



The Biotech Growth Trust PLC

Half Year Report & Accounts for the six months ended 30 September 2016



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

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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 2014

UKTech awards Fund Manager of the year 2014 (OrbiMed Capital LLC)

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.

Performance

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

Gearing

The Company's gearing 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 2016 the Company's borrowings amounted to £26.4 million. As of this date the net gearing level was 6.5% of the Company's net assets.

Capital Structure

As at 30 September 2016, the Company's share capital comprised 57,218,215 ordinary shares, (31 March 2016: 60,295,474 ordinary shares).

Dividend

No dividend was recommended in respect of the year ended 31 March 2016 (31 March 2015: nil). No dividend has been declared in respect of the half year ended 30 September 2016 (30 September 2015: nil).

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Company Summary / Company Performance

Key Statistics

	As at 30 September 2016	As at 31 March 2016	% Change
Net asset value per share	756.4p	627.9p	+20.5
Share price	712.0p	585.0p	+21.7
Discount of share price to net asset value per share	5.9%	6.8%	-
NASDAQ Biotechnology Index (sterling adjusted)	2,334.0	1,894.6	+23.2
Gearing*	6.5%	11.1%	-

*See glossary beginning on page 18

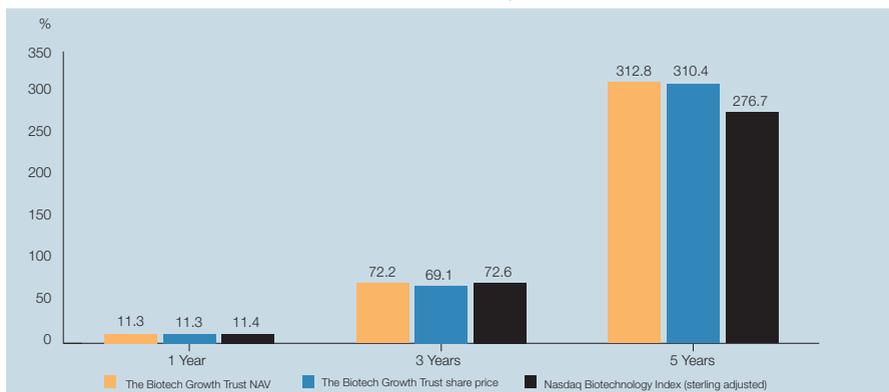
Six Month Performance



Figures are rebased to 100 at 31 March 2016

Source: Morningstar

One, Three and Five Years Performance to 30 September 2016



Source: Morningstar

Reviews / Chairman's Statement

I am pleased to be writing my first statement to you as Chairman. The Rt. Hon Lord Waldegrave of North Hill retired from the Board at the conclusion of the 2016 Annual General Meeting. Lord Waldegrave who had been involved with the Company since 1998, set a very high standard of leadership and governance during his tenure as Chairman. We are very grateful for that and the wisdom and experience that he brought to the role.



Andrew Joy

Chairman

Performance

Your Company's net asset value per share rose by 20.5% and the share price by 21.7% during the six month period under review. This compares to a rise of 23.2% 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 narrowed slightly during the period. As at 30 September 2016 it was 5.9%, having been 6.8% at the beginning of the period.

The biotech sector has experienced significant volatility in 2016 to date. After a marked fall in the first quarter of 2016, the sector rebounded during the six month period under review. However, stock prices remain significantly below the peak seen in the summer of 2015. Our Portfolio Manager's report covering the period under review can be found on pages 4 and 5, which includes discussion of the reasons for the underperformance during the period.

Of particular note was the United Kingdom's referendum vote to leave the European Union which has caused a sharp fall in the value of the Pound. With over 90% of the Company's investments being in US listed securities, this fall gave rise to a significant contribution to performance as measured in sterling, with the US Dollar appreciating by 10% relative to the Pound during the period.

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%. During the six months under review the Company repurchased a total of 3,077,259 shares for cancellation at an average discount of 7.3%, at a cost of £20,016,000 (including expenses). Since the period end, a further 1,378,302 shares were repurchased for cancellation at an average discount of 6.8%, at a cost of £9,663,000 (including expenses). I remind shareholders that all shares bought back by the Company are cancelled and it is no longer the policy to hold any shares bought back in treasury.

Revenue and Dividends

The revenue profit for the period was £590,000 (six months ended 30 September 2015: profit of £343,000) and no interim dividend is declared (six months ended 30 September 2015: nil).

