM on wider investment trust industry issues and discussions are held at each Board meeting concerning the Company's future development and strategy.

Strategic Report / Business Review

A review of the Company's year, its performance since the year-end and the outlook for the Company can be found in the Chairman's Statement on pages 4 and 5 and in the Portfolio Manager's Review on pages 7 to 9.

The Company's Portfolio Manager believes that the outlook remains positive for the biotechnology sector, with a strong earnings growth outlook for major biotech companies and robust development pipelines from emerging biotech companies. The Portfolio Manager believes that the portfolio is well positioned to capitalise on the opportunities in the sector.

The Company's overall strategy remains unchanged.

Approval

The Strategic Report was approved by the Board of Directors on 21 May 2015 and signed on its behalf by:

The Rt Hon Lord Waldegrave of North Hill
Chairman

Governance / Board of Directors



The Rt Hon Lord Waldegrave Of North Hill

Chairman of the Board and Nomination Committee

The Rt Hon Lord Waldegrave of North Hill joined the Board in June 1998. He is Provost of Eton College, Chairman of Coutts and Co Limited and Chairman of the Royal Mint Advisory Committee. He was formerly Vice-Chairman of the Investment Banking Department at UBS, Chairman of the Global Financial Institutions Group at Dresdner Kleinwort Wasserstein and a Director of Fleming Family Partners. From 1979 to 1997, he was MP for Bristol West holding a number of Cabinet posts including Secretary of State for Health.



Professor Dame Kay Davies, DBE

Professor Dame Kay Davies, DBE joined the Board in March 2012. She is the Dr. Lee's Professor of Anatomy and Associate Head of the Medical Sciences Division at the University of Oxford and a fellow of Hertford College. She is also a Director of the MRC Functional Genomics Unit at Oxford, an Independent Director of UCB Pharma S.A, Deputy Chairman of the Wellcome Trust and a member of the Scientific Advisory Boards of biopharmaceutical companies UCB Pharma S.A. and ProSensa plc and a consultant to drug discovery company Summit plc. As part of her role as Deputy Chairman of the Wellcome Trust she serves on the GRL Board (Sanger Institute) and the Genome England Board (NHS).



Andrew Joy

Senior Independent Director and Chairman of the Remuneration Committee

Andrew Joy joined the Board in March 2012. He was one of the founding Partners of Cinven where he continues as a Senior Advisor. He is a Senior Advisor of Stonehage Fleming Family & Partners Group and Chairman of the private equity investment committee. Mr. Joy has been Chairman or Director of numerous growing companies over the past 30 years. He is a former Chairman of the BVCA (British Venture Capital and Private Equity Association) and Director of the EVCA.



Sven Borho

Sven Borho joined the Board in March 2006 and is a founding Partner of OrbiMed, the Company's Portfolio Manager. He heads the public equity team and is the portfolio manager for OrbiMed's public equity and hedge funds. Sven has played an integral role in the growth of OrbiMed's asset management activities. In 1991 he joined OrbiMed's predecessor and was promoted to portfolio manager in 1993. He studied business administration at Bayreuth University in Germany and received a M.Sc. (Econs.), Accounting and Finance, from The London School of Economics.



Paul Gaunt

Paul Gaunt joined the Board in June 1997. Paul is self-employed and has over 30 years' experience in the investment industry. He was formerly Senior Investment Manager and an Assistant General Manager of The Equitable Life Assurance Society and a Director of Allianz Technology Trust PLC, Worldwide Healthcare Trust PLC, Brit Insurance Holdings Limited (formerly PLC) and of Oasis Healthcare plc.



Peter Keen

Chairman of the Audit and Management Engagement Committee

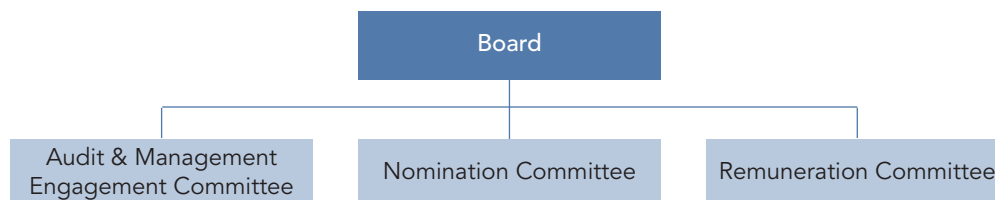
Peter Keen has served on the Board as a Director since the launch of the Company in June 1997 and is Chairman of the Audit and Management Engagement Committee. A Chartered Accountant he has over 30 years' experience in the management and financing of life science businesses. He is Chief Executive of the technology investment firm Cambridge Innovation Capital plc and has served on the board of many private and public companies. He is currently a Director of MRC Technology Ltd and Congenica Ltd. For nine years he was the Senior Independent Director of Abcam plc and was a co-founder of Chiroscience Group plc.

All Directors, with the exception of Sven Borho, are members of the Audit and Management Engagement, Nominations and Remuneration Committees.

All members of the Board are non-executive Directors, each of whom is independent of the Portfolio Manager, with the exception of Mr. Sven Borho who is a Founding General Partner of OrbiMed, the Company's Portfolio Manager and is not considered to be an Independent Director, none of the Directors have been employed by any of the companies in which the Company holds an investment, or any of the Company's service providers.

Governance / Board of Directors

The Board and Committees



Scheduled Meetings

The table below sets out the number of scheduled Board and Committee meetings held during the year ended 31 March 2015 and the number of meetings attended by each Director.

	Board	Audit and Management Engagement Committee	Nominations Committee	Remuneration Committee
Number of meetings held in 2014/15:	4	3	1	1
The Rt Hon Lord Waldegrave of North Hill	4	3	1	1
Sven Borho [^]	4	–	–	–
Professor Dame Kay Davies, DBE	4	3	1	1
Paul Gaunt	4	3	1	1
Dr. John Gordon [*]	2	2	1	1
Andrew Joy	4	3	1	1
Peter Keen	4	3	1	1

All of the Directors attended the Annual General Meeting held on 10 July 2014.

[^] Sven Borho is not a member of any of the Company's committees.

^{*}Dr. Gordon retired from the Board on 10 July 2014.

In addition to the scheduled Board meetings there were a number of unscheduled Board Meetings to consider matters such as the regulations concerning the Alternative Investment Fund Managers Directive and matters concerning the Board's decision to undertake an audit tender and the subsequent appointment of new auditors.

Directors' Interests

The beneficial interests of the Directors and their families in the Company are set out on page 46 of this annual report.

Governance / Corporate Governance

This Statement forms part of the Report of the Directors on pages 65 to 71 of this annual report.

The Board has considered the principles and recommendations of the AIC Code of Corporate Governance (AIC Code) by reference to the AIC Corporate Governance Guide for Investment Companies (AIC Guide). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Corporate Governance Code), will provide better information to shareholders.

The Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Corporate Governance Code, except as set out below.

The UK Corporate Governance Code includes provisions relating to:

- directors
- tenure
- the role of the chief executive
- executive directors' remuneration
- the need for an internal audit function

For the reasons set out in the AIC Guide, and as explained in the UK Corporate governance Code, the Board considers these provisions are not relevant to the position of the Company, being an externally managed investment company. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive directors, employees or internal operations. Therefore with the exception of Director tenure, which is addressed further on page 27, and the need for an internal audit function which is addressed further on page 36, the Company has not reported further in respect of these provisions.

The Principles of the AIC Code

The AIC Code is made up of twenty-one principles split into three sections covering:

- The Board
- Board Meetings and relations with Frostrow and OrbiMed
- Shareholder Communications

AIC Code Principle	Compliance Statement
<p>The Board</p> <p>1. The Chairman should be independent.</p>	<p>The Chairman, The Rt Hon Lord Waldegrave of North Hill is responsible for the leadership of the Board and for ensuring its effectiveness</p> <p>The Chairman continues to be independent of the AIFM and the Portfolio Manager. There is a clear division of responsibility between the Chairman, the Directors, the AIFM, the Portfolio Manager and the Company's other third party service providers. The Chairman is responsible for the leadership of the Board and for ensuring its effectiveness in all aspects of its role. There are no relationships that may create a conflict of interest between the Chairman's interests and those of Shareholders.</p>

Governance / Corporate Governance

AIC Code Principle	Compliance Statement
2. A majority of the Board should be independent of the AIFM.	<p>Mr. Sven Borho is a Founding General Partner of OrbiMed, the Company's Portfolio Manager and is not considered to be an Independent Director. Mr Borho submits himself for annual re-election by shareholders.</p> <p>The Board consists of five other non-executive Directors, each of whom is independent of the AIFM and the Portfolio Manager. None of the Board members have been an employee of the Company.</p>
3. Directors should be submitted for re-election at regular intervals. Nomination for re-election should not be assumed but be based on disclosed procedures and continued satisfactory performance.	<p>All Directors will submit themselves for annual re-election by shareholders.</p> <p>The individual performance of each Director standing for re-election is evaluated annually by the remaining members of the Board and, if considered appropriate, a recommendation is made that shareholders vote in favour of their re-election at the Company's Annual General Meeting to be held in July 2015.</p> <p>Mr Paul Gaunt will be retiring from the Board and will therefore, not be seeking re-election at this year's Annual General Meeting.</p> <p>The Board is currently in the process of recruiting a new director as part of its ongoing refreshment programme.</p>
4. The Board should have a policy on tenure, which is disclosed in the annual report.	<p>The Board, meeting as the Nomination Committee, considers the structure of the Board and recognises the need for progressive refreshing of its members.</p> <p>The Board subscribes to the view expressed within the AIC Code that long-serving Directors should not be prevented from forming part of an independent majority. It does not consider that a Director's tenure necessarily reduces his or her ability to act independently and, following formal performance evaluations, believes that each of those Directors is independent in character and judgment and that there are no relationships or circumstances which are likely to affect their judgment. The Board's policy on tenure is that continuity and experience are considered to add significantly to the strength of the Board and, as such, no limit on the overall length of service of any of the Company's Directors, including the Chairman, has been imposed. In view of its non-executive nature, the Board considers that it is not appropriate for the Directors to be appointed for a specified term, although new Directors are appointed with the expectation that they will serve for a minimum period of three years subject to shareholder approval.</p> <p>The terms and conditions of the Directors' appointments are set out in letters of engagement which are available for inspection on request at the office of Frostrow, the Company's AIFM and from the Company Secretary at the Company's Annual General Meeting to be held in July 2015.</p>

Governance / Corporate Governance

AIC Code Principle

5. There should be full disclosure of information about the Board.

Compliance Statement

The Directors' biographical details, set out on page 24 of this annual report, demonstrate the wide range of skills and experience that they bring to the Board together with details of their other directorships and employment.

Details of the length of service of each Director are set out below:

Length of Service as at 21 May 2015

The Rt Hon Lord Waldegrave of North Hill	16 years
Sven Borho	9 years
Professor Dame Kay Davies, DBE	3 years
Paul Gaunt	17 years
Andrew Joy	3 years
Peter Keen	17 years

Further details of Board composition and succession planning can be found within the Chairman's Statement set out on page 4 of this annual report.

Details of the Board's Committees and their composition are set out on page 36 of this annual report.

The Audit and Management Engagement Committee membership comprises all of the Directors whom are considered independent. The Chairman of the Company is a member of the Audit and Management Engagement Committee, but does not chair it. His membership of the Audit and Management Engagement Committee is considered appropriate given the Chairman's extensive knowledge of the financial services industry.

The Remuneration Committee is comprised of all Directors who are considered independent. The Senior Independent Director of the Company acts as Chairman of this Committee in light of the remit of the Committee. Please see principle 9 for further details concerning the Nomination Committee.

Governance / Corporate Governance

AIC Code Principle	Compliance Statement
<p>6. The Board should aim to have a balance of skills, experience, length of service and knowledge of the company.</p>	<p>The Nomination Committee considers annually the skills possessed by the Board and identifies any skill shortages to be filled by new Directors.</p> <p>When considering new appointments, the Board reviews the skills of the Directors and seeks to add persons with complementary skills or who possess the skills and experience which fill any gaps in the Board's knowledge or experience and who can devote sufficient time to the Company to carry out their duties effectively.</p> <p>The experience of the current Directors is detailed in their biographies set out on page 24 of this annual report.</p> <p>The Company is committed to ensuring that any vacancies arising are filled by the most qualified candidates and recognises the value of diversity in the composition of the Board. When Board positions become available as a result of retirement or resignation, the Company will ensure that a diverse group of candidates is considered.</p> <p>Further details of Board composition and succession planning can be found within the Chairman's Statement set out on page 4 of this annual report.</p>
<p>7. The Board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors.</p>	<p>During the year the performance of the Board, its committees and individual Directors (including each Director's independence) was evaluated through a formal assessment process led by the Senior Independent Director. This involved the circulation of a Board effectiveness checklist, tailored to suit the nature of the Company, followed by discussions between the Senior Independent Director and each of the Directors where necessary. The performance of the Chairman was evaluated by the other Directors under the leadership of the Senior Independent Director. The review concluded that the Board was working well.</p> <p>The Board is satisfied that the structure of skills, mix, experience, independence, knowledge, diversity and operation of the Board continue to be effective and relevant for the Company.</p>
<p>8. Director remuneration should reflect their duties, responsibilities and the value of their time spent.</p>	<p>The Remuneration Committee annually reviews the fees paid to the Directors and compares these with the fees paid by the Company's peer group and the investment trust industry generally, taking into account the level of commitment and responsibility of each Board member. Details on the remuneration arrangements for the Directors of the Company can be found in the Directors' Remuneration Policy Report and Directors' Remuneration Report on pages 43 to 47 of this annual report and in note 15 to the Financial Statements.</p> <p>As all of Directors are non-executive, the Board considers that it is acceptable for the Senior Independent Director of the Company to chair meetings when discussing Directors' fees. The Senior Independent Director takes no part in discussions regarding his own remuneration.</p>

Governance / Corporate Governance

AIC Code Principle	Compliance Statement
9. The independent directors should take the lead in the appointment of new directors and the process should be disclosed in the annual report.	<p>The Nomination Committee is comprised of all directors who are independent and chaired by the Chairman of the Board. Subject to there being no conflicts of interest, all members of the Committee are entitled to vote on candidates for the appointment of new directors and on recommending for shareholders' approval the directors seeking re-election at the Annual General Meeting.</p> <p>The Chairman does not Chair the meeting when the committee is dealing with matters concerning the appointment of a successor to the Chairmanship.</p> <p>Details of the Board's commitment to diversity is set out within the Business Review on page 22 of this annual report.</p>
10. Directors should be offered relevant training and induction.	<p>New appointees to the Board are provided with a full induction programme. The programme covers the Company's investment strategy, policies and practices. The directors are also given key information on the Company's regulatory and statutory requirements as they arise including information on the role of the Board, matters reserved for its decision, the terms of reference for the Board Committees, the Company's corporate governance practices and procedures and the latest financial information. It is the Chairman's responsibility to ensure that the directors have sufficient knowledge to fulfil their role and directors are encouraged to participate in training courses where appropriate.</p> <p>The directors have access to the advice and services of a Company Secretary through its appointed representative which is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary is also responsible for ensuring good information flows between all parties.</p>
11. The Chairman (and the Board) should be brought into the process of structuring a new launch at an early stage.	<p>Principle 11 applies to the launch of new investment companies and is therefore not applicable to the Company.</p>

Board Meetings and relations with Frostrow and OrbiMed

12. Boards and managers should operate in a supportive, co-operative and open environment.	<p>The Board meets regularly throughout the year and a representative of the AIFM and Portfolio Manager is in attendance at each meeting and Committee meetings. The Chairman encourages open debate to foster a supportive and co-operative approach for all participants.</p>
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Governance / Corporate Governance

AIC Code Principle	Compliance Statement
<p>13. The primary focus at regular Board meetings should be a review of investment performance and associated matters, such as gearing, asset allocation, marketing/investor relations, peer group information and industry issues.</p>	<p>The Board has agreed a schedule of matters specifically reserved for decision by the Board. This includes establishing the investment objectives, strategy and benchmarks, the level of borrowing, the permitted types or categories of investments, the markets in which transactions may be undertaken, the amount or proportion of the assets that may be invested in any category of investment or in any one investment, and the Company's share issuance, share buy-back and treasury share policies.</p> <p>The Board, at its regular meetings, undertakes reviews of key investment and financial data, revenue projections and expenses, analysis of asset allocation, transactions and performance comparisons, share price and net asset value performance, marketing and shareholder communication strategies, the risks associated with pursuing the investment strategy, peer group information and industry issues.</p> <p>The Chairman is responsible for ensuring that the Board receive accurate, timely and clear information. Where appropriate representatives of the AIFM report on issues effecting the company.</p> <p>All directors have access to independent professional advice where they judge it necessary to discharge their responsibility properly.</p> <p>The Audit and Management Engagement Committee reviews the Company's risk matrix and the performance and cost of the Company's third party service providers.</p>
<p>14. Boards should give sufficient attention to overall strategy.</p>	<p>The Board is responsible for strategy and has established an annual programme of agenda items under which it reviews the objectives and strategy for the Company at each meeting.</p>
<p>15. The Board should regularly review both the performance of, and contractual arrangements with, the AIFM and the Portfolio manager (or executives of a self-managed company).</p>	<p>The Audit and Management Engagement Committee reviews annually the performance of the AIFM and Portfolio Manager. The Committee considers the quality, cost and remuneration method (including the performance fee) of the service provided by the AIFM and the Portfolio Manager against their contractual obligations and the Board receives monthly reports on compliance with the investment restrictions which it has set. It also considers the performance analysis provided by the AIFM and the Portfolio Manager.</p> <p>The Audit and Management Engagement Committee reviews the compliance and control systems of both the AIFM and the Portfolio Manager in operation insofar as they relate to the affairs of the Company and the Board undertakes periodic reviews of the arrangements with and the services provided by the Depositary, to ensure that the safeguarding of the Company's assets and security of the shareholders' investment is being maintained. Further details concerning the monitoring of the Company's internal controls and risk management can be found on pages 40 to 41 and 19 to 21 of this annual report.</p> <p>All directors act in what they consider to be in the best interests of the company, consistent with their statutory duties set out in the Companies Act 2006.</p>

