



The Biotech Growth Trust PLC

Half Year Report & Accounts for the six months ended 30 September 2014



Frostrow
CAPITAL



OrbiMed
Healthcare Fund Management

About The Biotech Growth Trust PLC

The Biotech Growth Trust PLC (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.

Further details of the Company's investment policy are set out on page 3 of this half year report.

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The Biotech Growth Trust PLC
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www.biotechgt.com

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Financial Calendar

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

Winner:

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



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").

Management

The Company has 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 have jointly appointed OrbiMed Capital LLC as Portfolio Manager.

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 on page 4 of this half year report.

Dividend

No dividend was recommended in respect of the year ended 31 March 2014 (2013: nil).

No dividend is recommended in respect of the half year ended 30 September 2014 (2013: nil).

Continuation Vote

The next continuation vote of the Company will be held at the Annual General Meeting in 2015, and further opportunities to vote on the continuation of the Company will 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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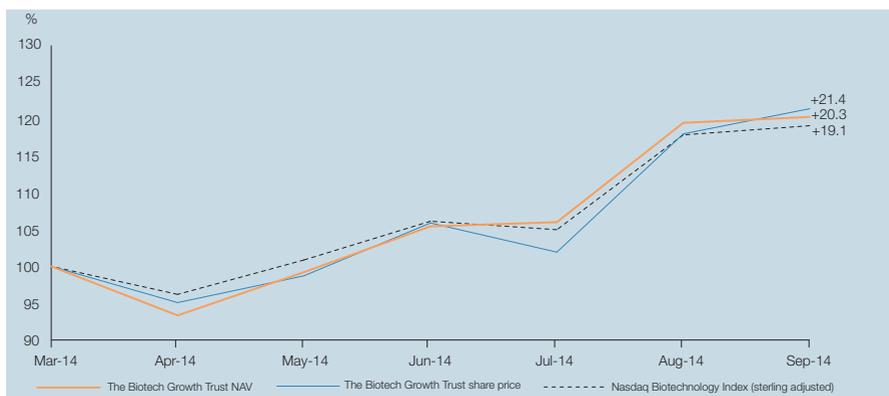
Company Summary / Company Performance

Financial Highlights

	As at 30 September 2014	As at 31 March 2014	% Change
Net asset value per share	599.9	498.7p	+20.3
Share price	567.0	467.0p	+21.4
Discount of share price to net asset value per share	5.5%	6.4%	–
Average discount/(premium) of share price to net asset value per share	6.8%	2.9%	–
NASDAQ Biotechnology Index (sterling adjusted) (Benchmark)	1,762.8	1,480.1	+19.1
Gearing*	9.8%	8.3%	–

*See glossary on page 20

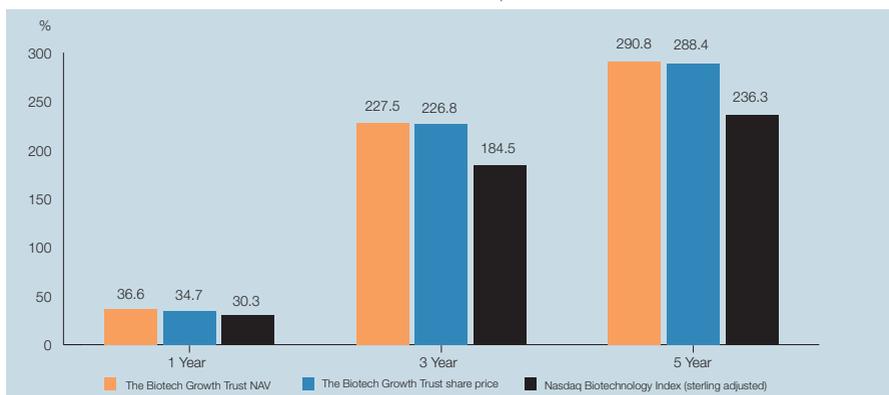
Six Month Performance



Figures are rebased to 100 at 31 March 2014

Source: Morningstar

One, Three and Five Year Performance to 30 September 2014



Source: Morningstar

Company Summary / Investment Objective

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).

