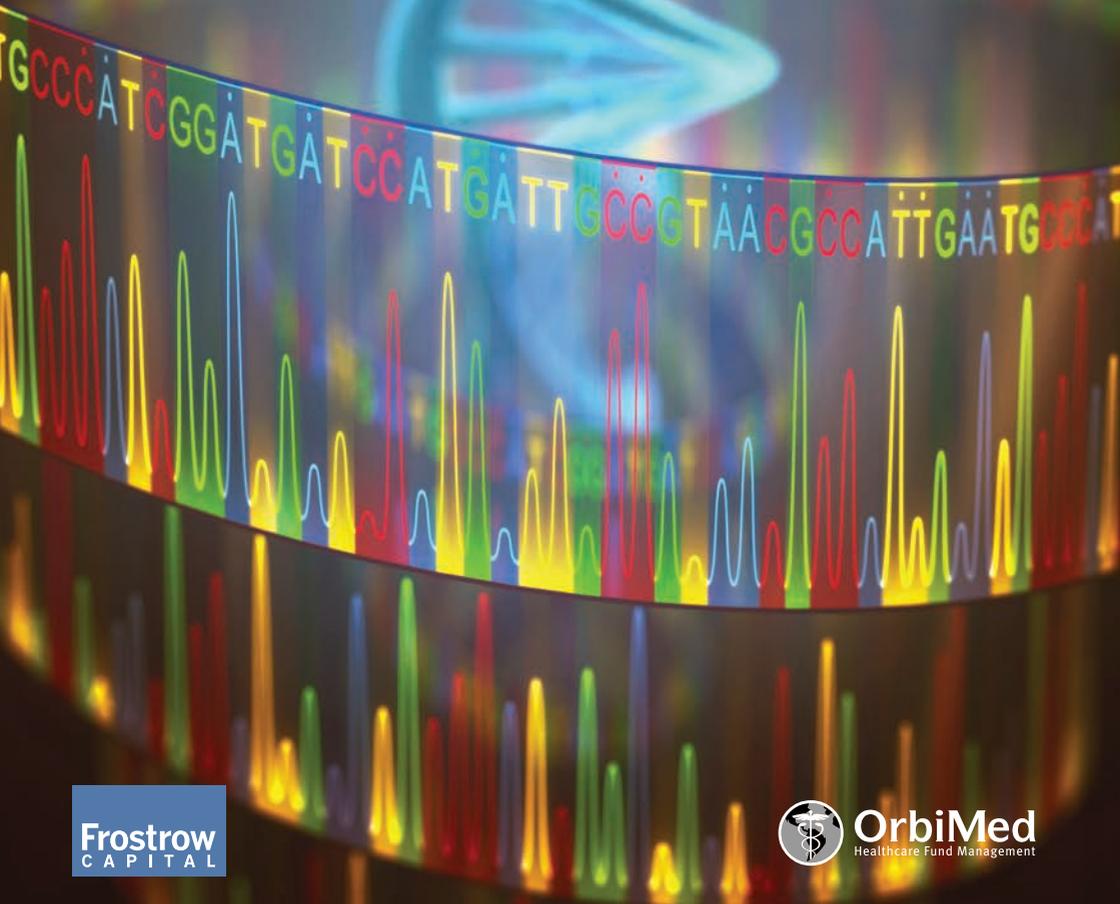


The Biotech Growth Trust PLC

Half Year Report & Accounts for the six months ended 30 September 2018



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 2018 the Company's borrowings amounted to £42.2 million. As of this date the net gearing level was 10.3% (31 March 2018: 6.8%) of the Company's net assets.

Capital Structure

As at 30 September 2018, the Company's share capital comprised 54,444,317 ordinary shares, (31 March 2018: 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

Company Summary

- 1 Company Performance

Reviews

- 2-3 Chairman's Statement
- 4-5 Portfolio Manager's Review
- 6-7 Investment Portfolio
- 8 Principal Contributors to and Detractors from Net Asset Value Performance

Financial Statements

- 9 Condensed Income Statement
- 10 Condensed Statement of Changes in Equity
- 11 Condensed Statement of Financial Position
- 12 Condensed Statement of Cash Flows
- 13-17 Notes to the Financial Statements