Governance / Corporate Governance

AIC Code Principle	Compliance Statement
<p>16. The Board should agree policies with the AIFM and the Portfolio Manager covering key operational issues.</p>	<p>The Portfolio Management Agreement between the Company, the AIFM and Portfolio Manager sets out the limits of Portfolio Manager's authority, beyond which Board approval is required. The Board has also agreed detailed investment guidelines with the AIFM and the Portfolio Manager, which are considered at each Board meeting.</p> <p>A representative of the AIFM and Portfolio Manager attends each meeting of the Board to address questions on specific matters and to seek approval for specific transactions which the Portfolio Manager is required to refer to the Board.</p> <p>Frostrow in their capacity as the Company's AIFM have delegated the management of the portfolio and subsequent proxy voting to OrbiMed as Portfolio Manager, who retain the services of Broadridge and Glass Lewis to undertake operational and administrative duties relating to proxy voting. The Portfolio Manager notifies the Board of any contentious issues that require voting upon.</p> <p>The Board has reviewed the Portfolio Manager's Proxy Voting & Class Action Policy.</p> <p>Reports on commissions paid by the Portfolio Manager are submitted to the Board regularly.</p>
<p>17. Boards should monitor the level of the share price discount or premium (if any) and, if desirable, take action to reduce it.</p>	<p>The Board considers any imbalances in the supply of and the demand for the Company's shares in the market and takes appropriate action when considered necessary.</p> <p>The Board considers the discount or premium to net asset value of the Company's share price at each Board meeting and reviews the changes in the level of discount or premium and in the share price since the previous Board meeting and over the previous twelve months.</p> <p>At each meeting the Board reviews reports from the AIFM on marketing and shareholder communication strategies. It also considers their effectiveness as well as measures of investor sentiment and any recommendations on issuance and share buy-backs.</p> <p>The Board does not consider that any conflicts arose from the AIFM and Portfolio Manager promoting the Company alongside their other clients.</p>
<p>18. The Board should monitor and evaluate other service providers.</p>	<p>The Audit and Management Engagement Committee reviews, at least annually, the performance of all the Company's third party service providers, including the level and structure of fees payable and the length of the notice period, to ensure that they remain competitive and in the best interests of shareholders.</p> <p>The Committee also reviews reports from the principal service providers on compliance and the internal and financial control systems in operation and relevant independent audit reports thereon, as well as reviewing service providers' anti-bribery and corruption policies to address the provisions of the Bribery Act 2010.</p> <p>The Board is satisfied that the Company's Auditor does not carry out any work for the AIFM and therefore no potential conflict will arise.</p>

Governance / Corporate Governance

AIC Code Principle	Compliance Statement
<p>Shareholder Communications</p> <p>19. The Board should regularly monitor the shareholder profile of the company and put in place a system for canvassing shareholder views and for communicating the Board's views to shareholders.</p> <p>20. The Board should normally take responsibility for, and have a direct involvement in, the content of communications regarding major corporate issues even if the manager is asked to act as spokesman.</p>	<p>A detailed analysis of the substantial shareholders of the Company is provided to the directors at each Board meeting. Representatives of the AIFM and the Portfolio Manager regularly meet with institutional shareholders and private client asset managers to discuss strategy and to understand their issues and concerns and, if applicable, to discuss corporate governance issues. The results of such meetings are reported at the following Board meeting.</p> <p>Regular reports from the Company's broker are submitted to the Board on investor sentiment and industry issues.</p> <p>Shareholders wishing to communicate with the Chairman, the Senior Independent Director or any other member of the Board, may do so by writing to the Company, for the attention of the Company Secretary at the offices of the AIFM. All shareholders are encouraged to attend the Annual General Meeting, where they are given the opportunity to question the Chairman, the Board and representatives of the Portfolio Manager. The Portfolio Manager will make a presentation to shareholders covering the investment performance and strategy of the Company at the forthcoming Annual General Meeting to be held in July 2015.</p> <p>The Directors welcome the views of all shareholders and place considerable importance on communications with them. The Chairman will ensure that all members of the Board are made aware of the issues and concerns raised by shareholders and that the appropriate steps are taken so that the Board has an adequate understanding of these views, through communication with the Company's AIFM and advisors.</p> <p>All substantive communications regarding any major corporate issues are discussed by the Board taking into account representations from the AIFM, the Portfolio Manager, the Auditor, legal advisers and stockbroker.</p>

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AIC Code Principle	Compliance Statement
21. The Board should ensure that shareholders are provided with sufficient information for them to understand the risk:reward balance to which they are exposed by holding the shares.	<p>The Company places great importance on communication with shareholders and aims to provide them with a full understanding of the Company's investment objective, policy and activities, its performance and the principal investment risks by means of informative annual and half-year reports. This is supplemented by the daily publication, through the London Stock Exchange, of the net asset value per share of the Company's shares.</p> <p>The Board is responsible for the overall management of the Company, approval of the Company's long term objectives and commercial strategy and the review of the Company's Investment Policy. The Board continues to review the setting of maximum borrowing limits under which the AIFM and Portfolio Manager operates within.</p> <p>The annual report provides information on Portfolio Manager's investment performance, portfolio risk and operational and compliance issues. Further details on the risk/reward balance are set out in note 13 to the Financial Statements. The Board reviews the Portfolio Manager's investment performance, portfolio risk and operational issues on a quarterly basis. A Compliance Report is circulated by the AIFM for review on a monthly basis.</p> <p>The Investment Portfolio is listed on page 6 of this annual report.</p> <p>The Company's website, www.biotechgt.com, is regularly updated with monthly factsheets and provides useful information about the Company including the Company's financial reports and announcements.</p>

Board Independence, Composition and Tenure

The Board is responsible to shareholders for the overall management of the Company's affairs and currently consists of six non-executive Directors. The Chairman is responsible for the leadership of the Board and ensuring its effectiveness in all aspects of its role. The Directors' biographical details, set out on page 24, demonstrate a breadth of investment, commercial and professional experience. Mr Andrew Joy is the Senior Independent Director, who can act as a sounding board for the Chairman and as an intermediary for the other Directors if necessary.

The Company's Articles of Association provide that all Directors are required to submit themselves for re-election at least once every three years or annually if they have served for more than eight years. While the Company is not a FTSE 350 company the Board has implemented the provisions of the UK Governance Code whereby all Directors of the Company stand for re-election on an annual basis.

All of the Directors, with the exception of Mr Sven Borho, are considered independent of the AIFM and the Portfolio Manager and have no relationship or conflicts which are likely to affect their independent judgment. The Board subscribes to the view expressed within the AIC Code that long-serving Directors should not be prevented from forming part of an independent majority and it does not consider that a Director's tenure necessarily reduces his or her ability to act independently.

Governance / Corporate Governance

The Board has considered the position of all of the Directors as part of the evaluation process, and believes that it would be in the Company's best interests to propose them, with the exception of Mr Paul Gaunt who is retiring at the conclusion of the forthcoming Annual General Meeting for re-election at the forthcoming Annual General Meeting for the following reasons:

The Rt Hon Lord Waldegrave, who has been Chairman of the Company since July 2012 and a Director since 1998, brings a wealth of experience to the Board through his financial career. He formally held a number of cabinet posts including Secretary of State for Health. He is Provost of Eton College, Chairman of Coutts and Co Limited and of the Royal Mint Advisory Committee.

Professor Dame Kay Davies, DBE, who has been a Director since March 2012, has extensive knowledge of the biopharmaceutical sector and is the Dr Lee's Professor of Anatomy and Associate Head of the Medical Science Division at the University of Oxford. She is also a consultant to drug discovery company Summit plc.

Mr Andrew Joy, who has been a Director since March 2012 is Senior Independent Director and Chairman of the Remuneration Committee. He has extensive knowledge of the financial sector and was one of the founding Partners of Cinven where he continues as a Senior Advisor. He has been Chairman or Director of numerous growing companies over the past 30 years.

Mr Sven Borho, who has been a Director since March 2006 is one of the founding partners of OrbiMed the Company's Portfolio Manager. He heads public equity and hedge funds and has played an integral role in the growth of OrbiMed's asset management activities.

Mr Peter Keen, who has been a Director since June 1997 and is Chairman of the Audit and Management Engagement Committee. A Chartered Accountant he has nearly 30 years experience in the management and financing of life science businesses; his contribution to the Company's Audit and Management Engagement Committee is particularly respected by his colleagues.

The Chairman is pleased to report that following a formal performance evaluation, the Directors' performance continues to be effective and they continue to demonstrate commitment to the role.

The Board's Responsibilities

The Board meets regularly and four Board meetings were held during the year to deal with the stewardship of the Company and other matters. There is a formal schedule of matters specifically reserved for decision by the Board; it is responsible for all aspects of the Company's affairs, including the setting of parameters for and the monitoring of the investment strategy and the review of investment performance and investment policy which is set out on page 15 of this annual report. It also has responsibility for all corporate strategy issues, dividend policy, share buy-back and issuance policy, borrowing, share price and discount/premium monitoring and corporate governance matters.

There is an agreed procedure for Directors, in the furtherance of their duties, to take independent professional advice if necessary at the Company's expense. The Directors have access to the advice and services of the Company Secretary, through its appointed representative, who is responsible to the Board for ensuring that Board procedures are followed.

Conflicts of Interest

Directors have a duty to avoid a situation in which he or she has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the Company's interests (a "situational conflict").

It is the responsibility of each individual Director to avoid an unauthorised conflict situation arising. He or she must request authorisation from the Board as soon as he or she becomes aware of the possibility of a situational conflict arising.

The Board is responsible for considering Directors' requests for authorisation of situational conflicts and for deciding whether they should be authorised. The factors to be considered will include whether the situational conflict could prevent the Director from performing his or her duties, whether it has, or could have, any impact on the Company and whether it could be regarded as likely to affect the judgment and/or actions of the Director in question. When the Board is deciding whether to authorise a conflict or potential conflict, only Directors who have no interest in the matter being considered are able to take the relevant decision, and in taking the decision the Directors must act in a way they consider, in good faith, will be most likely to promote the Company's success. The Directors are able to impose limits or conditions when giving authorisation if they think this is appropriate in the circumstances.

Governance / Corporate Governance

A register of conflicts is maintained by the Company Secretary and is reviewed at each Board meeting, to ensure that any authorised conflicts remain appropriate. Directors are required to confirm at these meetings whether there has been any change to their position.

The Directors must also comply with the statutory rules requiring company directors to declare any interest in an actual or proposed transaction or arrangement with the Company.

Committees of the Board

The Board has delegated certain responsibilities and functions to committees. Copies of the full terms of reference, which clearly define the responsibilities of each committee, can be obtained from the Company Secretary, will be available for inspection at the Annual General Meeting and can be found at the Company's website at www.biotechgt.com. The membership of the Company's committees comprises those Directors considered independent by the Board. The Remuneration Committee is chaired by Mr Andrew Joy, the Nominations Committee is chaired by the Chairman of the Company, The Rt Hon Lord Waldegrave of North Hill, and the Audit and Management Engagement Committee is chaired by Mr Peter Keen.

Nominations Committee

The Nominations Committee met on one occasion during the year and is responsible for the Board appraisal process and for making recommendations to the Board on the appointment of new Directors. Where appropriate, each Director is invited to submit nominations and external advisers are used to identify potential candidates.

Remuneration Committee

The Company's Remuneration Committee met on one occasion during the year. The level of Directors' fees is reviewed each year relative to other comparable investment companies and in the light of Directors' responsibilities. Consistent with this policy as at 1 April 2015, the Directors' fees remain unchanged. Details of the fees paid to the Directors in the year under review are detailed in the Directors' Remuneration Report and also the Directors' Remuneration Policy Report on pages 43 to 47 of this annual report.

Audit and Management Engagement Committee

The Audit and Management Engagement Committee (the "Committee") meets at least three times a year and is responsible for the review of the half-year and annual financial statements, the nature and scope of the external audit and the findings therefrom and the terms of appointment of the Auditors, including their remuneration and the provision of any non-audit services by them. In addition, the Committee is responsible for the review of the Company's financial controls and of the AIFM and Portfolio Management Agreements and of the services provided by the AIFM and the Portfolio Manager. At a Committee meeting held on 11 February 2015 it was agreed that no amendments to the agreements were required. The agreements were entered into as part of the implementation of AIFMD in July 2014 and will be reviewed annually.

The Committee meets representatives of the AIFM and Portfolio Manager and their Compliance Officers who report as to the proper conduct of business in accordance with the regulatory environment in which the Company, AIFM and Portfolio Manager operate. The Company's Auditors also attend meetings of this Committee at its request and report on their work procedures and their findings in relation to the Company's statutory audit. They also have the opportunity to meet with the Committee without representatives of the AIFM or the Portfolio Manager being present.

Internal Audit

The Audit and Management Engagement Committee carries out an annual review of the need for an internal audit function. As the Company delegates to third parties its day-to-day operations and has no employees, it has determined that there are no requirements for an internal audit function.

The Board applies the same standards to its service providers in their activities for the Company.

Governance / Corporate Governance

Anti-Bribery and Corruption Policy

A copy of the Company's anti-bribery and corruption policy can be found on its website at www.biotechgt.com. The policy is reviewed regularly by the Audit and Management Engagement Committee.

Relationship with Shareholders

The Board, the AIFM and the Portfolio Manager consider maintaining good communications with shareholders and engaging with larger shareholders through meetings and presentations a key priority. Shareholders are being informed by the publication of annual and half year reports which include financial statements. These reports are supplemented by the daily release of the net asset value per share to the London Stock Exchange and the publication of monthly factsheets. All this information including interviews with the Portfolio Manager is available on the Company's website at www.biotechgt.com.

The Board is also keen that the Annual General Meeting ("AGM") be a participative event for all shareholders. The Portfolio Manager makes a presentation and shareholders are encouraged to attend. The Chairmen of the Board and of the Committees attend the AGM and are available to respond to queries and concerns from shareholders. Twenty working days notice of the AGM has been given to shareholders and separate resolutions are proposed in relation to each substantive issue. Shareholders may submit questions for the AGM in advance of the meeting or make general enquiries of the Company via the Company Secretary at the registered office of the Company. The Directors make themselves available after the AGM to meet shareholders.

Where the vote is decided on a show of hands, the proxy votes received are relayed to the meeting and subsequently published on the Company's website. Proxy forms have a 'vote withheld' option. The Notice of Meeting sets out the business of the AGM together with the full text of any special resolutions and begins on page 86 of this annual report.

The Company has made arrangements for investors through the Alliance Savings Scheme to receive all Company communications and have the ability to direct the casting of their votes. The Company has also made arrangements with its registrar for shareholders, who own their shares direct rather than through a nominee or share scheme, to view their account via the internet at www.capitashareportal.com. Other services are also available via this service.

The Board monitors the share register of the Company; it also reviews correspondence from shareholders at each meeting and maintains regular contact with major shareholders. Shareholders who wish to raise matters with a Director may do so by writing to them at the registered office of the Company.

The Board receives marketing and public relations reports from the AIFM to which the marketing financial has been delegated. The Board reviews and considers the marketing plans of the AIFM on a regular basis.

Exercise of Voting Powers

The Board has delegated authority to the Portfolio Manager to vote the shares owned by the Company that are held on its behalf by its Depositary, J.P. Morgan Europe Limited. The Board has instructed that the Portfolio Manager submit votes for such shares wherever possible. (See AIC Code Principle 21 on page 34 for further details). This accords with current best practice whilst maintaining a primary focus on financial returns. The Portfolio Manager may refer to the Board on any matters of a contentious nature. The Company does not retain voting rights on any shares that are subject to rehypothecation in connection with the overdraft facility provided by J.P. Morgan Clearing Corp.

Nominee Share Code

Where shares are held in a nominee company name and where the beneficial owner of the shares is unable to vote in person, the Company nevertheless undertakes:

- to provide the nominee company with multiple copies of shareholder communications, so long as an indication of quantities has been provided in advance;
- to allow investors holding shares through a nominee company to attend general meetings, provided the correct authority from the nominee company is available; and

Governance / Corporate Governance

- that investors in the Alliance Trust Savings Scheme or ISA are automatically sent shareholder communications, including details of general meetings, together with a form of direction to facilitate voting and to seek authority to attend.

Nominee companies are encouraged to provide the necessary authority to underlying shareholders to attend the Company's general meetings.

By order of the Board

Frostrow Capital LLP
Company Secretary

21 May 2015

Governance / Audit and Management Engagement Committee Report

for the year ended 31 March 2015

The Committee, which comprises of all the Directors, with the exception of Mr. Sven Borho, meets at least twice during the year. Attendance by each Director is shown in the table on page 25 of this annual report.

Responsibilities

The Committee's main responsibilities during the year were:

1. **To review the Company's half year and annual financial statements** together with announcements and other filings relating to the financial performance of the Company and issues of the Company's shares. In particular, the Committee considered whether the annual financial statements are fair, balanced and understandable, allowing shareholders to more easily assess the Company's strategy, investment policy, business model and financial performance.
2. **To review the risk management and internal control processes** of the Company and its key service providers. As part of this review the Committee again reviewed the appropriateness of the Company's anti-bribery and corruption policy. During the year the Committee reviewed the Internal Controls in place at the Company's AIFM, Frostrow, its Portfolio Manager, OrbiMed, its Registrar, Capita Asset Services and its Depositary J.P. Morgan Europe Limited. Further information concerning risk management can be found within the Strategic Report on pages 19 to 21 of this annual report.
3. **To recommend the appointment of an external auditor**, and agreeing the scope of its work and its remuneration, reviewing its independence and the effectiveness and objectivity of the audit process.
4. **To consider any non-audit work to be carried out by the auditors.** The Committee reviews the need for non-audit services and authorises such fees on a case by case basis, having consideration to the cost effectiveness of the services and the independence and objectivity of the Auditors. Non audit fees of £6,000 were paid to Ernst & Young LLP for their review of the Company's half-year accounts. In addition fees totaling £3,000 were earned in relation to taxation services. The external auditor carried out no other non-audit work during the year.
5. **To consider the need for an internal audit function.** Since the Company delegates its day-to-day operations to third parties and has no employees, the Committee has determined there is no requirement for such a function.

The Committee's terms of reference are available for review on the Company's website at www.biotechgt.com.

Meetings and Business

The Committee which consists of all the independent Directors of the Company, met three times during the year. Attendance by each Director is shown on page 25 of this Annual Report. A Sub Committee consisting of Mr Peter Keen and Dr John Gordon met a number of times during this period in order to conduct the audit tender and make formal recommendations to the Board.

The following matters were dealt with at these meetings:

May 2014

- Review of the Committee's terms of reference
- Review of the preliminary results
- Approval of the annual report and financial statements
- Review of risk management, internal controls and compliance
- Review of the Manager's internal control framework

November 2014

- Review of the auditor's plan for the 2014/2015 audit
- Review of the Committee's terms of reference
- Review of risks, internal control and compliance
- Review of the Company's anti bribery and corruption policy and the measures put in place by the Company's service providers
- Approval of the half-year report

Governance / Audit and Management Engagement Committee Report

February 2015

- Review of the Committee's terms of reference
- A review of the Company's service providers

Financial Statements

The financial statements, and the annual report as a whole, are the responsibility of the Board. The Directors' Responsibility Statement is contained on page 72 of the annual report. The Board looks to the Audit and Management Engagement Committee to advise them in relation to the Financial Statements both as regards their form and content, issues which might arise and on any specific areas requiring judgment.

