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For release

28 April 2006

International biotechnology trust plc

The Board of International Biotechnology Trust plc ("IBT") today announces its unaudited Interim Results for the six months ended 28 February 2006.

Summary

- Net asset value per share rose by 20.1% to 145.70p
- Both the quoted and unquoted portfolios outperformed the NASDAQ biotech index
- Valuation changes of unquoted companies resulted in a rise in net assets of £4.1m
- KuDOS realisation to AstraZeneca added £2.0m to NAV
- Micromet merger with Cancervax added £3.0m to NAV
- Two IPOs from the unquoted portfolio (Sunesis in the US and Genosis in the UK)
- Two new unquoted investments (GlycoFi and Spinal Kinetics)
- 22.7% of net assets invested in unquoted companies at 28 February 2006 (28 February 2005: 23.0%)

Andrew Barker, Chairman, commented:

"The IBT portfolio is constructed to give shareholders exposure to global biotechnology and medical technology through investments in both quoted and unquoted companies. The focus of IBT is on quoted mid and small-capitalisation stocks, and the unquoted universe. When these components perform well as they did in the six months under review, investors will benefit and indeed have benefited from the out-performance in the market capitalisation strata where IBT focuses, augmented by the excellent realisation-driven performance of the unquoted portfolio.

"Recent mergers and acquisitions have already brought the biotechnology sector into focus for many investors and as the pace of these transactions increase, the positive outlook of the sector should continue to improve."

For further information, please contact:

International Biotechnology Trust plc
Andrew Barker, Chairman 020 7658 3206

SV Life Sciences Managers LLP
Kate Bingham/Josee Gray 020 7421 7070

Lansons Communications
Amy Fisher/Charlotte Edgar 020 7490 8828

Website: www.internationalbiotrust.com

Chairman's statement

Performance

International Biotechnology Trust plc (IBT) has made good progress. It is pleasing to report the continued increase in net asset value (NAV) per share of IBT of 20.1% from 121.30p (restated in accordance with IFRS) to 145.70p during the six months to 28 February 2006. Over the same period the share price of IBT rose 26.6%, the NASDAQ Biotech Index (NBI) rose by 13.9%, the Merrill Lynch Small Cap Biotech Index (MLSCI) rose by 7% (or 18.9% before a significant re-balancing of the index) and the Bloomberg UK Biotechnology Index (BUKBI) rose by 17.7%, all in sterling terms.

Over the six months under review the discount of the IBT share price to NAV was volatile narrowing from 14.1% (restated) to 9.4% but as realisations from the unquoted portfolio increased NAV on a number of occasions during the six months, the widest discount was 15.1% and at its narrowest was 5.5%.

Net assets rose by £10.6m during the reporting period. The major contributors to this rise were KuDOS Pharmaceuticals (+£2.0m) and Micromet (+£3.0m). There was one write-down in the unquoted portfolio in the reporting period. The holding in Affibody was written down to reflect an impending funding event (-£0.9m). These movements include the impact of currency changes which increased net assets by a total of £1.1m during the six months under review.

The performance of IBT's quoted portfolio calculated on a time-weighted return basis (assuming mid-month cash flows) showed an increase of 19.3%. On an unweighted basis (ignoring the timing of transactions) the return was 14.6%.

During the period under review, there have been two movements from the unquoted to the quoted portfolio by way of IPOs (Sunesis in the U.S. and Genosis in the U.K.), one acquisition from the unquoted portfolio (KuDOS by AstraZeneca) and the announcement (which has still to complete) of the merger of an unquoted portfolio company (Micromet) with a quoted portfolio company (Cancervax).

At 28 February 2006, the level of cash, money market instruments and other net assets was £7.1m or 10.3% of net assets of which, £1.3m or 1.9% of net assets, was uncommitted cash. This total cash level had decreased from £8.8m or 15.1% of net assets at 31 August 2005 and had recently been increased by the receipt of most of the proceeds of the sale of KuDOS. Prior to this partial realisation, at the end of January 2006, the uncommitted cash was £0.2m.

Valuations

Throughout the interim period, IFRS and the International Private Equity and Venture Capital valuation guidelines have been applied and no discounts were applied to quoted holdings. The proposed merger of Micromet and Cancervax was announced in January 2006. This has resulted in the valuation of Micromet (which remains in the unquoted portfolio, and IBT's largest holding at the interim period end) being linked to the share price of Cancervax while a full valuation will only be recognised when shareholders approve the merger. Once the merger

has been approved, the Micromet holding will move to the IBT quoted portfolio.

During the reporting period the net effect of the changes in the Directors' valuations of unquoted companies was a rise in net assets of £4.1m. At 28 February 2006, 22.7% of net assets were invested in unquoted companies. The Board continues to believe that the guideline that up to 40% of net assets may be invested in unquoted companies is appropriate. The unquoted exposure of IBT will vary depending on the point in the market cycle, realisations and deal flow.