Investment Approach

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

OrbiMed, based in New York, is an investment manager focused exclusively on the healthcare sector, with approximately U.S.\$12 billion in assets under management as at 30 September 2014 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.

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.

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.

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.

Company Summary / Investment Objective

- 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.
- The Company's gearing policy is that gearing will not exceed 15% of the Company's net assets. The Company's gearing requirements are met through the utilisation of a loan facility, repayable on demand, provided by J.P. Morgan Clearing Corp. This facility can be drawn at the discretion of the AIFM.

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

Capital Structure

During the half year, a total of 4,160,625 shares were bought back by the Company to hold in treasury. At 30 September 2014, the Company had 68,886,347 shares (including 4,822,934 shares held in treasury) of 25p each in issue (30 September 2013: 68,536,347 (nil shares held in treasury); 31 March 2014: 68,886,347 (including 662,309 shares held in treasury)). No new shares were issued during the half year. Since the end of the half year 284,897 further shares have been bought back by the Company to hold in treasury.

Gearing

The Company's borrowing policy was that borrowings would not exceed 10% of the Company's net assets. Such limits were increased to 15% of the Company's net assets in November 2014. For further details please refer to the Chairman's Statement on page 5. The Company's borrowing requirements are met through the utilisation of a loan facility, repayable on demand, provided by the Company's prime broker, J.P. Morgan Clearing Corp. As at 30 September 2014 the Company had borrowed £37.7 million under this facility. As of this date the net gearing level was 9.8% of the Company's net assets.

Chairman's Statement

Performance

I am delighted to report that after another period of strong performance the Company's net asset value per share rose by 20.3% and the share price by 21.4% during the period, both outperforming the benchmark, the NASDAQ Biotechnology Index, which measured in sterling terms rose by 19.1%. The Company's outperformance of the benchmark was principally due to the Company's holdings in Gilead Sciences, InterMune and Puma Biotechnology. Further information on investment performance and the outlook for the Company is given in the Portfolio Manager's Review.



The Rt Hon Lord Waldegrave
of North Hill
Chairman

Capital Structure

The Board has continued to implement its policy of active discount management and to buy back shares to hold in treasury when the discount of the share price against the net asset value per share is greater than 6%. During the six months under review the Company repurchased a total of 4,160,625 shares to be held in treasury at a cost of £20,420,000 (including expenses). The average discount during the period was 6.8%.

Regulatory

I reported in my year-end statement that the Board together with its advisers had been keeping developments with respect to the Alternative Investment Fund Managers Directive (the 'Directive') under close review. I am pleased to confirm that the Company entered into the necessary arrangements to ensure compliance with the Directive on 22 July 2014.

The Company appointed its existing Manager, Frostrow Capital LLP as its Alternative Investment Fund Manager ('AIFM') on the terms and subject to the conditions of a new management agreement. In addition the Company and Frostrow entered into a portfolio management agreement with OrbiMed Capital LLC. The fee basis of both Frostrow and OrbiMed remain unchanged as a result of these new arrangements. The old agreements between the Company, Frostrow Capital LLP and OrbiMed Capital LLC were terminated.

In order to achieve compliance with the AIFM Directive the Company appointed J.P. Morgan Europe Limited to act as the Company's depositary and J.P. Morgan Clearing Corp to act as the prime broker. The custody agreement between the Company and Goldman Sachs & Co was terminated.

Gearing

The Board has decided that the Company's gearing limit be increased from 10% to 15% of the Company's net assets with immediate effect in order to provide flexibility to our Portfolio Manager. The Board will continue to keep the gearing limit under review.

Dividend

No dividend was recommended in respect of the year ended 31 March 2014 (2013: nil). No dividend is recommended in respect of the half year ended 30 September 2014 (2013: nil).

