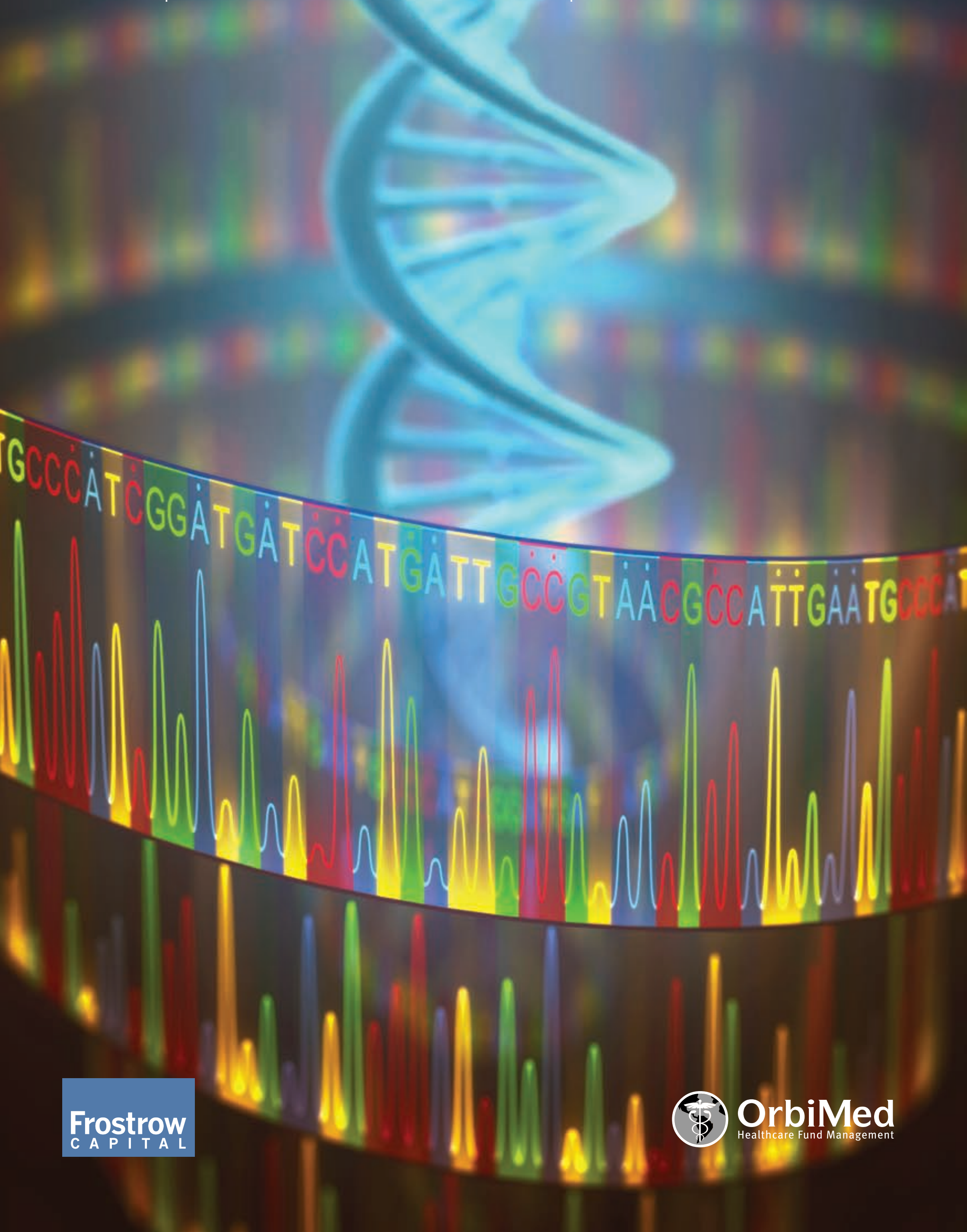
The Biotech Growth Trust PLC

Half Year Report & Accounts for the six months ended 30 September 2017



Frostrow Capital

OrbiMed Healthcare Fund Management

Company Summary

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.

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), the Company's benchmark ("Benchmark").

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 a loan facility, repayable on demand, provided by the Company's prime broker, J.P. Morgan Securities LLC. As at 30 September 2017 the Company's borrowings amounted to £42.9 million. As of this date the net gearing level was 9.2% (31 March 2017: 3.2%) of the Company's net assets.

