



# The Biotech Growth Trust PLC

Half Year Report & Accounts for the six months ended 30 September 2015



**Frostrow**  
CAPITAL



## 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 in the Company's Annual Report and Accounts.

## Keep up to date with The Biotech Growth Trust PLC

For more information about The Biotech Growth Trust PLC visit the website at [www.biotechgt.com](http://www.biotechgt.com)

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@biotechgt



## How to Invest

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 number of investment platforms that offer these facilities. Further details can be found on pages 19 and 20.

## Winner:

Money Observer Awards, Best Large Trust 2014 and 2015

Investment Week, Investment Company of the year, Specialist Category 2012, 2013 and 2014

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

UKtech awards Fund Manager of the year 2013 and 2014 (OrbiMed Capital LLC)

Investment Trusts Magazine, Best Specialist Trust 2011, 2012 and 2013

Investment Adviser 100 Club, Specialist Sectors and Assets Category 2015

## Company Summary

### The Company

The Company is an investment trust and its shares are listed on the premium segment of 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 ("OrbiMed") as Portfolio Manager. Further disclosures required under the Alternative Investment Fund Managers Directive ("AIFMD") can be found on the Company's website: [www.biotechgt.com](http://www.biotechgt.com).

### Performance

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

### Borrowing

The Company's borrowing policy is that borrowings will not exceed 20% of the Company's net assets. The Company's borrowing requirements are met through the utilisation of an overdraft, repayable on demand, provided by the Company's prime broker, J.P. Morgan Clearing Corp. As at 30 September 2015 the Company's overdraft amounted to £72.7 million. As of this date the net gearing level was 13.5% of the Company's net assets.

### Capital Structure

As at 30 September 2015, the Company's share capital comprised 62,207,404 ordinary shares, (no ordinary shares were held in treasury) (30 September 2014: 68,886,347 ordinary shares (including 4,822,934 ordinary shares held in treasury)).

### Dividend

No dividend was recommended in respect of the year ended 31 March 2015 (2014: nil). No dividend has been declared in respect of the half year ended 30 September 2015 (2014: nil).

### Continuation Vote

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

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## Company Summary / Company Performance

### Key Statistics

	As at 30 September 2015	As at 31 March 2015	% Change
Net asset value per share	679.5p	834.7p	(18.6)
Share price	640.0p	793.5p	(19.3)
Discount of share price to net asset value per share	5.8%	4.9%	–
NASDAQ Biotechnology Index (sterling adjusted)	2,094.3	2,423.5	(13.6)
Gearing*	13.5%	9.4%	–

\*See glossary beginning on page 17

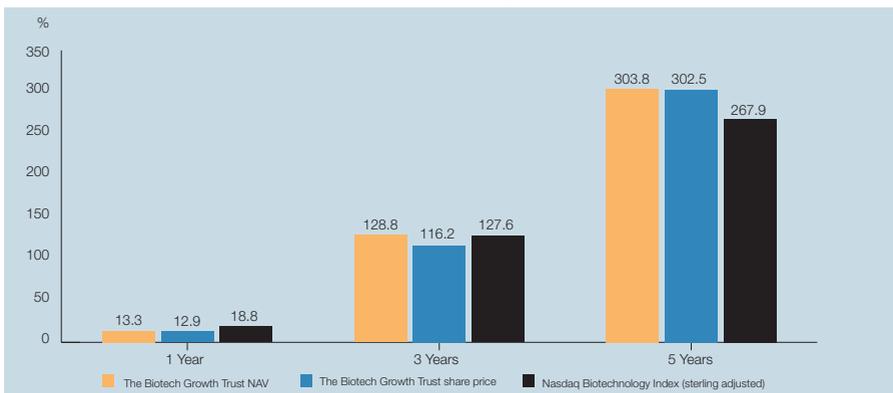
### Six Month Performance



Figures are rebased to 100 at 31 March 2015

Source: Morningstar

### One, Three and Five Years Performance to 30 September 2015



Source: Morningstar

## Reviews / Chairman's Statement

### Performance

Following an extended period of strong performance, the half year ended 30 September 2015 has proved a challenging one for the healthcare sector and for biotechnology companies in particular. Your Company's net asset value per share fell by 18.6% and the share price by 19.3%.

