

Regulatory Announcement

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INTERNATIONAL BIOTECHNOLOGY TRUST PLC

The Board of International Biotechnology Trust Plc ("IBT") today announces its unaudited Annual Results for the twelve months ended 31 August 2006.

Summary

- Net asset value per share rose by 17.3% to 142.25p
- Both the NASDAQ Biotech Index and the Merrill Lynch Small Cap Biotech Index fell by 7.6% and 23.0% respectively (both sterling adjusted)
- Share price up 24.7% from 104.3p to 130.0p
- Both the quoted and unquoted portfolios outperformed the NASDAQ Biotech and Merrill Lynch Small Cap Biotech Indices (sterling adjusted)
- NAV increased for the fourth consecutive year
- Performance driven by M&A activity: the acquisition of KuDOS by AstraZeneca at the end of December 2005, the acquisition of GlycoFi by Merck in early May 2006, the acquisition of Cambridge Antibody Technology by AstraZeneca announced mid-May and the merger of Micromet from the unquoted portfolio with CancerVax from the quoted portfolio in January 2006.
- At 31 August 2006, 9.5% of net assets were invested in unquoted companies
- Unquoted investment in GlycoFi realised at a profit nine times the initial investment in the same year as the investment
- Cenkos Securities appointed as the Company's stockbroker
- Two IPOs in the unquoted portfolio: Genosis and Sunesis
- At year end investments held in 49 companies; 36 quoted and 13 unquoted with 60.1% of NAV invested in North America, 23.7% in Europe (including the UK) and 2.8% in Australia
- Total net assets at 31 August 2006: £66.95m (31 August 2005: £58.0m (restated))

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CHAIRMAN'S STATEMENT

Performance and review

I am pleased to report some good results and an increase in the net asset value (NAV) of International Biotechnology Trust (IBT) for the fourth consecutive year. Over the year to 31 August 2006, NAV increased by 17.3% to 142.25p per share. Over the same period the NASDAQ Biotech Index (NBI) and the Merrill Lynch Small-Cap Biotech Index (MLSCBI) fell by 7.6% and 23.0%, respectively, both in sterling terms.

Even more pleasing to shareholders will be the increase in the share price, which not only benefited from the improvement in the NAV but also from the decline in the discount at which the shares sell in relation to the underlying net asset value. The share price rose by 24.7% from 104.3p to 130.0p. The Board believes that the improvement in the rating of the Company's shares - the discount was 8.6% at the year end - is in part a recognition of the excellent job that SV Life Sciences has done in turning around and managing the portfolio in the last five years. It is also in part a recognition in the market place

that, because of the riskiness of owning the shares of any individual biotech company, a portfolio approach to investing in the sector is a prudent and sensible way to gain exposure to a sector with very exciting long-term prospects.

As we have a material percentage of our assets invested in unquoted companies, our results may not closely correlate with the fluctuations in stock markets which we consider an advantage, but our results will be influenced by them. Most of the increase in the NAV occurred in the first half of our year and in the second half there was a sell-off in stock markets. While there have been two initial public offerings (IPOs) from the unquoted portfolio, these have not been the key drivers of performance, rather it has been the merger and acquisition (M & A) activity in private and public biotechnology.

The most significant drivers for NAV performance in the year under review have been the acquisitions of KuDOS by AstraZeneca announced at the end of December 2005 (which contributed 3.7p per share to the improvement in the NAV), the acquisition of GlycoFi by Merck announced in early May 2006 (15.0p per share), the acquisition of Cambridge Antibody Technology (CAT) by AstraZeneca announced mid-May 2006 (5.0p per share) and the merger of Micromet from the unquoted portfolio with CancerVax from the quoted portfolio which was announced in January 2005 (-9.5p per share). All these transactions have since been completed, although an escrow remains in the portfolio with respect to KuDOS. While the Micromet initially provided a significant uplift to NAV on the completion of the merger, the smallest capitalisation U.S. biotechnology companies had sold off to such an extent by our year end that Micromet ended the year below historical cost and the start of year carrying value. Further information about investment performance appears in the Managers' Review and in the Business Review in the Annual Report.

The performance of IBT's quoted portfolio, calculated on a time-weighted return basis, (assuming mid-month cash flows) showed an increase of 3.7%. On an unweighted basis, (ignoring the timing of transactions) the return was 0.77%.