Capital Structure

As at 30 September 2017, the Company's share capital comprised 55,839,913 ordinary shares, (31 March 2017: 55,839,913 ordinary shares).

Dividend Policy

The Company invests with the objective of achieving capital growth and it is expected that dividends, if any, are likely to be small.

The Board intends only to pay dividends on the Company's shares to the extent required in order to maintain the Company's investment trust status.

Contents

Keep up to date with The Biotech Growth Trust PLC

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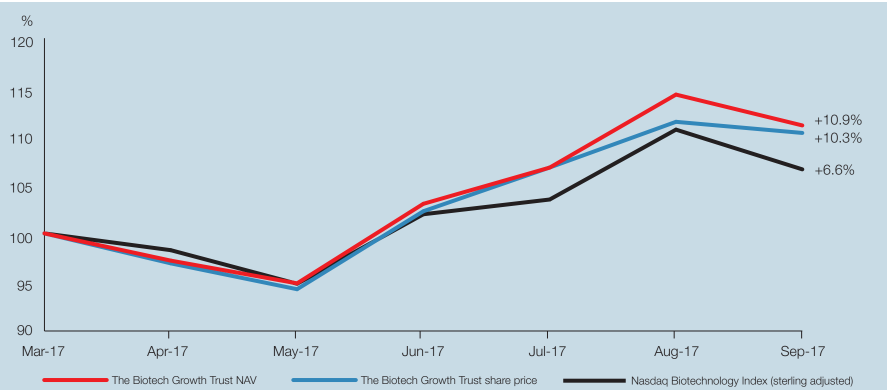
Company Summary / Company Performance

Key Statistics

	As at 30 September 2017	As at 31 March 2017	% Change
Net asset value per share	887.7p	800.8p	+10.9
Share price	825.0p	748.0p	+10.3
Discount of share price to net asset value per share	7.1%	6.6%	–
Benchmark	2,607.70	2,447.25	+6.6
Gearing*	9.2%	3.2%	–
Ongoing charges*	1.1%	1.1%	–

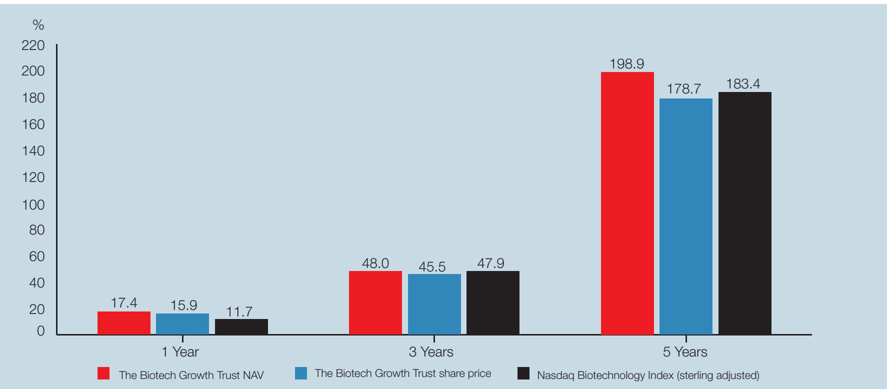
*See glossary on page 18

Six Month Performance



Figures are rebased to 100 as at 31 March 2017
Source: Morningstar

One, Three and Five Year Performance to 30 September 2017



Source: Morningstar

Reviews / Chairman's Statement

Performance

Andrew Joy

I am pleased to report that the strong performance achieved last year continued into the first half of the current financial year. Following a 27.5% rise in the net asset value per share last year, there was a further rise of 10.9% in the first half of the current financial year. The share price rose by 10.3% during the six-month period under review. This compares to a rise of 6.6% in the Company's Benchmark, a material outperformance. I mentioned at the year-end that sterling's decline against other major currencies, in particular the U.S. dollar, the currency in which the majority of the Company's holdings are denominated, had helped the Company's performance in absolute terms. The first six months of the current financial year saw something of a recovery in sterling's fortunes, sterling having appreciated over 7.0% against the U.S. dollar during the period. With almost all of the Company's assets in U.S. dollars, this relative dollar weakness detracted from the Company's absolute performance.