Governance

- 18 Interim Management Report

Further Information

- 19 Glossary of Terms and Alternative Performance Measures ('APMs')
- 20-21 How to Invest
- 22 Company Information
- 23 Financial Calendar

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

Follow us on Twitter



@biotechgt



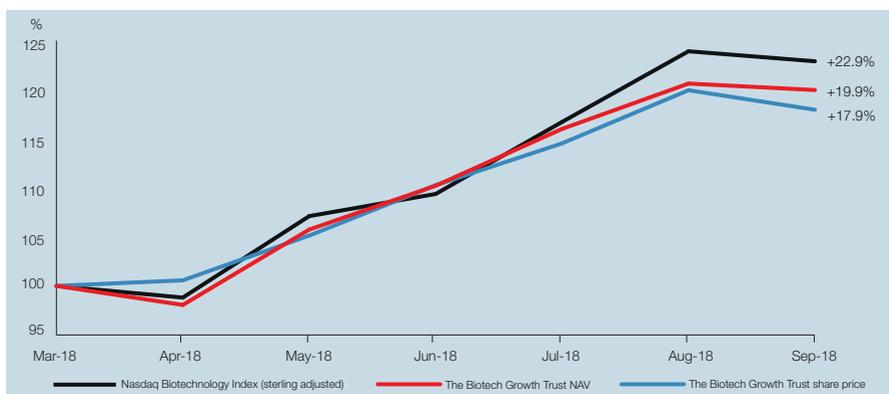
Company Summary / Company Performance

Key Statistics

	As at 30 September 2018	As at 31 March 2018	% Change
Net asset value per share	895.9p	747.5p	+19.9
Share price	828.0p	702.0p	+17.9
Discount of share price to net asset value per share*	7.6%	6.1%	–
Nasdaq Biotechnology Index – (sterling adjusted) "Benchmark"	2,940.9	2,393.1	+22.9
Gearing*	10.3%	6.8%	–
Ongoing charges*	1.1%	1.1%	–

*Alternative Performance Measure (see glossary on page 19)

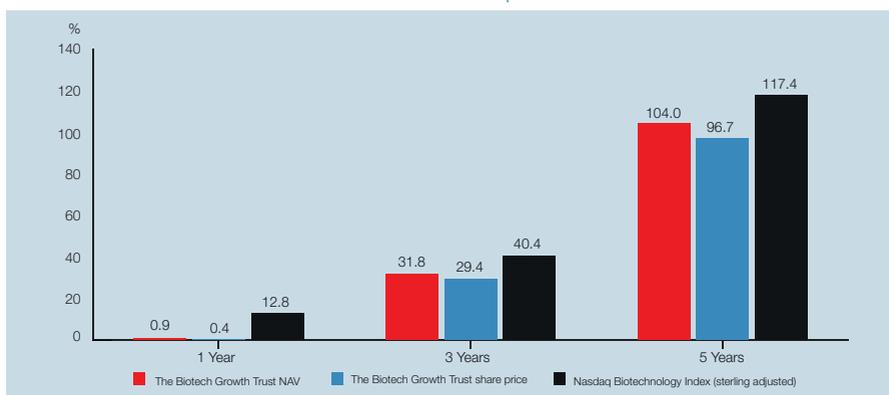
Six Month Performance



Figures are rebased to 100 as at 31 March 2018

Source: Morningstar

One, Three and Five Year Performance to 30 September 2018



Source: Morningstar

Reviews / Chairman's Statement

Company Performance

The Company's net asset value per share rose by 19.9% and the share price by 17.9% during the period. This compares to a rise of 22.9% in the Company's benchmark, the NASDAQ Biotechnology Index, measured in sterling terms. The performance of both the Company's share price and the net asset value per share have been strong in absolute terms over the first half of the Company's financial year, although it is disappointing to report a continued underperformance of the Company's benchmark.



Andrew Joy

The Company's strong absolute performance can be attributed to renewed investor interest in the sector. Currency also had a positive impact on absolute performance as sterling depreciated by 7.0% against the U.S. dollar over the period; the U.S dollar being the currency in which almost all of the Company's holdings are denominated. It should also be noted that the level of gearing employed over the period increased from 6.8% at 31 March 2018 to 10.3% as at 30 September 2018.