Board Composition and Committees

In addition to the retirement of Lord Waldegrave, and following a formal interview process led by the Nomination Committee, the Board were delighted to announce that with effect from 12 July 2016, Mrs Julia Le Blan was appointed as an independent non-executive Director of the Company.

Julia is a chartered accountant and has worked in the financial services industry for over 30 years. She was formerly a tax partner at Deloitte and sat for two terms on the AIC's Technical Committee.

Reviews / Chairman's Statement

The Board engaged the services of a specialist recruitment consultant, Nurole, in order to facilitate the new director search. I confirm that Nurole has no other connection with the Company.

The Board has decided to form two committees out of the current Audit and Management Engagement Committee. The current Chairman of the Audit and Management Engagement Committee, Peter Keen, will continue as Chairman of the Audit Committee until his retirement from the Board at the conclusion of the 2017 Annual General Meeting. With effect from that date Julia le Blan will become Chairman of the Audit Committee. All the other independent directors including myself will continue to be members of this committee.

Steve Bates will become the Chairman of the separate Management Engagement Committee with immediate effect and, as for the Audit Committee, all the other independent directors including myself will be members of it.

Half Year Report and Accounts

In common with many other companies the Company is doing what it can to reduce its carbon foot print. As part of this strategy, and also to produce cost savings for the shareholders, the Company will after this year not be producing hard copies of its Half Year Report and Accounts. This document will, however, continue to be available on the Company's website at www.biotechgt.com. The Company's Annual Report will continue to be available in hard copy.

Outlook

At the time of writing the forthcoming US election gives rise to continuing headline risk as the regulatory and legislative outlook for drug pricing remains in question. Once the result of the election is known there may well be a reassessment of the sector in light of more certainty over the political scene. In addition, merger and acquisition activity is expected to be a key driver of returns in the sector. The timing of these interim results is such that shareholders will know the result of the election when these accounts have been printed and dispatched. If felt appropriate, after the election, our Portfolio Manager will issue an update to the outlook for the sector, which will be made available on the Company's website.

Despite the market volatility experienced over 2016 to date, our Portfolio Manager remains confident both in the fundamentals and in the future performance of the biotechnology sector. Their focus remains on the selection of stocks with strong prospects for capital enhancement. We reiterate our belief that the long-term investor in the sector will be well rewarded.

Andrew Joy
Chairman
7 November 2016

Reviews / Portfolio Manager's Review

Half Year Performance Review

The Company's net asset value per share increased 20.5% during the six month period ended 30 September. The Company's benchmark, the NASDAQ Biotechnology Index, (sterling adjusted) increased 23.2% during the same period. The Company's share price increased 21.7% during the period. Currency movement contributed significantly to performance, as the Dollar appreciated 10% relative to the Pound during the review period, and over 90% of the Company's investments are in U.S. listed securities.



Sven Borho

OrbiMed Capital LLC
Portfolio Manager

The top contributors to performance in the portfolio were Biogen, Amgen and Incyte.

- Biogen shares appreciated due to the announcement of positive data from a Phase III study of Nusinersen in spinal muscular atrophy and market speculation that the company could be an acquisition target.
- Amgen shares were strong due to positive clinical data from erenumab for migraine. Additionally, Amgen received a favourable trial decision on the validity of the company's patents related to PCSK9 antibodies.
- Incyte shares appreciated as investors became more positive on the outlook for epacadostat, an immuno-oncology drug which could be a major value driver for the stock going forward.

The largest losses were from positions in Ono Pharmaceutical, Impax Laboratories and Dynavax.

- Ono shares, which had been sold by the period end, underperformed due to unexpected negative data from a pivotal Phase III study of Opdivo in previously untreated lung cancer conducted by its U.S. partner Bristol-Myers Squibb, as well as concerns of a large price cut for Opdivo in Japan. The stock is not present in the benchmark index, so it was therefore overweight throughout the reporting period. The stock had been a positive contributor to our performance in previous periods, and we had reduced exposure prior to the release of data by Bristol.
- Impax Laboratories shares were weak after reporting disappointing quarterly results and the company subsequently lowered its financial guidance. The stock was overweight within the portfolio during the reporting period, although exposure had been reduced given the growing concerns on pricing in the specialty pharma subsector.
- Dynavax shares, which had also been sold by the period end, were weak due to increased uncertainties after the U.S. Food and Drug Administration (FDA) cancelled a previously scheduled Advisory Committee meeting to review the company's filing for a Hepatitis B vaccine. The stock is also not present in the benchmark index so it was therefore overweight throughout the reporting period.