It is pleasing to note the substantial outperformance against the Benchmark during the period as this follows last year's slight underperformance. This outperformance reflects stock selection, most notably **Vertex Pharmaceuticals**, which was the Company's largest overweight position relative to the Benchmark. It should also be noted that the level of gearing employed increased over the period, rising from 3.2% at 31 March 2017 to 9.2% as at 30 September 2017. Further information regarding this and also the Company's investments can be found in the Portfolio Manager's Review beginning on page 4.

The discount of the Company's share price to the net asset value per share widened slightly during the period. As at 30 September 2017 it was 7.1%, having been 6.6% at the beginning of the period. Since the half year-end the level of discount has narrowed and as at 8 November 2017 stood at 0.8%.

Capital Structure

Shareholders will be aware that the Board has a discount control mechanism in place intended to establish a target level of no more than a 6% discount of share price to the net asset value per share. Shareholders should note, however, that it remains possible for the share price discount to net asset value per share to be greater than 6% on any one day due to the fact that the share price continues to be influenced by overall supply and demand for the Company's shares in the secondary market. The volatility of the net asset value per share in an asset class such as biotechnology is another factor over which the Board has no control. No shares were repurchased by the Company during the period under review and to 8 November 2017.

Reviews / Chairman's Statement

Revenue and Dividends

The revenue profit for the period was £146,000 (six months ended 30 September 2016: profit of £590,000) and no interim dividend is declared (six months ended 30 September 2016: nil).

Half Year Report & Accounts

As I mentioned last year, in the interests of cost control we will not be providing a hard copy of this year's Half Year Report & Accounts. This document is, and will continue to be available on the Company's website at www.biotechgt.com. The Company's Annual Report & Accounts will continue to be available in hard copy, and also on the Company's website.

Outlook

Despite some volatility, the biotechnology sector has performed strongly during the first half of the Company's financial year. Since the 30 September, however, there has been a fall in share prices, triggered mainly by an announcement from **Celgene** about current progress on certain drugs together with a lowering of its mid-term revenue projections. Our Portfolio Manager remains strongly of the view that the biotechnology sector remains undervalued, particularly bearing in mind high growth rates compared to the overall market. Although the U.S. drug pricing issue will remain in the headlines, it appears that investors have become more comfortable with this ongoing debate and are focusing more on the fundamentals of the sector. Our Portfolio Manager believes that areas such as strong drug sales, continued high levels of innovation, a more benign approval environment at the U.S. Food and Drug Administration ('FDA') and further merger and acquisition activity will prove to be key drivers. In addition, anticipated U.S. tax reforms and cash repatriation are also expected to be positive for larger companies in the sector.

The Board reiterates its belief that the long-term investor in the sector will be well rewarded.

Andrew Joy
Chairman
9 November 2017

Reviews / Portfolio Manager's Review

Performance

Sven Borho

The Company's net asset value per share increased by 10.9% and the share price by 10.3% during the six-month period ended 30 September. The Company's Benchmark increased by 6.6% during the same period. The increased deployment of gearing into rising markets contributed to the Company's outperformance. The level of gearing increased from 3.2% at 31 March 2017 to end the period at 9.2%. Currency, however, again played an important part in the level of absolute performance during the period as sterling recovered some of the ground that it lost against other major currencies during the Company's last financial year; it appreciated over 7.0% against the U.S. dollar during the half-year causing a headwind to absolute performance.

The biotechnology sector outperformed the general market during the review period. We attribute this strength to multiple factors, including an improved political environment and positive clinical development progress from a number of biotechnology companies. We expect that biotechnology stocks will continue to have strong performance during the second half of the Company's financial year with support from a favourable macro environment and positive tailwinds from U.S Food and Drug Administration ('FDA') approval of innovative therapies.

Compared with the same period last year, sentiment in the sector has improved significantly as concerns about the possibility of new regulation of drug prices have lessened. The Trump administration failed in its effort to repeal and replace the Affordable Care Act (or 'Obamacare') due to objections from a small number of Republicans and universal opposition from the Democrats. Although President Trump has recently signed an executive order which will weaken Obamacare, we believe without legislative action there will not be significant changes that would adversely impact the biotechnology industry.