Underperformance relative to the benchmark over the six months under review was chiefly caused by emerging biotech positions, such as **Puma Biotechnology** and **Clovis Oncology**, that significantly underperformed the index. **Biogen**, by contrast, was the leading positive contributor. The Company remains overweight large capitalisation biotechnology companies, though a significant re-rating of that sector has not yet occurred. Concerns over the future growth prospects of large capitalisation companies continue to weigh on their share price performance. However your Portfolio Manager, OrbiMed, remain positive about the earnings prospects for these companies. As mentioned in their report, they have commenced a slight re-balancing of the portfolio in favour of smaller capitalisation names where there is perceived to be less competitive risk. Further information regarding the Company's investments can be found in the Portfolio Manager's Review beginning on page 4.

After the period end the stock market has experienced weakness and the biotech sector underwent a sharp correction in October. At the time of writing the sector stands at a lower earnings multiple than both the market overall and the general healthcare sector. Historically this has occurred very rarely.

Discount Management

Continued market volatility caused the discount of the Company's share price to the net asset value per share to widen during the period. As at 30 September 2018 it was 7.6%, having been 6.1% at the beginning of the period.

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 slightly wider 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. A total of 1,395,596 shares were repurchased for cancellation by the Company during the period under review at a cost of £11.4m. Since the half-year end to 8 November, a further 741,980 Shares have been repurchased for cancellation at a cost of £5.6m. Your Board remains committed to defending the 6% discount level over the long term.

Reviews / Chairman's Statement

Outlook

Despite some volatility, the biotechnology sector performed strongly during the first half of the Company's financial year. Continued high levels of innovation, and your Portfolio Manager's ability to identify companies that have and are able to maintain a competitive advantage remain key for the Company's own performance. The Board believes that OrbiMed are well-placed to continue to identify such opportunities.

Against a backdrop of low valuations, continued merger and acquisition activity, strong innovation, and a favourable regulatory environment, the Board reiterates its belief that the long-term investor in the sector will be well rewarded.

Andrew Joy

Chairman

9 November 2018

Reviews / Portfolio Manager's Review

Performance

The Company's net asset value per share increased by 19.9% during the six-month period ended 30 September. This compares to a 22.9% increase in the Company's benchmark, the NASDAQ Biotechnology Index (measured on a sterling adjusted basis).

The biotechnology sector outperformed the broader market during the review period.

We attribute the strength in the sector during the period to positive clinical catalysts reviving interest in the space and the continued favourable regulatory environment. The period also included an influx of new biotechnology initial public offerings (IPOs), indicating continued interest by investors to deploy additional capital in the sector. Following the second quarter earnings season, investors began a rotation into more defensive subsectors within healthcare, including pharmaceuticals and large capitalisation biotechnology, which we believe was driven in part by quality earnings from companies at historically low valuations. While large capitalisation companies have recovered somewhat, the difference in performance between this group and smaller capitalisation companies in the portfolio, which has contributed to the Company's underperformance since the end of September 2017, has not closed. It appears investors continue to take a "glass half empty" perspective on the future growth prospects of large capitalisation companies, so their performance continues to lag. While we think some of the competitive headwinds for those companies are overblown, we recognise that it may take some time for the market to come to our view. The level of gearing amounted to 10.3% of net assets at the half year end, and we are now overweight both large and small capitalisation companies by roughly equal amounts; we have, however, begun to pivot our focus to the smaller names where there is perceived to be less competitive risk.

Underperformance in the period was also due to investments in two single-product commercial oncology companies, **Puma Biotechnology** and **Clovis Oncology**, which have significantly underperformed relative to the index (please see below for further details). We continue to believe many companies in the portfolio are undervalued and will generate outperformance over time.