This compares to a fall of 13.6% in the Company's benchmark, the NASDAQ Biotechnology Index, measured in sterling terms. The discount of the Company's share price to the net asset value per share widened slightly during the period. As at 30 September 2015 it was 5.8%, having been 4.9% at the beginning of the period. The fall in the value of many biotechnology companies was due in large part to concerns over the potential for stricter regulation of drug pricing, a cause championed by prospective Democrat Presidential candidate Hillary Clinton. Our Portfolio Manager, however, believes that while discussions regarding drug pricing will make headlines in the media, they doubt that any fundamental change will be brought about as a result. Further information on investment performance and the outlook for the Company is given in the Portfolio Manager's Review beginning on page 3.



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 when the discount of the share price against the net asset value per share is greater than 6%. In July, the Board took the decision to cancel all of the 6,311,088 shares then held in treasury and also to cancel any further shares repurchased by the Company as part of its discount management policy. During the six months under review the Company repurchased a total of 1,681,112 shares, 1,313,257 to be held in treasury at a cost of £10.5m (including expenses) and 367,855 shares for cancellation at a cost of £2.6m (including expenses). Since 30 September 2015, the period end, a further 612,972 shares have been repurchased for cancellation at a cost of £4.1m (including expenses). The Company no longer holds any shares in treasury.

### Revenue and Dividends

The revenue profit for the period was £343,000 (six months ended 30 September 2014: £123,000) and no interim dividend is declared (six months ended 30 September 2014: nil).

### Board Composition

I am delighted that we have made two additions to the Board. Steve Bates was appointed on 8 July 2015 and The Rt Hon the Lord Willetts on 11 November 2015.

Steve has a wealth of experience as an investment manager and holds a number of non-executive investment trust directorships. Lord Willetts, a former minister for Universities and Science, is Executive Chairman of the Resolution Foundation and a Visiting Professor at King's College London. He brings wide experience of public service and in particular of issues concerning research and development to the Board.

Resolutions proposing their election will be considered by shareholders at the Annual General Meeting of the Company to be held in July 2016.

### Outlook

Despite recent well publicised headwinds our Portfolio Manager remains confident both in the fundamentals and for the future performance of the biotechnology sector. Their 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

19 November 2015

## Reviews / Portfolio Manager's Review

### Half Year Performance Review

It is disappointing to report that both the Company's share price and the net asset value per share underperformed the Company's benchmark.

With regard to the portfolio, the existence of gearing during the period contributed to the underperformance together with some stock selection decisions which have not yet proved fruitful.

The largest losses included positions in Biogen, Esperion Therapeutic, Puma Biotechnology and Fluidigm.

- Biogen shares declined due to poor performance from the company's Tecfidera franchise. The company reported lower-than-expected second quarter sales and lowered annual guidance. We believe its deep pipeline and abundant clinical catalysts in 2016 will support the stock.
- Esperion shares declined due to investor concerns that the U.S. Food and Drug Administration (FDA) will not approve the company's drug without the need to run a lengthy cardiovascular outcomes trial.
- Puma shares declined due to concerns about the approvability and market potential of neratinib for breast cancer following presentation of phase III data.
- Fluidigm is a leader in single cell analysis allowing researchers to isolate and examine cells on individual levels compared to the traditional method of analysing cells in groups. 2015 proved to be a difficult year for Fluidigm with execution issues stemming largely from mismanaging multiple new product launches earlier in the year. Aggressive expansion plans caused salesforce confusion in their core product lines. Execution issues caused Fluidigm to miss expectations for two straight quarters causing significant underperformance in its stock price.

Top contributors to performance included Synageva, Anacor Pharmaceuticals, Receptos, and Incyte.

- Synageva shares appreciated due to the company's acquisition by Alexion for U.S.\$8.4 billion. The deal offered shareholders a 140% premium to the share price preceding the merger announcement.
- Anacor shares appreciated due to positive phase III results of crisaborole for atopic dermatitis.
- Receptos shares appreciated due to the company's acquisition by Celgene for U.S.\$7.2 billion.
- Incyte shares increased due to encouraging initial data from its combination immunotherapy regimen for cancer and positive phase III data of baricitinib for rheumatoid arthritis reported by collaborator Eli Lilly.