With the failure to pass meaningful healthcare reform, the Trump administration has changed its priority to tax reform. The most recent proposal reduces the corporate tax rate to 20% from 35%, with companies paying little or no tax to the U.S. on foreign profits. Some biotechnology companies with high tax rates will benefit directly from these changes. In addition, a one-time reduced repatriation tax has been proposed, which will allow U.S. companies to bring their overseas cash back into the U.S. at a reduced tax rate. Because many major pharmaceutical and biotechnology companies have significant offshore cash balances, a repatriation of that cash could catalyse merger and acquisition ('M&A') activity by making it easier to acquire U.S. biotechnology targets. Although the tax proposals still need to be refined and debated in Congress, we expect tax reform to eventually be enacted.

Innovation continues

As highlighted in the Annual Report, 2017 is poised to become a landmark year for innovative modalities of drug treatment. The FDA recently approved two groundbreaking CAR-T therapies, which use genetically modified immune cells that are re-programmed to fight cancer. Novartis' CAR-T therapy was approved for the treatment of advanced leukemia, and Kite Pharma's CAR-T therapy was approved for lymphoma. The Company's investments in the CAR-T space include **Juno Therapeutics**, which will have pivotal data available next year for its lymphoma therapy, and **Bluebird Bio**, which has presented highly encouraging early data for its CAR-T therapy for multiple myeloma. There has also been significant progress in the gene therapy space this year. Portfolio company **Spark Therapeutics** recently received a unanimous vote from an FDA advisory committee supporting approval of its gene therapy to treat a rare inherited disease that causes vision loss. If the therapy is approved as expected, it will be the first gene therapy approved in the U.S. Also this year, we have seen encouraging proof-of-concept data for gene therapies to treat haemophilia from Spark Therapeutics and **BioMarin Pharmaceutical**.

In terms of recent clinical developments, we would highlight two potentially transformative clinical trial outcomes for new drugs to treat previously unaddressable patient populations. The new three-drug regimens by **Vertex Pharmaceuticals**, a portfolio company and a significant contributor to performance, recently showed dramatic benefit in patients with cystic fibrosis. These regimens should enable the company to treat the majority of cystic fibrosis patients, and their ability to slow or halt disease progression with chronic administration may provide a "functional cure" that will restore patients to normal life spans. Similarly, portfolio company **Alnylam Pharmaceuticals** reported impressive phase III data of their drug patisiran for the treatment of hereditary transthyretin-mediated amyloidosis. This is the first successful pivotal trial of an RNAi drug, which is a new therapeutic class that can selectively block gene expression and address diseases not easily treated by conventional approaches. We believe advancements that we are now seeing with new therapeutic platforms such as RNAi, CAR-T, and gene therapy are the beginning of a new wave of productivity for the sector, as biotechnology companies apply these approaches to generate therapeutic candidates against previously intractable diseases. We expect more M&A activity in these innovative areas. **Gilead Sciences'** recent U.S.$12 billion acquisition of Kite Pharma highlights the interest in novel technology platforms by larger players in the traditional drug industry. Other M&A candidates in the portfolio include Juno Therapeutics, Bluebird Bio, Spark Therapeutics, and Alnylam Pharmaceuticals.

The principal detractor from performance during the period was **Incyte**. This was due, in part, to the unexpected failure to obtain FDA approval for baricitinib, a treatment for rheumatoid arthritis being developed with partner Eli Lilly.

Outlook

After the review period, the biotechnology sector suffered a correction in October, largely due to some disappointing earnings and long-term guidance from **Celgene**, one of the bellwether stocks in the sector. Given the compelling valuations among large capitalisation biotechnology, we believe this correction will be transient.

We believe the biotechnology industry is now at another inflection point, where new innovative technologies are set to transform clinical practice. When combined with the increasingly friendly macro and regulatory environment, we see the potential for continued strong returns for investors in the sector.