Significant Reporting Matters

During the year the Committee considered key accounting issues, matters and judgments in relation to the Company's financial statements and disclosures relating to:

Company's Investments

The Committee approached and dealt with this area of risk by:

- reconfirming its understanding of the processes in place to record investment transactions and to value the investment portfolio;
- gaining an overall understanding of the performance of the investment portfolio both in capital and revenue terms through comparison to a suitable benchmark; and
- ensuring that all investment holdings and cash/deposit balances have been agreed to confirmation from the custodian or relevant bank.

Performance Fee

The Committee approached and dealt with the area of risk by:

- Seeking confirmation from the AIFM that the performance fee is calculated in accordance with the Alternative Investment Fund Manager agreement and the Portfolio Management agreement. (Further details can be found in the Report of Directors on pages 66 to 68 of this annual report).
- Seeking confirmation from the Company's auditor that the fees accrued and payable are in accordance with the above mentioned agreements. As part of the audit process all inputs are agreed to audited source data and the performance fee is re-calculated.
- Prior to the payment of any performance fees, the Company's auditor is engaged to audit the amounts payable which includes a re-calculation of the fees payable.

Taxation

The Committee approached and dealt with the area of risk, surrounding compliance with section 1158 of the Corporation Tax Act 2010, by:

- seeking confirmation from the AIFM that the Company continues to meet the eligibility conditions as outlined in section 1158;
- by obtaining written confirmation from HMRC, evidencing the approval of the Company as an investment trust under the regime; and
- understanding the risks and consequences if the Company breaches this approval in future years.

Internal Controls

In accordance with the provision C2 and C3 of the UK Corporate Governance Code, risk assessment and the review of internal controls are undertaken by the Board in the context of the Company's overall investment objective. The review covers the key business, operational, compliance and financial risks facing the Company. In arriving at its judgment of what risks the Company faces, the Board has considered the Company's operations in the light of the factors listed overleaf:

Governance / Audit and Management Engagement Committee Report

- the nature and extent of risks which it regards as acceptable for the Company to bear within its overall business objective;
- the threat of such risks becoming a reality; and
- the Company's ability to reduce the incidence and impact of risk on its performance.

Against this background, the Board has split the review of risk and associated controls into five sections reflecting the nature of the risks being addressed. These sections are as follows:

- corporate strategy;
- investment activity;
- published information, compliance with laws and regulations;
- service providers; and
- financial activity.

The Company has appointed Frostrow to provide administrative services to the Company. The Company has obtained from its various service providers assurances and information relating to their internal systems and controls to enable the Board to make an appropriate risk and control assessment, including the following:

- details of the control environment in operation;
- identification and evaluation of risks and control objectives;
- review of communication methods and procedures; and
- assessment of the control procedures.

The key procedures which have been established to provide internal financial controls are as follows:

- portfolio management is provided by OrbiMed who provide regular updates and reports to the Board. The Board is responsible for setting the overall investment policy and monitors the actions of the Portfolio Manager at regular Board meetings;
- administration, company secretarial and marketing duties for the Company are performed by Frostrow;
- custody of assets is undertaken by J.P. Morgan Europe Limited;
- the Board clearly defines the duties and responsibilities of their agents and advisers. The appointment of agents and advisers to the Company is conducted by the Board after consideration of the quality of the parties involved; the Board monitors their ongoing performance and contractual arrangements;
- mandates for authorisation of investment transactions and expense payments are set by the Board; and
- the Board reviews financial information produced by the AIFM and the Portfolio Manager in detail on a regular basis.

All of the Company's management functions are performed by third parties whose internal controls are reviewed by the Board or on its behalf by Frostrow.

In accordance with guidance issued to directors of listed companies, the Directors confirm that they have carried out a review of the effectiveness of the system of internal financial control and risk management during the year, as set out above and that:

- a) The Board has in place an ongoing procedure for identifying, evaluating and managing significant risks faced by the Company, which were in place for the year under review and up to 21 May 2015. This procedure is regularly reviewed by the Board and accords with the Turnbull guidance and Listing Rule 9.8; and
- b) As mentioned above the Board are responsible for the Company's system of internal controls and for reviewing its effectiveness and that it is designed to manage the risk of failure to achieve business objectives. This can only provide reasonable not absolute assurance against material misstatement or loss.

Governance / Audit and Management Engagement Committee Report

External Auditor

Meetings:

This year the nature and scope of the audit together with Ernst & Young LLP's audit plan were considered by the Committee on 4 November 2014 without the auditor being present:

As Chairman of the Committee, I met the audit partner, Mr Amarjit Singh, and his audit manager on 28 April 2015 to discuss the outcome of the audit and the draft 2015 annual report and accounts. The Committee then met Ernst & Young LLP on 14 May 2015 to review the progress of the audit and to discuss the limited matters that arose.

Independence and Effectiveness:

In order to fulfil the Committee's responsibility regarding the independence of the Auditor, we reviewed:

- the senior audit personnel in the audit plan for the year,
- the auditor's arrangements concerning any conflicts of interest,
- the extent of any non-audit services,
- the statement by the auditor that they remain independent within the meaning of the regulations and their professional standards; and
- auditor independence and length of tenure of the audit partner.

In order to consider the effectiveness of the audit process, we reviewed:

- the auditor's fulfilment of the agreed audit plan,
- the report arising from the audit itself, and
- feedback from the AIFM.

The Committee is satisfied with the auditor's independence and the effectiveness of the audit process, together with the degree of diligence and professional scepticism brought to bear.

Auditors

It had been noted by the Committee that the Company's previous Auditor, Grant Thornton UK LLP and its predecessor firm, had been in office since the Company's inception, during which time no audit tender had taken place. Whilst the audit partner had changed periodically in accordance with professional and regulatory standards to protect independence and objectivity, in accordance with best practice it was felt appropriate to undertake a formal audit tender.

Following a formal tender process, Ernst & Young LLP were appointed as Auditor of the Company commencing with the 2014/15 financial year. In accordance with the recommendations of the Statutory Audit Services for Large Companies Market Investigation Order 2014 the Company will review the need to re-tender for new auditors every 10 years.

Grant Thornton UK LLP resigned with effect from the conclusion of the Annual General Meeting held on 10 July 2014. Having satisfied themselves of the appropriateness of Ernst & Young LLP following the tender process and in accordance with the Companies Act 2006, shareholder approval concerning the appointment of a new Auditor and the authority to fix their remuneration was granted at the Annual General Meeting held on 10 July 2014.

Ernst & Young LLP has carried out the audit for the year ended 31 March 2015 and were considered to be independent by the Board. Ernst & Young LLP have indicated their willingness to continue to act as Auditor to the Company for the forthcoming year and a resolution for their re-appointment will be proposed at the forthcoming Annual General Meeting.

Auditor	Date of Appointment	Length of service as at 21 May 2015
Ernst & Young LLP	10 July 2014	10 months

Peter Keen

Chairman of the Audit and Management Engagement Committee

21 May 2015

Governance / Directors' Remuneration Report

for the year ended 31 March 2015

Statement from the Chairman

I am pleased to present the Directors' Remuneration Report to shareholders.

This report has been prepared in accordance with the requirements of Section 421 of the Companies Act 2006 and the Enterprise and Regulatory Reform Act 2013. An Ordinary Resolution for the approval of this report was last put to the shareholders at the 2014 Annual General Meeting. The Directors Remuneration Policy Report, which is separate to this report can be found on page 47 of this annual report.

The law requires the Company's Auditor to audit certain of the disclosures provided in this report. Where disclosures have been audited, they are indicated as such and the Auditor's opinion is included in their report to shareholders beginning on page 74. The Remuneration Policy Report on page 47 forms part of this report.

The Remuneration Committee considers the framework for the remuneration of the Directors on an annual basis. It reviews the ongoing appropriateness of the Company's remuneration policy and the individual remuneration of Directors by reference to the activities of the Company and comparison with other companies of a similar structure and size. This is in line with the AIC Code.

At the most recent review held on 11 February 2015, it was agreed to increase the fees paid to the Directors by c.4% with effect from 1 April 2015 (the last increase having taken effect from 1 April 2013): Chairman £35,500, Chairman of the Audit Committee and Senior Independent Director £27,000 and £25,000 for each other Director.

In the year to 31 March 2015, the Directors' fees were paid at the following annual rates: myself as Chairman of the Company £34,000, Mr Peter Keen as Chairman of the Audit and Management Engagement Committee and Mr Joy as Senior Independent Director received an annual fee of £26,000 and £24,000 for each other Director.

All levels of remuneration reflect both the time commitment and responsibility of the role.

Directors' Fees

The Directors, as at the date of this report, and who all served throughout the year, received the fees listed in the table below. These exclude any employers' national insurance contributions, if applicable. No other forms of remuneration were received by the Directors and so fees represent the total remuneration of each Director.

As noted in the Strategic Report, all of the Directors are non-executive and therefore there is no Chief Executive Officer. The Company does not have any employees. There is therefore no CEO or employee information to disclose.

£7,300 was paid to Dr John Gordon, a former director of the Company who retired from the Board on Thursday, 10 July 2014.

Directors' Emoluments for the Year (audited)

The Directors who served in the year received the following emoluments in the form of fees:

	Date of Appointment to the Board	Fees 2015	Fees 2014
The Rt Hon Lord Waldegrave of North Hill* (Chairman)	6 June 1998	34,000	34,000
Sven Borho	23 March 2006	24,000	24,000
Professor Dame Kay Davies, DBE	15 March 2012	24,000	24,000
Paul Gaunt	5 June 1997	24,000	24,000
Dr John Gordon**	5 June 1997	7,300	26,000
Andrew Joy (Senior Independent Director & Chairman of the Remuneration Committee)***	15 March 2012	25,449	24,000
Peter Keen (Chairman of the Audit & Management Engagement Committee)	23 June 1997	26,000	26,000
		164,749	182,000

* appointed as Chairman of the Company on 12 July 2012.

** Dr Gordon retired from the Board on 10 July 2014.

*** appointed as Senior Independent Director and Chairman of the Remuneration Committee on 10 July 2014.

Governance / Directors' Remuneration Report

At the Annual General Meeting held in July 2014 the results in respect of the resolutions to approve the Directors' Remuneration Report and Policy were as follows:

Directors' Remuneration Report

	Percentage of votes cast For	Percentage of votes cast Against	Number of votes withheld
	98.94	1.06	5,130

Directors' Remuneration Policy

	Percentage of votes cast For	Percentage of votes cast Against	Number of votes withheld
	77.15	22.85	68,430

Further details concerning Director Remuneration can be found in the Corporate Governance section on page 29 of this annual report.

A copy of the Directors' Remuneration Policy may be inspected by shareholders by either contacting the Company Secretary or visiting the Company's website at www.biogtechgt.com.

Sums paid to Third Parties

None of the fees referred to in the above table were paid to any third party in respect of the services provided by any of the Directors.

Other Benefits

Taxable Benefits – Article 88 of the Company's Articles of Association provides that Directors are entitled to be reimbursed for reasonable expenses incurred by them in connection with the performance of their duties and attendance at Board and General Meetings.

The following expenses were paid to Directors during the year.

	31 March 2015
The Rt Hon Lord Waldegrave of North Hill (Chairman)	£nil
Sven Borho†	£16,276
Professor Dame Kay Davies, DBE	£91
Paul Gaunt	£1,426
Dr John Gordon*	£nil
Andrew Joy	£nil
Peter Keen	£421

† paid to OrbiMed Capital LLC in respect of travel expenses.

* Dr Gordon retired from the Board on 10 July 2014.

Pensions related benefits – Article 90 permits the Company to provide pension or similar benefits for Directors and employees of the Company. However, no pension schemes or other similar arrangements have been established and no Director is entitled to any pension or similar benefits.

Loss of office

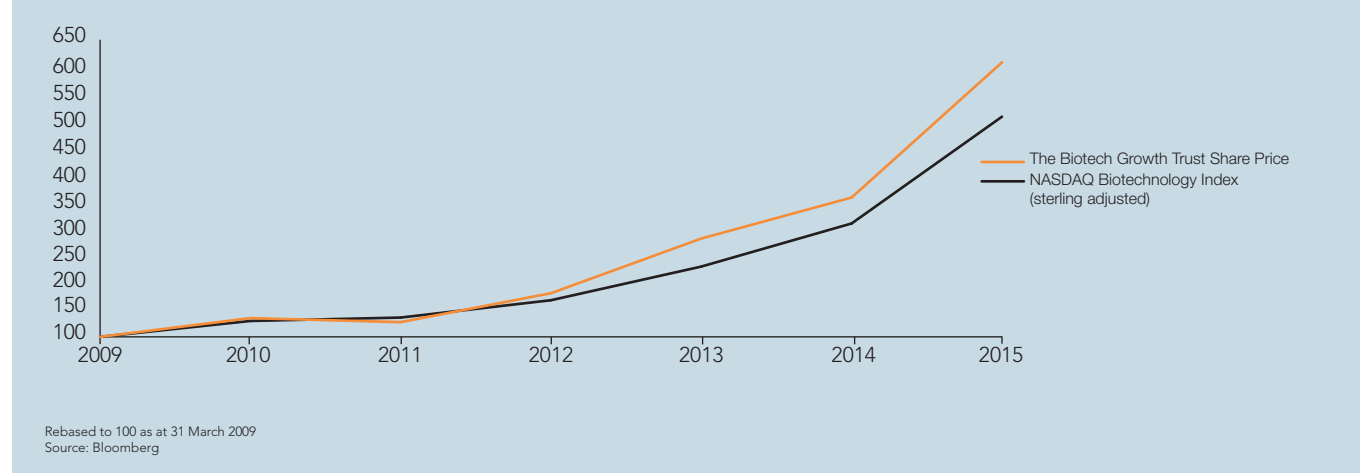
Directors do not have service contracts with the Company but are engaged under Letters of Appointment. These specifically exclude any entitlement to compensation upon leaving office for whatever reason.

Governance / Directors' Remuneration Report

Share Price Return

Share price versus the NASDAQ Biotechnology Index (sterling adjusted). The chart below illustrates the shareholder return for a holding in the Company's shares as compared to the NASDAQ Biotechnology Index (sterling adjusted), which the Board has adopted as the measure for both the Company's performance and that of the Portfolio Manager for the period.

Shareholder Total Return for the Six Years to 31 March 2015



Relative Cost of Directors' Remuneration for the year ended 31 March 2015

Spend	2015 £000	2014 £000	Difference £000
Fees of non-executive directors	165	182	(17)
AI/PM and Portfolio management fees and other expenses	6,604	3,632	2,972
Share buy-backs*	22,043	3,420	18,623

* Share buy-back activity forms part of the Board's active discount management policy (see page 18 for further details).

The above table does not reflect the issuance of shares from treasury during the year ended 31 March 2015.

Governance / Directors' Remuneration Report

Directors' Interests in Ordinary Shares (audited*)

The Directors interests in the share capital of the Company are shown in the table below:

	Number of shares held as at		
	21 May 2015	31 March 2015*	31 March 2014*
The Rt Hon Lord Waldegrave of North Hill (Chairman)	58,716	58,716	58,716
Sven Borho	221,218	221,218	236,218
Professor Dame Kay Davies, DBE	–	–	–
Paul Gaunt	–	–	–
Dr John Gordon	n/a	n/a	70,000
Andrew Joy	25,000	25,000	25,000
Peter Keen	55,000	55,000	45,000

None of the Directors was granted or exercised rights over shares during the year. Sven Borho is a Partner at OrbiMed, the Company's Portfolio Manager, which is party to the Portfolio Management Agreement with the Company and receives fees as described on pages 67 and 68 of this annual report.

The partners and employees of the AIFM had interests in a total of 51,652 shares of the Company as at 31 March 2015.

The partners and employees of the Portfolio Manager had interests in a total of 446,313 shares of the Company as at 31 March 2015.

As at 21 May 2015, the latest practicable date before publication of the Annual Report there have been no changes in the interests of the Directors shares of the Company.

There are no provisions included within the Company's Articles of Association which require Directors to hold qualifying shares in the Company.

Annual Statement

On behalf of the Board I confirm that this Remuneration Policy, set out on page 47 of this annual report and Remuneration Report summarises, as applicable, for the year to 31 March 2015:

- (a) the major decisions on Directors' remuneration;
- (b) any substantial changes relating to Directors' remuneration made during the year; and
- (c) the context in which the changes occurred and decisions have been taken.

The Rt Hon Lord Waldegrave of North Hill

Chairman

21 May 2015

Governance / Directors' Remuneration Policy

for the year ended 31 March 2015

The Company follows the recommendations of the AIC Code that Directors' remuneration should reflect their duties, responsibilities and the value of their time spent. The Board's policy is that the remuneration of the Directors should reflect the experience of the Board as a whole, and is determined with reference to comparable organisations and appointments. There are no performance conditions attaching to the remuneration of the Directors as the Board does not believe that this is appropriate for non-executive Directors. This policy is reviewed annually and it is intended that it will continue for the year ending 31 March 2016 and for subsequent financial years.

The fees for the Directors are determined within the limits set out in the Company's Articles of Association, the maximum aggregate limit currently being £250,000 per annum, and they are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits. The current and projected Directors' fees are shown in the following table. The Company does not have any employees.

Directors' Fees Current and Projected

	Date of Appointment to the Board	Year to 31 March 2016	Year to 31 March 2015
The Rt Hon Lord Waldegrave of North Hill* (Chairman)	6 June 1998	35,500	34,000
Sven Borho	23 March 2006	25,000	24,000
Professor Dame Kay Davies, DBE	15 March 2012	25,000	24,000
Paul Gaunt**	5 June 1997	6,827	24,000
Dr John Gordon***	5 June 1997	–	7,300
Andrew Joy (Senior Independent Director and Chairman of the Remuneration Committee)	15 March 2012	27,000	25,449
Peter Keen (Chairman of the Audit & Management Engagement Committee)	23 June 1997	27,000	26,000
		146,327	164,749

*appointed as Chairman of the Company on 12 July 2012.

**2016 fees have been adjusted to account for Mr Gaunt's forthcoming retirement from the Board on 8 July 2015.

***Dr Gordon retired from the Board on 10 July 2014.

No change is expected to the current level of Directors' fees until at least February 2016. Any new director being appointed to the Board that has not been appointed as either Chairman of a Committee or as the Senior Independent Director will under the current level of fees receive £25,000 per annum.

Directors' Remuneration year ended 31 March 2015

None of the Directors has a service contract. The terms of their appointment provide that Directors shall retire and be subject to election at the first annual general meeting after their appointment and to re-election annually thereafter. The terms also provide that a Director may be removed without notice and that compensation will not be due on leaving office.

No communications have been received from shareholders regarding Directors' remuneration.

In accordance with best practice recommendations the Board will put the Remuneration Policy to shareholders at the annual general meeting at least once every three years.