Outlook

The development of new products and the prospect of merger and acquisition activity continue to be key drivers for the biotechnology sector. Our Portfolio Manager, OrbiMed Capital LLC believes that large capitalisation biotechnology companies, in particular, offer good value opportunities due, in part, to positive earnings prospects for 2015 and beyond. Against this backdrop, the Board remains confident about the future performance of the biotechnology sector with the portfolio being well-positioned to benefit from this positive outlook.

Despite the biotechnology sector witnessing volatile market conditions in recent months our Portfolio Manager's focus remains on the selection of stocks with strong prospects for capital enhancement and we reiterate our belief that the long-term investor in the sector will be well rewarded.

The Rt Hon Lord Waldegrave of North Hill
Chairman

10 November 2014

Portfolio Manager's Review

Interim Performance Review

Top contributors to performance in the portfolio were Gilead Sciences, InterMune, Puma Biotechnology, Medivation, and Vertex Pharmaceuticals.



Sven Borho
OrbiMed Capital LLC
Portfolio Manager

- Gilead shares appreciated due to the strong launch of Sovaldi for the treatment of Hepatitis C. In the first half of 2014, Sovaldi sales were \$5.75 billion, significantly beating analyst expectations.
- InterMune shares increased due to the company's acquisition by Roche for \$8.3 billion. The deal offered shareholders a 38% premium to the share price preceding the merger announcement.
- Puma Biotechnology shares appreciated due to successful phase III results of Neratinib for Her2+ breast cancer following Herceptin-based adjuvant therapy. Success in this trial was not widely expected; the shares increased nearly 300% following the announcement.
- Medivation shares appreciated over the period due to strong sales of Xtandi for prostate cancer. Additionally, investors became more optimistic about the potential of Xtandi for the treatment of breast cancer. Data in that indication will be released by year-end.
- Vertex shares increased due to positive phase III data for the combination of Ivacaftor and Lumacaftor for the treatment of cystic fibrosis patients with the most common mutation, F508del. This represents a multi-billion dollar opportunity.

The largest losses were from positions in Fluidigm, Prothena, and Vanda Pharmaceuticals.

- Fluidigm shares declined due to poor performance from the company's recently acquired DVS BioScience division. Fluidigm revised growth expectations for DVS substantially lower than prior guidance due to disruptions in sales channels.
- Prothena shares declined due to the release of disappointing results from a 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.

Portfolio Manager's Review

Outlook

Following a selloff in March and April, biotech stocks rebounded and are now close to an all-time high, as measured by the Nasdaq Biotechnology Index. We believe the sector remains fundamentally strong, and the case remains good for continued outperformance. 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. For example, Gilead Sciences launched its new blockbuster drug for HCV, Sovaldi, which is expected to generate nearly \$12 billion in revenue this year. Yet even with this success and strong stock performance this year, the shares are only trading at 11x consensus 2015 EPS.

The strong performance of Puma Biotechnology and Vertex Pharmaceuticals following positive phase III results highlights the importance of clinical data releases to catalyze stock appreciation in the sector. We expect an abundance of clinical catalysts over the next year. We have previously noted that immuno-oncology has become a major focus among investors. This field has experienced substantial breakthroughs over the past several years and will have very active news flow over the next year. In particular, the first pivotal clinical trials of Opdivo in lung cancer are expected shortly. This drug, developed by Bristol-Myers Squibb and its partner Ono Pharmaceuticals (held within the portfolio) is an inhibitor of PD-1 which releases suppression of immune T-cells to fight cancer and has shown activity across a broad range of tumors. Using the anti-PD-1 drugs in combination with other activators of the immune system will potentially extend the benefit to a larger group of patients. Toward this end, we will see proof of concept data from portfolio companies Incyte and Innate Pharma for their combination approaches in 2015.