At 31 August 2006, the level of cash, money market instruments and other net assets was 13.3% of net assets and unquoted and quoted were 9.5% and 77.2% respectively. At the year end, the discount of the share price to NAV per share was 8.6%.

Exchange rates are difficult to forecast with any degree of accuracy. Whilst the Board keeps the situation under review, its current policy remains not to hedge the currency exposure of the portfolio.

Longer-Term Results (2003/06): NAV +26.3%;

NASDAQ Biotech Index (£) -15.0%

It is now five years since SV Life Sciences took on the investment management of your Company. It was a difficult start for our Manager because it coincided with a collapse in the biotechnology sector - the NASDAQ Biotech Index fell 44.3% in the 12 months to 31 August 2001 and because there were many problem investments which required significant restructuring. Much of the first two years involved dealing with those investments and it is only in the last two years or so that SV Life Sciences has been able to stamp its own authority on the portfolio. Your Board of Directors is much encouraged by the progress of the Company during the past three years. As I continually emphasised, investing in biotechnology shares as well as those of your Company can prove quite volatile but we would hope the return from our shares will prove very worthwhile over the longer-term. During the last three years the NAV has risen 26.3% compared with a fall of 15.0% in the Sterling adjusted value of the NASDAQ Biotech Index. It gives us confidence that good stock picking can pay and that SV Life Sciences has some skill in this respect.

Accounting Standards

This year's report and accounts have been prepared having adopted IFRS as was required of the Company from this financial year onwards. Details on the impact of the move to IFRS are set out in the notes to these accounts. This Annual Report also contains a Business Review, which became mandatory under the European Union's Accounts Modernisation Directive for all UK listed companies for financial years beginning on or after 1 April 2005.

Valuation Policy

In the year to 31 August 2006, the Directors' valuations of unquoted companies in the portfolio amounted to £6.4m which is 9.5% of net assets. The Board has reviewed the guideline that up to 40% of net assets may be invested in unquoted companies and continues to believe that this is appropriate. Significant changes to the unquoted portfolio have occurred in the year under review, including one investment, GlycoFi, which was made in September 2005 and realised in July 2006 at a profit of nine times the initial investment. While Board believes that the guideline on unquoted exposure is appropriate, the level of unquoted exposure of

IBT will vary depending on the point in the market cycle, deal-flow, valuations relative to the quoted market and realisations.

Share Buy-Backs and Treasury shares

During the year ended 31 August 2006, the Company purchased 750,000 of its own shares for cancellation under the authority granted to it at the Annual General Meeting held on 11 November 2005. At the Extraordinary General Meeting held in June 2006, in addition authority was obtained for the Company to purchase its own shares to be held in Treasury for potential subsequent re-issue. The Board continues to monitor the discount to net asset value at which the Company's shares trade and purchases will be made when shares are available in reasonable volumes and at a discount to net assets. Directors are seeking renewal of these authorities at the forthcoming Annual General Meeting.

Changes to the Investment Management Agreement

During the year, some changes were made to the Investment Management Agreement with SV Life Sciences, taking effect from 1 September 2006, which include changes to the incentive fee arrangements for our Manager in the future. The new incentive fee arrangements are detailed in the Directors' Report in the Annual Report.

Annual General Meeting

The Annual General Meeting will be held at 12:00 noon on Friday, 10 November 2006 at 31 Gresham Street, London EC2V 7QA. As in previous years, the meeting will include a presentation by SV Life Sciences.

Prospects

Stock market sentiment towards the biotechnology sector appears to be improving in part, because during the past year there has been a considerable increase in M&A activity. We believe that these trends will continue. Investing in the biotechnology sector may provide high returns but it also carries high risk. We consider that the safest returns for investors will be achieved through a diversified active portfolio of public and private investments which IBT uniquely provides and we have every confidence that our Manager will take advantage of the investment opportunities.

Andrew Barker
Chairman
2 October 2006

Investment Managers Review

Market Review

Stock markets have experienced another volatile year from August 31 2005 where, after an initial period of weakness lasting until early November 2005, they rose steadily until late February 2006. At the end of February, U.S. biotechnology (using the NASDAQ and Amex biotech indices as proxies) was the first to fall relative to their larger capitalisation and technology counterparts. This retreat subsequently affected most equity classes and lasted until our year end. While the S&P500 fared better than U.S. technology and biotechnology indices (finishing broadly flat over the period), U.K. technology and biotechnology indices finished ahead of their U.S., counterparts although behind the FT100 index.