Share buy-backs and Extraordinary General Meeting

In the period since 31 August 2005, the Board has purchased 750,000 shares for cancellation. The discount to NAV to which the shares of IBT have traded is constantly under review and the Directors continue to consider share buy-backs to be one of a number of tools that may be used to enhance shareholder value. To provide additional flexibility in our use of share buy-backs, we have decided to seek approval from shareholders for IBT to repurchase its shares and to hold them in treasury for subsequent reissue. The Board believes that this will give IBT flexibility by providing an additional source of liquidity for the secondary market. A Circular to shareholders setting out our detailed proposals and convening an Extraordinary General Meeting will be distributed with the Interim Report.

International Financial Reporting Standards (IFRS)

From 1 September 2005, IBT has prepared its financial statements under IFRS, as adopted for use in the European Union. These accounts are the first set of IBT's results prepared exclusively on this basis. Details on the impact of the move to IFRS are set out in the notes to these accounts.

Prospects

The IBT portfolio is constructed to give shareholders exposure to global biotechnology and medical technology through investments in both quoted and unquoted companies. The focus of IBT is on quoted mid- and small-capitalisation stocks, and the unquoted universe. When these components perform well, as they did in the six months under review, investors will benefit and indeed have benefited from the out-performance in the market capitalisation strata where IBT focuses, augmented by the excellent realisation-driven performance of the unquoted portfolio.

The quoted portfolio is comprised of investments in companies which our Manager, SV Life Sciences, expects to have positive clinical, regulatory or commercial events over the next six to eighteen months. The unquoted portfolio consists of relatively recent investments, including two made in the period under review, close to cash assets (such as Aderis and KuDOS), and other unquoted investments, the prospects for which the Board believes are good. Recent mergers and acquisitions have already brought the biotechnology sector into focus for many investors and as the pace of these transactions increases, the positive outlook of the sector should continue to improve. IBT has already benefited from this activity in the period under review, and with its focus on the small- and mid-capitalisation strata, is further positioned for an advantage as the focus

of investors continues to move from the largest capitalisation names.

Andrew Barker
Chairman
28 April 2006

Investment Manager's Review

Market Review

At the start of our year in August 2005, U.S. and European biotechnology indices paused before a decline that lasted until early November. While no one factor appeared to explain this decline, in retrospect a sensitivity to risk driven by higher commodity prices, combined with the U.S. mutual fund year-end appeared to be the general market pressures. More specifically in biotechnology, changes at the FDA and negative clinical and regulatory events seemed to have been the key sector drivers. Previously, over the early summer 2005, the largest U.S. biotechnology companies reported quarterly sales and profits which were better than expected resulting in the out-performance of, for example Amgen and Genentech (whose market capitalisations briefly exceeded \$100 billion), compared to small- and mid-capitalisation names, where this company has its focus.

However, from early November 2005, the U.S. and European biotechnology indices advanced at a similar rate to the broad technology indices although in biotechnology the focus has been away from the largest capitalisation names, towards the small- and mid-capitalisation space. The components of this appreciation which, at the time of writing extends about four months to the end of our interim period, have been merger and acquisition (M&A) activity by both pharmaceutical and biotechnology companies, and positive clinical and regulatory events.

M&A activity by pharmaceutical companies has been the result of the increasing pressures of drug safety concerns, generic competition to their larger products, and a tougher regulatory environment for primary care medicines. This has led pharmaceutical companies to view the biotechnology sector as a source of specialty products with long patent lives where the drug safety review is likely to be less costly. In early 2005, this resulted in anti-infective companies such as Vicuron in the U.S. being acquired by Pfizer and vaccine companies Corixa and ID Biomedical being acquired by GlaxoSmithKline. Towards the year-end 2005 this emphasis seemed to have shifted towards earlier stage companies with portfolio company KuDOS being acquired by AstraZeneca.

The Medicare Part D initiative in the U.S., designed to give senior citizens greater access to cheaper prescription medicines was initially thought to be positive for pharmaceutical companies from higher volume sales. It is however now becoming apparent that this may be another pressure for the pharmaceutical industry as low cost generic medicines with average wholesale prices, not their higher cost branded counterparts with average selling prices are favoured by lower co-payments from Part D participants.

The larger biotechnology companies are also not without their pressures with the approval in late January 2006 of Europe's first biosimilar (follow-on, or generic biologic), Omnitrope (recombinant human growth hormone) by Novartis. This is perhaps another reason for the shift from larger capitalisation, to mid-

and smaller capitalisation biotechnology companies, particularly in the U.S..

Outlook

The record of IBT's portfolio companies in the last six months has been excellent with significant drug approvals, clinical success and commercial agreements signed in the quoted portfolio together with IPOs and M&A exits in the unquoted portfolio. There seems now to be a different type of IPO window in both the U.S. and Europe where market participants no longer talk of a window being 'open' or 'closed', rather than conditionally open at a 'basal' level. This means that fewer companies will be able to list than in the peak times of 1999 to 2000, and those that do manage to list will be at reasonable valuations and with viable, later stage businesses. This has to be contrasted with the current situation on London's Alternative Investment Market (AIM) where it seems biotechnology companies unable to list on their home market are joined with domestic start-ups and spin-outs from U.K. universities many years away from clinical development. It is for this reason that IBT has very little exposure to the AIM market and with its global focus has found better, lower risk investment propositions in the U.S., Australia and Canada which have shown significant returns in the last six months.