M&A activity will continue to be a major catalyst in the sector. During the review period, portfolio holdings InterMune and Shire announced agreements to be acquired by Roche and AbbVie, respectively. The Shire acquisition was proposed in part to benefit AbbVie through a lower tax due to reincorporation in the UK. However, subsequently U.S. Treasury Secretary Jack Lew announced new rules to discourage tax inversions, which caused AbbVie's Board to abandon the deal in October. Although acquisitions for tax inversion had become popular in healthcare, this manoeuvre was more common among specialty pharma companies rather than traditional biotech. We therefore see little change in the attractiveness of biotech companies for acquisition, and see the ongoing weaknesses in pharma pipelines as the main motivation for M&A.

The number of holdings in the Trust is approximately 35. Currently approximately one-third of the Trust's assets are invested in emerging biotechnology companies, and two-thirds are invested in major biotechnology companies. With attractive valuation and abundant clinical and regulatory catalysts, we believe that the sector is well positioned to continue its positive momentum.

Sven Borho
OrbiMed Capital LLC
Portfolio Manager
10 November 2014

Principal Contributors to and Detractors from Net Asset Value Performance

For the Six Months to 30 September

Top Five Contributors

	Contribution 2014 £'000	Contribution per share (pence)*
Gilead Sciences	19,722	29.5p
InterMune	11,196	16.8p
Puma Biotechnology	10,092	15.1p
Medivation	6,077	9.1p
Vertex Pharmaceuticals	6,054	9.1p
		79.6p

Top Five Detractors

	Contribution 2014 £'000	Contribution per share (pence)*
Fluidigm	(3,904)	(5.8)p
Prothena	(3,483)	(5.2)p
Vanda	(1,741)	(2.6)p
Xencor	(1,041)	(1.6)p
Incyte	(1,017)	(1.5)p
		(16.7)p

* based on 66,809,765 (excluding treasury shares) ordinary shares being the weighted average number of shares in issue for the six months ended 30 September 2014

Source: Frostrow Capital LLP

Investment Portfolio

Investment as at 30 September 2014

Security	Country /Region	Fair value £'000	% of investments
Biogen Idec	United States	41,934	10.0
Celgene	United States	35,663	8.5
Amgen	United States	35,263	8.4
Gilead Sciences	United States	32,569	7.7
Illumina	United States	20,842	5.0
Alexion Pharmaceuticals	United States	20,253	4.8
Medivation	United States	20,124	4.8
Vertex Pharmaceuticals	United States	20,091	4.8
Regeneron Pharmaceuticals	United States	17,343	4.1
Pacira Pharmaceuticals	United States	14,223	3.4
Ten largest investments		258,305	61.5
Incyte	United States	12,741	3.0
Ono Pharmaceutical	Japan	11,490	2.8
Jazz Pharmaceuticals	United States	11,390	2.7
GW Pharmaceuticals	United Kingdom	11,022	2.6
Impax Laboratories	United States	10,238	2.5
Arrowhead Research	United States	9,871	2.4
Agilent Technologies	United States	9,386	2.2
Actelion	Switzerland	9,062	2.2
Salix Pharmaceuticals	United States	7,896	1.9
Affymetrix	United States	7,738	1.8
Twenty largest investments		359,139	85.6
Neurocrine Biosciences	United States	7,724	1.8
Ironwood Pharmaceuticals	United States	6,993	1.7
Horizon Pharmaceutical	United States	6,787	1.6
Infinity Pharmaceuticals	United States	5,880	1.4
Fluidigm	United States	5,215	1.3
Innate Pharmaceutical	France	5,210	1.2
Xencor	United States	4,806	1.2
NPS Pharmaceuticals	United States	3,920	0.9
Amag Pharmaceuticals	United States	3,110	0.7
OrbiMed Asia Partners L.P. (unquoted)*	Far East	2,904	0.7
Thirty largest investments		411,688	98.1
Qiagen	Netherlands	2,666	0.6
Puma Biotechnology	United States	2,046	0.5
Synageva Biopharma	United States	1,413	0.4
Achillion Pharmaceuticals	United States	973	0.2
ArQule	United States	896	0.2
Total investments		419,682	100.0

All of the above investments are equities unless otherwise stated.

