

THE BIOTECH GROWTH TRUST PLC

HALF YEAR REPORT & ACCOUNTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2012



Frostrow
CAPITAL



OrbiMed
Healthcare Fund Management

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FINANCIAL CALENDAR

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

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

**Investment Week, Investment Company
of the Year, Specialist Category 2012**

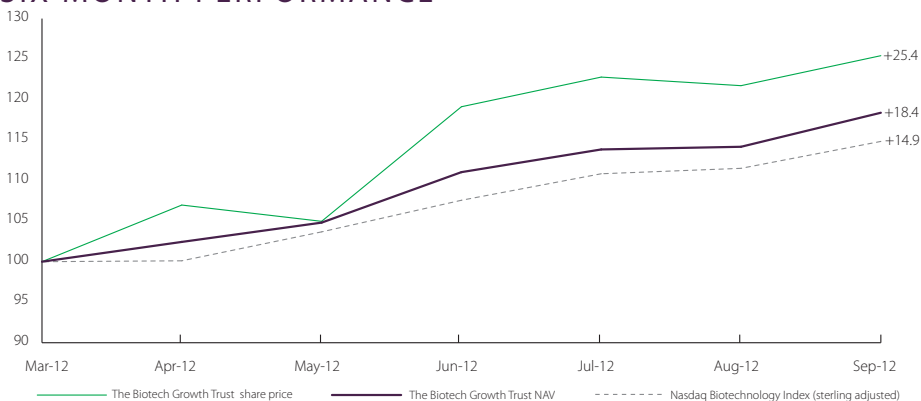
COMPANY SUMMARY

KEY STATISTICS

	30 September 2012	31 March 2012	% change
Net asset value per share	297.0p	250.9p	18.4%
Share price	296.0p	236.0p	25.4%
Discount of share price to net asset value per share	0.3%	5.9%	–
NASDAQ Biotechnology Index (sterling adjusted)	920.1	801.1	14.9%
Ongoing charges*	1.3%	1.2%	–

* See glossary on page 17

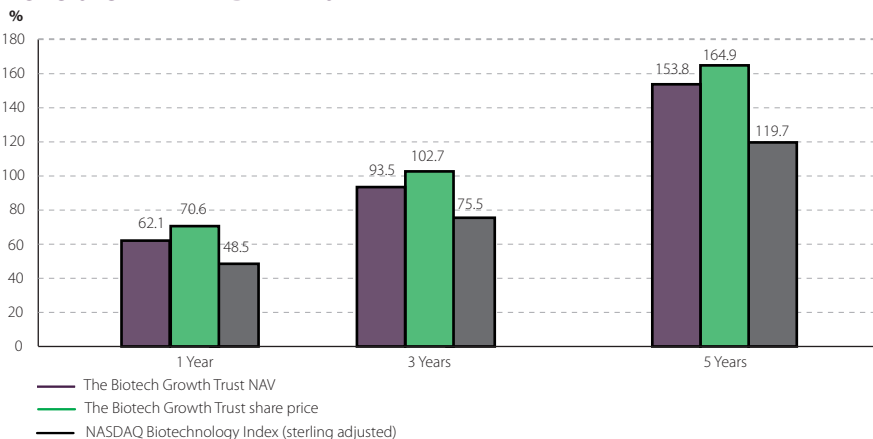
SIX MONTH PERFORMANCE



Figures are rebased to 100 at 31 March 2012

Source: Morningstar

ONE, THREE AND FIVE YEAR PERFORMANCE TO 30 SEPTEMBER 2012



Source: Morningstar

COMPANY SUMMARY (continued)

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INVESTMENT OBJECTIVE AND BENCHMARK

The Biotech Growth Trust PLC seeks capital appreciation through investment in the worldwide biotechnology industry, principally by investing in emerging biotechnology companies. Performance is measured against the NASDAQ Biotechnology Index (sterling adjusted).

INVESTMENT POLICY

In order to achieve its investment objective, the Company invests in a diversified portfolio of biotechnology (principally emerging biotechnology) companies and related securities on a worldwide basis.