Sven Borho

OrbiMed Capital LLC  
Portfolio Manager

## Reviews / Portfolio Manager's Review

### Outlook

Since the summer, biotechnology stocks have experienced a pullback. Initially weakness could be attributed to general macroeconomic concerns about global growth. More recently, concern about the potential for new government regulation of drug pricing has caused the sector to underperform the broader market.

Sustainability of drug pricing has long been a point of focus for biotechnology investors. During the debates over U.S. healthcare reform in 2009-2010 in particular, there was much concern that new regulation would limit pricing power of biotechnology and pharmaceutical companies. The actual legislation had a limited effect on drug pricing, so these concerns dissipated. In September a press article highlighted a particularly egregious price hike by a small specialty pharmaceutical company. This brought the issue of drug pricing back onto the national stage, prompting Democratic presidential candidate Hillary Clinton to make several proposals to contain drug costs. This caused broad weakness in the biotechnology sector. However, a closer inspection of the individual proposals suggests that they would have a limited impact on prices, and several of the reforms have been proposed before without much traction in Congress. While the continued attention on this issue from the press and politicians presents a headline risk for the sector, as long as Republicans retain control of Congress, the odds of any form of drug price regulation being enacted are very low.

Although price increases have been a contributor to the growth of biotechnology companies, the main driver has been new product launches. We believe that the innovative potential remains strong within the industry, and that ultimately this innovation will drive long term stock performance. We note that two of the top contributors to performance during the period were companies with late stage assets that were acquired by larger biotechnology companies. We expect merger and acquisition activity will continue and believe that there are a number of potential acquisition targets within the portfolio. Furthermore, there are many upcoming clinical catalysts with the potential to drive shares higher in areas including immuno-oncology, orphan diseases, and gene therapy. We believe that fundamentals in the industry are sound, and that the sector will recover from recent weakness.

Sven Borho  
OrbiMed Capital LLC  
Portfolio Manager  
19 November 2015

## Reviews / Investment Portfolio

Investment as at 30 September 2015

Security	Country /Region	Fair value £'000	% of investments
Biogen	United States	49,298	10.3
Amgen	United States	44,781	9.3
Gilead Sciences	United States	35,219	7.3
Regeneron Pharmaceuticals	United States	34,099	7.1
Incyte	United States	33,939	7.1
Alexion Pharmaceuticals	United States	32,520	6.8
Celgene	United States	27,172	5.7
GW Pharmaceuticals	United Kingdom	22,724	4.7
Illumina	United States	21,918	4.6
Bluebird Bio	United States	15,835	3.3
<b>Ten largest investments</b>		<b>317,505</b>	<b>66.2</b>
Impax Laboratories	United States	13,947	2.9
Dynavax Technologies	United States	13,094	2.7
BioMarin Pharmaceutical	United States	13,060	2.7
Ono Pharmaceutical	Japan	10,889	2.3
Jazz Pharmaceuticals	Ireland	10,078	2.1
Affymetrix	United States	8,852	1.8
Insys Therapeutics	United States	8,173	1.7
Vertex Pharmaceuticals	United States	7,900	1.7
Dyax	United States	7,107	1.5
Neurocrine Biosciences	United States	7,092	1.5
<b>Twenty largest investments</b>		<b>417,697</b>	<b>87.1</b>
Puma Biotechnology	United States	6,140	1.3
Ironwood Pharmaceuticals	United States	6,016	1.3
Actelion	Switzerland	5,683	1.2
Shire	Jersey	5,411	1.1
Genmab	Denmark	4,708	1.0
Innate Pharmaceutical	France	4,473	0.9
Advaxis	United States	4,295	0.9
Anacor	United States	4,142	0.9
Xencor	United States	3,997	0.8
Infinity Pharmaceuticals	United States	3,562	0.7
<b>Thirty largest investments</b>		<b>466,124</b>	<b>97.2</b>
OrbiMed Asia Partners L.P. (unquoted)*	Far East	3,510	0.7
Horizon Pharmaceutical	Ireland	2,666	0.6
Vitae Pharmaceuticals	United States	2,625	0.5
Ocular Therapeutix	United States	1,938	0.4
Fluidigm	United States	1,846	0.4
Forward Pharma	Denmark	1,013	0.2
<b>Total investments</b>		<b>479,722</b>	<b>100.0</b>

All of the above investments are equities unless otherwise stated.