While the pace of biotechnology IPO exits may be slowing, M&A activity (in the sector in general, and in the IBT portfolio specifically) seems to be increasing to compensate, due to the various pressures on the pharmaceutical industry outlined above. We see two implications from this for IBT and the biotechnology sector over the next six to eighteen months. Firstly M&A activity may continue to increase as the pressures on the pharmaceutical sector continue and there is competition for the best biotechnology assets. Secondly, as generalist investors come to appreciate the biotechnology sector as a high beta but increasingly profitable sector, we expect to see an increase in the flow of funds to the biotechnology sector.

SUMMARY PORTFOLIO COMPANY NEWS

Quoted Companies

During the period under review there have been three FDA approvals for new drugs at portfolio companies Nektar, OSI Pharmaceuticals, and Celgene. In late January 2006 Nektar and partner Pfizer received approval in the U.S. and Europe for the first inhaled insulin for patients with either type I or type II diabetes, while OSI Pharmaceuticals received an additional approval for its oncology drug Tarceva in pancreatic cancer. In late December 2005 Celgene received a first approval for its oncology drug Revlimid in myelodysplastic syndromes, a type of blood cancer. Celgene followed the initial approval by an application for a further approval in the larger indication of multiple myeloma in early March 2006. This brings to three the new drug applications (NDAs) submitted by portfolio companies which are under review at the FDA and are expected to be approved before the end of IBT's year in August. The other two NDAs have already received approvable letters and complete response notifications from the FDA to portfolio companies Noven and MGI Pharma.

In addition there have been further NDA submissions by portfolio companies Pozen, New River Pharmaceuticals and Shire which are expected to have a standard eleven month review cycle. Further regulatory filing activity is expected before

the IBT year end has been due to positive clinical trial events in the interim period with NDAs expected to be filed by portfolio companies Progenics and Alexion.

At the end of the interim period, Progenics Pharmaceuticals was the largest quoted holding and as expected, the company reported a second positive phase III clinical trial for its lead product methylnaltrexone for the relief of the side-effects of opiates in cancer patients. The more unpredictable, but nevertheless positive news from Progenics came at the end of December 2005 when they announced a global commercialisation collaboration with Wyeth worth \$60m in up-front payments plus milestones and royalties.

Other commercial agreements signed by IBT portfolio companies since the year-end in August 2005 were at portfolio companies GPC Biotech, Jerini and Sonus Pharmaceuticals. In mid-December 2005, GPC Biotech and Pharmion announced a marketing and development agreement whereby GPC licensed European marketing rights for Satraplatin, its phase III oncology product for hormone-refractory prostate cancer, to Pharmion for \$37.1m up-front plus royalties and milestone payments. This particular licensing deal marks an interesting development where a German biotechnology company licensed European rights to its drug to a US company whilst retaining U.S. rights for itself.

Jerini, a recent German IPO (in November 2005) announced the licensing of its lead product Icatibant, in phase III for hereditary angiodema, to Kos Pharmaceuticals of the U.S. for €12m in up-front payments, a €10m equity investment, plus royalties and milestones, a week after its IPO. Paradoxically the stock traded down on this news and we were happy to invest in a Phase III clinical stage company after this commercial milestone, at a cheaper price than at the IPO.

Unquoted Companies

Positive developments in the unquoted portfolio have been the main driver of NAV performance since the year-end in August. In late December 2005, AstraZeneca announced that they were acquiring portfolio company KuDOS at a 2.3 multiple to our carrying value or £3.6m, less transaction costs. The first tranche of the proceeds was received at the end of February and increased IBT's cash position to £7.1m or 10.3% of NAV at the end of the period under review.

In early January 2006 the merger of portfolio companies Cancervax (quoted) and Micromet (unquoted) was announced. The valuation of Micromet has been written up by the Directors to reflect the link to the Cancervax share price although a full valuation will not be recognised until any uncertainty has been removed by shareholder approval of the transaction. This initially resulted in a valuation increase of £0.9m (from £2.3m to £3.2m), after which the appreciation of the Cancervax share price resulted in the valuation of the Micromet holding at the end of the period under review being £5.3m.

In early 2006, the Board approved a write-down in Affibody from £1.5m to £0.6m reflecting an impending funding event.

Portfolio Summary at 28 February 2006

At the end of our interim period, IBT had investments in 46 companies - 35 quoted companies (representing 67.0% of NAV) and 11 unquoted companies (representing 22.7% of NAV). The remaining 10.3% was made up of cash, money market instruments and other net current assets (£7.1m) increasing a few days before the period end by the partial realisation proceeds of the KuDOS sale to AstraZeneca.