Against this backdrop of a weak biotechnology sector, the IBT portfolio has produced positive results for the year that have been uncorrelated with, for example, the negative performance of the NASDAQ biotech index. The exposure to selected European, Australian, European and Canadian biotechnology investments have provided some buffer to the weak U.S. biotechnology sector, but the key driver for portfolio performance over the year, and of increasing relevance for the sector in general, has been M&A activity.

The acquisition of small and mid-capitalisation biotechnology companies by pharmaceutical companies has often been an underlying theme for the sector, and, as sales growth at the largest biotechnology companies starts to slow, there may be more competition for this finite number of assets. The impetus for this trend is referred to the innovation gap in a recent Ernst & Young report where, over the period 1998 to 2005, pharmaceutical companies spent about four times as much as biotechnology companies on R&D. In 2005, however, pharmaceutical companies only received about two thirds of the new chemical entity approvals of biotechnology companies. This is an important validation for the investment trust-type vehicle which includes unquoted exposure and in addition to the acquisition of portfolio companies detailed in Portfolio Highlights below, the U.S. Industry source VentureOne has tracked the private healthcare acquisitions

from 1996 when the number of deals was 50 to 2005 when the number was 73.

Many market participants have speculated as to why the U.S. biotechnology sector fell out of favour with investors first and so quickly. The macroeconomic conditions resulting in higher interest rates and commodity prices cannot have helped biotechnology companies and these factors affected most equities, but there were also sector-specific issues at work.

Drug safety issues have been an important dynamic at the U.S. Food & Drug Administration (FDA) with most concerns being with drugs that are under investigation in general practice, for chronic, non-life threatening indications. In mid-May 2006, Neurocrine Biosciences and partner Pfizer did not, as was widely expected, receive an approval letter for either form of their drug to aid sleep, Indiplon. When it became apparent that further clinical trials would be required, Pfizer returned the rights to Neurocrine. Encysive Pharmaceuticals was denied approval in March 2006 and again at the end of July for its endothelin receptor antagonist, Thelin, to treat pulmonary hypertension. At the start of our year, Encysive Pharmaceuticals was our fifth largest holding but was completely divested prior to these negative events.

The regulatory agencies were not the only ones to reveal bad news on drug safety during the year, since a number of companies either stopped development, or had to reduce the dose in the middle of clinical trials of their compounds. In March 2006, Idenix Pharmaceuticals reported serious gastroenterological reactions to its drug valopicitabine to treat hepatitis C infection. 2006 continued to be a bad year for anti-viral development when in early April, former genomics company, Incyte, discontinued the development of its HIV anti-viral due to liver toxicity and recent Initial Public Offering (IPO) Anadys suspended its phase Ib clinical study of ANA975 for the treatment of hepatitis C infection due to pre-clinical toxicology issues. Another recent IPO, Threshold Pharmaceuticals, announced in May 2006 that its lead drug for benign prostate hyperplasia had liver toxicity and was initially placed on clinical hold before being terminated. Fortunately, none of these two companies have ever been IBT portfolio investments. However the portfolio did experience a regulatory disappointment in the year when Pozen and partner GSK were issued an approvable letter for their migraine treatment, Trexima. The Pozen share price recovered after the two companies outlined their plan to address the FDAs safety concerns, and then Pozen announced a separate collaboration with AstraZeneca. In consequence, the IBT holding in Pozen finished the year at a higher valuation than where it started and comfortably above cost.

While the clinical and regulatory failures in the sector have drastically affected the individual share prices of the companies involved, their large number and high profile in the year under review resulted in investors withdrawing from the sector and resulted in a broad negative effect on the sector indices. Other companies where significant negative clinical or regulatory events occurred during the year to 31 August 2006 include Inhibitex, NPS Pharmaceuticals, Discovery Laboratories, Nastech Pharmaceuticals, Vasogen, and Valentis. None of these companies has been IBT portfolio investments.