\* Partnership interest

### Portfolio Breakdown

	Fair value £'000	% of investments
Equities	476,212	99.3
Partnership Interest	3,510	0.7
<b>Total investments</b>	<b>479,722</b>	<b>100.0</b>

## Reviews / Principal Contributors to and Detractors from Net Asset Value Performance

For the Six Months ended 30 September 2015

### Top Five Contributors

	Contribution 2015 £'000	Contribution per share (pence)*
Synageva†	9,889	15.8p
Anacor Pharmaceuticals†	8,991	14.3p
Receptos†	5,528	8.8p
Incyte	4,223	6.7p
Innate Pharmaceutical	3,929	6.3p
	<b>32,560</b>	<b>51.9p</b>

### Top Five Detractors

	Contribution 2015 £'000	Contribution per share (pence)*
Biogen	(22,667)	(36.1)p
Esperion Therapeutic†	(15,041)	(24.0)p
Puma Biotechnology	(11,216)	(17.9)p
Fluidigm	(7,942)	(12.6)p
Amgen	(7,808)	(12.4)p
	<b>(64,674)</b>	<b>(103.0)p</b>

\* based on 62,780,349 ordinary shares being the weighted average number of shares in issue for the six months ended 30 September 2015

† Stock not held at the half year-end

Source: Frostrow Capital LLP

## Financial Statements / Condensed Income Statement

for the six months ended 30 September 2015

	Note	(Unaudited) Six months ended 30 September 2015			(Unaudited) Six months ended 30 September 2014			(Audited) Year ended 31 March 2015		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
<b>Investment income</b>										
Investment income	2	849	–	849	509	–	509	988	–	988
<b>Total income</b>		849	–	849	509	–	509	988	–	988
<b>Gains and (losses) on investments</b>										
(Losses)/gains on investments held at fair value through profit or loss		–	(98,035)	(98,035)	–	67,035	67,035	–	225,023	225,023
Exchange gains/(losses) on currency balances		–	682	682	–	(763)	(763)	–	(4,858)	(4,858)
<b>Expenses</b>										
AIFM, Portfolio management and performance fees	3	–	(364)	(364)	–	(1,852)	(1,852)	–	(5,869)	(5,869)
Other expenses		(394)	–	(394)	(330)	–	(330)	(735)	–	(735)
<b>Profit/(loss) before finance costs and taxation</b>		455	(97,717)	(97,262)	179	64,420	64,599	253	214,296	214,549
Finance costs		–	(165)	(165)	–	(69)	(69)	–	(157)	(157)
<b>Profit/(loss) before taxation</b>		455	(97,882)	(97,427)	179	64,351	64,530	253	214,139	214,392
Taxation		(112)	–	(112)	(56)	–	(56)	(132)	–	(132)
<b>Profit/(loss) for the period/year</b>		343	(97,882)	(97,539)	123	64,351	64,474	121	214,139	214,260
<b>Basic and diluted earnings/(loss) per share</b>	4	0.5p	(155.9)p	(155.4)p	0.2p	96.3p	96.5p	0.2p	327.8p	328.0p

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 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 2015 have not been audited by the Company's auditors.

## Financial Statements / Condensed Statement of Changes in Equity

(Unaudited)

Six months ended 30 September 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 2015	17,222	43,021	252	5,577	470,907	(3,677)	533,302
Net (loss)/profit for the period	-	-	-	-	(97,882)	343	(97,539)
Repurchase of own shares for cancellation	(92)	-	-	92	(2,582)	-	(2,582)
Repurchase of own shares to be held in treasury	-	-	(252)	-	(10,241)	-	(10,493)
Cancellation of shares held in treasury	(1,578)	-	-	1,578	-	-	-
<b>At 30 September 2015</b>	<b>15,552</b>	<b>43,021</b>	<b>-</b>	<b>7,247</b>	<b>360,202</b>	<b>(3,334)</b>	<b>422,688</b>