Members of SVLS sat on the Boards of nine portfolio companies at the end of the period under review, these were Affibody, Archemix, Cancervax, Dynogen, GlycoFi, Micromet, PowderMed, Spinal Kinetics and Trine.

The geographical split of the portfolio at the end of the period under review was mainly invested in the U.S. where 55.3% of NAV was invested. IBT had one investment each in Australia and Canada (2.5% and 4.6%, respectively of NAV), while in continental Europe and the UK, 14.8% and 12.5% of NAV was invested, respectively. By sub-sector, 71.1% of NAV was invested in biopharmaceuticals, 4.6% in drug delivery, 5.5% in medical devices and 8.5% in other areas, with cash, money market instruments and other net assets making up the balance.

Despite IBT's focus on the small to mid-capitalisation space most of the investments have products in late stage clinical development. At the end of the interim period, fifteen companies had a product on the market, three had filed for approval, thirteen had products in phase III clinical development while five had products in phase II development. Only two companies had a product in the earliest stage of clinical development (phase I) and seven companies were classified as other with either platforms or devices in development.

In terms of the cash positions of the portfolio companies, it was estimated at February 28 2006 that twenty-six were either profitable, or have two or more years of cash remaining, fourteen had more than one, but less than two years of cash remaining and six had less than one year of cash remaining. Of those six with less than one year of cash, five were unquoted with impending funding events in which IBT may participate and one (Micromet) is merging with a quoted cash shell (Cancervax).

At the end of the period under review, the quoted portfolio contained of 35 investments. There have been eleven divestments from the quoted portfolio since the previous year end in August 2005 and these have mostly been due to instances where negative clinical, regulatory or commercial news were expected. A case in point is Canadian company QLT which IBT fully divested in since September 2005 and since that time the CEO has left and there have been a clinical trial failure, a regulatory disappointment, a patent challenge and a profits warning. To balance the divestments, further investments have been made in portfolio companies such as AnorMED, Cambridge Antibody Technology and Progenics, where valuation or the expectation of positive clinical news prompted an increase in net assets. New investments have been made in, for example Pozen and the Medicines Company in the U.S., Actelion in Switzerland, and GPC biotech and Jerini in Germany.

Valuation

At 28 February 2006 the IBT unquoted portfolio (value £15.6m) represented 22.7% of net assets, compared to 28.6% the prior year. Two new unquoted investments were made during the period under review, adding £1.4m to the unquoted

portfolio. These investments were GlycoFi and Spinal Kinetics. GlycoFi is a platform company based on technology which enables therapeutic proteins to be produced in yeast which have the same sugar pattern as those produced by human cells. Yeast cell production has significant cost advantages to mammalian cell production of, for example monoclonal antibodies. In addition, therapeutic proteins which do not have the correct human sugar (or glycosylation) pattern are recognised as foreign by the immune system and are rapidly cleared from the body. In addition to the cost savings in manufacturing, appropriately glycosylated therapeutic proteins have a longer life in the body and require lower doses to be effective than the same protein produced in bacteria or non-human cell lines. In the last six months GlycoFi has signed deals with Eli Lilly and Merck.

Spinal Kinetics is a medical device company developing a new generation replacement spinal disc. Follow-on investments were made or committed to in the period under review in Archemix, Micromet, Oxagen and Dynogen, adding a total of £1.6m to the unquoted portfolio.

During the period under review, the net effect of the change in the Directors' valuations of unquoted companies was an increase in NAV for the period of £4.1m, representing 7.1% of net assets at the start of the period.

The valuation of KuDOS was written up by £2.0m (including dividend distribution) at the end of December 2005 to reflect the acquisition by AstraZeneca which completed at the end of February 2006 and a portion of the proceeds remain in escrow. The valuation of Affibody was written down by £0.9m in early January 2006 to reflect a future funding event. Also in early January 2006, Micromet was written up to reflect the announced merger between it and portfolio company Cancervax. The valuation of Micromet at 28 February 2006 was £5.3m (having been £2.1m at August 31 2005) and reflects a prudent valuation of the expected proceeds prior to shareholder approval of the merger and is derived from the Cancervax share price which doubled after the proposed merger was announced.

SV Life Sciences Managers LLP
28 April 2006

Ten Largest Equity
Holdings
at 28 February 2006

Company	Value of Holdings £'000	% of Group Shareholders Funds	Country	Business Activity
1 Micromet *	5,291	7.7	Germany	Micromet designs and develops novel antibody derived therapies for the treatment of severe human diseases. Micromet has two clinical candidates and partnerships with Serono, Enzon and MedImmune
2 Progenics	3,308	4.8	USA	Progenics is a