Investment restrictions

The Board seeks to manage the Company's risk by imposing various investment limits and restrictions. The limits and restrictions remain unchanged from those published in the annual report for the year ended 31 March 2012. A summary of the key limits and restrictions are as follows:

- The Company will not invest more than 15% of the portfolio in any one individual stock at the time of acquisition.
- The largest 30 quoted stocks will normally represent at least 50% of the quoted portfolio.
- The Company will not invest more than 10% of the portfolio in direct unquoted investments at the time of acquisition. This limit does not include any investment in private equity funds managed by OrbiMed Capital LLC, the Company's Investment Manager, or any affiliate thereof.
- The majority of the emerging biotechnology companies that the Company will invest in are likely to be companies with a market capitalisation of less than US\$3 billion that have undergone an IPO (Initial Public Offering) but as yet are unprofitable. They will typically be focused on drug research and development, with their valuations driven by profitable developments, clinical trial results and partnerships.
- The Company may invest or commit for investment a maximum of US\$15 million, after the deduction of proceeds of disposal and other returns of capital, in private equity funds managed by OrbiMed Capital LLC, the Company's Investment Manager, or an affiliate thereof.
- The Company does not hedge its foreign currency exposure.

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

CAPITAL STRUCTURE

During the half year, a total of 835,000 new issued shares were issued by the Company and 19,079 shares were repurchased by the Company for cancellation. At 30 September 2012, the Company had 63,056,347 shares of 25p each in issue (30 September 2011: 63,870,537; 31 March 2012: 62,240,426). Since the end of the half year no further shares have been either issued or repurchased for cancellation. As at 23 November 2012 there were 63,056,347 shares in issue.

GEARING

Under the Company's Articles of Association, the maximum amount the Company may borrow is a sum equal to 33% of the adjusted total capital and reserves. The Board has, however, set a current limit of £15 million. The Company's borrowing requirements are met through the utilisation of a loan facility, repayable on demand, provided by the Company's custodian, Goldman Sachs & Co. New York. As at 30 September 2012 this facility was unused.

CONTINUATION VOTE

The next continuation vote of the Company is scheduled to be held at the Annual General Meeting in 2015. Further opportunities to vote on the continuation of the Company shall be given to shareholders every five years thereafter.

CHAIRMAN'S STATEMENT

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"...The Company's net asset value per share rose by 18.4% and the share price by 25.4% during the period. This represents a substantial outperformance of both the benchmark and the wider market."

PERFORMANCE

This is my first statement as Chairman. It is an honour to succeed John Sclater, our founding Chairman.

I am delighted to report that against a background of continued economic and political uncertainty, the biotechnology sector has continued its strong performance driven, in part, by an increasing expectation that the sector will continue successfully to develop new drugs. The MSCI World Index fell by 1.0% in sterling terms during the period while the Company's benchmark, the NASDAQ Biotechnology Index, measured in sterling terms, rose by 14.9%. The Company's net asset value per share rose by 18.4% during the period. This represents a substantial outperformance of both the benchmark and the wider market. The Company's share price performed better still, rising by 25.4%, as the discount of the share price to the net asset value per share narrowed from 5.9% at 31 March 2012 to 0.3% at 30 September 2012.

I am pleased to report that the Company won the Specialist Category at the 2012 Investment Week Investment Company of the Year Awards. Also, our Manager Frostrow Capital LLP, won the Specialist Group of the Year award.

In addition, for the second year in succession, our Investment Manager OrbiMed Capital LLC, won the techMark Technology Fund Manager of the Year award for its management of the Company's portfolio.

Further information on investment performance and the outlook for the Company is given in the Review of Investments beginning on page 4 of this Half Year Report.

CAPITAL STRUCTURE

The Board has continued to implement its policy of active discount management and to buy back shares for cancellation 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 19,079 shares for cancellation at a cost of £47,000 (including expenses).

However, I am pleased to report that as a result of the Company's strong performance, we have been able to issue 835,000 new shares during the six months under review at a price representing a small premium to net asset value per share. The shares were issued under shareholder authority and raised £2,344,000 of new funds for the Company.

REVENUE AND DIVIDENDS

The revenue profit for the period was £18,000 (six months ended 30 September 2011: loss of £170,000) and no interim dividend is declared (six months ended 30 September 2011: nil).

OUTLOOK

The development of new products and the prospect of merger and acquisition activity continue to be key drivers for the biotechnology sector. The Board remains confident on the prospects for the sector with the portfolio being well positioned to benefit from this activity.