(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)
<b>At 30 September 2014</b>	<b>17,222</b>	<b>42,732</b>	<b>1,327</b>	<b>5,577</b>	<b>321,119</b>	<b>(3,675)</b>	<b>384,302</b>

(Audited)

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
<b>At 31 March 2015</b>	<b>17,222</b>	<b>43,021</b>	<b>252</b>	<b>5,577</b>	<b>470,907</b>	<b>(3,677)</b>	<b>533,302</b>

## Financial Statements / Condensed Statement of Financial Position

as at 30 September 2015

	(Unaudited) 30 September 2015 £'000	(Unaudited) 30 September 2014 £'000	(Audited) 31 March 2015 £'000
<b>Note</b>			
<b>Non current assets</b>			
Investments held at fair value through profit or loss	479,722	419,682	583,209
<b>Current assets</b>			
Other receivables	17,251	15,716	3,325
	17,251	15,716	3,325
<b>Total assets</b>	<b>496,973</b>	435,398	586,534
<b>Current liabilities</b>			
Other payables	1,559	13,440	4,849
Bank overdraft	72,726	37,656	48,383
	74,285	51,096	53,232
<b>Net assets</b>	<b>422,688</b>	384,302	533,302
<b>Equity attributable to equity holders</b>			
Ordinary share capital	15,552	17,222	17,222
Share premium account	43,021	42,732	43,021
Special reserve	–	1,327	252
Capital redemption reserve	7,247	5,577	5,577
Capital reserve	360,202	321,119	470,907
Revenue reserve	(3,334)	(3,675)	(3,677)
<b>Total equity</b>	<b>422,688</b>	384,302	533,302
<b>Net asset value per share</b>	5	679.5p	599.9p
		834.7p	

## Financial Statements / Condensed Statement of Cash Flows

for the six months ended 30 September 2015

	(Unaudited) Six months ended 30 September 2015 £'000	(Unaudited) Six months ended 30 September 2014 £'000	(Audited) Year ended 31 March 2015 £'000
<b>Operating activities</b>			
(Loss)/profit before taxation	(97,427)	64,530	214,392
Add back interest paid	165	69	157
Loss/(gain) on investments held at fair value through profit & loss	98,035	(67,035)	(225,023)
(Increase)/decrease in other receivables	(17)	63	139
(Decrease)/increase in other payables	(2,127)	(780)	1,388
<b>Net cash outflow from operating activities before interest payable and taxation</b>	<b>(1,371)</b>	<b>(3,153)</b>	<b>(8,947)</b>
Interest paid	(165)	(69)	(157)
Tax paid	(112)	(56)	(132)
<b>Net cash outflow from operating activities</b>	<b>(1,648)</b>	<b>(3,278)</b>	<b>(9,236)</b>
<b>Investing Activities</b>			
Purchases of investments	(245,376)	(188,310)	(358,924)
Sales of investments	235,756	202,232	368,863
<b>Net cash (outflow)/inflow from investing activities</b>	<b>(9,620)</b>	<b>13,922</b>	<b>9,939</b>
<b>Financing activities</b>			
Repurchase of own shares to be held in treasury	(10,493)	(20,420)	(22,043)
Repurchase of shares for cancellation	(2,582)	–	–
Proceeds from sale of treasury shares	–	–	837
<b>Net cash outflow from financing activities</b>	<b>(13,075)</b>	<b>(20,420)</b>	<b>(21,206)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(24,343)</b>	<b>(9,776)</b>	<b>(20,503)</b>
Cash and cash equivalents at the start of the period/year	(48,383)	(27,880)	(27,880)
<b>Cash and cash equivalents at the end of the period/year</b>	<b>(72,726)</b>	<b>(37,656)</b>	<b>(48,383)</b>

## 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 half year condensed financial statements of the Company for the six months ended 30 September 2015 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 2015.

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

### 1.c) Segmental Reporting

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 investment business.

In line with IFRS 8, additional disclosure by geographical segment has been provided in note 10 on page 14 of this report.