Reviews / Portfolio Manager's Review

Outlook

The biotech sector has experienced significant volatility in 2016. After a steep sell-off in the first quarter, the sector rebounded during the review period. However, stock prices remain significantly below the peak seen in the summer of 2015. Investors remain cautious in front of uncertainties concerning the U.S. election and political criticism on drug pricing, but we believe that the fundamentals of the biotech sector remain strong.

While we expect drug pricing to stay in focus during the U.S. election season, we continue to view the regulatory and legislative outlook for drug pricing as primarily a headline risk. As of the time of writing, polls suggest that Hillary Clinton will win the presidency but Republicans will retain a majority in the House of Representatives. Under this scenario of divided government, we expect legislative gridlock and little change in healthcare policies. Additionally, we note that Secretary Clinton's rhetoric on the topic has evolved, with her plan now to address "unjustified price hikes" versus her pledge last year to reduce drug prices overall. Given the fact that the biotech industry is built on innovative new therapies and relies less on large price increases to drive growth, we believe the biotech business is less subject to accusations of "unjustified price hikes". Therefore, we think biotech companies are less vulnerable compared to specialty pharma companies, such as Mylan and Valeant, that have received recent scrutiny on their pricing policies.

We believe the recent volatility in the biotech sector has provided opportunities to buy long-term holdings at attractive levels. We have increased our investments in the orphan disease area, particularly in companies such as Vertex, BioMarin, Ultragenyx, and Achillion, which are developing drugs that address very serious diseases that lack adequate alternative treatments. We believe payers are less sensitive to the costs of these orphan drugs due to the low prevalence of these rare diseases and the often dramatic improvement in quality of life that these drugs can offer. As technological breakthroughs continue in the orphan disease space, we think this subsector can outperform over the longer term.

A continued driver of the biotech sector has been merger and acquisition activity. During the first half of the fiscal year, we saw an acceleration in M&A, driven partly by the compelling valuations of target companies after the recent sector drawdown. Medivation, a portfolio company and major contributor to performance, was acquired by Pfizer for \$14bn in cash. The acquisition price represents a 118% premium to Medivation's share price on March 30, the day before the company was said to have hired advisers to defend against a takeover. The high premium that big pharma acquirers are willing to pay highlights the disconnect between the strategic value of biotech assets and their current stock market value. We expect this valuation disparity to spur further M&A. Mid-size biotech companies with commercial products or de-risked pipeline assets likely represent the most attractive targets; portfolio companies Incyte, GW Pharma, Array Biopharma and Exelixis fit this profile.

We believe the fundamentals of the biotech sector remain strong. Despite the headline risks about drug pricing, we think that ultimately these concerns are overstated for biotech. The sector could rally following the U.S. election once there is more certainty about the political outlook and potential impact to the US healthcare system.

Sven Borho
OrbiMed Capital LLC
Portfolio Manager
7 November 2016

Reviews / Investment Portfolio

Investments held as at 30 September 2016

Security	Country /Region	Fair value £'000	% of investments
Biogen	United States	66,293	14.4
Amgen	United States	63,644	13.8
Celgene	United States	33,722	7.3
Incyte	United States	32,203	7.0
Alexion Pharmaceuticals	United States	29,708	6.4
Vertex Pharmaceuticals	United States	28,120	6.1
Regeneron Pharmaceuticals	United States	24,386	5.3
Gilead Sciences	United States	20,438	4.4
Shire	Jersey	17,818	3.9
BioMarin Pharmaceutical	United States	16,558	3.6
Ten largest investments		332,890	72.2
llumina	United States	15,535	3.4
Dermira	United States	11,077	2.4
Ironwood Pharmaceuticals	United States	10,702	2.3
DBV Technologies	France	9,658	2.1
Achillion Pharmaceuticals	United States	8,878	1.9
Impax Laboratories	United States	7,366	1.6
Exelixis	United States	7,217	1.6
Puma Biotechnology	United States	6,375	1.4
Minerva Neurosciences	United States	6,042	1.3
Jazz Pharmaceuticals	Ireland	5,516	1.2
Twenty largest investments		421,256	91.4
Actelion	Switzerland	4,976	1.1
OrbiMed Asia Partners L.P. (unquoted)*	Far East	4,789	1.0
Insys Therapeutics	United States	3,945	0.9
Neurocrine Biosciences	United States	3,789	0.8
GW Pharmaceuticals	United Kingdom	3,699	0.8
Sangamo BioSciences	United States	2,957	0.6
UniQure	Netherlands	2,876	0.6
Ultragenyx Pharmaceutical	United States	2,239	0.5
Aerie Pharmaceuticals	United States	2,231	0.5
Fluidigm	United States	2,123	0.5
Thirty largest investments		454,880	98.7
Xencor	United States	2,070	0.4
Array BioPharma	United States	1,946	0.4
Forward Pharma	Denmark	979	0.2
Infinity Pharmaceuticals	United States	763	0.2
Nivalis Therapeutics	United States	368	0.1
Total investments		461,006	100.0