Our Investment Manager's focus remains on the selection of stocks with strong prospects for capital enhancement and we reiterate our belief that the long-term investor in the sector will be well rewarded.

THE RT HON LORD WALDEGRAVE OF NORTH HILL

CHAIRMAN

23 NOVEMBER 2012

“...The biotechnology sector strongly outperformed the broader markets during the review period.”

PERFORMANCE

We are pleased to report that the Company's net asset value per share increased 18.4% during the six month period ended 30 September 2012. This compares to a 14.9% increase in the Company's benchmark, the sterling-adjusted NASDAQ Biotechnology Index. The Company's share price increased 25.4% during the period.

Top contributors to performance in the portfolio were Onyx Pharmaceuticals, Gilead Sciences, Affymax, Amgen, and Infinity Pharmaceuticals.

- Onyx Pharmaceuticals shares increased following the U.S. approval of its myeloma drug, Kyprolis. Due to the U.S. Food and Drug Administration (FDA) having previously expressed reluctance to consider the drug due to the design of the clinical trials, the positive FDA advisory panel vote and the ultimate approval came as a surprise to the market. With Kyprolis as a fully owned asset, Nexavar as a co-marketed product for liver and kidney cancer, and a royalty interest in Stivarga for colorectal cancer, we believe Onyx is also an attractive acquisition target.
- Shares of Gilead Sciences rose over the period due to positive data announced in April for their lead hepatitis C drug GS-7977. Investor confidence in the drug's best-in-class profile has continued to increase as other companies have terminated competing programmes due to toxicity concerns. Gilead also received approval for Stribild, a four-drug regimen for HIV.
- Shares of Affymax increased over the period due to increasing optimism about the launch of their recently approved anemia drug Omontys. The company was able to secure an initial supply contract with the dialysis chain Fresenius, which could potentially pave the way for eventual adoption of Omontys by one-third of U.S. dialysis clinics.
- Amgen shares increased due to consistent low-risk earnings growth supported by share buybacks and a secure dividend yield. Investors view the company as having a compelling valuation relative to large pharmaceutical companies.
- Infinity Pharmaceuticals, a recent addition to the portfolio, was also a top contributor. Infinity is developing a PI3 kinase delta/gamma inhibitor for haematological cancers. The stock increased after the company announced that the initial clinical trial had demonstrated a response at the lowest doses tested along with an adequate safety profile. We look forward to seeing the full proof of concept data presented at the American Society of Haematology meeting in December.

Key detractors from performance were from positions in Idenix Pharmaceuticals, 3SBio, Salix Pharmaceuticals, and Incyte Genomics.

- Idenix Pharmaceuticals' shares declined due to the company's lead drug candidate being placed on clinical hold by the U.S. FDA. The compound, a polymerase inhibitor for hepatitis C, is structurally related to a compound discontinued by Bristol-Myers Squibb due to significant cardiac toxicity seen in clinical trials. We exited the position on the news, as it is unclear if the company will be able to restart the programme.
- Shares of 3SBio declined due to increasing investor concerns about possible government-mandated price cuts on its lead anemia drug EPIAO. Recently the company's management team proposed a buyout offer for all the shares they do not already own, suggesting they view the asset as undervalued.
- Salix Pharmaceuticals' shares were weak due to the FDA rejection of their supplemental drug application for Relistor for Opioid induced constipation in chronic pain. We expect that the company will be able to address the FDA's concerns.

- Incyte Genomics declined due to disappointing 2012 guidance for its recently launched product, Jakafi for Myelofibrosis. The launch of Jakafi had been off to a good start in fourth quarter of 2011 and in the first quarter of 2012. However, the company disclosed that many of the initial patients prescribed the drug were sicker than expected, causing a higher than expected discontinuation rate. We believe that the guidance was conservative, and that the patients prescribed Jakafi more recently have a more favourable prognosis. Therefore we expect the sales trajectory to improve.

OUTLOOK

The biotechnology sector strongly outperformed the broader market during the review period. The outperformance was broad-based, with strong performance from large-capitalisation stocks which benefitted from strong financial performance and favourable valuations compared to their pharmaceutical peers, and from smaller-capitalisation stocks which benefitted from positive pipeline advancement and the increase in merger and acquisition activity beginning last year.