### 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 2020, 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 2015 £'000	(Unaudited) Six months ended 30 September 2014 £'000	(Audited) Year ended 31 March 2015 £'000
Investment income			
Overseas income	849	509	988
<b>Total income</b>	<b>849</b>	<b>509</b>	<b>988</b>

## 3. AIFM, Portfolio Management and Performance Fees

	(Unaudited) Six months ended 30 September 2015 £'000	(Unaudited) Six months ended 30 September 2014 £'000	(Audited) Year ended 31 March 2015 £'000
AIFM fee	673	532	1,249
Portfolio management fee	1,545	1,218	2,766
Performance fee (written back)/charged in the period/year*	(1,854)	102	1,854
	<b>364</b>	<b>1,852</b>	<b>5,869</b>

\* During the six months ended 30 September 2015, the performance fee accrued as at the Company's year-end of £1,854,000 was written back due to underperformance against the Company's benchmark. No performance fees crystallised or became payable during the period under review (30 September 2014: £nil). Further details of the performance fee arrangements can be found on pages 67 and 68 of the Annual Report.

## Financial Statements / Notes to the Financial Statements

### 4. Basic and Diluted Earnings/(Loss) per Share

	(Unaudited) Six months ended 30 September 2015 £'000	(Unaudited) Six months ended 30 September 2014 £'000	(Audited) Year ended 31 March 2015 £'000
The earnings/(loss) per share is based on the following figures:			
Net revenue gain	343	123	121
Net capital (loss)/gain	(97,882)	64,351	214,139
Net total (loss)/gain	<b>(97,539)</b>	64,474	214,260
Weighted average number of shares in issue during the period/year	62,780,349	66,809,765	65,319,717
	Pence	Pence	Pence
Revenue earnings per share	0.5	0.2	0.2
Capital (loss)/earnings per share	(155.9)	96.3	327.8
Total (loss)/earnings per share	<b>(155.4)</b>	96.5	328.0

### 5. Net Asset Value per Share

The Net Asset Value per share is based on the net assets attributable to equity shareholders of £422,688,000 (30 September 2014: £384,302,000; 31 March 2015: £533,302,000) and on 62,207,404 shares (30 September 2014: 64,063,413; 31 March 2015: 63,888,516) being the number of shares in issue at the period end.

### 6. Transaction Costs

Purchase and sale transaction costs for the six months ended 30 September 2015 were £251,000 (six months ended 30 September 2014: £307,000; year ended 31 March 2015: £499,000). These costs comprise mainly commission.

### 7. 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)

## Financial Statements / Notes to the Financial Statements

At 30 September 2015 the investment in OrbiMed Asia Partners LP Fund has been classified as level 3. The fund is valued quarterly by OrbiMed Advisors LLC and is audited annually by KPMG LLP. As the 30 September 2015 valuation is not yet available, the fund has been valued at its net asset value as at 30 June 2015 adjusted for the capital distribution of £214,000 made during the quarter to 30 September 2015. It is believed that the value of the fund as at 30 September 2015 will not be materially different.

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 2015 would have increased/decreased by £351,000.

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

### Six months ended 30 September 2015

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	476,212	–	–	476,212
Partnership interest in LP Fund	–	–	3,510	3,510
<b>Total</b>	<b>476,212</b>	<b>–</b>	<b>3,510</b>	<b>479,722</b>

### 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 LP Fund	–	–	2,904	2,904
<b>Total</b>	<b>416,778</b>	<b>–</b>	<b>2,904</b>	<b>419,682</b>

### Year ended 31 March 2015

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	579,770	–	–	579,770
Partnership interest in LP Fund	–	–	3,439	3,439
<b>Total</b>	<b>579,770</b>	<b>–</b>	<b>3,439</b>	<b>583,209</b>

### 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 2015	3,439
Distribution*	(214)
Unrealised gains during the period	285
<b>Asset as at 30 September 2015</b>	<b>3,510</b>

\* During the period a cash distribution of U.S.\$335,000 (£214,000) was made.

The distribution mainly comprised a return of capital.