Sven Borho
OrbiMed Capital LLC
Portfolio Manager
9 November 2017

Reviews / Investment Portfolio

Investments held as at 30 September 2017

Security	Country /Region	Fair value £'000	% of investments
Biogen	United States	67,081	12.4
Celgene	United States	66,851	12.3
Vertex Pharmaceuticals	United States	47,521	8.8
Regeneron Pharmaceuticals	United States	34,243	6.3
Alexion Pharmaceuticals	United States	32,883	6.1
Amgen	United States	29,650	5.5
Gilead Sciences	United States	22,012	4.1
Incyte	United States	21,655	4.0
Illumina	United States	20,738	3.8
Puma Biotechnology	United States	19,644	3.6
Ten largest investments		**362,278**	**66.9**
DBV Technologies	France	16,198	3.0
Clovis Oncology	United States	15,753	2.9
Alnylam Pharmaceuticals	United States	13,759	2.5
Vanda Pharmaceuticals	United States	12,877	2.4
Bluebird Bio	United States	11,871	2.2
Dermira	United States	10,072	1.9
Array Biopharma	United States	10,040	1.8
BeiGene	Cayman Islands	8,453	1.6
Aurinia Pharmaceuticals	Canada	8,400	1.6
GW Pharmaceuticals	United Kingdom	8,254	1.5
Twenty largest investments		**477,955**	**88.3**
Juno Therapeutics	United States	7,623	1.4
BioMarin Pharmaceutical	United States	6,976	1.3
Ironwood Pharmaceuticals	United States	6,655	1.2
Jazz Pharmaceuticals	Ireland	6,432	1.2
Aerie Pharmaceuticals	United States	6,177	1.1
Alkermes	Ireland	5,495	1.0
Achillion	United States	4,755	0.9
Glycomimetics	United States	3,518	0.7
Deciphera Pharmaceuticals	United States	3,462	0.6
OrbiMed Asia Partners L.P (unquoted)*	Far East	3,347	0.6
Thirty largest investments		**532,395**	**98.3**
Insys Therapeutics	United States	2,873	0.5
Seres Therapeutics	United States	2,624	0.5
Spark Therapeutics	United States	1,343	0.3
Fluidigm	United States	1,294	0.2
Idorsia	Switzerland	497	0.1
Infinity Pharmaceuticals	United States	430	0.1
Total investments		**541,456**	**100.0**

All of the above investments are equities unless otherwise stated.

*Partnership interest.

Portfolio Breakdown

Investments	Fair value £'000	% of investments
Equities	538,109	99.4
Partnership interest (Unquoted)	3,347	0.6
Total investments	**541,456**	**100.0**

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

For the Six Months ended 30 September 2017

Top Five Contributors

	Contribution for the Six months to 30 September 2017 £'000	Contribution per share (pence)*
Puma Biotechnology	14,786	26.5p
Vertex Pharmaceuticals	10,849	19.4p
Alnylam Pharmaceuticals	6,133	11.0p
Celgene	5,633	10.1p
BeiGene	4,573	8.2p
	41,974	**75.2p**

Top Five Detractors

	Contribution for the Six months to 30 September 2017 £'000	Contribution per share (pence)*
Incyte	(7,784)	(13.9)p
Dermira	(3,108)	(5.6)p
GW Pharmaceuticals	(2,308)	(4.1)p
Aurinia Pharmaceuticals	(2,136)	(3.8)p
Alkermes	(1,288)	(2.3)p
	(16,624)	**(29.7)p**

* based on 55,839,913 ordinary shares being the weighted average number of shares in issue for the six months ended 30 September 2017

Source: Frostrow Capital LLP

Financial Statements / Condensed Income Statement

for the six months ended 30 September 2017

	Note	(Unaudited) Six months ended 30 September 2017 Revenue £'000	Capital £'000	Total £'000	(Unaudited) Six months ended 30 September 2016 Revenue £'000	Capital £'000	Total £'000	(Audited) Year ended 31 March 2017 Revenue £'000	Capital £'000	Total £'000
Investment income										
Investment income	2	624	–	624	1,084	–	1,084	1,905	–	1,905
Total income		624	–	624	1,084	–	1,084	1,905	–	1,905
Gains on investments										
Gains on investments held at fair value through profit or loss		–	48,298	48,298	–	77,492	77,492	–	103,813	103,813
Exchange gains/(losses) on currency balances		–	2,709	2,709	–	(1,803)	(1,803)	–	(2,252)	(2,252)
Expenses										
AIFM, Portfolio management and performance fees	3	–	(2,427)	(2,427)	–	(1,925)	(1,925)	–	(3,905)	(3,905)
Other expenses		(385)	–	(385)	(329)	–	(329)	(703)	–	(703)
Profit before finance costs and taxation		239	48,580	48,819	755	73,764	74,519	1,202	97,656	98,858
Finance costs		–	(223)	(223)	–	(129)	(129)	–	(280)	(280)
Profit before taxation		239	48,357	48,596	755	73,635	74,390	1,202	97,376	98,578
Taxation		(93)	–	(93)	(165)	–	(165)	(281)	–	(281)
Profit for the period/year		146	48,357	48,503	590	73,635	74,225	921	97,376	98,297
Basic and diluted earnings per share	4	0.3p	86.6p	86.9p	1.0p	125.6p	126.6p	1.6p	169.9p	171.5p

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 2017 have not been audited by the Company's auditors.