* Partnership interest

Portfolio Breakdown

	Fair value £'000	% of investments
Equities	416,778	99.3
Partnership interest	2,904	0.7
Total investments	419,682	100.0

Financial Statements / Income Statement

for the six months ended 30 September 2014

Note	(Unaudited) Six months ended 30 September 2014			(Unaudited) Six months ended 30 September 2013			(Audited) Year ended 31 March 2014		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment income									
Investment income 2	509	–	509	477	–	477	873	–	873
Total income	509	–	509	477	–	477	873	–	873
Gains and losses on investments									
Gains on investments held at fair value through profit or loss	–	67,035	67,035	–	43,772	43,772	–	87,614	87,614
Exchange (losses)/gains on currency balances	–	(763)	(763)	–	927	927	–	1,670	1,670
Expenses									
Portfolio management, AIFM and performance fees 3	–	(1,852)	(1,852)	–	875	875	–	(2,763)	(2,763)
Other expenses	(330)	–	(330)	(469)	–	(469)	(869)	–	(869)
Profit before finance costs and taxation	179	64,420	64,599	8	45,574	45,582	4	86,521	86,525
Finance costs	–	(69)	(69)	–	(20)	(20)	–	(94)	(94)
Profit before taxation	179	64,351	64,530	8	45,554	45,562	4	86,427	86,431
Taxation	(56)	–	(56)	(44)	–	(44)	(94)	–	(94)
Profit/(loss) for the period/year	123	64,351	64,474	(36)	45,554	45,518	(90)	86,427	86,337
Basic and diluted earnings/(loss) per share 4	0.2p	96.3p	96.5p	(0.1)p	67.4p	67.3p	(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 period. Accordingly the "profit/(loss) for the period" is also the "total comprehensive income for the period", as defined in IAS 1 (revised) and no separate Statement of Comprehensive Income has been presented.

All of the profit/(loss) and total comprehensive income for the period is attributable to the owners of the Company.

The "Total" column of the statement is the 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 guidelines published by the Association of Investment Companies.

All items in the above statement derive from continuing operations. No operations were acquired or discontinued in the period.

The financial statements for the six months ended 30 September 2014 have not been audited by the Company's auditors.

Financial Statements / Statement of Changes in Equity

(Unaudited)

Six months ended 30 September 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 2014	17,222	42,732	21,747	5,577	256,768	(3,798)	340,248
Net profit for period	–	–	–	–	64,351	123	64,474
Repurchase of own shares to be held in treasury	–	–	–	–	–	–	–
	–	–	(20,420)	–	–	–	(20,420)
At 30 September 2014	17,222	42,732	1,327	5,577	321,119	(3,675)	384,302

(Unaudited)

Six months ended 30 September 2013

	Ordinary Share Capital £'000	Share Premium Account £'000	Special Reserve £'000	Capital Redemption Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Total £'000
At 31 March 2013	16,117	26,122	25,167	5,577	170,341	(3,708)	239,616
Net profit/(loss) for period	–	–	–	–	45,554	(36)	45,518
Issue of new shares	1,017	14,870	–	–	–	–	15,887
At 30 September 2013	17,134	40,992	25,167	5,577	215,895	(3,744)	301,021

(Audited)

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

Financial Statements / Statement of Financial Position

as at 30 September 2014

	Note	(Unaudited) 30 September 2014 £'000	(Unaudited) 30 September 2013 £'000	(Audited) 31 March 2014 £'000
Non current assets				
Investments held at fair value through profit or loss		419,682	325,346	368,362
Current assets				
Other receivables		15,716	1,226	12,072
		15,716	1,226	12,072
Total assets		435,398	326,572	380,434
Current liabilities				
Other payables		13,440	16,226	12,306
Bank overdraft		37,656	9,325	27,880
		51,096	25,551	40,186
Net assets		384,302	301,021	340,248
Equity attributable to equity holders				
Ordinary share capital		17,222	17,134	17,222
Share premium account		42,732	40,992	42,732
Special reserve		1,327	25,167	21,747
Capital redemption reserve		5,577	5,577	5,577
Capital reserve		321,119	215,895	256,768
Revenue reserve		(3,675)	(3,744)	(3,798)
Total equity		384,302	301,021	340,248
Net asset value per share	5	599.9p	439.2p	498.7p