Approval of this policy was granted by Shareholders at the Annual General Meeting held in July 2014.

Financial Statements / Income Statement

for the year ended 31 March 2015

	Notes	Revenue £'000	2015 Capital £'000	Total £'000	Revenue £'000	2014 Capital £'000	Total £'000
Investment Income							
Investment income	2	988	–	988	873	–	873
Total income		988	–	988	873	–	873
Gains on investments							
Gains on investments held at fair value through profit or loss	8	–	225,023	225,023	–	87,614	87,614
Exchange (losses)/gains on currency balances		–	(4,858)	(4,858)	–	1,670	1,670
Expenses							
AlFM, Portfolio management and performance fees	3	–	(5,869)	(5,869)	–	(2,763)	(2,763)
Other expenses	4	(735)	–	(735)	(869)	–	(869)
Profit before finance costs and taxation		253	214,296	214,549	4	86,521	86,525
Finance costs	5	–	(157)	(157)	–	(94)	(94)
Profit before taxation		253	214,139	214,392	4	86,427	86,431
Taxation	6	(132)	–	(132)	(94)	–	(94)
Profit/(loss) for the year		121	214,139	214,260	(90)	86,427	86,337
Basic and diluted earnings/(loss) per share	7	0.2p	327.8p	328.0p	(0.1)p	126.9p	126.8p

The Company does not have any income or expenses which are not included in the profit for the year. Accordingly the "profit for the year" is also the "total comprehensive income for the year", 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 year is attributable to the owners of the Company.

The "Total" column of this statement represents the Company's Income Statement, prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The "Revenue" and "Capital" columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies.

The accompanying notes from page 52 to page 64 are an integral part of this statement.

Financial Statements / Statement of Financial Position

as at 31 March 2015

	Notes	2015 £'000	2014 £'000
Non current assets			
Investments held at fair value through profit or loss	8	583,209	368,362
Current assets			
Other receivables	9	3,325	12,072
		3,325	12,072
Total assets		586,534	380,434
Current liabilities			
Other payables	10	53,232	40,186
		53,232	40,186
Net assets		533,302	340,248
Equity attributable to equity holders			
Ordinary share capital	11	17,222	17,222
Share premium account		43,021	42,732
Special reserve		252	21,747
Capital redemption reserve		5,577	5,577
Capital reserve	16	470,907	256,768
Revenue reserve		(3,677)	(3,798)
Total equity		533,302	340,248
Net asset value per share	12	834.7p	498.7p

The financial statements on pages 48 to 64 were approved by the Board on 21 May 2015 and were signed on its behalf by:

The Rt Hon Lord Waldegrave of North Hill
Chairman

The accompanying notes from page 52 to page 64 are an integral part of this statement.

The Biotech Growth Trust PLC – Company Registration Number 3376377 (Registered in England)

Financial Statements / Statement of Changes in Equity

for the year ended 31 March 2015

	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 2014	17,222	42,732	21,747	5,577	256,768	(3,798)	340,248
Net profit for the year	–	–	–	–	214,139	121	214,260
Repurchase of own shares to be held in treasury	–	–	(22,043)	–	–	–	(22,043)
Shares issued from treasury	–	289	548	–	–	–	837
At 31 March 2015	17,222	43,021	252	5,577	470,907	(3,677)	533,302

for the year ended 31 March 2014

	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 the year	–	–	–	–	86,427	(90)	86,337
Issue of new shares	1,105	16,610	–	–	–	–	17,715
Repurchase of own shares to be held in treasury	–	–	(3,420)	–	–	–	(3,420)
At 31 March 2014	17,222	42,732	21,747	5,577	256,768	(3,798)	340,248

The accompanying notes from page 52 to page 64 are an integral part of this statement.

Financial Statements / Statement of Cash Flows

for the year ended 31 March 2015

	2015 £'000	2014 £'000
Operating activities		
Profit before tax	214,392	86,431
Add back interest paid	157	94
Less: gain on investments held at fair value through profit or loss	(225,023)	(87,614)
Purchases of investments held at fair value through profit or loss	(358,924)	(317,854)
Sales of investments held at fair value through profit or loss	368,863	271,667
Decrease/(increase) in other receivables	139	(162)
Increase/(decrease) in other payables	1,388	(2,950)
Net cash inflow/(outflow) from operating activities before interest and taxation	992	(50,388)
Interest paid	(157)	(94)
Taxation paid	(132)	(94)
Net cash inflow/(outflow) from operating activities	703	(50,576)
Financing activities		
Proceeds from sale of treasury shares	837	17,715
Repurchase of own shares to be held in treasury	(22,043)	(3,420)
Net cash inflow from financing	(21,206)	14,295
Decrease in cash and cash equivalents	(20,503)	(36,281)
Cash and cash equivalents at start of year	(27,880)	8,401
Cash and cash equivalents at end of year (note 10)	(48,383)	(27,880)

The accompanying notes from page 52 to page 64 are an integral part of this statement.

Financial Statements / Notes to the Accounts

1. Accounting Policies

The 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.

(a) Accounting Convention

The financial statements have been prepared on a going concern under the historical cost convention, except for the measurement at fair value of investments. Where presentational guidance set out in the Statement of Recommended Practice ("the SORP") for Investment Trust Companies and Venture Capital Trusts produced by the Association of Investment Companies ("AIC") dated January 2009 is consistent with the requirements of IFRS, the Directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

(b) Investments

Investments are recognised and de-recognised on the trade date.

As the entity's business is investing in financial assets with a view to profiting from their total return in the form of dividends or increases in fair value, investments are designated as fair value through profit or loss and are initially recognised at fair value. The entity manages and evaluates the performance of these investments on a fair value basis in accordance with its investment strategy, and information about the investments is provided internally on this basis to the Board.

Investments designated as at fair value through profit or loss, which are quoted investments, are measured at subsequent reporting dates at fair value, which is either the bid or the last trade price, depending on the convention of the exchange on which it is quoted.

In respect of unquoted investments, or where the market for a financial instrument is not active, fair value is established by using valuation techniques which may include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. Where there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, that technique is utilised.

Gains and losses on disposal and fair value changes are also recognised in the Income Statement.

(c) Presentation of Income Statement

In order to better reflect the activities of an investment trust company, and in accordance with guidance issued by the AIC, supplementary information which analyses the Income Statement between items of a revenue and capital nature has been presented alongside the Income Statement. Net revenue is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in section 1158 of the Corporation Tax Act 2010.

(d) Income

Dividends receivable on equity shares are recognised on the ex-dividend date. Where no ex-dividend date is quoted, dividends are recognised when the Company's right to receive payment is established.

Dividends from investments in unquoted shares and securities are recognised when they become receivable.

Financial Statements / Notes to the Accounts

I. Accounting Policies Continued

(e) Expenses and Finance Costs

All expenses are accounted for on an accruals basis. Expenses are charged through the Income Statement as follows:

- expenses which are incidental to the acquisition or disposal of an investment are charged to the capital column of the Income Statement;
- expenses are charged to the capital column of the Income Statement where a connection with the maintenance or enhancement of the value of the investment can be demonstrated, and accordingly;
- AIFM and Portfolio management fees are charged to the capital column of the Income Statement as the Directors expect that in the long term virtually all of the Company's returns will come from capital; and
- bank overdraft interest is charged through the Income Statement on an effective rate basis and allocated to the capital column, as the Directors expect that in the long term virtually all of the Company's returns will come from capital.

(f) Taxation

In line with the recommendations of the SORP, the allocation method used to calculate tax relief on expenses presented against capital returns in the supplementary information in the Income Statement is the "marginal basis". Under this basis, if taxable income is capable of being offset entirely by expenses presented in the revenue column of the Income Statement, then no tax relief is transferred to the capital column.

Investment trusts which have approval under Section 1158 Corporation Tax Act 2010 are not liable for taxation on capital gains.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the Balance Sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Income Statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity, or Other Comprehensive Income (OCI), in which case the deferred tax is also dealt with in equity or OCI respectively.

(g) Foreign Currencies

The currency of the primary economic environment in which the Company operates (the functional currency) is pounds sterling ("sterling"), which is also the presentational currency of the Company. Transactions involving currencies other than sterling are recorded at the exchange rate ruling on the transaction date. At each Statement of Financial Position date, monetary items and non-monetary assets and liabilities that are fair valued, which are denominated in foreign currencies, are retranslated at the closing rates of exchange.

Exchange differences arising on settlements of monetary items and from retranslating at the Statement of Financial Position date including investments and other financial instruments measured as fair value through profit or loss and other monetary items are included in the Income Statement and allocated as capital if they are of a capital nature, or as revenue if they are of a revenue nature.

Financial Statements / Notes to the Accounts

I. Accounting Policies Continued

(h) Functional and presentational currency

The financial information is shown in sterling, being the Company's presentational currency. In arriving at the functional currency the Directors have considered the following:

- (i) the primary economic environment of the Company;
- (ii) the currency in which the original capital was raised;
- (iii) the currency in which distributions are made;
- (iv) the currency in which performance is evaluated; and
- (v) the currency in which the capital would be returned to shareholders on a break up basis.

The Directors have also considered the currency to which the underlying investments are exposed and liquidity is managed. The Directors are of the opinion that sterling best represents the functional currency.

(i) Reserves

Capital reserves

The following are credited or charged to the capital column of the Income Statement and then transferred to the Capital Reserve:

- gains or losses on disposal of investments
- exchange differences of a capital nature
- expenses allocated to this reserve in accordance with the above referred policies
- increases and decreases in the valuation of investments held at year end

Capital Redemption Reserve

- a transfer will be made to this reserve on cancellation of the Company's own shares purchased, equal to the nominal value of the Shares

Special Reserve

During the financial year ended 31 March 2004, a Special Reserve was created, following the cancellation of the Share Premium account, in order to provide an increased distributable reserve out of which to purchase the Company's own shares.

- a transfer will be made to this reserve on cancellation of the Company's own shares purchased or when the Company repurchases its own shares to be held in treasury.

(j) Cash and cash equivalents

Cash in hand and in banks and short-term deposits with an original maturity of three months or less. Cash and cash equivalents are defined as cash in hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Bank overdrafts that are repayable on demand, which form an integral part of the Company's cash management, are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(k) Operating segments

IFRS 8 requires entities to define operating segments and segment performance in the financial statements based on information used by the Board of Directors. The Directors are of the opinion that the Company is engaged in a single segment of business, being the investments business. The results published in this report therefore correspond to this sole operating segment.

In line with IFRS 8, additional disclosure by geographical segment has been provided in note 14 on page 63 of this annual report.

Financial Statements / Notes to the Accounts

1. Accounting Policies Continued

(I) Standards, amendments and interpretations to existing standards become effective in future accounting periods and have not been adopted by the Company:

- IAS 1 'Preparation of Financial Statements' – disclosure initiative amendments to further encourage companies to apply professional judgement in determining what information to disclose and how to structure it in their financial statements. The effective date is 1 January 2016.
- IFRS 7 'Financial Instruments – Disclosures' (Amendment) – this amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset that has been transferred. In respect of IFRS 7 disclosures required in interims, the amendment clarifies that the IFRS 7 disclosures on offsetting are not required in the condensed interim financial report. The effective date is 01 January 2016.
- IAS 34 'Interim Financial Reporting' – the amendment states that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and where ever they are included with in the greater interim financial report (eg: Portfolio manager's review) The effective date is 01 January 2016.
- IFRS 9 'Financial Instruments' – In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015. The adoption of IFRS 9 is unlikely to have a material effect on the classification and measurement of the Fund's financial assets or financial liabilities.

2. Income

	2015 £'000	2014 £'000
Investment income		
Overseas dividend income	988	873
Total income	988	873

3. AIFM, Portfolio Management and Performance Fees

	Revenue £'000	Capital £'000	2015 Total £'000	Revenue £'000	Capital £'000	2014 Total £'000
AIFM fee	–	1,249	1,249	–	890	890
Portfolio management fee	–	2,766	2,766	–	1,967	1,967
Performance fee	–	1,854	1,854	–	(94)	(94)
	–	5,869	5,869	–	2,763	2,763

As at 31 March 2015, a performance fee totalling £1,854,000 is accrued (2014: £982,000). This represents total outperformance generated as at 31 March 2015 (see note 10 on page 58).

In accordance with the Performance fee arrangements with the Company, the amounts accrued will only become payable in the event that outperformance is maintained for a twelve month period.

Financial Statements / Notes to the Accounts

3. AIFM, Portfolio Management and Performance Fees Continued

The amounts accrued potentially become payable on the following dates:

	£'000
30-Jun-15	nil
30-Sep-15	183
31-Dec-15	nil
31-Mar-16	1,671
Total	1,854

No performance fee is payable as at 31 March 2015 (2014: £982,000).

Further details of the performance fee basis and amounts paid during the year can be found in the Report of the Directors on pages 67 to 68 of this annual report.

4. Other Expenses

	Revenue £'000	Capital £'000	2015 Total £'000	Revenue £'000	Capital £'000	2014 Total £'000
Directors' emoluments	165	–	165	182	–	182
AIFM fixed fee	60	–	60	60	–	60
Auditors' remuneration for the audit of the Company's financial statements	25	–	25	25	–	25
Auditors' remuneration for independent review of the half year accounts and performance fee calculations	6	–	6	6	–	6
Auditor's remuneration for taxation services	3	–	3	4	–	4
Legal and professional fees	84	–	84	196	–	196
Registrar fees	49	–	49	49	–	49
Depository fees	50	–	50	–	–	–
Listing fees	23	–	23	49	–	49
Other including irrecoverable VAT	270	–	270	298	–	298
	735	–	735	869	–	869

Details of the amounts paid to Directors are included in the Directors' Remuneration Report and the Directors' Remuneration Policy Report on pages 43 and 47 of this annual report.

5. Finance Costs

	Revenue £'000	Capital £'000	2015 Total £'000	Revenue £'000	Capital £'000	2014 Total £'000
Overdraft interest	–	157	157	–	94	94
	–	157	157	–	94	94

6. Taxation

(a) Analysis of charge in the year:

	Revenue £'000	Capital £'000	2015 Total £'000	Revenue £'000	Capital £'000	2014 Total £'000
Overseas tax suffered	132	–	132	94	–	94
Total current taxation for the year (see note 6(b))	132	–	132	94	–	94

Financial Statements / Notes to the Accounts

6. Taxation Continued

(b) Factors affecting current tax charge for year

Approved investment trusts are exempt from tax on capital gains made within the Company.

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 21% (2014: 23%). The differences are explained below:

	Revenue £'000	Capital £'000	2015 Total £'000	Revenue £'000	Capital £'000	2014 Total £'000
Net profit on ordinary activities before taxation	253	214,139	214,392	4	86,427	86,431
Corporation tax at 21% (2014: 23%)	53	44,969	45,022	1	19,878	19,879
Effects of:						
Non-taxable gains on investments held at fair value through profit or loss	–	(46,235)	(46,235)	–	(20,535)	(20,535)
Non-taxable overseas dividends	(208)	–	(208)	(201)	–	(201)
Overseas taxes	132	–	132	94	–	94
Excess expenses unused	155	1,266	1,421	198	657	855
Disallowed expenses	–	–	–	2	–	2
Current tax charge	132	–	132	94	–	94

(c) Provision for deferred tax

No provision for deferred taxation has been made in the current or prior year.

The Company has not provided for deferred tax on capital gains or losses arising on the revaluation or disposal of investments, as it is exempt from tax on these items because of its status as an investment trust company.

The Company has not recognised a deferred tax asset of £6,954,000 (2014: £5,618,000) arising as a result of excess management expenses and loan relationship deficits. The deferred tax asset is based on a prospective corporation tax rate of 20%, which was enacted in July 2013 and effective from 1 April 2015. These excess expenses will only be utilised if the Company generates sufficient taxable income in the future.

7. Basic and Diluted Earnings/(Loss) per Share

The Return/(loss) per Ordinary Share is as follows:

	Revenue pence	Capital pence	2015 Total pence	Revenue pence	Capital pence	2014 Total pence
Earnings/(loss) per share	0.2p	327.8p	328.0p	(0.1)p	126.9p	126.8p

The total gain per share of 328.0p (2014: gain 126.8p) is based on the total gain attributable to equity shareholders of £214,260,000 (2014: gain £86,337,000).

The revenue gain per share 0.2p (2014: loss 0.1p) is based on the revenue gain attributable to equity shareholders of £121,000 (2014: revenue loss of £90,000). The capital gain per share of 327.8p (2014: gain 126.9p) is based on the capital gain attributable to equity shareholders of £214,139,000 (2014: gain £86,427,000).

The total earnings per share are based on the weighted average number of shares in issue during the year of 65,319,717 (excluding shares held in treasury) (2014: 68,115,445 (excluding shares held in treasury)).

Financial Statements / Notes to the Accounts

8. Investments Held at Fair Value Through Profit and Loss

All investments are designated as fair value through profit or loss on initial recognition, therefore all gains and losses arise on investments designated as fair value through profit or loss.

As at 31 March 2015, all investments with the exception of the unquoted investment in OrbiMed Asia Partners L.P fund have been classified as level 1. OrbiMed Asia Partners L.P fund has been classified as level 3. See note 13 beginning on page 59 for further details.

	Listed Equity £'000	2015 Unquoted £'000	Total £'000	2014 Total £'000
Cost at 1 April 2014	266,264	2,541	268,805	168,015
Investment holding gains at 1 April 2014	99,603	(46)	99,557	76,281
Valuation at 1 April 2014	365,867	2,495	368,362	244,296
Movement in the year				
Purchases at cost	349,812	267	350,079	306,062
Sales – proceeds	(360,255)	–	(360,255)	(269,610)
– gains on disposal	88,211	–	88,211	64,338
Net movement in investment holding gains	136,135	677	136,812	23,276
Valuation at 31 March 2015	579,770	3,439	583,209	368,362
Closing book cost at 31 March 2015	344,013	2,827	346,840	268,805
Investment holding gains at 31 March 2015	235,757	612	236,369	99,557
Valuation at 31 March 2015	579,770	3,439	583,209	368,362

	2015 £'000	2014 £'000
Gains on investments:		
Gains on disposal based on historical cost	88,211	64,338
Amounts recognised as investment holding gain in previous year	(43,024)	(38,085)
Gains on disposal based on carrying value at previous financial position date	45,187	26,253
Net movement in investment holding gains in the year	179,836	61,361
Gains on investments	225,023	87,614

The total transaction costs for the year were £499,000 (31 March 2014: £707,000) broken down as follows: purchase transaction costs for the year to 31 March 2015 were £210,000, (31 March 2014: £412,000), sale transaction costs were £289,000 (31 March 2014: £295,000). These costs consist mainly of commission and stamp duty.