Financial Statements / Condensed Statement of Changes in Equity

(Unaudited) Six months ended 30 September 2017

	Ordinary Share Capital £'000	Share Premium Account £'000	Capital Redemption Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Total £'000
At 31 March 2017	13,960	43,021	8,839	383,283	(1,926)	447,177
Net profit for the period	–	–	–	48,357	146	48,503
At 30 September 2017	13,960	43,021	8,839	431,640	(1,780)	495,680

(Unaudited) Six months ended 30 September 2016

	Ordinary Share Capital £'000	Share Premium Account £'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

(Audited) Year ended 31 March 2017

	Ordinary Share Capital £'000	Share Premium Account £'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 year	–	–	–	97,376	921	98,297
Repurchase of own shares for cancellation	(1,114)	–	1,114	(29,687)	–	(29,687)
At 31 March 2017	13,960	43,021	8,839	383,283	(1,926)	447,177

Financial Statements / Condensed Statement of Financial Position

as at 30 September 2017

	Note	(Unaudited) 30 September 2017 £'000	(Unaudited) 30 September 2016 £'000	(Audited) 31 March 2017 £'000
Non current assets				
Investments held at fair value through profit or loss		541,456	461,006	461,378
Current assets				
Other receivables		1,760	1,243	117
		1,760	1,243	117
Total assets		543,216	462,249	461,495
Current liabilities				
Other payables		4,666	3,028	1,235
Bank overdraft		–	26,445	13,083
Loan facility		42,870	–	–
		47,536	29,473	14,318
Net assets		495,680	432,776	447,177
Equity attributable to equity holders				
Ordinary share capital		13,960	14,305	13,960
Share premium account		43,021	43,021	43,021
Capital redemption reserve		8,839	8,494	8,839
Capital reserve		431,640	369,213	383,283
Revenue reserve		(1,780)	(2,257)	(1,926)
Total equity		495,680	432,776	447,177
Net asset value per share	5	887.7p	756.4p	800.8p

Financial Statements / Condensed Statement of Cash Flows

for the six months ended 30 September 2017

	(Unaudited) Six months ended 30 September 2017 £'000	(Unaudited) Six months ended 30 September 2016 £'000	(Audited) Year ended 31 March 2017 £'000
Operating activities			
Profit before taxation	48,596	74,390	98,578
Add back interest expense	223	129	280
Gains on investments held at fair value through profit & loss	(48,298)	(77,492)	(103,813)
Decrease in other receivables	91	107	45
Increase in other payables	346	175	186
Net cash inflow/(outflow) from operating activities before interest payable and taxation	958	(2,691)	(4,724)
Interest expense	(223)	(129)	(280)
Tax paid	(93)	(165)	(281)
Net cash inflow/(outflow) from operating activities	642	(2,985)	(5,285)
Investing Activities			
Purchases of investments	(108,193)	(124,032)	(298,295)
Sales of investments	77,764	156,777	356,373
Net cash (outflow)/inflow from investing activities	(30,429)	32,745	58,078
Financing activities			
Repurchase of shares for cancellation	–	(20,016)	(29,687)
Drawdown from the loan facility*	42,870	–	–
Net cash inflow/(outflow) from financing activities	42,870	(20,016)	(29,687)
Net increase in cash and cash equivalents	13,083	9,744	23,106
Cash and cash equivalents at the start of the period/year	(13,083)	(36,189)	(36,189)
Cash and cash equivalents at the end of the period/year	–	(26,445)	(13,083)

* The treatment of certain amounts held with J.P. Morgan Securities LLC has been changed during the period. These amounts are regarded as held for financing purposes rather than cash management purposes. Therefore, these amounts are no longer considered cash and cash equivalents, but are treated as financing items.

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 commencing 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 2017 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 2017.