As we have previously highlighted, we continue to see little meaningful political risk to the sector. In August, the U.S. Centers for Medicare and Medicaid Services implemented its first formal policies aimed at controlling drug spending via the implementation of "step therapy" for Part B drugs in Medicare Advantage plans beginning in 2019. Step therapy allows insurance plans to require patients to first utilise a lower-cost preferred therapeutic prior to switching to a more costly treatment for a condition. We anticipate further incremental policies like this may be put forward but believe there are few formal policies which could meaningfully impact drug pricing schemes on a large scale in the near term. Importantly, the U.S. midterm elections in November resulted in a "split" Congress, with the Democrats taking control of the House and Republicans retaining control of the Senate. While drug pricing initiatives may continue to be discussed by legislators, we would not expect a divided Congress to be able to enact meaningful legislation in this area. Any drug pricing reforms would likely be restricted to limited actions that could be taken unilaterally by regulators or under current law. Not all of the Trump administration's policies are necessarily contrary to the interests of the biotechnology industry either. For example, consistent with the Trump administration's view that increased competition can be an effective means of controlling drug prices, the U.S. Food and Drug Administration (FDA) regulatory environment remains very favourable for the approval of new drugs, with the agency on track to approve more new drugs in 2018 than in 2017.



Geoffrey Hsu



Richard Klemm

Reviews / Portfolio Manager's Review

Innovation Continues – Contributors to Performance

Innovation in biotechnology has continued at a staggering pace, spearheaded by new emerging technologies and developments in historically difficult-to-treat conditions. We highlight **Biogen** as the top contributor to performance for the period, whose shares appreciated after the release of unexpected positive top-line data from its Alzheimer's disease treatment BAN2401. We view Biogen as a key holding and expect investor attention on Alzheimer's disease to continue to increase as key trials report data over the next 12-18 months. Medical genetics company **Illumina** also performed well following increasingly positive investor sentiment regarding the company's genetic sequencing revenue potential. Additional top contributors to performance during the period include **Sarepta Therapeutics**, **Vertex** and **Alexion**, all focused on the treatment of devastating rare diseases. Sarepta has shown promising early data from its gene therapy candidate for Duchenne muscular dystrophy, which aims to correct the underlying genetic mutation in the disease. Vertex continues to be the undisputed leader in the treatment of cystic fibrosis, with its new triple drug regimens showing unprecedented benefit in clinical trials. Alexion's complement inhibition franchise continues to impress, with positive clinical data in neuromyelitis optica and successful data with its second-generation antibody in paroxysmal nocturnal haemoglobinuria.

Detractors from Performance

The principal detractors from performance during the review period were Puma Biotechnology and Clovis Oncology, both early commercial-stage oncology companies. Puma's underperformance during the period was due to concerns over commercial sales and forecasts for its breast cancer treatment Nerlynx. Clovis underperformed due to broader commercial uptake concerns over the PARP inhibitor class in ovarian cancer. We note that early-stage commercial companies have recently fallen out of favour with biotechnology investors. These companies were previously viewed as premier merger & acquisition (M&A) candidates by large pharmaceutical companies, leading to high investor interest and a healthy M&A premium in many stock prices. While there was an initial slew of biotechnology acquisitions early in 2018, investors have been disappointed with the lack of M&A throughout the remainder of the year and thus have begun to rotate away from early commercial companies. As such, we believe valuations of these companies have become disjointed from their fundamentals, and continue to see scarcity value in these assets, particularly in solid tumour oncology. Other detractors included **Global Blood Therapeutics**, as a result of doubts regarding the viability of its drug voxelotor, a treatment for sickle cell disease. **Alnylam Pharmaceuticals**, following the release of unexpected positive Phase 3 data from a competitor to the company's most important product, patisiran, for the treatment of amyloidosis. **Acadia Pharmaceuticals** were weak following continued media scrutiny and an ongoing FDA investigation over the safety of the company's Parkinson's Disease psychosis treatment.

Outlook

The accelerating pace of innovation continues to create value but is also leading to fiercer competition among companies. We believe the key to outperformance going forward will lie in identifying the companies that will be able to maintain their competitive advantage for a sustained period of time.