---	Pharmaceuticals -----	-----	-----	-----	biopharmaceutical company focusing products for the treatment and prevention of cancer and viral diseases. The company's lead drug, methylnaltrexone has successfully completed two phase III studies for patients with advanced cancer.
3	AnorMED -----	3,130 -----	4.6 -----	Canada	AnorMED discovers and develops small molecule therapeutics for the treatment of HIV infection and cancer. The company has one product in phase III and one in phase II.
4	Aderis --- Pharmaceuticals* -----	2,855 -----	4.2 -----	USA	Aderis is a small molecule discovery and development company with investigational compounds in CNS, cardiovascular and renal therapeutic areas. Aderis has partnerships with Schwarz Pharma AG and King Pharmaceuticals.
5	Cambridge --- Antibody Technology -----	2,554 -----	3.7 -----	UK	CAT discovers and develops monoclonal antibodies (MAbs). The company's MAbs are used in human therapeutics and the drug discovery process. CAT's development partners and licensees include Abbott Laboratories, AstraZeneca and Human Genome Sciences.
6	Genosis -----	2,527 -----	3.7 -----	USA	Genosis is a medical device company with proprietary technology for the diagnosis of reproductive disorders. The company's first product offering is an over-the-counter in vitro diagnostic for screening male and female fertility has received regulatory approval and is marketed by Boots in the UK.
7	OSI --- Pharmaceuticals	2,087 -----	3.0 -----	USA	OSI is a research and development company

					focused in the areas of oncology and diabetes. OSI has one approved drug Tarceva, developed and commercialised in collaboration with Genentech.
8	Pozen	2,031	3.0	USA	----- Pozen is a specialty pharmaceutical company focused in the area of innovative drug development for pain and migraine. The companies lead product is under review by the FDA and has been developed in collaboration with GSK. -----
9	Sunesis Pharmaceuticals	1,804	2.6	USA	----- Sunesis is a clinical-stage biopharmaceutical company focused on the discovery, development and commercialisation of novel small molecule therapeutics for oncology and other unmet medical needs. -----
10	Alexion Pharmaceuticals	1,770	2.6	USA	----- Alexion discovers and develops compounds for the treatment of autoimmune and cardiovascular diseases. The company develops C5 complement inhibitors and Apogens, two classes of potential therapeutics designed to target disease-causing segments of the immune system. -----
	Total	27,357	39.9		-----

* Unquoted investments

Unaudited Consolidated income statement

For the six months ended 28 February 2006 (unaudited)			For the six months ended 28 February 2005 (Unaudited and restated)		
Revenue	Capital	Total	Revenue	Capital	Total
£'000	£'000	£'000	£'000	£'000	£'000
-----	-----	-----	-----	-----	-----

Gains on Investments held at fair value	-	11,620	11,620	-	3,921	3,921
Exchange losses on currency balances	-	-	-	-	(285)	(285)
Dividends and other Income	547	-	547	289	-	289
-----	-----	-----	-----	-----	-----	-----
Administrative expenses	(691)	-	(691)	(648)	-	(648)
-----	-----	-----	-----	-----	-----	-----
(Deficit)/return before taxation	(144)	11,620	11,476	(359)	3,636	3,277
Taxation	-	-	-	-	-	-
-----	-----	-----	-----	-----	-----	-----
(Deficit)/return on ordinary activities after taxation	(144)	11,620	11,476	(359)	3,636	3,277
-----	-----	-----	-----	-----	-----	-----
Earnings per ordinary share	(0.30)p	24.38p	24.08p	(0.75)p	7.61p	6.86p

The total column of this statement represents the Group's Income Statement, prepared in accordance with IFRS.

The supplementary revenue return and capital return columns are both prepared under guidance published by the Association of Investment Trust Companies.

All revenue and capital items in the above statement derive from continuing operations.

All income is attributable to the equity holders of International Biotechnology Trust plc, the parent company. There are no minority interests.

Consolidated Balance Sheet

	28 February 2006 (unaudited)	31 August 2005 (audited and restated)
	£'000	£'000
-----	-----	-----
Non-current assets		
Investments held at fair value	61,489	49,227
Current assets		
Debtors	65	61
Investments	3,630	7,110
Cash at bank	4,340	2,336
-----	-----	-----
	8,035	9,507
-----	-----	-----
Current liabilities		
Creditors: amounts falling due	(947)	(731)

within one year		
-----	-----	-----
Net current assets	7,088	8,776
-----	-----	-----
Net assets	68,577	58,003
-----	-----	-----
Capital & reserves		
Called up share capital	11,766	11,954
Capital redemption reserve	11,231	11,043
Share purchase reserve	65,565	66,467
Capital reserve	(8,896)	(20,516)
Revenue reserve	(11,089)	(10,945)
-----	-----	-----
Equity shareholders' funds	68,577	58,003
-----	-----	-----
Net asset value per share	145.70p	121.30p