A further significant theme that has appeared in biotechnology over the year has been the increase in competition at biotechnology companies, or fast followers that include (in Europe, at least) biosimilars or generic biologics. Since the late 1970s the first biotechnology companies have defined the highly profitable biotechnology sector by the development and commercialisation of complex molecules. In the last year we have seen the first generic version of recombinant human growth hormone approved in Europe and the appearance of competitors to molecules either approved, or approaching approval. Examples of these molecules under threat include OSI's Macugen, Genentech's Herceptin and Amgen's Epopo. For an investment portfolio such as IBT, this growing trend tilts our investment universe away from the largest capitalisation profitable companies to the small and mid-capitalisation space where it has historically been directed.

Portfolio Summary

At the year end, IBT held investments in 49 companies; 36 quoted companies (representing 77.1% of NAV), and 13 unquoted companies (representing 9.5% of NAV). The remaining 13.4% was made up of cash and money market instruments (£6.0 million), with 7.3% of the NAV being committed to further unquoted investments. Prior to the year end, IBT's cash position was enhanced by the significant realisations of CAT, GlycoFi and AnorMED, which are in the process of being reinvested.

Members of SV Life Sciences sat on the Boards of twelve portfolio companies at the end of the year under review; Achillion, Affibody, Archemix, Dynogen, ESBATech GTx, Intranasal Therapeutics, Lux, Micromet, Oxagen, PowderMed and Trine. The geographical split of the portfolio at 31 August 2006 was 60.2% in North America, 11.3% in the U.K., 12.4% in Continental Europe and 2.8% in Australia. By sub-sector, 78.6% of NAV was invested in biopharmaceuticals, 5.2% in drug delivery, 1.3% in medical devices and 1.6% in other areas. The remaining 13.3% of NAV comprised of cash, money market instruments and other net assets.

The companies which SV Life Sciences estimate as having close to one year of cash at 31 August 2006 were Affibody, Acambis, AnorMED and GTx. Within this group, Affibody is an unquoted company which is expected to receive a funding tranche within the next year. Since the year end, AnorMED has been the subject of competing tender offers by Genzyme and Millennium, and GTx has licensed European rights to its lead drug Acapodene for an up-front payment of \$30 million plus royalties and milestones. Acambis has received \$19m from Novartis and \$30m from the U.S. government.

IBT continues to offer investors a broad exposure to biotechnology at different stages of clinical development and allocated across a range of therapeutic areas. We believe that as a publicly quoted investment vehicle comprising actively managed globally diversified public and private biotechnology, IBT continues to offer investors a unique investment proposition.

Unquoted Investment Activity

At 31 August 2006, IBT's unquoted portfolio (value £6.4 million) represented 9.5% of net assets down from 28.6% the previous year. This significant change only hints at the developments that have occurred in the unquoted portfolio over the last year. The divestments of Aderis, KuDOS and GlycoFi occurred during the year, the former two remaining in the portfolio as smaller escrow holdings. The investment in GlycoFi was a notable one for IBT being made in September 2005 and being realised at a nine times multiple in June 2006. There have been two exits from the portfolio during the year by IPO: Genosis and Sunesis, both of which finished the year significantly below their IPO price as the share prices of the smallest companies suffered most in the weak stock market since the end of February 2006.

In early January 2006, Micromet and CancerVax announced their proposed merger which allowed the German unquoted Micromet to merge into the NASDAQ-quoted cash shell, CancerVax. The combined company has been re-named Micromet and at the end of the year in review, remained IBT's third largest holding. This high level of exits from the unquoted portfolio, including two trade sales, has left the unquoted exposure lower at the end of the year than at the start. As new investments drawdown their committed capital and new investments are made, this level of unquoted exposure is expected to increase.

Follow-on investments in unquoted companies PowderMed, Affibody, Trine and Oxagen were made in the year to 31 August 2006 totalling £0.69 million. The earlier investments in two of these companies (Affibody and Trine), were written down within the year to reflect the uncertain funding environment. New unquoted investments were made in Intranasal Therapeutics, Achillion, Lux and ESBatech representing first tranches totalling £1.11 million. During the year under review, the net change in the Directors' valuations of the unquoted investments was £7.92 million, representing 13.7% of NAV at the start of the reporting year.

Quoted Investment Activity

During the general period of share price weakness prior to December 2005, we took the opportunity to increase our holdings in two portfolio companies on valuation grounds. At the times of our investment, CAT was trading at its 52-week lows and AnorMED was trading below the share price of a recent fundraising in which we did not participate. Both of these holdings were the targets in the acquisitions by AstraZeneca and Genzyme (and subsequently Millennium), respectively, and were divested and partially divested, respectively, at significant uplifts to the start of year valuations.