Geoff Hsu and Richard Klemm

OrbiMed Capital LLC

Portfolio Manager

9 November 2018

Reviews / Investment Portfolio

Investments held as at 30 September 2018

Security	Country /Region	Fair value £'000	% of investments
Celgene	United States	46,555	8.6
Biogen	United States	44,040	8.2
Vertex Pharmaceuticals	United States	40,837	7.6
Alexion Pharmaceuticals	United States	38,045	7.1
Illumina	United States	34,700	6.4
Sarepta Therapeutics	United States	31,942	5.9
Amgen	United States	24,098	4.5
Gilead Sciences	United States	21,587	4.0
Regeneron Pharmaceuticals	United States	20,294	3.8
Deciphera Pharmaceuticals	United States	16,313	3.0
Ten largest investments		318,411	59.1
Heron Therapeutics	United States	13,072	2.4
Neurocrine Biosciences	United States	12,996	2.4
DBV Technologies	France	11,457	2.1
Argenx	Netherlands	11,106	2.1
Exelixis	United States	10,905	2.0
Jazz Pharmaceuticals	Ireland	10,752	2.0
Arvibo	United States	9,921	1.8
Global Blood Therapeutics	United States	9,007	1.7
Dermira	United States	8,615	1.6
Coherus Biosciences	United States	8,596	1.6
Twenty largest investments		424,838	78.8
Puma Biotechnology	United States	8,315	1.6
Mylan	Netherlands	7,252	1.3
Array Biopharma	United States	6,896	1.3
Assembly Bioscience	United States	6,721	1.2
BeiGene	Cayman Islands	6,564	1.2
PTC Therapeutics	United States	6,479	1.2
Clovis Oncology	United States	6,200	1.2
Bluebird Bio	United States	6,146	1.1
Foamix Pharmaceuticals	Israel	5,847	1.1
BioMarin Pharmaceutical	United States	5,689	1.1
Thirty largest investments		490,947	91.1
Insmed	United States	5,595	1.0
Athenex	United States	5,118	1.0
Genmab	Denmark	5,052	0.9
Alkermes	Ireland	4,718	0.9
Ironwood Pharmaceuticals	United States	4,682	0.9
Spectrum Pharmaceuticals	United States	3,775	0.7
Catalyst Pharmaceuticals	United States	3,186	0.6
Amicus Therapeutics	United States	2,992	0.6
GW Pharmaceuticals	United Kingdom	2,782	0.5
OrbiMed Asia Partners L.P. (unquoted)*	Asia	2,503	0.5
Forty largest investments		531,350	98.7

All of the above investments are equities unless otherwise stated.

*Partnership interest.

Reviews / Investment Portfolio

Security	Country /Region	Fair value £'000	% of investments
Collectis	France	2,238	0.4
CRISPR Therapeutics	Switzerland	1,574	0.3
Immunogen	United States	1,459	0.3
Fluidigm	United States	873	0.2
Allakos	United States	724	0.1
Total investments		538,218	100.0

All of the above investments are equities unless otherwise stated.

Portfolio Breakdown

Investments	Fair value £'000	% of investments
Equities	535,715	99.5
Partnership interest (Unquoted)	2,503	0.5
Total investments	538,218	100.0

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

For the Six Months ended 30 September 2018

Top Five Contributors

	Contribution for the Six months ended 30 September 2018 £'000	Contribution per share (pence)*
Biogen	17,127	30.8
Illumina	13,920	25.1
Sarepta Therapeutics	11,828	21.3
Vertex Pharmaceuticals	11,275	20.3
Alexion Pharmaceuticals	9,819	17.7
	63,969	115.2

Top Five Detractors

	Contribution for the Six months ended 30 September 2018 £'000	Contribution per share (pence)*
Puma Biotechnology	(4,356)	(7.8)
Clovis Oncology	(4,163)	(7.5)
Global Blood Therapeutics	(2,939)	(5.3)
Alnylam Pharmaceuticals [†]	(2,857)	(5.1)
Acadia Pharmaceuticals [†]	(2,347)	(4.2)
	(16,662)	(29.9)

*based on 55,520,183 ordinary shares being the weighted average number of shares in issue for the six months ended 30 September 2018