Consolidated Statement of Changes in Equity

	Share capital £'000	Capital redemption reserve £'000	Share purchase reserve £'000	Capital reserve realised £'000	Capital reserve unrealised £'000	Revenue reserve £'000	Total £'000
-----	-----	-----	-----	-----	-----	-----	-----
Balance at 31 August 2005	11,954	11,043	66,467	6,737	(27,253)	(10,945)	58,003
Buy back of ordinary shares	(188)	188	(902)	-	-	-	(902)
Net (loss)/ profit for the period	-	-	-	(5,792)	17,412	(144)	11,476
-----	-----	-----	-----	-----	-----	-----	-----
Balance as 28 February 2006	11,766	11,231	65,565	945	(9,841)	(11,089)	68,577
-----	-----	-----	-----	-----	-----	-----	-----
	Share capital £'000	Capital redemption reserve £'000	Share purchase reserve £'000	Capital reserve realised £'000	Capital reserve unrealised £'000	Revenue reserve £'000	Total £'000
-----	-----	-----	-----	-----	-----	-----	-----
Balance at 31 August 2004	11,954	11,043	66,467	7,899	(28,777)	(10,213)	58,373
Net (loss)/profit for the year	-	-	-	(1,162)	1,524	(732)	(370)

Balance as 31 August 2005	11,954	11,043	66,467	6,737	(27,253)	(10,945)	58,003
	Share capital £'000	Capital redemption reserve £'000	Share purchase reserve £'000	Capital reserve realised £'000	Capital reserve unrealised £'000	Revenue reserve £'000	Total £'000
Balance at 31 August 2004	11,954	11,043	66,467	7,899	(28,777)	(10,213)	58,373
Net profit/ (loss) for the period	-	-	-	9,326	(8,909)	(359)	58
Balance as 28 February 2005	11,954	11,043	66,467	17,225	(37,686)	(10,572)	58,431

Unaudited Consolidated Cash Flow Statement

	For the six months ended 28 February 2006 (unaudited) £'000	For the six months ended 28 February 2005 (unaudited) £'000
Cash flow from operating activities		
Profit before tax	11,476	3,277
Adjustments for:		
Gains on investments held at fair value	(11,620)	(3,921)
Exchange losses on revaluation of currency balances	-	285
	(144)	(359)
Net cash (outflow)/inflow from net (purchases)/sales of investments held at fair value through profit and loss	(469)	7,890
(increase)/decrease in receivables	(133)	(143)
Decrease in payables	(592)	(215)
Net cash (outflow)/inflow before management of liquid resources and financing	(1,338)	7,173
Management of liquid resources	3,600	(8,750)

Net cash (outflow)/inflow from operating activities	2,262	(1,577)
Financing activities		
Buy back of ordinary shares	(258)	—
-----	-----	-----
Net increase/(decrease) in cash and cash equivalent	2,004	(1,577)
Cash and cash equivalent at start of the period	2,336	4,337
Effect of foreign exchange rate changes	-	(285)
-----	-----	-----
Cash and cash equivalents at end of the period	4,340	2,475
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Notes to the financial statements

1. EU law (IAS Regulation EC 1606/2002) requires that the next annual consolidated financial statements of the Group, for the year ending 31 August 2006, be prepared in accordance with accounting standards adopted for use in the European Union (EC) further to the IAS Regulation (EC 1606/2002) ("accounting standards adopted by the EU").

This interim financial information has been prepared on the basis of the recognition and measurement requirements of accounting standards adopted by the EU as of 28 February 2006 that are effective at 31 August 2006, the Group's first annual reporting date at which it is required to use accounting standards adopted by the EU. Based on these standards, management has applied the accounting policies, as set out below, which they expect to apply when the first annual financial statements are prepared in accordance with accounting standards adopted by the EU for the year ending 31 August 2006.

However, the accounting standards adopted by the EU that will be effective in the annual financial statements for the year ending 31 August 2006 are still subject to change and to additional interpretations and therefore cannot be determined with certainty. Accordingly, the accounting policies for that annual period will be determined finally only when the annual financial statements are prepared for the year ending 31 August 2006.

(a) Basis of Accounting

The Group accounts consolidate the accounts of the Company and its wholly-owned subsidiary, IBT 2004 Limited. These financial statements have been prepared on the historical cost basis of accounting, modified to include revaluation of investments. The principal accounting policies adopted are set out below. Where presentational guidance set out in the Statement of Recommended Practice ("the SORP") for investment trusts issued by the Association of Investment Trust Companies ("the AITC") in January 2003 and revised in December 2005 is consistent with the requirements of IFRS, the Directors have sought to prepare the financial statements on a basis compliant with the recommendations of the SORP.

The disclosures required by IFRS 1 concerning the transition from UK GAAP to IFRS are given further in the notes.

(b) Presentation of income Statement

In order to better reflect the activities of an investment trust company, and in accordance with guidance issued by AITC, supplementary information which analyses the Income Statement between items of a revenue and capital nature has been presented alongside the Income Statement.

(c) Investments

Investments are recognised and derecognised on a trade date when a purchase or sale of an investment is under a contract whose terms require delivery of the investment within a timeframe established by the market concerned.

All the Group's investments are defined by IFRS as investments designated as fair value through profit and loss.

Quoted investments are valued at either bid price or the last traded price, according to the recognised conventions of the relevant market at the balance sheet date.