Further investments were made in existing holdings during the year including CSL, Gilead and Shire where we expected positive regulatory events. In early June the FDA approved the first vaccine against human papillomavirus (which causes cervical cancer) Gardasil, which will be marketed by Merck. CSL entered into a licensing agreement with Merck in 1995 relating to the technology used in Gardasil and receives milestones and royalties on sales. Gardasil was subsequently recommended for routine vaccination in girls and women 11 to 26 years of age by the U.S. Centers for Disease Control and Prevention's Advisory Committee on Immunisation Practices. In mid-July the FDA approved Gilead Sciences' once a day triple anti-viral therapy for HIV developed in combination with Bristol-Myers Squibb. The combination therapy, Atripla, has rapidly gained market share and could become the mainstay of first-line anti-HIV therapy due to its convenient once daily dosing regime.

After completing the acquisition of Transkaryotic Therapies, Inc., Shire went on to see the expansion of its attention deficit hyperactivity disorder (ADHD) franchise with the approval of the Daytrana patch (developed with portfolio company Noven), and the approval of Elaprase, an enzyme replacement therapy for Hunter Syndrome. Just prior to our year end Shire and Barr Laboratories reached agreement on Barr's patents covering Shire's lead product for ADHD, Adderall XR.

At the start of our year, Encysive Pharmaceuticals was IBT's fifth largest investment having been partially divested a few months before. The holding in Encysive was fully divested and re-invested into Encysive's competitors Myogen and Actelion prior to the failure of Encysive to gain FDA approval for Thelin.

Subsequently during the year, the holdings in both new investments were increased and at 31 August 2006, Actelion was IBT's sixth largest holding.

Portfolio Highlights

In late December 2005, AstraZeneca announced the acquisition of the U.K. private portfolio company KudOS and in early April 2006, Merck announced the acquisition of the US private portfolio company GlycoFi. M&A activity in the sector has not been confined to private companies as in mid-May 2006, AstraZeneca announced the acquisition of one of our long-term portfolio company, Cambridge Antibody Technology, while just prior to our year-end in August 2006, Genzyme announced a proposed acquisition and tender offer for Canadian portfolio company AnorMED. Both these holdings have resulted in significant uplifts from their 31 August 2005 valuations.

A number of portfolio companies have received FDA approvals within the year to 31 August 2006. Celgene received two approvals for its leukaemia drug Revlimid during the year in myelodysplastic syndrome and multiple myeloma. Also in haematological disorders, MGI Pharma received FDA approval for Dacogen in multiple myeloma. Long-standing holding Nektar Therapeutics and partner Pfizer received FDA approval for the first inhaled insulin formulation and the commercial launch is already underway. Other quoted portfolio companies receiving FDA approvals during the year were Noven, Shire, and Gilead Sciences.

FDA or European drug approvals may be the first step to commercialisation and can currently result in share price volatility as event-driven investors turnover in favour of those with a longer-term perspective. Typically IBT will hold investments where the commercial potential is significant through this period, often increasing the holding during the volatility. An example of this during the year was the drug delivery company Noven whose Daytrana patch formulation developed in collaboration with Shire was approved by the FDA in early April 2006 but the Noven share price reached 52-week highs at the end of August 2006 when it started to appear that the Daytrana launch was going well.

Outlook

Whilst the year to August 31 2006 has been very productive for IBT, the focus now is on seeding the portfolio with new unquoted investments and managing the public holdings up to and through the binary events like clinical trial results and regulatory approvals in the years ahead. Certain binary events at portfolio companies are unpredictable such as the signing of licensing deals and acquisition activity. These events can happen at any time and are uncorrelated with the trends in broad stock markets. IBT will continue to seek out the investments that are likely to benefit from these binary events where they are assessed to have a good likelihood of success. The weakness in the U.S. stock markets during the year in review has affected NAV but uncorrelated positive events at portfolio companies and the geographic diversity of the portfolio have been buffers to wider negative sentiment. With an expanding universe of potential portfolio companies there is no shortage of investment ideas moving forward, although many of these may not come to fruition in the next 12 to 18 months so a long-term investor perspective is recommended.