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 2017 £'000	(Unaudited) Six months ended 30 September 2016 £'000	(Audited) Year ended 31 March 2017 £'000
Investment income			
Overseas dividend income	582	1,084	1,823
Other income			
Other fee income	42	–	82
Total income	624	1,084	1,905

3. AIFM, Portfolio Management and Performance Fees

	(Unaudited) Six months ended 30 September 2017 £'000	(Unaudited) Six months ended 30 September 2016 £'000	(Audited) Year ended 31 March 2017 £'000
AIFM fee	668	581	1,190
Portfolio management fee	1,546	1,344	2,715
Performance fee charged in the period*	213	–	–
	2,427	1,925	3,905

*In accordance with the performance fee arrangements described on page 33 of the Company's 2017 Annual Report, a performance fee of £213,000 was accrued at 30 September 2017 (30 September 2016: £nil).

Financial Statements / Notes to the Financial Statements

4. Basic and Diluted Earnings per Share

	(Unaudited) Six months ended 30 September 2017 £'000	(Unaudited) Six months ended 30 September 2016 £'000	(Audited) Year ended 31 March 2017 £'000
The earnings per share is based on the following figures:			
Net revenue gain	146	590	921
Net capital gain	48,357	73,635	97,376
Net total gain	48,503	74,225	98,297
Weighted average number of shares in issue during the period/year	55,839,913	58,615,654	57,315,305
	Pence	Pence	Pence
Revenue earnings per share	0.3	1.0	1.6
Capital earnings per share	86.6	125.6	169.9
Total earnings per share	86.9	126.6	171.5

5. Net Asset Value per Share

The Net Asset Value per share is based on the net assets attributable to equity shareholders of £495,680,000 (30 September 2016: £432,776,000; 31 March 2017: £447,177,000) and on 55,839,913 shares (30 September 2016: 57,218,215; 31 March 2017: 55,839,913) 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 2017 were £123,000 (six months ended 30 September 2016: £245,000; year ended 31 March 2017: £472,000). 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 2017 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 2017 valuation is not yet available, the fund has been valued at its net asset value as at 30 June 2017. It is believed that the value of the fund as at 30 September 2017 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 2017 would have increased/decreased by £335,000.

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 2017**

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	538,109	–	–	538,109
Partnership interest in LP Fund	–	–	3,347	3,347
Total	538,109	–	3,347	541,456

**(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

**(Audited)
Year ended 31 March 2017**

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	456,309	–	–	456,309
Partnership interest in LP Fund	–	–	5,069	5,069
Total	456,309	–	5,069	461,378

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 2017 £'000	(Unaudited) Six months ended 30 September 2016 £'000	(Audited) Year ended 31 March 2017 £'000
Assets as at beginning of period	5,069	4,014	4,014
Return of capital*	(1,552)	(228)	(386)
Net movement in investment holding gains during the period	(170)	1,003	1,441
Assets as at 30 September/31 March	3,347	4,789	5,069

* During the period a cash distribution of U.S.$2,003,000 (£1,557,000) in relation to the sale of all the fund's securities of KIMS Healthcare Holding Company LTD and a portion of the fund's securities in The Strides Shasun Limited was received. This distribution mainly comprised a return of capital, with £5,000 allocated to revenue.

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 which could result in the Company suffering a loss. (see note 11 below).

Further details of the Company's management of these risks can be found in note 13 of the Company's 2017 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 2017.

10. Segmental Reporting

Geographical Segments	(Unaudited) Six months ended 30 September 2017 Value of Investments £'000	(Unaudited) Six months ended 30 September 2016 Value of Investments £'000	(Audited) Year ended 31 March 2017 Value of Investments £'000
North America	501,233	410,695	398,949
Europe	36,876	45,522	57,360
Asia	3,347	4,789	5,069
Total	541,456	461,006	461,378

11. Credit Risk

Credit risk is the risk of failure of a counterparty to discharge its obligations resulting in the Company suffering a loss.

J.P. Morgan Securities LLC (J.P. Morgan) may take assets with a value of up to 140% of the loan as collateral. Such assets held by J.P. Morgan are available for rehypothecation*.

As at 30 September 2017, the maximum value of assets available for rehypothecation was £60.0 million (31 March 2017: £18.3 million). As at this date, assets with a total market value of £60.0 million were rehypothecated (31 March 2017: £7.8 million).

*See glossary on page 18.

12. 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 2017 and 2016 has not been audited by the auditors.