We expect the positive momentum in the sector to be sustained, driven by clinical catalysts and new product launches. Specifically with regard to drug launches for portfolio companies, we highlight the following recently launched products:

- Medivation and partner Astellas recently launched Xtandi for advanced prostate cancer. This drug has shown impressive efficacy in late stage patients. We expect strong demand for the drug in its labeled indication. Over the longer term we expect this drug to have multi-billion dollar potential as it is used in earlier stage patients with longer duration of therapy.
- In September, VIVUS launched Qsymia for obesity in the U.S. This drug combination is the first obesity drug to reach the market in 13 years. Clinical trials have shown that patients lose about 10% of their body weight after a year of treatment. We expect this drug to have good gradual adoption into this large market.
- Onyx recently launched Kyprolis for refractory myeloma. Initial feedback suggests a robust uptake into that market. We expect positive clinical trial data in earlier line use in combination with Revlimid in 2013 which should significantly grow the drug's potential.

On the regulatory front, in June the U.S. Supreme Court ruled against a challenge to the Affordable Care Act ("Obamacare") that could have invalidated the entire law. Readers may recall that we have previously maintained that the Affordable Care Act's expansion of coverage with manageable cost control has not had a major negative effect on the biotechnology sector. The focus in November then turned to the U.S. Presidential election and, despite a late run in the polls by Governor Romney, President Obama was re-elected. With regard to the U.S. legislature, the Republican Party maintained control of the House of Representatives with slightly fewer seats while the Democrats maintained control of the Senate, actually increasing their number of seats. The net result was status quo, and therefore we expect the impact to be minor for the biotechnology sector.

The number of holdings in the portfolio remains approximately 40. The geographic distribution of investments is 90% North America, 5% Europe and 5% Asia. Currently approximately 40% of the Company's assets are invested in major capitalisation companies, and 60% are invested in small and mid-capitalisation companies. We continue to see many opportunities within the sector and look forward to updating investors in the future.

SVEN BORHO
ORBIMED CAPITAL LLC
INVESTMENT MANAGER
23 NOVEMBER 2012

PRINCIPAL CONTRIBUTORS TO AND DETRACTORS FROM NET ASSET VALUE PERFORMANCE 6

FOR THE SIX MONTHS TO 30 SEPTEMBER 2012

	Contribution for the period to 30 September 2012 £'000	Contribution per share (pence)*
Top Five Contributors		
1 Onyx Pharmaceutical	5,306	8.5
2 Gilead Sciences	4,327	6.9
3 Affymax	2,508	4.0
4 Amgen	2,469	3.9
5 Infinity Pharmaceuticals	2,178	3.5
	16,788	26.8
Top Five Detractors		
1 Idenix Pharmaceuticals	(661)	(1.0)
2 3SBio	(535)	(0.9)
3 Salix Pharmaceuticals	(468)	(0.7)
4 Incyte Genomics	(413)	(0.7)
5 Celgene	(412)	(0.7)
	(2,489)	(4.0)

*based on 62,541,679 ordinary shares being the weighted average number of shares in issue during the period ended 30 September 2012

Source: Frostrow Capital LLP

PORTFOLIO

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AS AT 30 SEPTEMBER 2012

Security	Country	Fair Value £'000	% of Investments
Gilead Sciences	United States	17,578	9.8
Amgen	United States	13,338	7.4
Onyx Pharmaceutical	United States	9,958	5.5
Alexion Pharmaceuticals	United States	8,531	4.7
Perrigo	United States	8,474	4.7
Celgene	United States	7,755	4.4
Incyte Genomics	United States	7,500	4.2
Biogen Idec	United States	7,336	4.1
Infinity Pharmaceuticals	United States	7,278	4.1
Illumina	United States	6,446	3.6
Top 10 investments		94,194	52.5
Actelion	Switzerland	5,491	3.1
Regeneron Pharmaceutical	United States	5,313	3.0
Life Technologies	United States	5,264	2.9
Ariad Pharmaceuticals	United States	5,175	2.9
Affymax	United States	4,956	2.8
Medivation	United States	4,877	2.7
Impax Laboratories	United States	4,580	2.5
Cubist Pharmaceutical	United States	4,261	2.4
Affymetrix	United States	4,215	2.3
Fluidigm	United States	4,046	2.3
Top 20 investments		142,372	79.4
Exact Sciences	United States	3,998	2.2
Neurocrine Biosciences	United States	3,928	2.2
Ono Pharmaceutical	Japan	3,769	2.1
3SBio	China	3,446	1.9
Mylan	United States	2,852	1.6
Array Biopharma	United States	2,842	1.6
BioMarin Pharmaceutical	United States	2,644	1.5
Immunogen	United States	1,991	1.1
Algeta	Norway	1,985	1.1
Orbimed Asia Partners L.P. (unquoted)	Far East	1,861	1.0
Top 30 investments		171,688	95.7