SV Life Sciences

2 October 2006

Ten Largest Quoted Investments at 31 August 2006

Investment	Market value £'000	% of Net asset	Country	Business activity
1 AnorMed	3,009	4.5	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.
2 Progenics Pharmaceuticals	2,665	4.0	USA	Progenics is a biopharmaceutical company focusing products for the treatment and prevention of cancer and viral diseases. The company's lead drug, methylnaltrexone has successfully completed

					phase III studies and is partnered with Wyeth.
3	Micromet	2,607	3.9	USA	Micromet designs and develops novel antibody derived therapies for the treatment of severe human diseases. Micromet has two clinical candidates and partnership with Serono, Enzon and MedImmune.
4	Noven Pharmaceuticals	2,300	3.4	USA	Noven Pharmaceuticals is a leading developer of advanced transdermal drug delivery technologies and prescription transdermal products.
5	Shire	2,043	3.1	UK	Shire is a global specialty pharmaceutical company with a focus on four therapeutic areas: central nervous system disorders, oncology/hematology, anti-virals and biologics.
6	Actelion	1,936	2.9	Switzerland	Actelion is an independent biopharmaceutical company discovering, developing, and marketing drugs for high unmet cardiovascular diseases.
7	MorphoSys	1,905	2.8	Germany	MorphoSys AG develops the next generation of therapeutic antibodies, but also antibodies for research and diagnostic purposes.
8	Nuvelo	1,894	2.8	USA	Nuvelo Inc is focused on the discovery, development and commercialisation of cardiovascular therapeutics.
9	Jerini	1,871	2.8	Germany	Jerini AG is a pharmaceutical company based in Berlin, Germany focusing on the discovery and development of peptide-based drugs.
10	Barr Pharmaceuticals	1,864	2.8	USA	Barr Pharmaceuticals is a speciality pharmaceutical company that develops, manufactures and markets both generic and proprietary prescription pharmaceuticals.
Total		22,094	33.0		

Unquoted Investments at 31 August 2006

Investment	Market value £'000	% of Net asset	Country	Business activity
1 Oxagen	1,559	2.3	UK	Oxagen is developing a pipeline of novel drugs to treat inflammatory diseases. The company's portfolio includes a lead programme with the potential to treat asthma and other respiratory and inflammatory conditions.
2 Dynogen	1,025	1.5	USA	Dynogen is a biopharmaceutical

Pharmaceuticals					
					company developing drugs for genitourinary and gastrointestinal disorders including constipation, irritable bowel syndrome and overactive bladder.
3	Archimex	888	1.3	USA	Archimex is a leading biopharmaceutical company in the development of aptamers as therapeutic agents. Aptamers are single stranded nucleic acids that form well defined 3-D shapes binding target molecules in a similar manner to antibodies.
4	Affibody	580	0.9	Sweden	Affibody uses innovative protein engineering technologies for the development of products for biotherapeutics and biotechnology applications. Affibody molecules mimic monoclonal antibodies and are derived from an antibody-binding domain of Protein A.
5	Achillon	526	0.8	USA	Achillon's discovery and development teams have advanced multiple product candidates with novel mechanisms of action. Achillon is focused on solutions for the most challenging problems in infectious disease - HIV, hepatitis and resistant bacterial infections.
6	PowerMed	503	0.8	UK	PowerMed is an immunotherapeutic product company with six vaccine programmes targeting influenza, chronic viral diseases and cancer. PowerMed's products are based on their proprietary DNA particle mediated delivery technology.
7	Intranasal	276	0.4	USA	Intranasal Therapeutics Inc is a speciality pharmaceutical company focused on developing innovative nasally delivered pharmaceutical products, with a particular focus on drugs treating pain and disorders related to the central nervous system for which there is proven, unsatisfied consumer need.
8	Spinal Kinetics	263	0.4	USA	Spinal Kinetics is pioneering a new generation of artificial discs for treating Degenerative Disc Disease in the cervical and lumbar spine. The company's unique technology is designed to replicate a natural vertebral disc in its structure and physiologic range of motion in all planes, including axial compression and rotation. This "natural" artificial disc has been designed to enable patients to move freely while enjoying a sustained quality of life.
9	KuDOS	222	0.3	UK	KuDOS is developing small molecule drugs based on DNA damage sensing, signalling and repair, initially focused on oncology, has three products in clinical development and three preclinical candidates. KuDOS

has been acquired by
AstraZeneca.