[†]not held in the portfolio as at 30 September 2018

Source: Frostrow Capital LLP

Financial Statements / Condensed Income Statement

for the six months ended 30 September 2018

	Note	(Unaudited) Six months ended 30 September 2018			(Unaudited) Six months ended 30 September 2017			(Audited) Year ended 31 March 2018		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment income										
Investment income	2	571	–	571	624	–	624	1,576	–	1,576
Total income		571	–	571	624	–	624	1,576	–	1,576
Gains/(losses) on investments										
Gains/(losses) on investments held at fair value through profit or loss		–	86,485	86,485	–	48,298	48,298	–	(28,544)	(28,544)
Exchange (losses)/gains on currency balances		–	(2,282)	(2,282)	–	2,709	2,709	–	2,878	2,878
Expenses										
AIFM, Portfolio management and performance fees	3	–	(2,212)	(2,212)	–	(2,427)	(2,427)	–	(4,225)	(4,225)
Other expenses		(289)	–	(289)	(385)	–	(385)	(739)	–	(739)
Profit/(loss) before finance costs and taxation		282	81,991	82,273	239	48,580	48,819	837	(29,891)	(29,054)
Finance costs		–	(404)	(404)	–	(223)	(223)	–	(489)	(489)
Profit/(loss) before taxation		282	81,587	81,869	239	48,357	48,596	837	(30,380)	(29,543)
Taxation		(85)	–	(85)	(93)	–	(93)	(238)	–	(238)
Profit/(loss) for the period/year		197	81,587	81,784	146	48,357	48,503	599	(30,380)	(29,781)
Basic and diluted earnings/(loss) per share	4	0.4p	147.0p	147.4p	0.3p	86.6p	86.9p	1.1p	(54.4)p	(53.3)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 is attributable to the owners of the Company.

The "Total" column of the statement is the Company's Income Statement, prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU.

The "Revenue and Capital" columns are supplementary to this and are prepared under guidelines published by the Association of Investment Companies.

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

The financial statements for the six months ended 30 September 2018 have not been audited by the Company's auditors.

Financial Statements / Condensed Statement of Changes in Equity

(Unaudited) Six months ended 30 September 2018

	Ordinary Share Capital £'000	Share Premium Account £'000	Capital Redemption Reserve £'000	Capital Reserve £'000	Revenue Reserve £'000	Total £'000
At 31 March 2018	13,960	43,021	8,839	352,903	(1,327)	417,396
Net profit for the period	–	–	–	81,587	197	81,784
Repurchase of own shares for cancellation	(349)	–	349	(11,430)	–	(11,430)
At 30 September 2018	13,611	43,021	9,188	423,060	(1,130)	487,750

(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

(Audited) Year ended 31 March 2018

	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 (loss)/profit for the year	–	–	–	(30,380)	599	(29,781)
At 31 March 2018	13,960	43,021	8,839	352,903	(1,327)	417,396

Financial Statements / Condensed Statement of Financial Position

as at 30 September 2018

	Note	(Unaudited) 30 September 2018 £'000	(Unaudited) 30 September 2017 £'000	(Audited) 31 March 2018 £'000
Non current assets				
Investments held at fair value through profit or loss		538,218	541,456	445,666
Current assets				
Other receivables		659	1,760	408
		659	1,760	408
Total assets		538,877	543,216	446,074
Current liabilities				
Other payables		8,885	4,666	6,560
Loan facility		42,242	42,870	22,118
		51,127	47,536	28,678
Net assets		487,750	495,680	417,396
Equity attributable to equity holders				
Ordinary share capital		13,611	13,960	13,960
Share premium account		43,021	43,021	43,021
Capital redemption reserve		9,188	8,839	8,839
Capital reserve		423,060	431,640	352,903
Revenue reserve		(1,130)	(1,780)	(1,327)
Total equity		487,750	495,680	417,396
Net asset value per share	5	895.9p	887.7p	747.5p

Financial Statements / Condensed Statement of Cash Flows

for the six months ended 30 September 2018

	(Unaudited) Six months ended 30 September 2018 £'000	(Unaudited)* Six months ended 30 September 2017 £'000	(Audited) Year ended 31 March 2018 £'000
Operating activities			
Profit (losses) before taxation	81,869	48,596	(29,543)
Add back interest expense	404	223	489
(Gains)/losses on investments held at fair value through profit & loss	(86,485)	(48,298)	28,544
Losses/(gains) on foreign exchange	2,282	(2,709)	(2,878)
Decrease in other receivables	16	91	96
Increase/(decrease) in other payables	187	346	(86)
Net cash outflow from operating activities before interest payable and taxation	(1,727)	(1,751)	(3,378)
Interest expense	(404)	(223)	(489)
Tax paid	(85)	(93)	(238)
Net cash outflow from operating activities	(2,216)	(2,067)	(4,105)
Investing Activities			
Purchases of investments	(228,517)	(108,193)	(293,180)
Sales of investments	221,620	77,764	285,372
Net cash outflow from investing activities	(6,897)	(30,429)	(7,808)
Financing activities			
Repurchase of shares for cancellation	(8,729)	–	–
Drawdown from the loan facility	17,842	45,579	24,996
Net cash inflow from financing activities	9,113	45,579	24,996
Net increase in cash and cash equivalents	–	13,083	13,083
Cash and cash equivalents at the start of the period/year	–	(13,083)	(13,083)
Cash and cash equivalents at the end of the period/year	–	–	–