All of the above investments are equities unless otherwise stated.

PORTFOLIO (continued)

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Security	Country	Fair Value £'000	% of Investments
Salix Pharmaceuticals	United States	1,836	1.0
VIVUS	United States	1,246	0.7
Endocyte	United States	1,194	0.7
Bavarian Nordic	Denmark	1,149	0.6
Auxilium Pharmaceuticals	United States	908	0.5
Oncothyreon	United States	794	0.4
Medivir	Sweden	426	0.2
Verastem	United States	395	0.2
Trius Therapeutics Wts 24/05/2016*	United States	41	–
Total investments		179,677	100.0

All of the above investments are equities unless otherwise stated.

*warrants

INCOME STATEMENT

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for the six months ended 30 September 2012

	Note	(Unaudited) Six months ended 30 September 2012			(Unaudited) Six months ended 30 September 2011			(Audited) Year ended 31 March 2012		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment Income										
Investment income	2	328	–	328	85	–	85	196	–	196
Total income		328	–	328	85	–	85	196	–	196
Gains and losses on investments										
Gains/(losses) on investments held at fair value through profit or loss		–	30,873	30,873	–	(1,199)	(1,199)	–	44,214	44,214
Exchange (losses)/gains on currency balances		–	(204)	(204)	–	351	351	–	(228)	(228)
Expenses										
Investment management, management and performance fees	3	–	(1,797)	(1,797)	–	(857)	(857)	–	(3,158)	(3,158)
Other expenses		(286)	–	(286)	(225)	–	(225)	(459)	–	(459)
Profit/(loss) before finance costs and taxation		42	28,872	28,914	(140)	(1,705)	(1,845)	(263)	40,828	40,565
Finance costs		–	(13)	(13)	(18)	–	(18)	(19)	–	(19)
Profit/(loss) before taxation		42	28,859	28,901	(158)	(1,705)	(1,863)	(282)	40,828	40,546
Taxation		(24)	–	(24)	(12)	–	(12)	(27)	40,828	(27)
Profit/(loss) for the period/year		18	28,859	28,877	(170)	(1,705)	(1,875)	(309)	40,828	40,519
Basic and diluted earnings/(loss) per share	4	0.0p	46.1p	46.1p	(0.3)p	(2.6)p	(2.9)p	(0.5)p	64.1p	63.6p

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

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

The total column of the statement is the Income Statement of the Company prepared in accordance with IFRS. The supplementary revenue and capital columns are presented for information purposes as recommended by the Statement of Recommended Practice issued 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.

STATEMENT OF CHANGES IN EQUITY

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(Unaudited)

Six months ended 30 September 2012

	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 2012	15,560	19,300	25,214	5,572	94,139	(3,654)	156,131
Net profit for period	–	–	–	–	28,859	18	28,877
Issue of new shares	209	2,135	–	–	–	–	2,344
Repurchase of own shares	(5)	–	(47)	5	–	–	(47)
At 30 September 2012	15,764	21,435	25,167	5,577	122,998	(3,636)	187,305

(Unaudited)

Six months ended 30 September 2011

	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 2011	16,239	19,300	30,420	4,893	53,311	(3,345)	120,818
Net loss for period	–	–	–	–	(1,705)	(170)	(1,875)
Repurchase of own shares	(271)	–	(1,947)	271	–	–	(1,947)
At 30 September 2011	15,968	19,300	28,473	5,164	51,606	(3,515)	116,996

(Audited)