10	ESBATEchnology	166	0.2	Switzerland	ESBATEch is a drug discovery and development company focusing on therapeutic applications of its proprietary antibody fragments derived from fully human antibody fragment scaffolds.
11	Trine Pharmaceuticals	138	0.2	USA	Trine is a drug developmental company with products to address the areas of renal, gastrointestinal and metabolic diseases.
12	Lux Biosciences	121	0.2	USA	Lux is a biotechnology company specialised in the field of ophthalmic diseases developing medications to treat the underlying causes of these diseases and alleviate their symptoms ultimately striving to improve or preserve the eyesight of patients with these disease.
13	Aderis Pharmaceuticals	120	0.2	USA	Escrow holding after the sales of most of the assets to Schwarz Pharma.
Total		6,387	9.5		

Note on Merrill Lynch Small Cap Biotech Index (MLSCI)

The MLSCI represents stocks with market caps under US\$1 billion. The movement in the MLSCI from 31 August 2005 to 31 August 2006 in \$ terms, based on the data received from Merrill Lynch on 1 September 2005 is 14%. The movement in £ 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, if calculated at a future date, is likely to be different from the previously published number.

International Biotechnology Trust plc

Consolidated Income Statement for the year ended 31 August

	Restated					
	2006 Group Revenue £'000	2006 Group Capital £'000	2006 Group Total £'000	2005 Group Revenue £'000	2005 Group Capital £'000	2005 Group Total £'000
Gains on investments held at fair value	-	10,638	10,638	-	586	586
Exchange (losses)/gains on currency balances	-	(66)	(66)	-	(224)	(224)
Income	701	-	701	545	-	545
Management fees	(855)	-	(855)	(781)	-	(781)
Administrative Expenses	(567)	-	(567)	(496)	-	(496)
Net (loss)/ profit before taxation	(721)	10,572	9,851	(732)	362	(370)
Tax on ordinary activities	-	-	-	-	-	-

Net (loss)/profit after taxation	(721)	10,572	9,851	(732)	362	(370)
(Deficit)/return per share	(1.52)p	22.32p	20.80p	(1.54)p	0.76p	(0.78)p

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

The revenue and capital return columns are supplementary to this and are prepared under guidance published by the Association of Investment Companies. The Group has no recognised gains or losses other than those disclosed in the Consolidated Income Statement and the Consolidated Statement of Changes in Equity.

All items in the above statement derive from continuing operations.

International Biotechnology Trust plc

Balance Sheets at 31 August

	Group		Company		Restated	
	2006	2006	2006	2005	2005	2005
	£'000	£'000	£'000	£'000	£'000	£'000
Fixed assets						
Investments held at fair value through profit or loss	58,022	58,022	49,227	49,227		
Current assets						
Debtors	2,000	2,000	61	61		
Investments	6,022	6,022	7,110	7,110		
Cash at bank	1,074	1,074	2,336	2,336		
	9,096	9,096	9,507	9,507		
Creditors						
Amount falling due within one year	(167)	(678)	(731)	(1,242)		
Net current assets	8,929	8,418	8,776	8,265		
Net assets	66,951	66,440	58,003	57,492		
Capital and reserves						
Called up share capital	11,766	11,766	11,954	11,954		
Capital redemption reserve	11,231	11,231	11,043	11,043		
Share purchase reserve	65,564	65,564	66,467	66,467		
Capital reserve	(9,944)	(10,455)	(20,516)	(21,027)		
Revenue reserve	(11,666)	(11,666)	(10,945)	(10,945)		
Equity shareholders' funds	66,951	66,440	58,003	57,492		
Net asset value per share	142.25p	141.17p	121.30p	120.24p		

These financial statements were approved by the Board of Directors on 2 October 2006 and signed on their behalf by

Andrew Barker (Chairman)

Peter Collacott (Director)

International Biotechnology Trust plc
Consolidated and Company Statement of Changes in Equity
for the year ended 31 August

	Group						
	Year ended 31 August 2006						
	Share redemption capital	Capital reserve	Share purchase reserve	Capital reserve realised	Capital reserve unrealised	Revenue reserve	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 August 2005 - restated	11,954	11,043	66,467	6737	(27253)	(10,945)	58,003
Buy back of ordinary shares	(188)	188	(903)	-	-	-	(903)
Net (loss)/profit for the year	-	-	-	(2,584)	13,156	(721)	9,851

Balance at 31 August 2006	11,766	11,231	65,564	4,153	(14,097)	(11,666)	66,951
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Group
Year ended 31 August 2005