The information for the year ended 31 March 2017 has been extracted from the latest published audited financial statements. The audited financial statements for the year ended 31 March 2017 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 2017 to 30 September 2017 which comprises the Condensed Income Statement, the Condensed Statement of Changes in Equity, the Condensed Statement of Financial Position, the Condensed Statement of Cash Flows and the related notes 1 to 12.

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

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

Directors' Responsibilities

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

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

Our Responsibility

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

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and 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 2017 to 30 September 2017 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
9 November 2017

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; volatility and the level of discount/premium; portfolio performance; Investment Management key person risk; 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 2017. 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 the continued uncertainty surrounding the UK's decision to leave the EU.

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 9 November 2017 and the above responsibility statement was signed on its behalf by:

Andrew Joy
Chairman

Further Information / Glossary of 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

Gearing represents prior charges, adjusted for net current liabilities, expressed as a percentage of net assets. Prior charges includes all loans and bank overdrafts for investment purposes.

	30 September 2017 £'000	31 March 2017 £'000
Prior Charges	42,870	13,083
Net Current Liabilities	2,906	1,118
	45,776	14,201
Net Assets	**495,680**	447,177
Gearing	**9.2%**	3.2%

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.

Ongoing Charges

Ongoing charges are calculated by taking the Company's annualised operating expenses expressed as a proportion of the average daily net asset value of the Company over the year/period. The costs of buying and selling investments are excluded, as are interest costs, taxation, performance fees, cost of buying back or issuing ordinary shares and other non-recurring costs.

	30 September 2017 £'000	31 March 2017 £'000
Operating Expenses	5,219 *	4,608
Average Assets for the period/year	460,139	419,235
Ongoing charges	1.1%	1.1%

*Estimated expenses for the year ending 31 March 2018, as at 30 September 2017.

Rehypothecation

Rehypothecation is the practice by banks and brokers of using, for their own purposes, assets that have been posted as collateral by clients.

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 products and intends to continue to do so. The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an 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	www.youinvest.co.uk/
Alliance Trust Savings	www.alliancetrustsavings.co.uk/
Barclays Stockbrokers	www.barclaysstockbrokers.co.uk/Pages/index.aspx
Bestinvest	www.bestinvest.co.uk/
Charles Stanley Direct	www.charles-stanley-direct.co.uk/
Club Finance	www.clubfinance.co.uk/
Fidelity	www.fidelity.co.uk/
Halifax Share Dealing	www.halifax.co.uk/Sharedealing/
Hargreave Hale	www.hargreave-hale.co.uk/
Hargreaves Lansdown	www.hl.co.uk/
HSBC	investments.hsbc.co.uk/
iDealing	www.idealing.com/
IG Index	www.igindex.co.uk/
Interactive Investor	www.iii.co.uk/
IWEB	www.iweb-sharedealing.co.uk/share-dealing-home.asp
James Brearley	www.jbrearley.co.uk/Marketing/index.aspx
James Hay	www.jameshay.co.uk/
Saga Share Direct	www.sagasharedirect.co.uk/
Selftrade	www.selftrade.co.uk/
The Share Centre	www.share.com/
Saxo Capital Markets	uk.saxomarkets.com/
TD Direct Investing	www.tddirectinvesting.co.uk/

Link Asset Services – Share Dealing Service

A quick and easy share dealing service is available to existing shareholders through the Company's Registrar, Link 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.linksharedeal.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)
Julia Le Blan (Chairman of the Audit Committee)
The Rt Hon 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 Reabourne Merlin Life Sciences Investment Trust PLC.

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

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

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

Independent Auditors
Ernst & Young LLP
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 Securities LLC
Suite 1, Metro Tech Roadway
Brooklyn, NY11201
USA

Registrars
Link Asset Services (formerly Capita Asset Services)
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU
Telephone (in UK): 0871 664 0300†
Telephone (from overseas): +44 371 664 0300†
E-Mail: enquires@linkgroup.co.uk
Website: www.linkassetservices.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
Charles Russell Speechlys
5 Fleet Place
London EC4M 7RD

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

Legal Entity Identifier
549300Z41EP32MI2DN29

PREMIUM MAIN MARKET
LONDON STOCK EXCHANGE

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

Perivan Financial Print 246267

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, Link Asset Services, 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.

Winner:

Money Observer Awards, Best Large Trust 2015

Investment Adviser 100 Club, Specialist Sectors and Assets Category 2015

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