9. Other Receivables

	2015 £'000	2014 £'000
Future settlements – sales	3,187	11,795
Other debtors	15	105
Prepayments and accrued income	123	172
	3,325	12,072

10. Other Payables

	2015 £'000	2014 £'000
Future settlements – purchases	1,582	10,427
Performance fee accrued	1,854	982
Bank overdraft*	48,383	27,880
Other creditors and accruals	1,413	897
	53,232	40,186

* Further details can be found in note 13 beginning on page 59.

Financial Statements / Notes to the Accounts

11. Ordinary share capital

	2015 £'000	2014 £'000
Allotted, issued and fully paid:		
63,888,516 shares of 25p (2014: 68,224,038)	15,972	17,056
4,997,831 shares of 25p held in treasury (2014: 662,309)	1,250	166
	17,222	17,222

	Issued & fully paid	Treasury Shares	Outstanding Shares
At 1 April	68,886,347	662,309	68,224,038
Repurchase of own shares to be held in treasury	–	4,445,522	(4,445,522)
Sale of treasury shares	–	(110,000)	110,000
	68,886,347	4,997,831	63,888,516

As at 31 March 2015 the Company had 68,886,347 shares of 25p in issue including 4,997,831 shares held in treasury (2014: 68,886,347 shares including 662,309 shares held in treasury). During the year 4,445,522 shares were repurchased to be held in treasury at a cost of £22,043,000 (including expenses). Also during the year 110,000 shares were re-issued from treasury raising £837,000. Subsequent to the year end and to the date of this report a further 701,783 shares were repurchased to be held in treasury at a cost of £5,578,000 (including expenses).

12. Net Asset Value per Share

	2015	2014
Net asset value per share	834.7p	498.7p

The net asset value per share is based on the net assets attributable to equity shareholders of £533,302,000 (2014: £340,248,000) and on 63,888,516 (excluding 4,997,831 shares held in treasury) (2014: 68,224,038) shares in issue at 31 March 2015.

13. Risk Management Policies and Procedures

As an investment trust, the Company invests in equities and other investments for the long term in order to achieve its investment objective as stated on page 15. In pursuing its investment objective, the Company is exposed to a variety of risks that could result in either a reduction or increase in the Company's net assets or in profits.

The Company's financial instruments comprise securities and other investments, cash balances, debtors and creditors and an overdraft facility that arise directly from its operations (for example, in respect of sales and purchases awaiting settlement).

The main risks the Company faces from its financial instruments are (i) market price risk (comprising currency risk, interest rate risk and other price risk (i.e. changes in market prices other than those arising from interest rate or currency risk)), (ii) liquidity risk and (iii) credit risk.

The Board reviews and agrees policies regularly for managing and monitoring each of these risks.

1. Market price risk:

The fair value or future cash flows of a financial instrument held by the Company may fluctuate because of changes in market prices. This market risk comprises three elements – currency risk, interest rate risk and other price risk.

The Company's portfolio is exposed to market price fluctuations which are monitored by the AIFM and the Portfolio Manager in pursuance of the investment objective. Further information on the composition of the portfolio is set out on page 6.

No derivatives or hedging instruments are utilised to manage market price risk.

Financial Statements / Notes to the Accounts

13. Risk Management Policies and Procedures Continued

(a) Currency risk:

A significant proportion of the Company's portfolio is denominated in currencies other than sterling (the Company's functional currency, and in which it reports its results). As a result, movements in exchange rates can significantly affect the sterling value of those items.

Management of risk

The AIFM and Portfolio Manager monitor the Company's exposure to foreign currencies on a continuous basis and report to the Board regularly. The Company does not hedge against foreign currency movements, but the Portfolio Manager takes account of the risk when making investment decisions.

Income denominated in foreign currencies is converted into sterling on receipt. The Company does not use financial instruments to mitigate the currency exposure in the period between the time that the income is included in the financial statements and its receipt.

Foreign currency exposure

At the date of the Statement of Financial Position the Company held £562,512,000 (2014: £345,433,000) of investments denominated in U.S. dollars and £20,697,000 (2014: £22,929,000) in other non-sterling currencies.

Currency sensitivity

The following table details the sensitivity of the Company's profit or loss after taxation for the year to a 10% increase and decrease in the value of sterling compared to the U.S. dollar (2014: 10% increase and decrease).

The above percentages have been determined based on market volatility in exchange rates over the previous twelve months. The analysis is based on the Company's foreign currency financial instruments held at each Statement of Financial Position date, after adjusting for an increase/decrease in management fees. Movements in the performance fee accruals have been excluded from the analysis below.

If sterling had weakened against U.S. dollars, as stated above, this would have had the following effect:

	2015 USD £'000	2014 USD £'000
Impact on revenue return	–	–
Impact on capital return	62,095	38,132
Total return after tax/effect on shareholders' funds	62,095	38,132

If sterling had strengthened against the U.S. dollar, as stated above, this would have had the following effect:

	2015 USD £'000	2014 USD £'000
Impact on revenue return	–	–
Impact on capital return	(50,805)	(31,199)
Total return after tax/effect on shareholders' funds	(50,805)	(31,199)

(b) Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Financial Statements / Notes to the Accounts

13. Risk Management Policies and Procedures Continued

Management of the risk

The possible effects on fair value and cash flows that could arise as a result of changes in interest rates are taken into account when making investment decisions.

The Company, generally, does not hold significant cash balances, with short term borrowing being used when required and therefore deems this risk to be immaterial.

Interest rate exposure

The Company has an overdraft facility with J.P. Morgan Clearing Corp. which is repayable on demand.

(c) Other price risk

Other price risk may affect the value of the quoted investments.

If market prices at the date of the Statement of Financial Position had been 20% higher or lower (2014: 20% higher or lower) while all other variables had remained constant, the return and net assets attributable to shareholders for the year ended 31 March 2015 would have increased/decreased by £115,884,000 (2014: £73,193,000), after adjusting for an increase or decrease in the AIFM and Portfolio management fees. The calculations are based on the portfolio valuations as at the respective Statement of Financial Position dates.

2. Liquidity risk:

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

Management of the risk

Liquidity risk is not significant as the majority of the Company's assets are investments in quoted equities and other quoted securities that are readily realisable. The Company has an overdraft facility repayable on demand, provided by J.P. Morgan Clearing Corp. Interest on the facility is charged at the Federal Funds open rate plus 45 basis points.

The Board gives guidance to the Portfolio Manager as to the maximum amount of the Company's resources that should be invested in any one company.

Liquidity exposure

Contractual maturities of the financial liabilities as at 31 March 2015, based on the earliest date on which payment can be required, are as follows:

Amounts due to brokers and accruals totalling £4,849,000 (2014: £12,306,000). All of the stated financial liabilities are payable within three months or less.

3. Credit risk:

The failure of the counterparty to a transaction to discharge its obligations under that transaction could result in the Company suffering a loss.

Certain of the Company's assets are held by J.P. Morgan Clearing Corp. as collateral for the loan provided by them to the Company. Such assets held by J.P. Morgan Clearing Corp. are available for rehypothecation†. As at 31 March 2015, assets with a total market value of £67.7 million (31 March 2014: £37.1 million) were available for rehypothecation.

† See glossary on page 83 of this annual report.

Financial Statements / Notes to the Accounts

13. Risk Management Policies and Procedures Continued

Management of the risk

The risk is not significant and is managed as follows:

- by only dealing with brokers which have been approved by OrbiMed Capital LLC and banks with high credit ratings; and
- by setting limits to the maximum exposure to any one counterparty at any time.
- all cash balances are held with approved counterparties. J.P. Morgan Clearing Corp. is the custodian of the Company's assets and all assets are segregated from J.P. Morgan's own assets.

At 31 March 2015 the Company's exposure to credit risk amounted to £3,325,000 and was in respect of cash and other receivables, such as amounts due from brokers and accrued income (2014: £12,072,000).

Hierarchy of investments

The Company has classified its financial assets designated at fair value through profit or loss using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurements. The hierarchy has the following levels:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included with Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at 31 March 2015 the investment in OrbiMed Asia Partners LP fund has been classified as Level 3. The fund has been valued at the net asset value as at 31 December 2014 and it is believed that the value of the fund as at 31 March 2015 will not be materially different. If the value of the fund was to increase or decrease by 10%, while all other variables had remained constant, the return and net assets attributable to Shareholders for the year ended 31 March 2015 would have increased/decreased by £344,000.

As of 31 March 2015	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Financial investments designated at fair value through profit or loss	579,770	–	3,439	583,209

As of 31 March 2014	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets				
Financial investments designated at fair value through profit or loss	365,867	–	2,495	368,362

Level 3 Reconciliation

Please see below a reconciliation disclosing the changes during the year for the financial assets and liabilities designated at fair value through profit or loss classified as being Level 3. There has been no transfer between fair value hierarchy.

	2015 £'000	2014 £'000
Assets		
As at 1 April	2,495	2,506
Total gains during the year	677	(334)
Net capital commitments	267	323
Assets as at 31 March	3,439	2,495

Financial Statements / Notes to the Accounts

13. Risk Management Policies and Procedures Continued

Fair value of financial assets and financial liabilities:

Financial assets and financial liabilities are either carried in the Statement of Financial Position at their fair value or at a reasonable approximation of fair value.

Capital management policies and procedures

The Company's capital management objectives are:

- to ensure that it will be able to continue as a going concern; and
- to maximise the total return to its equity shareholders through an appropriate balance of equity capital and debt.

The Company's capital is disclosed in the Statement of Financial Position on page 49 and is managed on a basis consistent with its investment objective and policy as set out on page 15. The Company currently has an overdraft facility with J.P. Morgan Clearing Corp. which is repayable on demand, which can be used to satisfy the Company's borrowing requirements.

The Board, with the assistance of the AIFM and the Portfolio Manager, monitors and reviews the broad structure of the Company's capital on an ongoing basis. This review includes:

- the planned level of gearing, which takes into account the Portfolio Manager's view of the market;
- the need to buy back equity shares, for cancellation, or to be held in treasury which takes account of the difference between the net asset value per share and the share price (i.e. the level of share price discount or premium);
- the possible need for new issues of equity shares; and
- the extent to which revenue is in excess of that which is required to be distributed should be retained.

The Company's objectives, policies and processes for managing capital are unchanged from the preceding accounting period.

14. Segment Reporting

Geographical segments

Region	2015 Value of investments £'000	2014 Value of investments £'000
North America	494,236	327,112
Europe	74,870	24,488
Asia	14,103	16,762
Total	583,209	368,362

Financial Statements / Notes to the Accounts

15. Related Parties

The following are considered to be related parties:

- Frostrow Capital LLP (under the Listing Rules)
- OrbiMed Capital LLC
- The Directors of the Company

Details of the relationship between the Company and Frostrow Capital LLP, the Company's AIFM and OrbiMed Capital LLC, the Company's Portfolio Manager, are disclosed in the Report of Directors on pages 66 to 68. During the year ended 31 March 2015 Frostrow Capital LLP earned £1,309,000 in respect of AIFM fees of which £390,000 was outstanding at the year end; during the year ended 31 March 2015, OrbiMed Capital LLC earned £2,766,000 in respect of Portfolio Management fees, of which £849,000 was outstanding at the year end. Mr Sven Borho is a Director of the Company, as well as a Partner at OrbiMed Capital LLC. During the year no performance fees crystallised, however a fee of £1,854,000 was accrued at the year end which could potentially become payable at a later date (see note 3 on page 56 for further details). All material related party transactions have been disclosed on pages 43, 44 and 46 and in note 3 and 4 on page 56. Details of the remuneration of all Directors can be found on pages 43 to 47.

16. Capital Reserve

	Capital reserves – other £'000	Capital reserve – investment holdings gains/(losses) £'000	Total £'000
At 31 March 2014	157,211	99,557	256,768
Transfer on disposal of investments	43,024	(43,024)	–
Net gains on investments	45,187	179,836	225,023
Exchange losses	(4,858)	–	(4,858)
Expenses charged to capital	(6,026)	–	(6,026)
At 31 March 2015	234,538	236,369	470,907

Profits arising out of a change in fair value of assets, recognised in accordance with Accounting Standards, may be distributed provided the relevant assets can be readily convertible into cash. Securities listed on a recognised stock exchange are generally regarded as being readily convertible into cash. Under the terms of the revisions made to the Company's Articles of Association in 2013, sums within "Capital reserves – other" are also available for distribution.

Corporate Report / Report of the Directors

In accordance with the requirements of the Companies Act 2006 (the "Act") and the UK Listing and Transparency Rules, the Directors present their annual report on the affairs of the Company, together with the audited Financial Statements and the Independent Auditors' Report for the year ended 31 March 2015.

The Corporate Governance section on pages 24 to 47 of this annual report forms part of this Report of the Directors.

Disclosures relating to future developments and risk management can be found within the Strategic Report, on pages 19 to 21 of this annual report.

Business and Status of the Company

The Company is registered as a public limited company and is an investment company within the terms of Section 833 of the Act. Its shares are listed on the Official List of the UK Listing Authority and traded on the main market of the London Stock Exchange which is a regulated market as defined in Section 1173 of the Act.

The Company has received approval from HM Revenue & Customs as an authorised investment trust under Sections 1158 and 1159 of the Corporation Tax Act 2010 ("CTA 2010"), for the year commencing 1 April 2012. This approval is subject to there being no subsequent enquiry under corporation tax self-assessment. In the opinion of the Directors, the Company continues to direct its affairs so as to enable it to qualify for such approval.

It is the Directors' intention that the Company should continue to manage its affairs so as to be a qualifying investment for inclusion in the stocks and shares components of an Individual Savings Account ("ISA") and Junior ISA.

The Company is required to comply with company law, the rules of the International Listing Authority, International Financial Reporting Standards, and its Articles of Association.

The Company is a member of the Association of Investment Companies ("AIC").

Continuation of the Company

A resolution was passed at a General Meeting of the Company held on 4 December 2009, that the Company continue as an investment trust for a further five year period (from the Annual General Meeting held in 2010). In accordance with Company's Articles of Association a resolution will be proposed at the forthcoming Annual General Meeting that the Company continue as an investment trust for a further five year period.

If passed the next continuation vote of the Company shall be held at the Annual General Meeting in 2020 and further opportunities to vote on the continuation of the Company shall be given to shareholders every five years thereafter.

Investment Objective

The Company seeks capital appreciation through investment in the worldwide biotechnology industry. 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 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.

Results and Dividend

The results attributable to shareholders for the year and the transfer to reserves are shown on page 48 of this annual report. No dividend is proposed in respect of the year ended 31 March 2015 (2014: nil).

Corporate Report / Report of the Directors

Overdraft Facility

The Company's borrowing requirements are met through the utilisation of an overdraft facility, repayable on demand, provided by J.P. Morgan Clearing Corp. (Further details can be found in note 13 beginning on page 59).

Share Capital

As part of the package of measures adopted in 2005 by the Board to improve the attraction of the Company's shares to new investors and also to provide the prospect of a sustained improvement in the rating of the Company's shares, an active discount management policy was implemented to buy-back shares to either hold in treasury or for cancellation if the market price is at a discount greater than 6% to net asset value per share. As at 31 March 2015, the discount was 4.9%, which was within the stated target of 6%. The making and timing of any share buy-back remains at the absolute discretion of the Board. Authority to buy-back up to 14.99% of the Company's issued share capital is sought at each Annual General Meeting.

During the year a total of 4,445,522 shares were bought back to hold in treasury representing 6.5% of the issued share capital at the beginning of the year. The purchases were made at a total cost of £22,043,000 (including expenses) at an average price of £4.96 per buy-back.

In addition during the year, 110,000 shares were issued from treasury raising £837,000 for the Company. Subsequent to the year end to 21 May 2015 a further 701,783 shares were bought back to hold in treasury. As at 21 May 2015 there were 68,886,347 (including 5,699,614 shares held in treasury) shares in issue.

Company Management

The Board announced on 21 July 2014 that with effect from 22 July 2014 the Company was adjusting its operational arrangements in order to comply with AIFMD. As a consequence of AIFMD the Company appointed Frostrow as the designated AIFM for the Company on the terms and subject to the conditions of the alternative investment fund management agreement between the Company and Frostrow (the "AIFM Agreement"), which terminated and replaced the then existing management, administrative and secretarial services agreement between the Company and Frostrow (the "Existing Management Agreement"). The AIFM Agreement is based on the Existing Management Agreement and differs to the extent necessary to ensure that the relationship between the Company and Frostrow is compliant with the requirements of AIFMD.

OrbiMed, as delegate of the AIFM, continues to be responsible for the management of the Company's portfolio of investments under a new portfolio management agreement between it, the Company and Frostrow (the "Portfolio Management Agreement"). The Portfolio Management Agreement terminated and replaced the then existing investment management agreement between the Company and OrbiMed (the "Existing IMA"). The Portfolio Management Agreement is based on the Existing IMA and differs to the extent necessary to ensure that the relationship between the Company, OrbiMed and Frostrow is compliant with the requirements of AIFMD.

The Company also appointed J.P. Morgan Europe Limited (the "Depositary") as its depositary in accordance with AIFMD on the terms and subject to the conditions of the depositary agreement between the Company, Frostrow and the Depositary (the "Depositary Agreement"). The existing custody agreement between the Company and Goldman Sachs & Co. was terminated. Under the terms of the Depositary Agreement the Company has agreed to pay the Depositary a fee calculated at 1.75 bps on net assets up to £150 million, 1.50 bps on net assets between £150 million and £300 million, 1.00 bps on net assets between £300 million and £500 million and 0.50 bps on net assets above £500 million.

The Depositary has delegated the custody and safekeeping of the Company's assets to J.P. Morgan Clearing Corp (the "Prime Broker") pursuant to a delegation agreement between the Company, Frostrow, the Depositary and the Prime Broker (the "Delegation Agreement").

The Delegation Agreement transfers the Depositary's liability under Article 21(12) of the AIFMD for the loss of the Company's financial instruments held in custody by the Prime Broker to the Prime Broker in accordance with Article 21(13) of the AIFMD. While the Depositary Agreement prohibits the re-use of the Company's assets by the Depositary or the Prime Broker without the

Corporate Report / Report of the Directors

prior consent of the Company or Frostrow, the Company has consented to the transfer and reuse of its assets by the Prime Broker (known as "rehypothecation") in accordance with the terms of an institutional account agreement between the Company, the Prime Broker and certain other JPMorgan Entities (as defined therein) (the "Institutional Account Agreement").