## Financial Statements / Notes to the Financial Statements

### 8. 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 2015 Annual Report.

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

### 9. 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 2015.

### 10. Segmental Reporting

Geographical Segments	(Unaudited) Six months ended 30 September 2015 Value of Investments £'000	(Unaudited) Six months ended 30 September 2014 Value of Investments £'000	(Audited) Six months ended 31 March 2015 Value of Investments £'000
North America	408,567	377,328	494,236
Europe	56,756	27,960	74,870
Asia	14,399	14,394	14,103
<b>Total</b>	<b>479,722</b>	<b>419,682</b>	<b>583,209</b>

### 11. Comparative Information

The financial information contained in this half year report does not constitute statutory accounts as defined in sections 434 to 436 of the Companies Act 2006. The financial information for the six months ended 30 September 2015 and 2014 has not been audited by the auditors.

The information for the year ended 31 March 2015 has been extracted from the latest published audited financial statements. The audited financial statements for the year ended 31 March 2015 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(2) or 498(3) 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 2015 to 30 September 2015 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 11.

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 2015 to 30 September 2015 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.

## 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 2 and in the Portfolio Manager's Review beginning on page 3. 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 overdraft 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 2015. 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 objectives, risk management policies, capital management policies and procedures, nature of the portfolio and expenditure projections, that the Company has adequate resources, an appropriate financial structure and suitable management arrangements in place to continue in operational existence for the foreseeable future and, more specifically, that there are no material uncertainties relating to the Company that would prevent its ability to continue in such operational existence for at least twelve months from the date of the approval of this half yearly financial report. 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 UK Listing Authority Disclosure and 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 19 November 2015 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

#### 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).

#### 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

The gearing figure reflects the amount of prior charges actively invested, and not held in cash/cash equivalents, expressed as a percentage of the Company's net assets.

#### 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 AIFM 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.

The Board has set the leverage limit for both the Gross method and the Commitment method at 130%. These limits are monitored by both the Board and the AIFM.

As at 30 September 2015 the actual level of leverage for the Company was 113.5% for the Gross method and 113.5% for the Commitment method.

#### Net Asset Value (NAV)

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

## Further Information / Glossary of Terms

### Prior Charges

Prior charges includes all loans and bank overdrafts 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

### 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 relationship to non-mainstream investment procedures 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 investment trust.

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

### 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, investor code, full postcode and your date of birth. Your investor code can be found on your tax voucher or certificate. 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.

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## Further Information / How to Invest

For further information on this service please contact:

[www.capitadeal.com](http://www.capitadeal.com) (online dealing)

Telephone: 0371 664 0445 (Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom are charged at the applicable international rate. Lines are open between 8.00 am – 4.30 pm, Monday to Friday excluding public holidays in England and Wales).

### Risk Warnings

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

## Further Information / Company Information

### Directors

The Rt Hon Lord Waldegrave of North Hill  
(Chairman)

Steve Bates

Sven Borho

Professor Dame Kay Davies, CBE

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

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

The Rt Hon the Lord Willetts

### Registered Office

One Wood Street  
London EC2V 7WS

### Website

[www.biotechgt.com](http://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.

### 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](mailto:info@frostrow.com)

Website: [www.frostrow.com](http://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](http://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

### 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: [shareholderenquiries@capita.co.uk](mailto:shareholderenquiries@capita.co.uk)

Website: [www.capitaassetservices.com](http://www.capitaassetservices.com)

Please contact the Registrars if you have a  
query about a certificated holding in the  
Company's shares.

†calls cost 12p per minute plus your phone company's access  
charge. Calls outside the UK will be charged at the  
applicable international rate. Lines are open between 09:00  
and 17:30, Monday to Friday excluding public holidays in  
England and Wales.

### 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

### Foreign Account Tax Compliance Act ("FATCA")

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

## Financial Calendar

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





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 and 2015

Investment Week, Investment Company of the year, Specialist Category 2012, 2013 and 2015

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

UKtech awards Fund Manager of the year 2013 and 2014  
(OrbiMed Capital LLC)

Investment Trusts Magazine, Best Specialist Trust 2011, 2012 and 2013

Investment Adviser 100 Club, Specialist Sectors and Assets Category 2015

## The Biotech Growth Trust PLC

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[www.biotechgt.com](http://www.biotechgt.com)



@biotechgt