	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	(31,996)	(10,213)	55,154
Affect of adoption of IFRS	-	-	-	-	3,219	-	3,219
Balance at 31 August 2004 - restated	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 at 31 August 2005	11,954	11,043	66,467	6,737	(27,253)	(10,945)	58,003

Company
Year ended 31 August 2006

	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 - restated	11,954	11,043	66,467	6,226	(27,253)	(10,945)	57,492
Buy back of ordinary shares	(188)	188	(903)	-	-	-	(903)
Net (loss)/profit for the year	-	-	-	(2,584)	13,156	(721)	9,851
Balance at 31 August 2006	11,766	11,231	65,564	3,642	(14,097)	(11,666)	66,440

Company
Year ended 31 August 2005

	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	(31,927)	(10,213)	55,223
Affect of adoption of IFRS	-	-	-	-	3,219	-	3,219
Balance at 31 August 2004 - restated	11,954	11,043	66,467	7,899	(28,708)	(10,213)	58,442
Net (loss)/profit for the year	-	-	-	(1,673)	1,455	(732)	(950)
Balance at 31 August 2005	11,954	11,043	66,467	6,226	(27,253)	(10,945)	57,492

International Biotechnology Trust plc

Consolidated Cash Flow Statement
for the year ended 31 August

Group For the year	Company For the year	Group For the year	Company For the year
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	ended 31 August 2005 £'000	ended 31 August 2005 £'000	ended 31 August 2005 £'000	ended 31 August 2005 £'000
Cash flows from operating activities				
Net profit/(loss) before tax	9,851	9,851	(370)	(950)
Adjustments for:				
(Increase) in investments	(7,707)	(7,707)	(3,858)	(4,889)
(Increase)/Decrease in receivables	(1,939)	(1,939)	1,874	2,974
(Decrease)/Increase in payables	(564)	(564)	353	864
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Net cash outflow from operating activities	(359)	(359)	(2,001)	(2,001)
Cash flows from financing activities				
Purchase of own shares for cancellation	(903)	(903)	-	-
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Net (Decrease) in Cash and Cash Equivalents	(1,262)	(1,262)	(2,001)	(2,001)
Cash and Cash equivalents at 1 September	2,336	2,336	4,337	4,337
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Cash and Cash equivalents at 31 August	1,074	1,074	2,336	2,336
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Notes:

1. Audit status

These accounts consolidate the accounts of the Company "International Biotechnology Trust plc and its wholly-owned subsidiary, IBT 2004 Limited.

The financial information set out in the announcement does not constitute the Company's statutory accounts for the year ended 31 August 2006 or 31 August 2005. The financial information for the year ended 31 August 2005 is derived from the statutory accounts for that year which have been delivered to the Registrar of Companies. The auditors reported on those accounts; their report was unqualified and did not contain a statement under section 237(2) or (3) of the Companies Act 1985. The statutory accounts for the year ended 31 August 2006 will be finalised on the basis of the financial information presented by the Directors in this preliminary announcement and will be delivered to the Registrar of Companies following the Company's Annual General Meeting.

This announcement is prepared on the basis of the accounting policies set out in the annual financial statements.

2. As permitted by Section 230 (4) of the Companies Act 1985, the Company has not presented its own revenue account. The net revenue deficit after taxation for the year of the Company, dealt within the accounts of the Group was £721,000.

3. Transactions in foreign currency, whether of a revenue or capital nature, are translated into sterling at the rates of exchange ruling on the dates of such transactions. Foreign currency assets and liabilities at the balance sheet date are translated into sterling at the rates of exchange ruling on that date. Exchange gains or losses on fixed asset investments are included within realised or unrealised gains or losses on investments. Other exchange movements are shown separately in the Group Income Statement.

4. The net asset value shown as at 31 August 2006 of 142.25p relates to group assets of £66,951,000 and on 47,065,467 shares in issue.

5. Annual General Meeting

The Annual General Meeting of International Biotechnology Trust plc will be held at 12 noon on 10 November 2006 at 31 Gresham Street, London, EC2V 7QA.

6. Annual Report and Accounts

The Annual Report and Accounts will be mailed to registered shareholders at their registered addresses in October 2006 and from the date of release copies of the Annual Report will be made available to the public at the Company's registered office, 31 Gresham Street, London EC2V 7QA.

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