Year ended 31 March 2012

	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 2011	16,239	19,300	30,420	4,893	53,311	(3,345)	120,818
Net profit/(loss) for the year	–	–	–	–	40,828	(309)	40,519
Repurchase of own shares	(679)	–	(5,206)	679	–	–	(5,206)
At 31 March 2012	15,560	19,300	25,214	5,572	94,139	(3,654)	156,131

STATEMENT OF FINANCIAL POSITION

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as at 30 September 2012

	(Unaudited) 30 September 2012 £'000	(Unaudited) 30 September 2011 £'000	(Audited) 31 March 2012 £'000
Note			
Non current assets			
Investments held at fair value through profit or loss	179,677	112,731	161,655
Current assets			
Other receivables	1,072	5,466	213
Cash and cash equivalents	11,931	3,870	–
	13,003	9,336	213
Total assets	192,680	122,067	161,868
Current liabilities			
Other payables	5,375	5,071	5,737
	5,375	5,071	5,737
Net assets	187,305	116,996	156,131
Equity attributable to equity holders			
Ordinary share capital	15,764	15,968	15,560
Share premium account	21,435	19,300	19,300
Special reserve	25,167	28,473	25,214
Capital redemption reserve	5,577	5,164	5,572
Capital reserve	122,998	51,606	94,139
Revenue reserve	(3,636)	(3,515)	(3,654)
Total equity	187,305	116,996	156,131
Net asset value per share	5 297.0p	183.2p	250.9p

CASH FLOW STATEMENT

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for the six months ended 30 September 2012

	(Unaudited) Six months ended 30 September 2012 £'000	(Unaudited) Six months ended 30 September 2011 £'000	(Audited) Year ended 31 March 2012 £'000
Net cash inflow/(outflow) from operating activities (note 6)	10,020	(298)	(439)
Net cash inflow/(outflow) before financing	10,020	(298)	–
Net cash inflow/(outflow) from financing activities	2,297	(1,874)	(5,206)
Net increase/(decrease) in cash and cash equivalents	12,317	(2,172)	(5,645)
Cash and cash equivalents at start of period	(182)	5,691	5,691
Realised (losses)/gains on foreign currency	(204)	351	(228)
Cash and cash equivalents at period end	11,931	3,870	(182)

NOTES TO THE FINANCIAL STATEMENTS 13

1. ACCOUNTING POLICIES

The condensed financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"). These comprise standards and interpretations approved by the International Accounting Standards Board ("IASB"), together with interpretations of the International Accounting Standards and Standing Interpretations Committee approved by the International Accounting Standards Committee ("IASC") that remain in effect, to the extent that IFRS have been adopted by the European Union.

The same accounting policies used for the year ended 31 March 2012 have been applied.

2. INCOME

	(Unaudited) Six months ended 30 September 2012 £'000	(Unaudited) Six months ended 30 September 2011 £'000	(Audited) Year ended 31 March 2012 £'000
Overseas income	328	85	196
Total income	328	85	196

3. INVESTMENT MANAGEMENT, MANAGEMENT AND PERFORMANCE FEES

	(Unaudited) Six months ended 30 September 2012 £'000	(Unaudited) Six months ended 30 September 2011 £'000	(Audited) Year ended 31 March 2012 £'000
Investment management fee	581	397	856
Management fee	271	176	379
Performance fee accrued in the period/year*	945	284	1,923
	1,797	857	3,158

*In accordance with the performance fee arrangements described on pages 17 and 18 of the 2012 Annual Report, a performance fee of £2,320,000 was accrued at the period end (six months ended 30 September 2011: £284,000; year ended 31 March 2012: £1,640,000). During the period an amount of £265,000 crystallised and was paid.

NOTES TO THE FINANCIAL STATEMENTS 14 (continued)

4. EARNINGS/(LOSS) PER SHARE

The earnings/(loss) per share figure is based on the net gain for the six months of £28,877,000 (six months ended 30 September 2011: £1,875,000 loss; year ended 31 March 2012: £40,519,000 gain) and on 62,541,679 shares, (six months ended 30 September 2011: 64,268,350 and year ended 31 March 2012: 63,666,908) being the weighted average number of shares in issue during the period.