The Prime Broker is authorised to borrow, lend or otherwise use all cash and any security carried by the Prime Broker in the Company's accounts for a greater sum than, and for period longer than, the Company's obligations to the JPMorgan Entities and the Prime Broker will have no obligation to maintain a like amount of similar property in possession or control. In the event of the Prime Broker's insolvency, the Company may be unable to recover such assets in full. The Prime Broker is a registered broker-dealer and is accordingly subject to certain limitations on rehypothecation. Specifically, the Prime Broker is subject to and has acknowledged in the Institutional Account Agreement the limitations contemplated by the United States Securities and Exchange Commission Rule 15c3-3, requiring a broker-dealer to maintain possession and control of all excess margin securities (i.e. margin securities carried for the account of a customer having a market value in excess of 140% of the net debit balances, taking into account the mark to market on the short market value in respect of a short position, in the customer's account with such broker-dealer).

Alternative Investment Fund Management Agreement

Under the terms of the AIFM Agreement Frostrow receives a periodic fee equal to 0.30% per annum of the Company's market capitalisation, plus a fixed amount equal to £60,000 per annum. Either party may terminate the AIFM Agreement on not less than 12 months' notice.

The services provided by the AIFM are set out on page 14 of this annual report.

Portfolio Management Agreement

Under the terms of the Portfolio Management Agreement, OrbiMed, acting as a delegate of the AIFM, provides discretionary management services to the Company for a periodic fee equal to 0.65% per annum of the Company's net asset value. The proportion of the Company's assets committed for investment in OrbiMed Asia Partners L.P., a limited partnership managed by OrbiMed Asia G.P., L.P., an affiliate of the Portfolio Manager, is excluded from the fee calculation. The Portfolio Management Agreement may be terminated by either Frostrow or the Portfolio Manager giving notice of not less than 12 months.

The services provided by the Portfolio Manager are set out on page 14 of this annual report.

Performance Fee

Dependent on the level of long-term outperformance of the Company, the AIFM and Portfolio Manager are entitled to the payment of a performance fee. The performance fee is calculated by reference to the amount by which the Company's net asset value ('NAV') performance has outperformed the NASDAQ Biotechnology Index (sterling adjusted), the Company's benchmark index.

The fee is calculated quarterly by comparing the cumulative performance of the Company's NAV with the cumulative performance of the benchmark since the commencement of the performance fee arrangement on 30 June 2005. The performance fee amounts to 16.5% of any outperformance over the benchmark, the AIFM receiving 1.5% and the Portfolio Manager receiving 15% respectively. Provision is also made within the daily NAV per share calculation as required and in accordance with generally accepted accounting standards.

In order to ensure that only sustained outperformance is rewarded, at each quarterly calculation date any performance fee is based on the lower of:

- (i) The cumulative outperformance of the portfolio over the benchmark as at the quarter end date; and
- (ii) The cumulative outperformance of the portfolio over the benchmark as at the corresponding quarter end date in the previous year.

Corporate Report / Report of the Directors

In addition, a performance fee only becomes payable to the extent that the cumulative outperformance gives rise to a total fee greater than the total of all performance fees paid to date.

See note 3 beginning on page 55 of this annual report for details of the performance fee accrued as at 31 March 2015.

The proportion of the Company's assets invested in OrbiMed Asia Partners L.P. is excluded from the Portfolio Manager's performance fee calculation.

AIFM Evaluation and Re-Appointment and Portfolio Manager

The performance of the AIFM and the Portfolio Manager is reviewed continuously by the Company's Audit and Management Engagement Committee (the "Committee") with a formal evaluation being undertaken each year. As part of this process, the Committee monitors the services provided by the AIFM and the Portfolio Manager and receives regular reports and views from them. The Committee also receives comprehensive performance measurement reports to enable it to determine whether or not the performance objectives set by the Board have been met. The Committee reviewed the appropriateness of the appointment of the AIFM and the Portfolio Manager in February 2015 with a recommendation being made to the Board.

The Board believes the continuing appointment of the AIFM and the Portfolio Manager, under the terms described above and on the previous page, is in the interests of shareholders as a whole. In coming to this decision, it also took into consideration the following additional reasons:

- the quality and depth of experience allocated by the Portfolio Manager to the management of the portfolio and the level of performance of the portfolio in absolute terms and also by reference to the benchmark index; and
- the quality and depth of experience of the company management, company secretarial, administrative and marketing team that the AIFM allocates to the management of the Company.

Directors

Directors' Fees

A report on Directors' Remuneration and also the Directors' Remuneration Policy Report are set out on pages 43 to 47 of this annual report.

Directors' & Officers' Liability Insurance Cover

Directors' & Officers' liability insurance cover was maintained by the Board during the year ended 31 March 2015. It is intended that this policy will continue for the year ended 31 March 2016 and subsequent years.

Directors' Indemnities

As at the date of this report, indemnities are in force between the Company and each of its Directors under which the Company has agreed to indemnify each Director, to the extent permitted by law, in respect of certain liabilities incurred as a result of carrying out his/her role as a Director of the Company. The Directors are also indemnified against the costs of defending any criminal or civil proceedings or any claim by the Company or a regulator as they are incurred provided that where the defence is unsuccessful the Director must repay those defence costs to the Company. The indemnities are qualifying third party indemnity provisions for the purposes of the Companies Act 2006.

A copy of each deed of indemnity is available for inspection at the Company's registered office during normal business hours and will be available for inspection at the Annual General Meeting.

Corporate Report / Report of the Directors

Directors' Interests

The beneficial interests in the Company of the Directors and their connected persons, are set out on page 46 of this annual report:

Substantial Shareholdings

The Company was aware of the following substantial interests in the voting rights of the Company as at 30 April 2015, the latest practicable date before publication of the annual report.

Shareholders	30 April 2015		31 March 2015	
	No. of shares	% of Issued share capital+	No. of shares	% of Issued share capital+
Hargreaves Lansdown*	6,381,389	10.4	6,493,342	10.2
East Riding of Yorkshire	4,750,000	7.5	4,750,000	7.4
Reliance Mutual	2,896,472	4.7	3,104,450	4.9
Alliance Trust Savings	2,782,238	4.4	2,834,699	4.4
Standard Life Wealth	2,557,380	4.0	2,747,361	4.3
Hansa Capital Partners	2,351,629	3.7	2,351,629	3.7
Barclays Stockbrokers	1,916,384	3.0	1,952,606	3.1

+ Excluding Shares held in treasury.

* the ultimate controlling party of the Company which is incorporated in the United Kingdom.

As at 31 March 2015 the Company had 68,886,347, (including 4,997,831 shares held in treasury) shares in issue. As at 30 April 2015 the Company had 68,886,347 (including 5,353,328 shares held in treasury) shares in issue.

Beneficial Owners of Shares – Information Rights

Beneficial owners of shares who have been nominated by the registered holder of those shares to receive information rights under section 146 of the Companies Act 2006 are required to direct all communications to the registered holder of their shares rather than to the Company's registrar, Capita Asset Services, or to the Company directly.

Retail Investors advised by IFAs

The Company currently conducts its affairs so that its shares can be recommended by Independent Financial Advisers ("IFAs") in the UK to ordinary retail investors in accordance with the Financial Conduct Authority ("FCA") rules in relation to non-mainstream investment products and intends to continue to do so. The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an authorised investment trust.

Financial Instruments

The Company's financial instruments comprise its portfolio, cash balances, debtors and creditors that arise directly from its operations, such as sales and purchases awaiting settlement and accrued income. The financial risk management and policies arising from its financial instruments are disclosed in note 13 to the Financial Statements.

Awareness and Disclosure of Relevant Audit Information

So far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act) of which the Company's auditors are unaware.

Each of the Directors has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information (as defined) and to establish that the Company's auditors are aware of that information.

Corporate Report / Report of the Directors

The above confirmation is given and should be interpreted in accordance with the provision of Section 418 of the Companies Act 2006.

Individual Savings Accounts

The Company's shares are eligible to be held in the stocks and shares component of an ISA or Junior ISA, subject to applicable annual subscription limits (£11,880 for an ISA and £3,840 for a Junior ISA for the 2014/2015 tax year). Investments held in ISAs or Junior ISAs will be free of UK tax on both capital gains and income. The opportunity to invest in Ordinary Shares through an ISA is restricted to certain UK resident individuals aged 18 or over. Junior ISAs are available for UK resident children aged under 18 and born before 1 September 2002 or after 2 January 2011. Sums received by a shareholder on a disposal of Ordinary Shares held within an ISA or Junior ISA will not count towards the shareholder's annual limit. Individuals wishing to invest in Ordinary Shares through an ISA should contact their professional advisers regarding their eligibility as should individuals wishing to invest through a Junior ISA for children under 18 years old.

With effect from 1 July 2014 the government announced that ISAs will be reformed into a new simpler product, the New ISA ("NISA") with equal limits for cash, and stocks and shares.

The overall NISA limits for 2014/15 are £15,000 which offers the option to save in cash, stocks and shares, or any combination of two.

S.1 2007/1093 C.49 Commencement No2. Order 2007

The following disclosures are made in accordance with S.1 2007/1093 C.49 Commencement No2. Order 2007

Capital structure

The Company's capital structure is composed solely of Ordinary Shares. Details are given in note 11 to the Financial Statements on page 59 of this annual report.

Voting rights in the Company's shares

Details of the voting rights in the Company's shares at the date of this annual report are given in note 9 to the Notice of Annual General Meeting on page 89 of this annual report.

Going Concern

The Directors believe that it is appropriate to adopt the going concern basis in preparing the Financial Statements as the assets of the Company consist mainly of securities that are readily realisable and, accordingly, the Company has adequate financial resources to continue in operational existence for the foreseeable future. In accordance with the Company's Articles of Association a resolution will be proposed at the forthcoming Annual General Meeting that the Company continue as an investment trust for a further five year period.

Anti-Bribery and Corruption Policy

The Board has adopted a zero tolerance approach to instances of bribery and corruption. Accordingly it expressly prohibits any Director or associated persons when acting on behalf of the Company, from accepting, soliciting, paying, offering or promising to pay or authorise any payment, public or private, in the United Kingdom or abroad to secure any improper benefit for themselves or for the Company.

Charitable Donations

The Company has not in the past and does not intend in the future to make charitable donations.

Political Donations

The Company has not in the past and does not intend in the future to make political donations.

Corporate Report / Report of the Directors

Global Greenhouse Gas Emissions

The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended), (including those within our underlying investment portfolio).

Corporate Governance

The Corporate Governance report, which includes the Company's Corporate Governance policies is publically available as part of the company's annual report and can be viewed on the Company's website www.biotechgt.com.

By order of the Board

Frostrow Capital LLP
Company Secretary

21 May 2015

Corporate Report / Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable United Kingdom law and regulations. Company law requires the directors to prepare Financial Statements for each financial year. Under that law, the directors are required to prepare Financial Statements under International Financial Reporting Standards ("IFRSs") as adopted by the European Union.

Under Company Law the directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the Financial Statements the directors are required to:

- present fairly the financial position, financial performance and cash flows of the Company;
- select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable comparable and understandable information;
- make judgements that are reasonable;
- provide additional disclosures when compliance with the specific requirements in IFRSs as adopted by the European Union is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance; and
- state whether the Company's Financial Statements have been prepared in accordance with IFRSs as adopted by the European Union;

Responsibility Statement of the Directors in respect of the Annual Financial Report

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Company's Financial Statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for preparing the Strategic Report, Report of the Directors, the Directors Remuneration Report and Policy and the Corporate Governance Statement in accordance with the Companies Act 2006 and applicable regulations including the requirements of 4.1.8R to 4.1.11R of the FCA's Disclosure and Transparency Rules and 3.35R of the Fund Sourcebook of the FCA Handbook.

On behalf of the Board

The Rt Hon Lord Waldegrave of North Hill
Chairman

21 May 2015

Corporate Report / Depositary Report to the Directors of The Biotech Growth Trust PLC

The Directors
The Biotech Growth Trust PLC
One Wood Street
London
EC2V 7WS

J.P.Morgan

14 April 2015

Statement of the Depositary's Responsibilities in Respect of the Scheme and Report of the Depositary to the Shareholders of The Biotech Growth Trust PLC ("the Company") for the Period Ended 31 March 2015.

The Depositary must take reasonable care to ensure that the Company is managed in accordance with the Financial Conduct Authority's Investment Funds Sourcebook, ("the Sourcebook"), the Alternative Investment Fund Managers Directive ("AIFMD") and the Company's Articles of Association (together "the Regulations").

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Company and its investors.

The Depositary is responsible for the safekeeping of the assets of the Company in accordance with the Sourcebook.

The Depositary must ensure that:

- the Company's cash flows are properly monitored and that cash of the Company is booked in cash accounts in accordance with the Sourcebook;
- the sale, issue, repurchase, redemption and cancellation of shares are carried out in accordance with the Regulations;
- the value of shares of the Company are calculated in accordance with the Regulations;
- the instructions of the Alternative Investment Fund Manager ("the AIFM") are carried out (unless they conflict with the Regulations);
- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits; and
- that the Company's income is applied in accordance with the Regulations.

The Depositary also has a duty to take reasonable care to ensure that the Company is managed in accordance with the Articles of Association in relation to the investment and borrowing powers applicable to the Company.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the AIFM has been managed in accordance with the rules in the Sourcebook, the Articles of Association of the Company and as required by the AIFMD.

Sam Maybrey
Trustee Manager

J.P. Morgan Europe Limited
Bournemouth
14 April 2015
Yours sincerely

J.P. Morgan Europe Limited Chaseside, Bournemouth, Dorset, BH7 7DA. Switchboard (01202) 342000
Registered in England number 938937 at 25 Bank Street, Canary Wharf, London, E14 5JP.
Authorised by the PRA and regulated by the FCA and PRA.

Corporate Report / Independent Auditors' Report to the Members of The Biotech Growth Trust PLC

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 31 March 2015 and of the Company's net return for the year then ended;
- the Company's financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- the Company's financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union and as applied in accordance with the requirements of the Companies Act 2006;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

What we have audited

We have audited the financial statements of The Biotech Growth Trust PLC for the year ended 31 March 2015 which comprise the Income Statement, the Statement of Changes in Equity, the Statement of Financial Position, the Statement of Cash Flows and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 72 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently

Corporate Report / Independent Auditors' Report to the Members of The Biotech Growth Trust PLC

materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Our assessment of risks of material misstatement

We identified the following risks of material misstatement that had the greatest effect on the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. The table also includes our responses to the risks:

Risk Identified	Our Response
The valuation of the assets held in the investment portfolio is the key driver of the company's investment return. The portfolio is 99.41% comprised of listed investments. Incorrect asset pricing or a failure to maintain proper legal title of the assets held by the company could have a significant impact on portfolio valuation and, therefore, the return generated for shareholders.	<ul style="list-style-type: none"> We assessed the AIFM's and the AIFM's appointed third party Administrator's systems and controls in this area and decided not to rely on them for the first year of the audit. We obtained an understanding of the Company's valuation policy for investments held and confirmed that the values of the investments are recorded in line with it. For quoted investments, we agreed 100% of the year end prices to independent sources. For the unquoted investment, we have assessed the Company's valuation technique and confirmed the inputs used by checking to independent sources and obtaining confirmation from an independent source to confirm the fair value as at the year end date is in accordance with the Company's valuation policy.
<p>The performance fees payable by the company for AIFM services are a significant component of the company's cost base and, therefore, impact the company's total return. As at 31 March 2015, the performance fee accrued was £1.8m (as disclosed in Note 3 to the financial statements).</p> <p>As described on page 67 and 68 the calculation methodology for performance fee accrued is relatively complex with a number of inputs required from both external sources and the company's own financial records.</p> <p>If the performance fee is not calculated in accordance with the methodology described in the AIFM and Portfolio Management Agreements this could have a significant impact on both costs and overall performance.</p>	<ul style="list-style-type: none"> We used the terms contained in the AIFM and Portfolio Management Agreements to perform a recalculation of the performance fee. We agreed the inputs used in the calculation of the performance fee to source data. We agreed the accounting treatment adopted in relation to the recognition of the fee was appropriate.
The Directors are responsible for ensuring that the Company complies with the investment trust conditions set out in section 1158 of the Corporation Taxes Act ("CTA") 2010 and the new Investment Trust (Approved Company) (Tax) Regulations 2011 and thus for monitoring maintenance of investment trust status.	<ul style="list-style-type: none"> We have reviewed revenue retained by the Company as a proportion of income received in compliance with section s1158 CTA requirements. We have reviewed the investment policy to ensure consistency with initial application to ascertain compliance with s1158 CTA at the balance sheet date.

Corporate Report / Independent Auditors' Report to the Members of The Biotech Growth Trust PLC

Our application of materiality

We determined planning materiality for the Company to be £5.3 million which is 1% of total equity. This provided a basis for determining the nature, timing and extent of our risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures. We have derived our materiality calculation based on a proportion of total equity as we consider it to be the most important financial metric on which shareholders would judge the performance of the Company.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgment was that overall performance materiality (i.e. our tolerance for misstatement in an individual account or balance) for the Company should be 50% of planning materiality, namely £2.6 million. Our objective in adopting this approach was to ensure that total undetected and uncorrected audit differences in all accounts did not exceed our planning materiality level.

It was agreed with the Committee that all differences over £266,000 as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds would be reported. No such differences were identified.

We evaluate any uncorrected misstatements against both the qualitative measures of materiality discussed above and in the light of other relevant qualitative considerations would be reported. No such differences were identified.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the Annual Report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the Annual Report is fair, balanced and understandable and whether the Annual Report appropriately discloses those matters that we communicated to the Audit Committee which we consider should have been disclosed.

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 70 in relation to going concern; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the ten provisions of the UK Corporate Governance Code specified for our review.

ARMAJIT SINGH

SENIOR STATUTORY AUDITOR

FOR AND ON BEHALF OF ERNST & YOUNG LLP

STATUTORY AUDITOR

LONDON

21 May 2015

Further Information / AIFMD Related Disclosure

The AIFM is required to make certain disclosures to prospective investors prior to their investment in the Company, in accordance with Article 23 AIFMD and 3.2.2R and 3.2.3R of the FUND Sourcebook to the FCA Handbook. Each of these disclosures or an explanation of where they may be found in this Annual Report or elsewhere is set out in this disclosure. In the period from 22 July 2014 to 31 March 2015, there have been no material changes to this information, with the exception of the increase in leverage limit which is disclosed under the heading "Periodic Disclosure".

Investment Objective and Leverage

A description of the investment strategy and objectives of the Company, the types of assets in which the Company may invest, the techniques it may employ, any applicable investment restrictions, the circumstances in which it may use leverage, the types and sources of leverage permitted and the associated risks, any restrictions on the use of leverage and the maximum level of leverage which the AIFM and Portfolio Manager are entitled to employ on behalf of the Company and the procedures by which the Company may change its investments strategy and/or the investment policy can be found on page 15 under the heading "Investment Objective and Policy".