All of the above investments are equities unless otherwise stated.

* Partnership interest

Portfolio Breakdown

	Fair value £'000	% of investments
Equities	456,217	99.0
Partnership interest (unquoted)	4,789	1.0
Total investments	461,006	100.0

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

For the Six Months ended 30 September 2016

Top Five Contributors

	Contribution for six months to 30 September 2016 £'000	Contribution per share (pence)*
Biogen	16,469	28.1p
Amgen	12,770	21.8p
Incyte	10,734	18.3p
Celgene	5,688	9.7p
Vertex Pharmaceuticals	4,956	8.5p
	50,617	86.4p

Top Five Detractors

	Contribution for six months to 30 September 2016 £'000	Contribution per share (pence)*
Ono Pharmaceutical†	(3,457)	(5.9)p
Impax Laboratories	(2,375)	(4.1)p
Dynavax Pharmaceuticals†	(2,092)	(3.6)p
Infinity	(1,577)	(2.7)p
Gilead Sciences	(1,189)	(2.0)p
	(10,690)	(18.3)p

* based on 58,615,654 ordinary shares being the weighted average number of shares in issue for the six months ended 30 September 2016

† Stock not held at the half year end

Source: Frostrow Capital LLP

Financial Statements / Condensed Income Statement

for the six months ended 30 September 2016

	Note	(Unaudited) Six months ended 30 September 2016			(Unaudited) Six months ended 30 September 2015			(Audited) Year ended 31 March 2016		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment income										
Investment income	2	1,084	–	1,084	849	–	849	1,820	–	1,820
Total income		1,084	–	1,084	849	–	849	1,820	–	1,820
Gains and (losses) on investments										
Gains/(losses) on investments held at fair value through profit or loss		–	77,492	77,492	–	(98,035)	(98,035)	–	(125,284)	(125,284)
Exchange (losses)/gains on currency balances		–	(1,803)	(1,803)	–	682	682	–	(1,802)	(1,802)
Expenses										
AIFM, Portfolio management and performance fees	3	–	(1,925)	(1,925)	–	(364)	(364)	–	(2,353)	(2,353)
Other expenses		(329)	–	(329)	(394)	–	(394)	(736)	–	(736)
Profit/(loss) before finance costs and taxation		755	73,764	74,519	455	(97,717)	(97,262)	1,084	(129,439)	(128,355)
Finance costs		–	(129)	(129)	–	(165)	(165)	–	(340)	(340)
Profit/(loss) before taxation		755	73,635	74,390	455	(97,882)	(97,427)	1,084	(129,779)	(128,695)
Taxation		(165)	–	(165)	(112)	–	(112)	(254)	–	(254)
Profit/(loss) for the period/year		590	73,635	74,225	343	(97,882)	(97,539)	830	(129,779)	(128,949)
Basic and diluted earnings/(loss) per share	4	1.0p	125.6p	126.6p	0.5p	(155.9)p	(155.4)p	1.3p	(209.4)p	(208.1)p

The Company does not have any income or expenses which are not included in the profit for the period. Accordingly the “profit for the period” is also the “Total Comprehensive Income for the period”, as defined in IAS 1 (revised) and no separate Statement of Comprehensive Income has been presented.

All of the profit 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 2016 have not been audited by the Company’s auditors.