The earnings/(loss) per share detailed above can be further analysed between revenue and capital as follows:

	(Unaudited) Six months ended 30 September 2012 £'000	(Unaudited) Six months ended 30 September 2011 £'000	(Audited) Year ended 31 March 2012 £'000
Net revenue gain/(loss)	18	(170)	(309)
Net capital gain/(loss)	28,859	(1,705)	40,828
Net total gain/(loss)	28,877	(1,875)	40,519
Weighted average number of shares in issue during the period/year	62,541,679	64,268,350	63,666,908
	Pence	Pence	Pence
Revenue earnings/(loss) per share	0.0	(0.3)	(0.5)
Capital earnings/(loss) per share	46.1	(2.6)	64.1
Total earnings/(loss) per share	46.1	(2.9)	63.6

5. NET ASSET VALUE PER SHARE

The net asset value per share is based on the net assets attributable to equity shareholders of £187,305,000 (30 September 2011: £116,996,000; 31 March 2012: £156,131,000) and on 63,056,347 shares, (30 September 2011: 63,870,537; 31 March 2012: 62,240,426) being the number of shares in issue at the period end.

NOTES TO THE FINANCIAL STATEMENTS 15

(continued)

6. RECONCILIATION OF PROFIT/(LOSS) BEFORE TAXATION TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	(Unaudited) Six months ended 30 September 2012 £'000	(Unaudited) Six months ended 30 September 2011 £'000	(Audited) Year ended 31 March 2012 £'000
Profit/(loss) before taxation	28,901	(1,863)	40,546
(Gains)/losses on investments held at fair value through profit or loss	(30,669)	848	(43,986)
Movements in investments held at fair value through profit or loss	11,128	417	1,236
(Increase)/decrease in other receivables	(47)	33	9
Increase in other payables	707	267	1,756
Net cash inflow/(outflow)	10,020	(298)	(439)

7. TRANSACTION COSTS

Purchase and sale transaction costs for the six months ended 30 September 2012 were £196,000 (six months ended 30 September 2011: £229,000; year ended 31 March 2012: £597,000). These costs comprise mainly of commission costs.

8. COMPARATIVE INFORMATION

The financial information contained in this half year report does not constitute statutory accounts as defined in section 435(1) of the Companies Act 2006. The financial information for the six months ended 30 September 2012 and 2011 has not been audited, or reviewed by the auditors.

The information for the year ended 31 March 2012 has been extracted from the latest published audited financial statements. The audited financial statements for the year ended 31 March 2012 have been filed with the Registrar of the Companies. The report of the auditors on those accounts was unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report and did not contain statements under section 498 of the Companies Act 2006.

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 3 and in the Review of Investments beginning on page 4. The principal risks faced by the Company fall into ten broad categories: objective and strategy; level of discount/premium; portfolio performance; operational and regulatory; market price risk; liquidity risk; shareholder profile; currency risk; the risk associated with the Company's loan facility; and credit risk. Information on each of these areas is given in the Business Review within the annual report and accounts for the year ended 31 March 2012. In the view of the Board these principal risks and uncertainties are applicable to the remaining six months of the financial year as they were to the six months under review.

RELATED PARTY TRANSACTIONS

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

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 accounting standards; and
- (ii) the interim management report includes a fair review of the information required by 4.2.7R and 4.2.8R of the UK Listing Authority and Transparency Rules.

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

The Half Year Report was approved by the Board on 23 November 2012 and the above responsibility statement was signed on its behalf by:

**THE RT HON LORD WALDEGRAVE OF NORTH HILL
CHAIRMAN**

INVESTMENT TRUST TERMS

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 term used to describe the process of borrowing money for investment purposes. The expectation is that the returns on the investments purchased will exceed the finance costs associated with those borrowings.

There are several methods of calculating gearing and the following has been selected:

Total assets, less current liabilities (before deducting any prior charges) minus cash/cash equivalents divided by Shareholders' funds, expressed as a percentage.

Initial Public Offering (IPO)

The initial offer by a company of shares to be quoted on a stock exchange. Often known as a flotation.

Net Asset Value (NAV)

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

Total Assets

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

Ongoing Charges

Ongoing charges are calculated by taking the Company's annualised expenses, excluding performance fees and exceptional items, and dividing by the average assets over the period.