In respect of unquoted investments, or where the market for a financial instrument is not active, fair value is established by using various valuation techniques, in accordance with International Private Equity and Venture Capital ("IPEVC) Valuation Guidelines. These may include using recent arm's length market transactions between knowledgeable, willing parties, if available and reference to the current fair value of another instrument that is substantially the same. Where there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, that technique is utilised. Where no reliable fair value can be estimated for such unquoted investments, they are carried at cost, subject to any provision for impairment.

Transaction costs incurred on the acquisition or disposal of investments are expensed and included in the capital column or deducted from the proceeds of sale as appropriate.

(d) Financial instruments

The Group's activities expose it primarily to the financial risks of changes in market prices, foreign currency exchange rates and interest rates. Financial instruments which the Group may enter comprise quoted and unquoted investments. These are recognised at the balance sheet date at fair value through profit and loss.

Except for the amendments required in connection with the adoption of IFRS as listed above the accounting policies have not varied from those described in the Report and Accounts for the year ended 31 August 2005.

2. Administrative expenses	For the six months to 28 February 2006 (unaudited) £'000	For the six months to 28 February 2005 (unaudited and restated) £'000
Management fees	396	403
Other administrative expenses	295	245
	691	648

3. Earnings per share	For the six months to 28 February 2006 (Unaudited)	For the six months to 28 February 2005 (Unaudited and restated)
Revenue deficit on ordinary activities after taxation (£'000)	(144)	(359)
Weighted average number of shares	47,653,865	47,815,467
Revenue deficit per share	(0.30)p	(0.75)p
Capital return on ordinary activities after taxation (£'000) (as restated)	11,620	3,636
Weighted average number of shares	47,653,865	47,815,467
Capital return per share	24.38p	7.61p
Total Earnings per share	24.08p	6.86p

4. Net asset value per share	As at 28 February 2006 (Unaudited)	As at 28 February 2005 (Unaudited and restated)	As at 31 August 2005 (Audited and restated)
Net assets (£'000)	68,577	58,431	58,003
Number of shares	47,065,467	47,815,467	47,815,467
Net asset value per share	145.70p	122.20p	121.30p

5. (a) Restatement of balances as at and for the year ended 31 August 2005

At 1 September 2005 the Group adopted International Financial Reporting Standards. In accordance with IFRS1 (First Time Adoption of International Financial Reporting Standards) the following is a reconciliation of the results as at and for the year ended 31 August 2005, previously reported under the

applicable UK Accounting Standards and the SORP, to the restated IFRS results.

Group Balance Sheet	Previously reported 31 August 2005 £'000	Adjustment £'000	Restated 31 August 2005 £'000
-----	-----	-----	-----
Non-current assets			
Investments held at fair value through profit and loss	48,680	547	49,227
Investment in subsidiary undertaking	-	-	-
Current assets			
Debtors	61	-	61
Investments	7,110	-	7,110
Cash and cash equivalents	2,336	-	2,336
-----	-----	-----	-----
	9,507	-	9,507
-----	-----	-----	-----
Current liabilities			
Creditors: amounts falling due within one year	(731)	-	(731)
-----	-----	-----	-----
	(731)	-	(731)
-----	-----	-----	-----
Net current assets	8,776	-	8,776
-----	-----	-----	-----
Total assets less current liabilities	57,456	547	58,003
Creditors: amounts falling due after more than one year	-	-	-
-----	-----	-----	-----
Net assets	57,456	547	58,003
-----	-----	-----	-----
Capital and reserves			
Called up share capital	11,954	-	11,954
Capital redemption reserve	11,043	-	11,043
Share purchase reserve	66,467	-	66,467
Capital reserve	(21,063)	547	(20,516)
Revenue reserve	(10,945)	-	(10,945)
-----	-----	-----	-----
Total shareholders' funds -equity	57,456	547	58,003
-----	-----	-----	-----
Net asset value per share - pence	120.16	1.14	121.30
-----	-----	-----	-----

Notes to the restatement of opening balances

The effect of revaluation of non-current investments from mid to bid value was nil. The discounts previously applied to quoted investments have been removed.

5. (b) Reconciliation of the Statement of Total Return to the Income statement for the year to 31 August 2005 (under IFRS the Income Statement is the equivalent of the Statement of Total Return reported previously)

£'000 Pence per share

Total transfer to reserves per Statement of Total Return	2,302	4.81
Removal of discounts previously applied to quoted investments	547	1.14
Net income per Income statement	2,849	5.95

6 (a) Restatement of balances as at and for the period ended 28 February 2005

At 1 September 2005 the Group adopted International Financial Reporting Standards. In accordance with IFRS1 (First Time Adoption of International Financial Reporting Standards) the following is a reconciliation of the results as at, and for the period ended, 28 February 2005, previously reported under the applicable UK Accounting Standards and the SORP, to the restated IFRS results.