Financial Statements / Statement of Cash Flows

for the six months ended 30 September 2014

	(Unaudited) Six months ended 30 September 2014 £'000	(Unaudited) Six months ended 30 September 2013 £'000	Restated (Audited) Year ended 31 March 2014 £'000
Net cash inflow/(outflow) from operating activities (note 6)	11,407	(34,540)	(52,246)
Net cash inflow/(outflow) before financing	11,407	(34,540)	(52,246)
Net cash (outflow)/inflow from financing activities	(20,420)	15,887	14,295
Net decrease in cash and cash equivalents	(9,013)	(18,653)	(37,951)
Cash and cash equivalents at start of period	(27,880)	8,401	8,401
Realised (losses)/gains on foreign currency	(763)	927	1,670
Cash and cash equivalents at period/year end	(37,656)	(9,325)	(27,880)

Financial Statements / Notes to the Financial Statements

1.a) General information

The Biotech Growth Trust PLC is a company incorporated and registered in England. The Company operates as an investment trust company within the meaning of Section 833 of the Companies Act 2006 and has made a successful application under Regulation 5 of the Investment Trust (Approved Company) (Tax) Regulations 2011 for investment trust status to apply to all accounting periods starting on or after 1 April 2012. The Company is managed in such a way to ensure that it continues to meet the eligibility conditions contained in Section 1158 of the Corporation Tax Act 2010 and the on-going requirements outlined in Chapter 3 of Part 2 of the regulations.

1.b) Basis of preparation

The interim condensed financial statements of the Company for the six months ended 30 September 2014 have been prepared in accordance with IAS 34 "Interim Financial Reporting". They do not include all the financial information required for the full annual financial statements and have been prepared using accounting policies adopted in the audited financial statements for the year ended 31 March 2014.

The bank loan as at 31 March 2014 has been restated and is now presented as a bank overdraft. This has a disclosure only impact on the Company.

Those financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU.

1.c) Segmental reporting

The Directors are of the opinion that the Company is engaged in a single segment of business, being investment business.

1.d) Going concern

The Directors believe that it is appropriate to adopt the going concern basis in preparing the accounts as the assets of the Company consists mainly of securities that are readily realisable and, accordingly, the Company has adequate financial resources to continue in operational existence for the foreseeable future. The next continuation vote of the Company will be held at the Annual General Meeting in 2015, and further opportunities to vote on the continuation of the Company will be given to shareholders every five years thereafter.

2. Income

	(Unaudited) Six months ended 30 September 2014 £'000	(Unaudited) Six months ended 30 September 2013 £'000	(Audited) Year ended 31 March 2014 £'000
Investment income	509	477	873
Overseas income			
Total income	509	477	873

3. Portfolio Management, AIFM and Performance Fees

	(Unaudited) Six months ended 30 September 2014 £'000	(Unaudited) Six months ended 30 September 2013 £'000	(Audited) Year ended 31 March 2014 £'000
Portfolio management fee	1,218	894	1,967
AIFM fee	532	410	890
Performance fee charged/(written back) in the period/year*	102	(2,179)	(94)
	1,852	(875)	2,763

*In accordance with the performance fee arrangements described on pages 29 and 30 of the Company's 2014 Annual Report, a performance fee of £102,000 was accrued at 30 September 2014 (30 September 2013: £579,000).