The publishing of ongoing charges information rather than a total expense ratio (TER) is advocated by the Association of Investment Companies who believe that using a single methodology to calculate ongoing charges will help reduce inconsistencies and allow investors and advisers to compare investment companies more easily with open-ended funds.

HOW TO INVEST

ALLIANCE TRUST SAVINGS LIMITED

The Company's shares are available through savings plans (including Investment Dealing Accounts, ISAs, Junior ISAs and SIPPs) operated by Alliance Trust Savings Limited, which facilitates both regular monthly investments and lump sum investments in the Company's shares. Shareholders who would like information on the savings plans should call Alliance Trust Savings Limited on 01382 573737 or log on to www.alliancetrustsavings.co.uk or email contact@alliancetrust.co.uk. Calls to this number may be recorded for monitoring purposes.

An Individual Savings Account ('ISA') and Junior ISA are tax efficient methods of investment for an individual which gives the opportunity to invest in the Company up to £11,280 in the tax year 2012/2013 for an ISA and £3,600 for a Junior ISA, and also in subsequent tax years, when they subscribe to a Stocks and Shares ISA.

The preceding two paragraphs have been issued and approved by Alliance Trust Savings Limited. Alliance Trust Savings Limited of PO Box 164, 8 West Marketgait, Dundee DD1 9YP is registered in Scotland with number SC98767. Alliance Trust Savings Limited provides investment products and services and is authorised and regulated by the Finance Services Authority. It does not provide investment advice.

CAPITA REGISTRARS – SHARE DEALING SERVICE

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

Type of trade	Online	Telephone
Share certificates	1% of the value of the deal (Minimum £20.00, max £75.00)	1.5% of the value of the deal (Minimum £25.00, max £102.50)

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

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

For further information on this service please contact:

www.capitadeal.com (online dealing) or 0871 664 0364+ (telephone dealing)

If calling from outside of the UK please dial +44 (0) 203 367 2686

+Calls cost 10p per minute plus network extras and may be recorded for training purposes. Lines are open from 8.00 a.m. to 4.30 p.m. Monday to Friday.

The Share Dealing Service is provided by Capita IRG Trustees Limited which has issued and approved the preceding paragraphs. Capita IRG Trustees Limited, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU is registered in England and Wales with number 2729260. Capita IRG Trustees Limited is authorised and regulated by the Financial Services Authority.

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 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, it may invest in stocks and shares that are denominated in currencies other than sterling and to the extent they do so, 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 tax advantages will depend on personal circumstances. The favourable tax treatment of ISAs may not be maintained.

DIRECTORS

The Rt Hon Lord Waldegrave of North Hill (Chairman)
Sven Borho
Professor Dame Kay Davies, CBE
Paul Gaunt
Dr John Gordon
Andrew Joy
Peter Keen

COMPANY REGISTRATION NUMBER

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

WEBSITE

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REGISTERED OFFICE

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INVESTMENT MANAGER

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www.orbimed.com
Registered under the U.S. Securities Exchange Commission.

MANAGER, COMPANY SECRETARY AND ADMINISTRATOR

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E-Mail: info@frostrow.com
Website: www.frostrow.com
Authorised and regulated by the Financial Services Authority.
If you have an enquiry about the Company or if you would like to receive a copy of the Company's monthly fact sheet by e-mail, please contact Frostrow Capital using the above e-mail address.

CUSTODIAN AND BANKER

Goldman Sachs & Co.
200 West Street, Third Floor
New York
NY10282 USA

AUDITORS

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30 Finsbury Square,
London EC2P 2YU

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The Atrium Building,
Cannon Bridge, 25 Dowgate Hill,
London EC4R 2GA

REGISTRARS

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E-Mail: ssd@capitaregistrars.com
Website: www.capitaregistrars.com
Please contact the Registrars if you have a query about a certificated holding in the Company's shares.
†Calls cost 10p per minute plus network extras and may be recorded for training purposes. Lines are open from 8.30 a.m.-5.30 p.m. Monday-Friday.

SHARE PRICE LISTINGS

The price of your shares can be found in various publications including the Financial Times, The Daily Telegraph, The Times and The Scotsman.

The Company's net asset value per share is announced daily on the TrustNet website at www.trustnet.com

IDENTIFICATION CODES

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



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