The table below sets out the current maximum permitted limit and actual level of leverages for the Company:

	As a percentage of net assets Gross Method	Commitment Method
Maximum level of leverage	130%	130%
Actual level at 31 March 2015	109%	109%

Risks

The principal risks associated with the investment strategy, objectives and techniques of the Company and with the use of leverage by the Company are contained on pages 19 to 21 under the heading "Risk Management". Shareholders and prospective investors should note that the risks summarised under "Risk Management" are the risks that the Board believes to be the most essential to an assessment of whether to invest in the Company. Shareholders may lose the value of their investment in the Company for reasons other than those set out herein, for reasons not currently considered by the Board or based on circumstances or facts of which the Board is not currently aware.

Contractual Relationship with the Company

A description of the main legal implications of the contractual relationship entered into for the purpose of investment in the Company, including information on jurisdiction and applicable law, is contained in the Investor Disclosure Document (a copy of which can be viewed on the Company's website www.biotechgt.com).

The articles between the Company's shareholders and the Company is governed by English law and, by purchasing shares, investors agree that the Courts of England have exclusive jurisdiction to settle any disputes. All communications in connection with the purchase of the Company's shares will be in English. Certain judgments obtained in EU member states (excluding Denmark at this time) in proceedings commenced on or after 10 January 2015, can be enforced in England and Wales under the Recast Brussels Regulation by obtaining a certificate from the court of origin certifying that the judgment is enforceable, serving the certificate and judgment on the judgment debtor and, when seeking enforcement, providing the courts of England and Wales with an authenticated copy of the judgment and certificate and certifying compliance with the requirements as to service on the debtor. The judgment debtor can apply for the enforcement of the judgment to be refused on limited grounds. Further, certain judgments obtained in EU member states (including Denmark) in proceedings commenced before 10 January 2015, or in Iceland, Norway and Switzerland can be enforced in England and Wales under the 2001 Brussels Regulation or the 2007 Lugano Convention and certain judgements obtained from a country to which any of the Administration of Justice Act 1920, the Foreign Judgments (Reciprocal Enforcement) Act 1933 or the Civil Jurisdiction and Judgments Act 1982 applies can also be enforced in England and Wales by making an application to the High Court for an order for registration of the judgment for enforcement. The judgment debtor may appeal/challenge registration on limited grounds. It may also be possible to enforce a judgment obtained in a country to which none of the above regimes apply in England and Wales if such judgment is: (1) final and conclusive on the merits; (2) given by a court regarded by English law as competent to do so; and (3) for a fixed sum of money.

Further Information / AIFMD Related Disclosure

Details of Service Providers

Details of the AIFM, Portfolio Manager, Depositary, Auditor and other service providers to the Company and their duties to the Company can be found on pages 66 and 67 under the heading "Company Management" and on page 42 under the heading "External Auditor". No shareholder, in their capacity as such, will generally have any direct contractual claim against any service provider to the Company with respect to such service provider's default of any of their duties towards the Company.

Professional Liability Risk

A description of how the AIFM complies with its obligations under the rules and regulations implementing the AIFMD (the "AIFM Rules") relating to professional liability risk can be found on page 14 of this annual report under the heading "Alternative Investment Fund Management".

Management Functions Delegated by AIFM

A description of safe-keeping functions delegated by the Depositary, management functions delegated by the AIFM and the identity of such delegates can be found on pages 66 and 67 under the headings "Company Management" and "Portfolio Management Agreement" respectively. The AIFM does not consider that any conflicts of interest arise from the delegation of its portfolio management function to OrbiMed, or from the delegation of the Depositary's safekeeping function to any sub-custodians.

Valuation Policy

The Company's portfolio of assets will be valued on each Dealing Day (a day on which the London Stock Exchange and banks in England and Wales are normally open for business). All instructions to issue or cancel ordinary shares given for a prior Dealing Day shall be assumed to have been carried out (and any cash paid or received).

The valuation will be based on the following:

- (a) Cash and amounts held in current and deposit accounts and in other time-related deposits will be valued at their nominal value.
- (b) All transferable securities will be valued at fair value:
 - (i) fair value for quoted investments is deemed to be bid market prices, or last traded price, depending on the convention of the exchange on which they are quoted; and
 - (ii) unquoted investments are valued by the Directors using primary valuation techniques such as discounted multiple of revenue.
- (c) All other property contained within the Company's portfolio of assets will be priced at a value which, in the opinion of the AIFM, represents a fair and reasonable price (see below).
- (d) If there are any outstanding agreements to purchase or sell any of the Company's portfolio of assets which are incomplete, then the valuation will assume completion of the agreement.
- (e) Added to the valuation will be:
 - (i) any accrued and anticipated tax repayments of the Company;
 - (ii) any money due to the Company because of ordinary shares issued prior to the relevant Dealing Day;
 - (iii) income due and attributed to the Company but not received; and
 - (iv) any other credit of the Company due to be received by the Company.

Amounts which are de minimis may be omitted from the valuation.

Further Information / AIFMD Related Disclosure

- (f) Deducted from the valuation will be:
- (i) any anticipated tax liabilities of the Company;
 - (ii) any money due to be paid out by the Company because of ordinary shares bought back by the Company prior to the valuation;
 - (iii) the principal amount and any accrued but unpaid interest on any borrowings; and
 - (iv) any other liabilities of the Company, with periodic items accruing on a daily basis.

Amounts which are de minimis may be omitted from the valuation.

Where the Company trades in investments where prices are not available on an exchange, quotations from brokers are utilised as follows:

- (i) where possible at least two quotations will be obtained; and
- (ii) the quotations should come from active participants in the market.

Where only one quotation can be obtained the valuation will be considered in conjunction with other market-based observations such as comparable sources.

Valuations of net asset value per ordinary share will be suspended only in any circumstances in which the underlying data necessary to value the investments of the Company cannot readily or without undue expenditure be obtained. Any such suspension will be announced to a Regulatory Information Service.

Liquidity Risk Management

The AIFM maintains a liquidity management policy to monitor the liquidity risk of the Company. Shareholders have no right to redeem their ordinary shares from the Company but may trade their ordinary shares on the secondary market. However, there is no guarantee that there is a liquid market in the ordinary shares.

Further details regarding the risk management process and liquidity management are available from the AIFM, on request.

Fees

A description of certain of the fees, charges and expenses and of the maximum amounts thereof (to the extent that this can be assessed) which are borne by the Company and thus indirectly by investors can be found on pages 66 and 67 under the heading "Company Management". In addition to these management, administration and secretarial fees, the Company will pay all other fees, charges and expenses incurred in the operation of its business including, without limitation:

- brokerage and other transaction charges and taxes;
- Directors' fees and expenses;
- fees and expenses for custodial, registrar, legal, auditing and other professional services;
- any borrowing costs;
- the ongoing costs of maintaining the listing of the ordinary shares and their continued admission to trading on the London Stock Exchange;
- directors and officers insurance premiums;
- promotional expenses (including membership of any industry bodies, including the AIC, and marketing initiatives approved by the Board); and
- costs of printing the Company's financial reports and posting them to shareholders.

Such fees and expenses are not subject to a maximum unit.

Further Information / AIFMD Related Disclosure

Shareholders do not bear any fees, charges and expenses directly, other than any fees, charges and expenses incurred as a consequence of acquiring, transferring, redeeming or otherwise selling ordinary shares.

Remuneration of AIFM Staff

Following completion of an assessment of the application of the proportionality principle to the FCA's AIFM Remuneration Code, the AIFM has disapplied the pay-out process rules with respect to it and any of its delegates. This is because the AIFM considers that it carries out non-complex activities and is operating on a small scale.

Fair Treatment of Investors

The AIFM has procedures, arrangements and policies in place to ensure compliance with the principles more particularly described in the AIFM Rules relating to the fair treatment of investors. The principles of treating investors fairly include, but are not limited to:

- acting in the best interests of the Company and of the shareholders;
- ensuring that the investment decisions taken for the account of the Company are executed in accordance with the Company's investment policy and objective and risk profile;
- ensuring that the interests of any group of shareholders are not placed above the interests of any other group of shareholders;
- ensuring that fair, correct and transparent pricing models and valuation systems are used for the Company;
- preventing undue costs being charged to the Company and shareholders;
- taking all reasonable steps to avoid conflicts of interests and, when they cannot be avoided, identifying, managing, monitoring and, where applicable, disclosing those conflicts of interest to prevent them from adversely affecting the interests of shareholders; and
- recognising and dealing with complaints fairly.

The AIFM maintains and operates organisational, procedural and administrative arrangements and implements policies and procedures designed to manage actual and potential conflicts of interest. In addition, as its ordinary shares are admitted to the Official List, the Company is required to comply with, among other things, the FCA's Listing Rules and Disclosure and Transparency Rules and the Takeover Code, all of which operate to ensure a fair treatment of investors. As at the date of this annual report, no investor has obtained preferential treatment or the right to obtain preferential treatment.

Procedure and Conditions for the Issuance of Ordinary Shares

The Company's ordinary shares are admitted to the Official List of the UKLA and to trading on the main market of the London Stock Exchange. Accordingly, the Company's ordinary shares may be purchased and sold on the main market of the London Stock Exchange.

While the Company will typically have shareholder authority to buy back shares, shareholders do not have the right to have their shares purchased by the Company.

Net Asset Value

The net asset value of the Company's ordinary shares is published daily by the AIFM via a Regulatory Information Service announcement.

Further Information / AIFMD Related Disclosure

Historical performance

Historical financial information demonstrating the Company's historical performance can be found on page 3. Copies of the Company's audited accounts for the three financial years ended 31 March 2015 are available for inspection at the address of Frostrow and can be viewed on the Company's website at www.biotechgt.com.

The Prime Broker

J.P. Morgan Clearing Corp

The services provided by J.P. Morgan Clearing Corp as Prime Broker to the Company include:

- (a) safe-keeping of the assets of the Company that can be held in custody (including book entry securities);
- (b) the processing of transactions on behalf of the Company; and
- (c) the provision to the Company of an overdraft facility which is repayable on demand. Up to 140% of the value of the outstanding overdraft can be taken as collateral by the Prime Broker. Such assets may be used by the Prime Broker and such use may include their being loaned, sold, rehypothecated or transferred by the Prime Broker.

The AIFM does not consider that any conflicts of interest arise from the appointment of the Prime Broker.

The Prime Broker is liable for the loss of the Company's financial instruments, the custody of which has been delegated to it by the Depositary.

Transfer and reuse of the Company's Assets

The Depositary may not use or re-use the Company's securities or other investments without the prior consent of the Company.

Discharge of Depositary Liability

JP Morgan Europe Limited has discharged its liability under article 21(12) of the Directive in respect of its obligations under the first and second paragraphs, of that article, regarding its liability for loss of financial instruments held by the prime broker.

Periodic Disclosures

None of the Company's assets are subject to special arrangements arising from their illiquid nature.

No new arrangements have been implemented in order to manage the liquidity of the Company in the period running from 22 July 2014 to 31 March 2015.

The maximum level of leverage which the AIFM is entitled to employ on behalf of the Company was increased to 130 per cent. under the gross end commitment methods with effect from 31 March 2015. The Company provided the requisite notice to the FCA.

Further disclosures required under the AIFM Rules can be found within the Investor Disclosure Document on the Company's website: www.biotechgt.com.

Further Information / Shareholder Information

Financial Calendar

31 March	Financial Year End
May	Final Results Announced
30 September	Half Year End
November	Half Year Results Announced
July	Annual General Meeting

Annual General Meeting

The Annual General Meeting of The Biotech Growth Trust PLC will be held at the Barber Surgeons' Hall, Monkwell Square, Wood Street, London EC2Y 5BL on Wednesday, 8 July 2015 at 12 noon.

Share Prices

The Company's Ordinary Shares are listed on the London Stock Exchange under 'Investment Companies'. The price is given daily in the Financial Times and other newspapers.

Change of Address

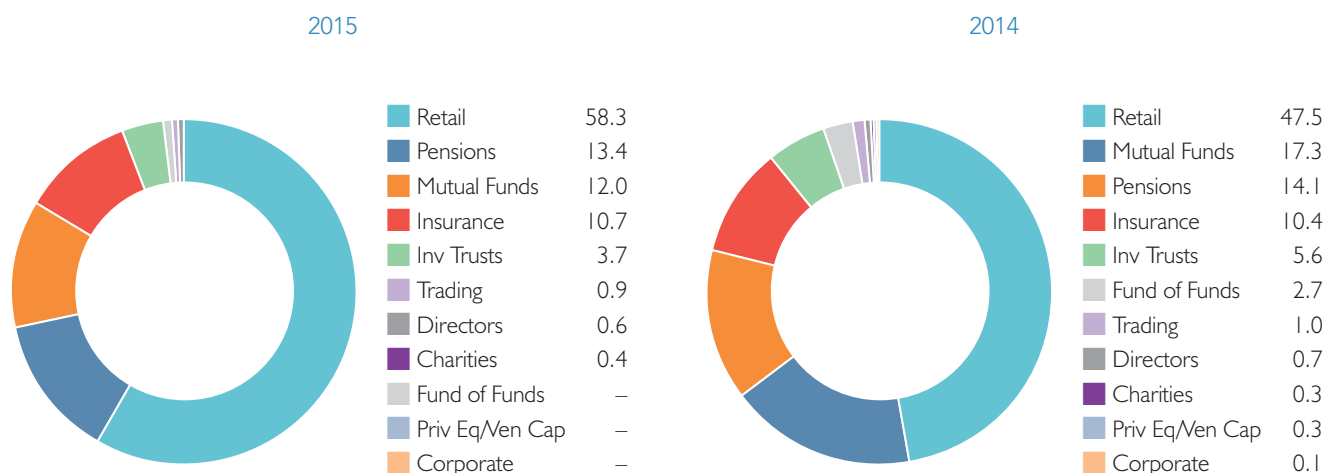
Communications with shareholders are mailed to the address held on the share register. In the event of a change of address or other amendment this should be notified to the Company's Registrars, Capita Asset Services, under the signature of the registered holder.

Daily Net Asset Value

The daily net asset value of the Company's shares can be obtained on the Company's website at www.biotechgt.com and is published daily via the London Stock Exchange.

Profile of the Company's Ownership

% of Ordinary Shares held at 31 March



Further Information / Glossary of Investment Trust Terms

AIC

Association of investment companies.

AIFMD

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 was a one-year transition period within which alternative funds must comply with the provisions of the Directive.

AIFM

AIFMD and all applicable rules and regulations implementing AIFMD in the UK, including without prejudice to the generality of the foregoing the Alternative Investment Fund Managers Regulations 2013 (SI2013/1773) and all relevant provisions of the FCA Handbook.

Compound Annual Growth Rate

The average year-on-year growth rate of an investment over a number of years. While investments usually do not grow at a constant rate, the compound annual return smoothes out returns by assuming constant growth.

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

Calculated using the Association of Investment Companies definition.

Total assets, less current liabilities (before deducting any prior charges) minus cash/cash equivalents divided 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.

Leverage

The AIFM Directive (the "Directive") has introduced the obligation on the Company and its AIFM in relation to leverage as defined by the Directive. The Directive leverage definition is slightly different to the Association of Investment Companies method of calculating gearing and is as follows: any method by which the AIFM increases the exposure of an AIF it manages whether through borrowing of cash or securities, or leverage embedded in derivative positions.

There are two methods for calculating leverage under the Directive – the Gross Method and the Commitment Method. the process for calculating exposure under each methodology is largely the same, except, where certain conditions are met, the Commitment Method enables instruments to be netted off to reflect 'netting' or 'hedging' arrangements and the entity exposure is effectively reduced.

Net Asset Value (NAV)

The value of the Company's assets, principally investments made in other companies and cash being held, less 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 in the secondary market.

Ongoing Charges

Ongoing charges are calculated by taking the Company's annualised ongoing charges, excluding performance fees and exceptional items, and dividing by the average net asset value of the Company over the year.

Rehypothecation

The pledging of securities in a customer's margin account as collateral for a loan.

Total Assets

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

Treasury Shares

Shares previously issued by a company that have been bought back from Shareholders to be held by the Company for potential sale or cancellation at a later date. Such shares are not capable of being voted and carry no rights to dividends.

Further Information / How to Invest

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:

AJ Bell Youinvest	http://www.youinvest.co.uk/
Alliance Trust Savings	http://www.alliancetrustsavings.co.uk/
Barclays Stockbrokers	https://www.barclaysstockbrokers.co.uk/Pages/index.aspx
Charles Stanley Direct	https://www.charles-stanley-direct.co.uk/
Club Finance	http://www.clubfinance.co.uk/
Fast Trade	http://www.fastrade.co.uk/wps/portal
FundsDirect	http://www.fundsdirect.co.uk/Default.asp
Halifax Share Dealing	http://www.halifax.co.uk/Shared dealing/
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-shared dealing.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/
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.

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.

The maximum deal size for online trades is £25,000. Deals over this amount can be done over the telephone and rates will be advised at the time of dealing.

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.

Further Information / How to Invest

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 stock markets 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 stock market, 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.

Further Information / Notice of the Annual General Meeting

Notice is hereby given that the Annual General Meeting of The Biotech Growth Trust PLC will be held at the Barber-Surgeons' Hall, Monkwell Square, Wood Street, London EC2Y 5BL on Wednesday, 8 July 2015 at 12 noon, for the following purposes:

Ordinary Business

To consider and, if thought fit, pass the following as ordinary resolutions:

1. To receive and, if thought fit, to accept the Audited Financial Statements and the Report of the Directors for the year ended 31 March 2015
2. To approve the Directors' Remuneration Report for the year ended 31 March 2015
3. To re-elect The Rt Hon Lord Waldegrave of North Hill as a Director of the Company
4. To re-elect Professor Dame Kay Davies, DBE as a Director of the Company
5. To re-elect Andrew Joy as a Director of the Company
6. To re-elect Sven Borho as a Director of the Company
7. To re-elect Peter Keen as a Director of the Company
8. To re-appoint Ernst & Young LLP as Auditors to the Company and to authorise the Audit & Management Engagement Committee to determine their remuneration

Special Business

To consider and, if thought fit, pass the following resolutions of which resolutions 10, 11, 12 and 13 will be proposed as special resolutions:

Authority to Allot Shares

9. THAT in substitution for all existing authorities the Directors be and are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 (the "Act") to exercise all powers of the Company to allot relevant securities (within the meaning of Section 551 of the Act) up to a maximum aggregate nominal amount of £1,579,668 (being 10% of the issued share capital of the Company at the date of the notice convening the meeting at which this resolution is proposed) and representing 6,318,673 shares of 25 pence each (or, if less, the number representing 10% of the issued share capital of the Company at the date at which this resolution is passed), provided that this authority shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2016 or 15 months from the date of passing this resolution, whichever is the earlier, unless previously revoked, varied or renewed, by the Company in general meeting and provided that the Company shall be entitled to make, prior to the expiry of such authority, an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities pursuant to such offer or agreement as if the authority conferred hereby had not expired.