Financial Statements / Notes to the Financial Statements

4. Basic and diluted Earnings/(Loss) per Share

	(Unaudited) Six months ended 30 September 2014 £'000	(Unaudited) Six months ended 30 September 2013 £'000	(Audited) Year ended 31 March 2014 £'000
The earnings/(loss) per share is based on the following figures:			
Net revenue gain/(loss)	123	(36)	(90)
Net capital gain	64,351	45,554	86,427
Net total gain	64,474	45,518	86,337
Weighted average number of shares in issue during the period/year	66,809,765	67,630,199	68,115,445
	Pence	Pence	Pence
Revenue earnings/(loss) per share	0.2	(0.1)	(0.1)
Capital earnings per share	96.3	67.4	126.9
Total earnings per share	96.5	67.3	126.8

5. Net Asset Value per Share

The net asset value per share is based on the net assets attributable to equity shareholders of £384,302,000 (30 September 2013: £301,021,000; 31 March 2014: £340,248,000) and on 64,063,413 shares (excluding 4,822,934 shares held in treasury), (30 September 2013: 68,536,347; 31 March 2014: 68,224,038) being the number of shares in issue at the period end.

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

	(Unaudited) Six months ended 30 September 2014 £'000	(Unaudited) Six months ended 30 September 2013 £'000	(Audited) Year ended 31 March 2014 £'000
Profit before taxation	64,530	45,562	86,431
Gains on investments held at fair value through profit or loss	(66,272)	(44,699)	(89,284)
Net sales/(purchases) of investments	13,922	(31,928)	(46,187)
Decrease/(increase) in other receivables	63	(44)	(162)
Decrease in other payables	(836)	(3,431)	(3,044)
Net cash inflow/(outflow) from operating activities	11,407	(34,540)	(52,246)

7. Analysis of changes in net debt

	1 April 2014 £'000	Cash Flow £'000	Foreign Exchange £'000	30 September 2014
Debt:				
Bank overdraft	(27,880)	(9,013)	(763)	(37,656)
	(27,880)	(9,013)	(763)	(37,656)

Financial Statements / Notes to the Financial Statements

8. Transaction Costs

Purchase and sale transaction costs for the six months ended 30 September 2014 were £307,000 (six months ended 30 September 2013: £359,000; year ended 31 March 2014: £707,000). These costs comprise mainly of commission costs.

9. Investments

IFRS 13 requires the company to classify fair value measurements using the fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following three 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)

At 30 September 2014 the investment in OrbiMed Asia Partners LP Fund has been classified as level 3. The fund has been valued at the adjusted net asset value as at 30 September 2014. If the value of the fund was to increase or decrease by 10%, while other variables had remained constant, the return and net assets attributable to Shareholders for the period ended 30 September 2014 would have increased/decreased by £290,000.

The table below sets out fair value measurements of financial assets in accordance with IFRS13 fair value hierarchy system:

Six months ended 30 September 2014

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	416,778	–	–	416,778
Partnership interest in L.P	–	–	2,904	2,904
Total	416,778	–	2,904	419,682

Six months ended 30 September 2013

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	322,692	–	–	322,692
Partnership interest in L.P	–	–	2,654	2,654
Total	322,692	–	2,654	325,346

Year ended 31 March 2014

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	365,867	–	–	365,867
Partnership interest in L.P	–	–	2,495	2,495
Total	365,867	–	2,495	368,362

Financial Statements / Notes to the Financial Statements

Level 3 reconciliation

Please see below a reconciliation disclosing the changes during the six months for the financial assets and liabilities designated at fair value through profit or loss classified as being Level 3.

	£'000
Assets as at 1 April 2014	2,495
Capital commitment during the period	267
Total gains during the period	142
Asset as at 30 September 2014	2,904

10. Principal risks profile

The principal risks which the Company faces include exposure to:

- i) market price risk, including currency risk, interest rate risk and other price risk;
- ii) liquidity risk; and
- iii) credit risk

Market price risk – is the risk that 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.

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

Credit risk – This is the risk of the failure of the counterparty to a transaction to discharge its obligations under that transaction could result in the Company suffering a loss.

Further details of the Company's management of these risks can be found in note 13 of the Company's 2014 annual report.

There have been no changes to the management of or the exposure to these risks since that date.