Changes in liabilities arising from financing activities

	(Unaudited) Six months ended 30 September 2018 £'000	(Unaudited) Six months ended 30 September 2017 £'000	(Audited) Year ended 31 March 2018 £'000
Balance as at 31 March 2018	22,118	–	–
Net cash flow	17,842	45,579	24,996
Foreign currency losses/(gains)	2,282	(2,709)	(2,878)
	42,242	42,870	22,118

*The presentation of the six months ended 30 September 2017 cashflows has been aligned to match the disclosure of the 2018 cash flows.

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 Company's half year condensed financial statements for the six months ended 30 September 2018 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 2018.

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

IFRS 9 Financial Instruments – became effective for annual periods beginning on or after 1 January 2018. IFRS 9 sets out the requirements for recognising and measuring financial assets and liabilities. The implementation of IFRS 9 did not have an impact on these financial statements, as financial assets continued to be classified as fair value through profit or loss (FVTL) and financial liabilities continued to be classified as held as amortised cost.

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, a disclosure by geographical segment has been provided in note 10 on page 16 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 2018 £'000	(Unaudited) Six months ended 30 September 2017 £'000	(Audited) Year ended 31 March 2018 £'000
Investment income			
Overseas dividend income	571	582	1,462
Other income			
Other fee income	–	42	114
Total income	571	624	1,576

Financial Statements / Notes to the Financial Statements

3. AIFM, Portfolio Management and Performance Fees

	(Unaudited) Six months ended 30 September 2018 £'000	(Unaudited) Six months ended 30 September 2017 £'000	(Audited) Year ended 31 March 2018 £'000
AIFM fee	669	668	1,291
Portfolio management fee	1,543	1,546	2,934
Performance fee charged in the period	–	213	–
	2,212	2,427	4,225

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

	(Unaudited) Six months ended 30 September 2018 £'000	(Unaudited) Six months ended 30 September 2017 £'000	(Audited) Year ended 31 March 2018 £'000
The earnings/(loss) per share is based on the following figures:			
Net revenue gain	197	146	599
Net capital gain/(loss)	81,587	48,357	(30,380)
Net total gain/(loss)	81,784	48,503	(29,781)
Weighted average number of shares in issue during the period/year	55,520,183	55,839,913	55,839,913
	Pence	Pence	Pence
Revenue earnings per share	0.4	0.3	1.1
Capital earnings/(loss) per share	147.0	86.6	(54.4)
Total earnings/(loss) per share	147.4	86.9	(53.3)

5. Net Asset Value per Share

The Net Asset Value per share is based on the net assets attributable to equity shareholders of £487,750,000 (30 September 2017: £495,680,000; 31 March 2018: £417,396,000) and on 54,444,317 shares (30 September 2017: 55,839,913; 31 March 2018: 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 2018 amounted to £286,000 (six months ended 30 September 2017: £123,000; year ended 31 March 2018: £418,000), broken down as follows: purchase transactions for the six months ended 30 September 2018 amounted to £164,000 (six months ended 30 September 2017: £70,000; year ended 31 March 2018: £205,000). Sale transactions amounted to £122,000 (six months ended 30 September 2017: £53,000; year ended 31 March 2018: £213,000). These costs comprise mainly commission.

Financial Statements / Notes to the Financial Statements

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 2018 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 2018 valuation is not yet available, the fund has been valued at its net asset value as at 30 June 2018 adjusted for the return of capital received during the period (see level 3 reconciliation on page 16). It is believed that the value of the fund as at 30 September 2018 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 2018 would have increased/decreased by £250,000.