Disapplication of Pre-emption Rights

10. THAT in substitution of all existing powers the Directors be and are hereby generally empowered pursuant to Sections 570 and 573 of the Companies Act 2006 (the "Act") to allot equity securities (within the meaning of section 560 of the Act) including if immediately before the allotment, such shares are held by the Company as treasury shares (as defined in Section 724 of the Act) for cash pursuant to the authority conferred on them by resolution 11 set out in the notice convening the Annual General Meeting at which this resolution is proposed or otherwise as if section 561(1) of the Act did not apply to any such allotment and to sell relevant shares (within the meaning of section 560 of the Act) for cash as if section 561(1) of the Act did not apply to any such sale, provided that this power shall be limited to the allotment of equity securities pursuant to:

Further Information / Notice of the Annual General Meeting

- (a) an offer of equity securities open for acceptance for a period fixed by the Directors where the equity securities respectively attributable to the interests of holders of shares of 25 pence each in the Company ("Shares") are proportionate (as nearly as may be) to the respective numbers of Shares held by them but subject to such exclusions or other arrangements in connection with the issue as the Directors may consider necessary, appropriate, or expedient to deal with equity securities representing fractional entitlements or to deal with legal or practical problems arising in any overseas territory, the requirements of any regulatory body or stock exchange, or any other matter whatsoever; and
- (b) (otherwise than pursuant to sub-paragraph (a) above) up to an aggregate nominal value of £1,579,668 or, if less, the number representing 10% of the issued share capital of the Company at the date of the meeting at which this resolution is passed,

and expires at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or 15 months from the date of passing this resolution, whichever is the earlier, unless previously revoked, varied or renewed by the Company in general meeting and provided that the Company shall be entitled to make, prior to the expiry of such authority, an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant to such offer or agreement as if the power conferred hereby had not expired.

Authority to Repurchase Ordinary Shares

11. THAT the Company be and is hereby generally and unconditionally authorised in accordance with section 701 of the Companies Act 2006 (the "Act") to make one or more market purchases (within the meaning of section 693(4) of the Act) of ordinary shares of 25 pence each in the capital of the Company ("Shares") either for retention as treasury shares for future reissue, resale, transfer or for cancellation provided that:
- (a) the maximum aggregate number of Shares authorised to be purchased is 9,471,691 (representing approximately 14.99% of the issued share capital of the Company at the date of the notice convening the meeting at which this resolution is proposed);
 - (b) the minimum price (exclusive of expenses) which may be paid for a Share is 25 pence;
 - (c) the maximum price (exclusive of expenses) which may be paid for a Share is an amount equal to the greater of (i) 105% of the average of the middle market quotations for a Share as derived from the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which that Share is purchased and (ii) the higher of the price of the last independent trade in shares and the highest then current independent bid for shares on the London Stock Exchange as stipulated in Article 5(1) of Regulation No. 2233/2003 of the European Commission (Commission Regulation of 22 December 2003 implementing the Market Abuse Directive as regards exemptions for buy-back programmes and stabilisation of financial instruments);
 - (d) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2016 or, if earlier, on the expiry of 15 months from the date of the passing of this resolution unless such authority is renewed prior to such time; and
 - (e) the Company may make a contract to purchase Shares under this authority before the expiry of such authority which will or may be executed wholly or partly after the expiration of such authority, and may make a purchase of Shares in pursuance of any such contract.

Further Information / Notice of the Annual General Meeting

General Meetings

12. THAT the Directors be authorised to call general meetings (other than annual general meetings) on not less than 14 working days' notice, such authority to expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, until expiry of 15 months from the date of the passing of this resolution.

Articles of Association

13. THAT the Articles of Association set out in the document produced to the meeting and signed by the Chairman of the meeting for the purposes of identification be and are hereby approved and adopted as the Articles of Association of the Company in substitution for and to the exclusion of the existing Articles of Association of the Company.

Full explanatory notes of principal changes to the Articles of Association are set out on page 93 of this annual report.

Continuance of the Company

14. To approve the Continuance of the Company as an investment trust for a further period of five years.

By order of the Board

Frostrow Capital LLP
Company Secretary
21 May 2015

Registered office:
One Wood Street
London EC2V 7WS

Further Information / Notice of the Annual General Meeting

Notes

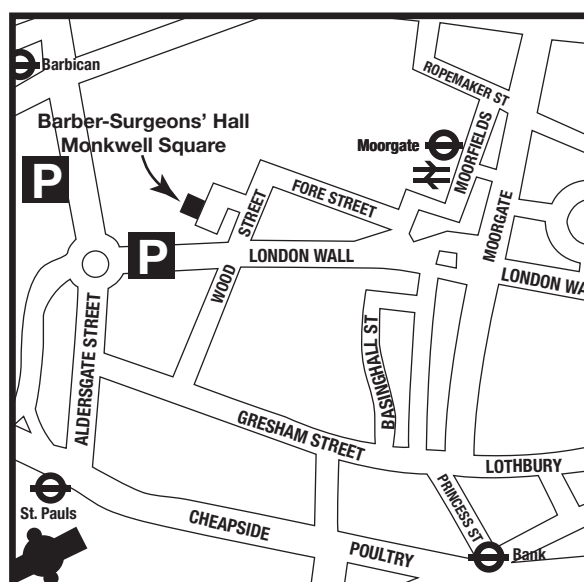
1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice.
2. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolutions. If no voting indication is given, a proxy may vote or abstain from voting at his/her discretion. A proxy may vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
3. To be valid any proxy form or other instrument appointing a proxy must be completed and signed and received by post or (during normal business hours only) by hand at Capita Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF no later than 12 noon on 6 July 2015.
4. In the case of a member which is a company, the instrument appointing a proxy must be executed under its seal or signed on its behalf by a duly authorised officer or attorney or other person authorised to sign. Any power of attorney or other authority under which the instrument is signed (or a certified copy of it) must be included with the instrument.
5. The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described below) will not prevent a shareholder attending the meeting and voting in person if he/she wishes to do so.
6. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
7. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 1 and 3 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
8. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, only shareholders registered on the register of members of the Company (the "Register of Members") at 5.30 p.m. on 6 July 2015 (or, in the event of any adjournment, on the date which is two days before the time of the adjourned meeting) will be entitled to attend and vote or be represented at the meeting in respect of shares registered in their name at that time. Changes to the Register of Members after that time will be disregarded in determining the rights of any person to attend and vote at the meeting.
9. As at 21 May 2015 (being the last business day prior to the publication of this notice) the Company's issued share capital consists of 68,886,347 ordinary shares (including 5,699,614 shares held in treasury), carrying one vote each. Therefore, the total voting rights in the Company as at 21 May 2015 are 63,186,733.
10. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
11. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with the specifications of Euroclear UK and Ireland Limited ("CRESTCo"), and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) no later than 48 hours before the time appointed for holding the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
12. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

Further Information / Notice of the Annual General Meeting

13. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
14. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Register of Members in respect of the joint holding (the first named being the most senior).
15. Members who wish to change their proxy instructions should submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.
16. Members who have appointed a proxy using the hard-copy proxy form and who wish to change the instructions using another hard-copy form, should contact Capita Asset Services on 0871 664 0300 (calls cost 10p per minute plus network extras). Lines are open 8.30am to 5.30pm Monday to Friday.
17. If a member submits more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
18. In order to revoke a proxy instruction, members will need to inform the Company. Members should send a signed hard copy notice clearly stating their intention to revoke a proxy appointment to Capita Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF.

In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power of attorney) must be included with the revocation notice. If a member attempts to revoke their proxy appointment but the revocation is received after the time for receipt of proxy appointments (see above) then, subject to paragraph 4, the proxy appointment will remain valid.

LOCATION OF THE ANNUAL GENERAL MEETING the Barber-Surgeons' Hall, Monkwell Square, Wood Street, London EC2Y 5BL



Further Information / Explanatory Notes to the Resolutions

Resolution 1 – To receive the Annual Report and Accounts

The Annual Report and Accounts for the year ended 31 March 2015 will be presented to the Annual General Meeting. These accounts accompanied this Notice of Meeting and shareholders will be given an opportunity at the meeting to ask questions.

Resolutions 2 – Remuneration Report

It is now mandatory for all listed companies to put both their Report on Directors' Remuneration and their Remuneration Policy to a shareholder vote. The Report on Directors' Remuneration Report is set out in full in this annual report on pages 43 to 46. The Remuneration Policy Report is required to be put to a shareholder vote at least once every three years. The report was last voted upon at the 2014 Annual General Meeting.

Resolutions 3 to 7 – Re-election of Directors

Resolutions 3 to 7 deal with the re-election of each Director. Biographies of each of the Directors can be found on page 24 of this annual report.

The Board has confirmed, following a performance review, that the Directors standing for election and re-election continue to perform effectively.

Resolution 8 – Re-Appointment of Auditors and the determination of their remuneration

Resolution 8 relates to the re-appointment of Ernst & Young LLP as the Company's independent auditors to hold office until the next Annual General Meeting of the Company and also authorises the Directors to set their remuneration. Following the implementation of the Competition and Markets Authority order on Statutory Audit Services, which is effective for the Company from 1 January 2015, only the Audit & Management Engagement Committee may negotiate and agree the terms of the auditors' service agreement.

Resolutions 9 and 10 – Issue of Shares

Ordinary Resolution No. 9 in the Notice of Annual General Meeting will renew the authority to allot the unissued share capital up to an aggregate nominal amount of £1,579,668 (equivalent to 6,318,673 shares, or 10% of the Company's existing issued share capital on 21 May 2015, being the nearest practicable date prior to the signing of this Report). Such authority will expire on the date of the next Annual General Meeting or after a period of 15 months from the date of the passing of the resolution, whichever is earlier. This means that the authority will have to be renewed at the next Annual General Meeting.

When shares are to be allotted for cash, Section 551 of the Companies Act 2006 (the "Act") provides that existing shareholders have pre-emption rights and that the new shares must be offered first to such shareholders in proportion to their existing holding of shares. However, shareholders can, by special resolution, authorise the Directors to allot shares otherwise than by a pro rata issue to existing shareholders. Special Resolution No. 10 will, if passed, give the Directors power to allot for cash equity securities up to 10% of the Company's existing share capital on 21 May 2015, as if Section 551 of the Act does not apply. This is the same nominal amount of share capital which the Directors are seeking the authority to allot pursuant to Resolution No. 9. This authority will also expire on the date of the next Annual General Meeting or after a period of 15 months, whichever is earlier. This authority will not be used in connection with a rights issue by the Company.

The Directors intend to use the authority given by Resolutions Nos. 9 and 10 to allot shares and disapply pre-emption rights only in circumstances where this will be clearly beneficial to shareholders as a whole. The issue proceeds would be available for investment in line with the Company's investment policy. No issue of shares will be made which would effectively alter the control of the Company without the prior approval of shareholders in general meeting.

Resolution 11 – Share Repurchases

The Directors wish to renew the authority given by shareholders at the previous Annual General Meeting. The principal aim of a share buy-back facility is to enhance shareholder value by acquiring shares at a discount to net asset value, as and when the Directors consider this to be appropriate. The purchase of shares, when they are trading at a discount to net asset value per share, should result in an increase in the net asset value per share for the remaining shareholders. This authority, if conferred, will only be exercised if to do so would result in an increase in the net asset value per share for the remaining shareholders and if it is in the best interests of shareholders generally. Any purchase of shares will be made within guidelines established from time to time by the Board. It is proposed to seek shareholder authority to renew this facility for another year at the Annual General Meeting.

Further Information / Explanatory Notes to the Resolutions

Under the current Listing Rules, the maximum price that may be paid on the exercise of this authority must not exceed the higher of (i) 105% of the average of the middle market quotations for the shares over the five business days immediately preceding the date of purchase and (ii) the higher of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out. The minimum price which may be paid is 25p per share. Shares which are purchased under this authority will either be cancelled or held as treasury shares.

Special Resolution No. 11 in the Notice of Annual General Meeting will renew the authority to purchase in the market a maximum of 14.99% of shares in issue on 21 May 2015, being the nearest practicable date prior to the signing of this Report, (amounting to 9,471,691 shares). Such authority will expire on the date of the next Annual General Meeting or after a period of 15 months from the date of passing of the resolution, whichever is earlier. This means in effect that the authority will have to be renewed at the next Annual General Meeting or earlier if the authority has been exhausted.

Resolution 12 – General Meetings

Special Resolution No. 12 seeks shareholder approval for the Company to hold General Meetings (other than the Annual General Meeting) at 14 clear days' notice.

Resolution 13 – Amendment to Articles of Association

It is proposed to make certain changes to the Company's Articles of Association to enable the Company to comply with its obligations under the OECD Standard for Automatic Exchange for Financial Account Information (the "Common Reporting Standard"), United States Foreign Account Tax Compliance Act ("FATCA") and other exchange of tax information regimes which may be introduced. Full explanatory notes of principal changes to the Articles of Association are set out on page 93 of this annual report.

Resolution 14 – Continuance of the Company

Ordinary Resolution No. 13 seeks shareholder approval for the Company to continue as an investment trust for a further period of five years.

Recommendation

The Board considers that the resolutions relating to the above items of special business, are in the best interests of shareholders as a whole. Accordingly, the Board unanimously recommends to the shareholders that they vote in favour of the above resolutions to be proposed at the forthcoming Annual General Meeting as the Directors intend to do in respect of their own beneficial holdings totaling 359,934 shares.

Further Information / Explanatory Notes of Principal Changes to the Company's Articles of Association

It is proposed that the Company adopts new Articles of Association (the "Articles") to enable it to comply with its obligations under the OECD Standard for Automatic Exchange for Financial Account Information (the "Common Reporting Standard"), United States Foreign Account Tax Compliance Act ("FATCA") and other exchange of tax information regimes which may be introduced (together, the "Information Exchange Regimes").

The Company is a reporting financial institution for the purposes of the Common Reporting Standard (which is expected to take effect from 1 January 2016) and FATCA (which already has effect).

It is expected that the Company will have obligations under the Common Reporting Standard to conduct due diligence to identify applicable shareholder accounts and to report certain information on its members to the UK tax authorities for exchange with the tax authorities of other jurisdictions that are signatories to the Common Reporting Standard.

At present, due to an available exemption, it is not expected that the Company should have similar reporting obligations under FATCA. However, the law in the area is developing and it is possible that the FATCA treatment of the Company may change.

For this reason, the Company is proposing that the Articles be amended to provide that:

- each member of the Company shall cooperate with the Company in ensuring that it is compliant with the Information Exchange Regimes;
- each member of the Company shall provide the Company with such information, forms and documentation as may be requested by the Company for the purposes of enabling the Company to comply with its obligations under the Information Sharing Regimes;
- each member consents to allowing, and authorises, the Company to disclose and supply any information, forms or documentation in relation to it to the Commissioners for HM Revenue & Customs or any other relevant governmental authority of any jurisdiction to the extent required under the Information Exchange Regimes (and, to the extent relevant, shall procure that the beneficial owner of the shares provides the same consent and authorisation);
- each member of the Company shall notify the Company of any changes to information provided by it to the extent that such information is required by the Company for compliance with the Information Sharing Regimes;
- the Company may declare a member that fails to comply with the above obligations a "Non-Compliant Holder"; and
- to the extent moneys received or payable by the Company are subject to deduction or withholding pursuant to the Information Sharing Regimes, the Company shall not be required to make good the members in respect of such deduction or withholding.

The Company is also proposing that the Articles be amended to provide that, in the event that a member is declared a Non-Compliant Holder, the directors may give notice to such member requiring it to transfer its shares in the Company within 21 days. If the member does not transfer its shares within the 21 days, the Company may sell such member's shares on the member's behalf at the best price reasonably obtainable at the time.

Further Information / Company Information

Directors

The Rt Hon Lord Waldegrave of North Hill (Chairman)
Sven Borho
Professor Dame Kay Davies, DBE
Paul Gaunt
Andrew Joy (Senior Independent Director and Chairman of the Remuneration Committee)
Peter Keen (Chairman of the Audit and Management Engagement Committee)

Registered Office

One Wood Street
London EC2V 7WS

Website

www.biotechgt.com

Company Registration Number

3376377 (Registered in England)
The Company is an investment company as defined under Section 833 of the Companies Act 2006.
The Company was incorporated in England on 20 May 1997.
The Company was incorporated as Reabourne Merlin Life Sciences Investment Trust PLC.

Alternative Investment Fund Manager,

Company Secretary and Administrator

Frostrow Capital LLP
25 Southampton Buildings
London WC2A 1AL
Telephone: 0203 008 4910
E-Mail: info@frostrow.com
Website: www.frostrow.com
Authorised and regulated by the Financial Conduct Authority.

Portfolio Manager

OrbiMed Capital LLC
601 Lexington Avenue, 54th Floor
New York NY10022 USA
Telephone: +1 212 739 6400
Website: www.orbimed.com
Registered under the U.S. Securities and Exchange Commission.

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 stated e-mail address.



Independent Auditors

Ernst & Young LLP
1 More London Place
London SE1 2AF

Depository

J.P. Morgan Europe Limited
25 Bank Street
London E14 5JP

Prime Broker

J.P. Morgan Clearing Corp.
Suite 1, Metro Tech Roadway
Brooklyn, NY11201
USA

Registrars

Capita Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU
Telephone (in UK): 0871 664 0300†
Telephone (from overseas): +44 20 8639 3399
Facsimile: +44 (0) 1484 600911
E-Mail: ssd@capitaassetservices.com
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 charges and may be recorded for training purposes. Lines are open from 8.30 a.m. to 5.30 p.m. Monday to Friday.

Stock Broker

Winterflood Securities Limited
The Atrium Building
Cannon Bridge
25 Dow Gate Hill
London EC4R 2GA

Solicitors

Dechert LLP
160 Queen Victoria Street
London EC4V 4QQ

Identification Codes

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





A member of the Association of Investment Companies

Winner:

Money Observer Awards, best large Trust 2014

Investment Week, Investment Company of the year, Specialist Category 2012 and 2013

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

UKtech awards Fund Manager of the year 2013
(OrbiMed Capital LLC)

Investment Trusts Magazine, Best Specialist Trust 2011 and 2012



The Biotech Growth Trust PLC

25 Southampton Buildings, London WC2A 1AL

www.biotechgt.com



@biotechgt

Disability Act

Copies of this annual report and other documents issued by the Company are available from the Company Secretary. If needed, copies can be made available in a variety of formats, including braille, audio tape or larger type as appropriate. You can contact the Registrar to the Company, Capita Registrars, which has installed telephones to allow speech and hearing impaired people who have their own telephone to contact them directly, without the need for an intermediate operator, for this service please call 0800 731 1888. Specially trained operators are available during normal business hours to answer queries via this service. Alternatively, if you prefer to go through a 'typetalk' operator (provided by RNID) you should dial 18001 from your textphone followed by the number you wish to dial.

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