11. Related party transactions

There have been no changes to the related party arrangements or transactions as reported in Annual Financial report for the year ended 31 March 2014.

12. Comparative Information

The financial information contained in this half year report does not constitute statutory accounts as defined in section 435(1) of the Companies Act 2006. The financial information for the six months ended 30 September 2014 and 2013 has not been audited by the auditors.

The information for the year ended 31 March 2014 has been extracted from the latest published audited financial statements. The audited financial statements for the year ended 31 March 2014 have been filed with the Registrar of the Companies. The report of the auditors on those accounts was unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report and did not contain statements under section 498 of the Companies Act 2006.

Governance / Independent Review Report

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the period 1 April 2014 to 30 September 2014 which comprises the Condensed Income Statement, the Condensed Statement of Changes in Equity, the Condensed Statement of Financial Position, the Condensed Statement of Cash Flows and the related notes 1 to 12.

We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Directors' Responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the financial statements of the Company are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the period from 1 April 2014 to 30 September 2014 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Ernst & Young LLP
London
10 November 2014

Governance / Interim Management Report

Principal Risks and Uncertainties

A review of the half year, including reference to the risks and uncertainties that existed during the period and the outlook for the Company can be found in the Chairman's Statement beginning on page 5 and in the Portfolio Manager's Review beginning on page 6. The principal risks faced by the Company fall into the following broad categories: objective and strategy; level of discount/premium; portfolio performance; operational and regulatory; market price risks; liquidity risk; shareholder profile; currency risk; the risk associated with the Company's loan facility; and credit risk. Information on each of these areas is given in the Strategic Report/ Business Review within the Annual Report and Accounts for the year ended 31 March 2014. In the view of the Board these principal risks and uncertainties are applicable to the remaining six months of the financial year as they were to the six months under review.

Related Party Transactions

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

Going Concern

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

Directors' Responsibilities

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

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

In order to provide these confirmations, and in preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable IFRS have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business;

and the Directors confirm that they have done so.

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

The Half Year Report was approved by the Board on 10 November 2014 and the above responsibility statement was signed on its behalf by:

The Rt Hon Lord Waldegrave of North Hill
Chairman

Further Information / Glossary of Terms

Investment Trust Terms

AIFM Directive

The Alternative Investment Fund Manager 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.

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.

Net Asset Value (NAV)

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

Total Assets

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

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/Sharedealing/
Hargreaves Lansdown	http://www.hl.co.uk/
HSBC	https://investments.hsbc.co.uk/
iDealing	http://www.idealing.com/
IG Index	http://www.igindex.co.uk/
Interactive Investor	http://www.iii.co.uk/
IWEB	http://www.iweb-sharedealing.co.uk/share-dealing-home.asp
James Brearley	http://www.jbrearley.co.uk/Marketing/index.aspx
Natwest Stockbrokers	http://www.natweststockbrokers.com/nw/products-and-services/share-dealing.ashx
Saga Share Direct	https://www.sagasharedirect.co.uk/
Selftrade	http://www.selftrade.co.uk/
The Share Centre	https://www.share.com/
Saxo Capital Markets	http://uk.saxomarkets.com/
TD Direct Investing	http://www.tddirectinvesting.co.uk/

Capita Asset Services – Share Dealing Service

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

Type of trade	Online	Telephone
Share certificates	1.25% of the value of the deal	1.5% of the value of the deal
Costs*	(Minimum £30.00, max £150.00)	(Minimum £40.00, max £195.00)

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

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

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).

Further Information / How to Invest

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.

*These are correct at the time of printing and may be subject to change. Please visit www.capitadeal.com for the current costs.

Risk Warnings

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

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 Rebourne Merlin Life Sciences Investment Trust PLC.

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.

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.

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

Depositary

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

Foreign Account Tax Compliance Act ("FATCA")

IRS Registration Number (GIIN): U1
MQ70.99999.SL.826

Identification Codes

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





The Association of
Investment Companies

A member of the Association of Investment Companies

Disability Act

Copies of this half year 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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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

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