Financial Statements / Condensed Statement of Changes in Equity

(Unaudited) Six months ended 30 September 2016

	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 2016	15,074	43,021	–	7,725	315,594	(2,847)	378,567
Net profit for the period	–	–	–	–	73,635	590	74,225
Repurchase of own shares for cancellation	(769)	–	–	769	(20,016)	–	(20,016)
At 30 September 2016	14,305	43,021	–	8,494	369,213	(2,257)	432,776

(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	–	–	–
At 30 September 2015	15,552	43,021	–	7,247	360,202	(3,334)	422,688

(Audited) Year ended 31 March 2016

	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 year	–	–	–	–	(129,779)	830	(128,949)
Repurchase of own shares to be held in treasury	–	–	(252)	–	(10,241)	–	(10,493)
Repurchase of own shares for cancellation	(570)	–	–	570	(15,293)	–	(15,293)
Cancellation of own shares held in treasury	(1,578)	–	–	1,578	–	–	–
At 31 March 2016	15,074	43,021	–	7,725	315,594	(2,847)	378,567

Financial Statements / Condensed Statement of Financial Position

as at 30 September 2016

	Note	(Unaudited) 30 September 2016 £'000	(Unaudited) 30 September 2015 £'000	(Audited) 31 March 2016 £'000
Non current assets				
Investments held at fair value through profit or loss		461,006	479,722	420,427
Current assets				
Other receivables		1,243	17,251	4,718
		1,243	17,251	4,718
Total assets		462,249	496,973	425,145
Current liabilities				
Other payables		3,028	1,559	10,389
Bank overdraft		26,445	72,726	36,189
		29,473	74,285	46,578
Net assets		432,776	422,688	378,567
Equity attributable to equity holders				
Ordinary share capital		14,305	15,552	15,074
Share premium account		43,021	43,021	43,021
Capital redemption reserve		8,494	7,247	7,725
Capital reserve		369,213	360,202	315,594
Revenue reserve		(2,257)	(3,334)	(2,847)
Total equity		432,776	422,688	378,567
Net asset value per share	5	756.4p	679.5p	627.9p

Financial Statements / Condensed Statement of Cash Flows

for the six months ended 30 September 2016

	(Unaudited) Six months ended 30 September 2016 £'000	(Unaudited) Six months ended 30 September 2015 £'000	(Audited) Year ended 31 March 2016 £'000
Operating activities			
Profit/(loss) before taxation	74,390	(97,427)	(128,695)
Add back interest expense	129	165	340
(Gain)/loss on investments held at fair value through profit & loss	(77,492)	98,035	125,284
Decrease/(increase) in other receivables	107	(17)	(24)
Increase/(decrease) in other payables	175	(2,127)	(2,218)
Net cash outflow from operating activities before interest payable and taxation	(2,691)	(1,371)	(5,313)
Interest expense	(129)	(165)	(340)
Tax paid	(165)	(112)	(254)
Net cash outflow from operating activities	(2,985)	(1,648)	(5,907)
Investing Activities			
Purchases of investments	(124,032)	(245,376)	(378,906)
Sales of investments	156,777	235,756	422,793
Net cash inflow/(outflow) from investing activities	32,745	(9,620)	43,887
Financing activities			
Repurchase of own shares to be held in treasury	–	(10,493)	(10,493)
Repurchase of shares for cancellation	(20,016)	(2,582)	(15,293)
Net cash outflow from financing activities	(20,016)	(13,075)	(25,786)
Net increase/(decrease) in cash and cash equivalents	9,744	(24,343)	12,194
Cash and cash equivalents at the start of the period/year	(36,189)	(48,383)	(48,383)
Cash and cash equivalents at the end of the period/year	(26,445)	(72,726)	(36,189)

Financial Statements / Notes to the Financial Statements

I.a) General Information

The Biotech Growth Trust PLC is a company incorporated and registered in England and Wales. 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 1 April 2012.

I.b) Basis of Preparation

The half year condensed financial statements of the Company for the six months ended 30 September 2016 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 2016.

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

I.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 15 of this report.

I.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 2016 £'000	(Unaudited) Six months ended 30 September 2015 £'000	(Audited) Year ended 31 March 2016 £'000
Investment income			
Overseas income	1,084	849	1,820
Total income	1,084	849	1,820

3. AIFM, Portfolio Management and Performance Fees

	(Unaudited) Six months ended 30 September 2016 £'000	(Unaudited) Six months ended 30 September 2015 £'000	(Audited) Year ended 31 March 2016 £'000
AIFM fee	581	673	1,266
Portfolio management fee	1,344	1,545	2,941
Performance fee charged/(written back) in the period/year*	–	(1,854)	(1,854)
	1,925	364	2,353