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 2018

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	535,715	–	–	535,715
Partnership interest in LP Fund	–	–	2,503	2,503
Total	535,715	–	2,503	538,218

(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

(Audited)

Year ended 31 March 2018

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Equity investments	442,175	–	–	442,175
Partnership interest in LP Fund	–	–	3,491	3,491
Total	442,175	–	3,491	445,666

Financial Statements / Notes to the Financial Statements

Level 3 reconciliation

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

	(Unaudited) Six months ended 30 September 2018 £'000	(Unaudited) Six months ended 30 September 2017 £'000	(Audited) Year ended 31 March 2018 £'000
Assets as at beginning of period	3,491	5,069	5,069
Return of capital*	(1,533)	(1,552)	(1,552)
Net movement in investment holding gains during the period	545	(170)	(26)
Assets as at 30 September/31 March	2,503	3,347	3,491

*During the period a cash distribution of U.S.\$2,015,000 (£1,538,000) (2017: U.S.\$2,003,000 (£1,557,000)) was received. The distribution mainly comprised a return of capital, with £5,000 allocated to revenue (2017: £5,000).

8. Principal Risks Profile

The principal risks which the Company faces from its financial instruments are:

- 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 on page 17).

Further details of the Company's management of these risks can be found in note 13 of the Company's 2018 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 2018.

10. Segmental Reporting

Geographical Segments	(Unaudited) Six months ended 30 September 2018 Value of Investments £'000	(Unaudited) Six months ended 30 September 2017 Value of Investments £'000	(Audited) Year ended 31 March 2018 Value of Investments £'000
North America	472,937	501,233	401,727
Europe	56,931	36,876	36,425
Asia	8,350	3,347	7,514
Total	538,218	541,456	445,666

Financial Statements / Notes to the Financial Statements

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 2018, the maximum value of assets available for rehypothecation was £59.1 million being 140% of the loan balance (£42.2 million) (31 March 2018: £31.0 million). As at this date, assets with a total market value of £54.0 million were rehypothecated (31 March 2018: £31.0 million).

*See glossary on page 19.

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 2018 and 2017 has not been audited by the auditors.

The information for the year ended 31 March 2018 has been extracted from the latest published audited financial statements. The audited financial statements for the year ended 31 March 2018 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 / 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 (including cyber risk); market price risks; liquidity risk; shareholder profile; currency risk; the risk associated with the Company's loan facility; and credit risk. Information on each of these areas is given in the Strategic Report/ Business Review within the Annual Report and Accounts for the year ended 31 March 2018. 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 includes a fair review of the information required by:
 - (a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
 - (b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do 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 2018 and the above responsibility statement was signed on its behalf by:

Andrew Joy
Chairman

Further Information / Glossary of Terms and Alternative Performance Measures ('APMs')

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 (APM)

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 (APM)

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

	30 September 2018 £'000	31 March 2018 £'000
Prior Charges	42,242	22,118
Net Current Liabilities	8,226	6,152
	50,468	28,270
Net Assets	487,750	417,396
Gearing	10.3%	6.8%

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 (APM)

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 2018 £'000	31 March 2018 £'000
Operating Expenses	5,171 *	4,964
Average Assets for the period/year	458,480	457,120
Ongoing charges	1.1%	1.1%

*Estimated expenses for the year ending 31 March 2019, as at 30 September 2018.

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	http://www.youinvest.co.uk/
Alliance Trust Savings	http://www.alliancetrustsavings.co.uk/
Barclays Stockbrokers	https://www.smartinvestor.barclays.co.uk/
Bestinvest	http://www.bestinvest.co.uk/
Charles Stanley Direct	https://www.charles-stanley-direct.co.uk/
Club Finance	http://www.clubfinance.co.uk/
Fidelity	http://www.fidelity.co.uk/
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/
Interactive Investor	http://www.iii.co.uk/
IWEB	http://www.iweb-sharedealing.co.uk/share-dealing-home.asp
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/

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)
Professor Dame Kay Davies, CBE (Senior Independent Director and Chairman of the Remuneration Committee)
Julia Le Blan (Chairman of the Audit Committee)
Geoff Hsu
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
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.linkassetsservices.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

Global Intermediary Identification Number (GIIN)

U1 MQ70.99999.SL.826

Legal Entity Identifier (LEI)

549300Z41EP32MI2DN29

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, 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.

The Biotech Growth Trust PLC
25 Southampton Buildings, London WC2A 1AL
www.biotechgt.com



[@biotechgt](https://twitter.com/biotechgt)