Group Balance Sheet	Previously reported	Adjustment	Restated
	28 February 2005		28 February 2005
	£'000	£'000	£'000
Non-current assets			
Investments held at fair value through profit and loss	40,541	577	41,118
Investment in subsidiary undertaking	-	-	-
Current assets			
Debtors	100	-	100
Investments	14,901	-	14,901
Cash and cash equivalents	2,475	-	2,475
	17,476	-	17,476
Current liabilities			
Creditors: amounts falling due within one year	(163)	-	(163)
	(163)	-	(163)
Net current assets	17,313	-	17,313
Total assets less current liabilities			
Creditors: amounts falling due after more than one year	-	-	-
Net assets	57,854	577	58,431
Capital and reserves			
Called up share capital	11,954	-	11,954
Capital redemption reserve	11,043	-	11,043
Share purchase reserve	66,467	-	66,467
Capital reserve	(21,038)	577	(20,461)

Revenue reserve	(10,572)	-	(10,572)
-----	-----	-----	-----
Total shareholders' funds -equity	57,854	577	58,431
-----	-----	-----	-----
Net asset value per share - pence	120.99	1.21	122.20
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Notes to the restatement of opening balances

The effect of revaluation of non-current investments from mid to bid value was nil. The discounts previously applied to quoted investments have been removed.

6 (b) Reconciliation of the Statement of Total Return to the Income statement for the period to 28 February 2005 (under IFRS the Income Statement is the equivalent of the Statement of Total Return reported previously)

	£'000	Pence per share
-----	-----	-----
Total transfer to reserves per Statement of Total Return	2,700	5.65
Removal of discount previously applied to quoted investments	577	1.21
-----	-----	-----
Net income per Income statement	3,277	6.86
-----	-----	-----

7. Restatement of opening balances as at 31 August 2004

At 1 September 2005 the Group adopted International Financial Reporting Standards. In accordance with IFRS1 (First Time Adoption of International Financial Reporting Standards) the following is a reconciliation of the opening balances as at 31 August 2004, previously reported under the applicable UK Accounting Standards and the SORP, to the restated IFRS results.

	Previously reported 31 August 2004 £'000	Adjustment £'000	Restated 31 August 2004 £'000
-----	-----	-----	-----
Group Balance Sheet			
Non-current assets			
Investments held at fair value	43,242	3,219	46,461
Investment in subsidiary undertaking	-	-	-
Current assets			
Debtors	1,935	-	1,935
Investments	6,018	-	6,018
Cash and cash equivalents	4,337	-	4,337
-----	-----	-----	-----
	12,290	-	12,290
-----	-----	-----	-----
Current liabilities			
Creditors: amounts falling due within one year	(378)	-	(378)
-----	-----	-----	-----

	(378)	-	(378)
-----	-----	-----	-----
Net current assets	11,912	-	11,912
-----	-----	-----	-----
Total assets less current liabilities	55,154	3,219	58,373
Creditors: amounts falling due after more than one year	-	-	-
-----	-----	-----	-----
Net assets	55,154	3,219	58,373
-----	-----	-----	-----
Capital and reserves			
Called up share capital	11,954	-	11,954
Capital redemption reserve	11,043	-	11,043
Share purchase reserve	66,467	-	66,467
Capital reserve	(24,097)	3,219	(20,878)
Revenue reserve	(10,213)	-	(10,213)
-----	-----	-----	-----
Total shareholders' funds - equity	55,154	3,219	58,373
-----	-----	-----	-----
Net asset value per share - pence	115.35	6.73	122.08
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Notes to the restatement of opening balances

The effect of revaluation of non-current investments from mid to bid value was nil. The discounts previously applied to quoted investments have been removed.

8. Comparative information

The results for the six months to 28 February 2006 and 28 February 2005, which are unaudited, constitute non-statutory accounts within the meaning of Section 240 of the Companies Act 1985.

The comparative figures for the financial year ended 31 August 2005 are not the Group's statutory accounts for that financial year. Those accounts have been reported on by the Group's auditors and delivered to the registrar of companies. The report of the auditors was unqualified and did not contain a statement under section 237(2) or (3) of the Companies Act 1985.

The Interim Report will be mailed to registered shareholders in May 2006 and from the date of release copies of the Interim Report will be made available to the public at the Company's Registered Office at 31 Gresham Street, London EC2V 7QA.

9. Note on Merrill Lynch Small Cap Biotech Index (MLSCI) (£ adjusted)

The MLSCI represents Biotech stocks with market capitalisation of under US\$1 billion. The movement in the MLSCI from 31 August 2005 to 28 February 2006 in \$ terms, based on the data received from Merrill Lynch, is 4.2% (or 15.8% before re-categorisation). The movement in sterling terms has been calculated using the prevailing exchange rates at the start and end of the reporting period, sourced from Factset and Bloomberg.

The data underlying the MLSCI changes regularly in line with changes in the index constituents, price adjustments and corporate actions. The historic data is then retrospectively adjusted. As a result the performance for the reporting period, calculated at a future date, is likely to be different from the previously published index movement.

Enquiries: Schroder Investment Management Limited

John Spedding 020 7658 3206

28 April 2006

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