* No performance fees crystallised or became payable during the period under review (30 September 2015: £nil). Further details of the performance fee arrangements can be found on page 35 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 2016 £'000	(Unaudited) Six months ended 30 September 2015 £'000	(Audited) Year ended 31 March 2016 £'000
The earnings/(loss) per share is based on the following figures:			
Net revenue gain	590	343	830
Net capital gain/(loss)	73,635	(97,882)	(129,779)
Net total gain/(loss)	74,225	(97,539)	(128,949)
Weighted average number of shares in issue during the period/year	58,615,654	62,780,349	61,972,355
	Pence	Pence	Pence
Revenue earnings per share	1.0	0.5	1.3
Capital earnings/(loss) per share	125.6	(155.9)	(209.4)
Total earnings/(loss) per share	126.6	(155.4)	(208.1)

5. Net Asset Value per Share

The Net Asset Value per share is based on the net assets attributable to equity shareholders of £432,776,000 (30 September 2015: £422,688,000; 31 March 2016: £378,567,000) and on 57,218,215 shares (30 September 2015: 62,207,404; 31 March 2016: 60,295,474) 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 2016 were £245,000 (six months ended 30 September 2015: £251,000; year ended 31 March 2016: £453,000). 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)

At 30 September 2016 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 2016 valuation is not yet available, the fund has been valued at its net asset value as at 30 June 2016. It is believed that the value of the fund as at 30 September 2016 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 2016 would have increased/decreased by £479,000.

Financial Statements / Notes to the Financial Statements

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

(Unaudited) Six months ended 30 September 2016				
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	456,217	–	–	456,217
Partnership interest in LP Fund	–	–	4,789	4,789
Total	456,217	–	4,789	461,006

(Unaudited) 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
Total	476,212	–	3,510	479,722

(Audited) Year ended 31 March 2016				
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	416,413	–	–	416,413
Partnership interest in LP Fund	–	–	4,014	4,014
Total	416,413	–	4,014	420,427

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.

	(Unaudited) Six months ended 30 September 2016 £'000	(Unaudited) Six months ended 30 September 2015 £'000	(Audited) Year ended 31 March 2016 £'000
Assets as at beginning of period	4,014	3,439	3,439
Return of capital*	(228)	(214)	(214)
Net movement in investment holding gains during the period	1,003	285	789
Asset as at 30 September/31 March	4,789	3,510	4,014

* During the period a cash distribution of U.S.\$300,000 (£228,000) was made.

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 2016 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 the Annual Report for the year ended 31 March 2016.

10. Segmental Reporting

Geographical Segments	(Unaudited) Six months ended 30 September 2016 Value of Investments £'000	(Unaudited) Six months ended 30 September 2015 Value of Investments £'000	(Audited) Year ended 31 March 2016 Value of Investments £'000
North America	410,695	408,567	359,328
Europe	45,522	56,756	26,276
Asia	4,789	14,399	34,823
Total	461,006	479,722	420,427

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 2016 and 2015 has not been audited by the auditors.

The information for the year ended 31 March 2016 has been extracted from the latest published audited financial statements. The audited financial statements for the year ended 31 March 2016 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 2016 to 30 September 2016 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 2016 to 30 September 2016 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

7 November 2016

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 4. 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 2016. 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.

Additionally, the Company acknowledges uncertainties further to the "leave" decision of the EU Referendum held in June 2016.

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 7 November 2016 and the above responsibility statement was signed on its behalf by:

Andrew Joy
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.

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.

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	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.

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.

Further Information / How to Invest

For further information on this service please contact:

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

Andrew Joy (Chairman)
Steve Bates (Chairman of the Management Engagement Committee)
Sven Borho
Professor Dame Kay Davies, CBE (Senior Independent Director and Chairman of the Remuneration Committee)
Peter Keen (Chairman of the Audit Committee)
Julia Le Blan
The Rt Hon the Lord Willetts

Registered Office

One Wood Street
London EC2V 7WS

Website

www.biotechgt.com

Company Registration Number

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

The Company was incorporated in England and Wales 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

Website: www.frostrow.com

Authorised and regulated by the Financial Conduct Authority.

Portfolio Manager

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



If you have an enquiry about the Company or if you would like to receive a copy of the Company's monthly fact sheet by e-mail, please contact Frostrow Capital using the stated e-mail address.

Independent Auditors

Ernst & Young LLP
25 Churchill Place
Canary Wharf
London E14 5EY

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
Website: 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

Further Information / Financial Calendar

Financial Year End	31 March
Final Results Announced	May/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 2014

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

Investment Adviser 100 Club, Specialist Sectors and Assets Category 2015



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