

International Biotechnology Trust plc (the "Company")

Placing and Offer for Subscription of up to 40 million C Shares at 150 pence per C Share and related Notice of an Extraordinary General Meeting

On 16 November 2006 the Board announced that it was considering increasing the Company's size through an issue of C Shares in view of the Company's recent performance and the favourable long-term outlook for the biotechnology sector. The Board also announced on 16 November 2006 its intention to introduce a discount management policy to take effect following completion of the issue.

After further consideration of the Company's strategy, the Board has concluded that this is an appropriate time to seek to raise additional capital. Accordingly, the Board has today announced an issue of up to 40 million C Shares at an issue price of 150p each by way of a placing and offer for subscription.

The Board believes that the Issue has the following principal benefits:

- investors will be able to acquire the Ordinary Shares arising on Conversion free of restraints of market liquidity;
- the market capitalisation of the Company will increase following Conversion which could increase the liquidity of the Ordinary Shares;
- an increase in the size of the Company will enable it to spread its fixed operating expenses over a larger number of issued shares; and
- the timing is opportune for investing the proceeds of the Issue in accordance with the investment objective of the Company thereby providing the prospect of long-term capital growth.

Performance

The Company's results in the periods of six, twelve and 36 months to 3 January 2007 (being the latest practicable date before the publication of the prospectus), expressed in terms of NAV per Ordinary Share and Ordinary Share price and in comparison to the NASDAQ Biotechnology and Merrill Lynch Small Capitalisation Biotechnology indices (both sterling adjusted), are set out below.

	<i>6 months to 3 January 2007</i>	<i>12 months to 3 January 2007</i>	<i>36 months to 3 January 2007</i>
NAV per Ordinary Share	<i>10.66%</i>	<i>20.52%</i>	<i>41.28%</i>
Ordinary Share price	<i>16.35%</i>	<i>39.09%</i>	<i>93.67%</i>
NASDAQ Biotechnology index	<i>0.43%</i>	<i>(11.35%)</i>	<i>(0.05%)</i>
(sterling adjusted)			
Merrill Lynch Small Capitalisation Biotechnology index	<i>0.79%</i>	<i>(12.50%)</i>	<i>(39.69%)</i>

(sterling adjusted)

(Sources: The Company's unaudited management accounts for the Company's NAV per Ordinary Share (as at 30 June 2006, 31 December 2005 and 31 December 2003) and Ordinary Share price; Bloomberg for the NASDAQ Biotechnology index; and Merrill Lynch Bio-Facts for the Merrill Lynch Small Capitalisation Biotechnology index)

In the 36 months to 3 January 2007, the NAV per Ordinary Share has increased by 41.28 per cent. and the Ordinary Share price has increased by 93.67 per cent. At the same time the NASDAQ Biotechnology and Merrill Lynch Small Capitalisation Biotechnology indices (both sterling adjusted) have fallen by 0.05 per cent. and 39.69 per cent. respectively.

As at close of business on 3 January 2007 (being the latest practicable date before the publication of the prospectus) the unaudited NAV per Ordinary Share was 154.90 pence.

Details of the C Share Issue

Placing and Offer

The Company is seeking to raise up to £60 million before fees and expenses by the issue of up to 40 million C Shares at an issue price of 150p per C Share pursuant to the Placing and the Offer for Subscription.

Cenkos Securities has agreed, pursuant to the Placing Agreement, to use all reasonable endeavours to obtain subscribers on a non-pre-emptive basis for C Shares at the Issue Price under the Placing. Applications under the Placing may be made for any amount subject to applications being for a minimum subscription amount of £1,500 and in multiples of £150.

C Shares are also being made available on a non-pre-emptive basis to Shareholders and other investors (other than certain Overseas Investors) through the Offer for Subscription. Applications under the Offer for Subscription may be made for any amount subject to applications being for a minimum subscription amount of £1,500 and in multiples of £150. There is no maximum limit on applications, but priority will be given to applications from Ordinary Shareholders who are entered on the register on 3 January 2007. In the event that the Issue is oversubscribed, other investors will be scaled back to the extent necessary and if the Issue remains oversubscribed after such investors have been scaled back in full, Ordinary Shareholders will be scaled back as required pro rata to their holdings of Ordinary Shares on 3 January 2007. The Company will notify investors of the number of C Shares in respect of which their application has been successful and the results of the Issue will be announced by the Company through a Regulatory Information Service.

Application has been made to the UK Listing Authority and to the London Stock Exchange for all the C Shares of the Company which are the subject of the Issue to be admitted to the Official List and to trading on the London Stock Exchange's market for listed securities. The C Shares will be admitted to the CREST system and therefore investors will be able to hold C Shares in either certificated or uncertificated form. It is expected that Admission will become effective and that dealings in the C Shares will commence on 12 February 2007.

C Share portfolio and method of Conversion

The Net Proceeds will be managed as a separate pool until Conversion. Pending full investment in accordance with the Company's investment policy, the Net Proceeds of the Issue will be held in short term money market instruments (such as gilts or treasury bonds), money market funds and/or in cash and/or invested in investments linked to the NASDAQ Biotechnology Index. In the absence of force majeure circumstances, the Conversion Ratio for the C Shares into the Ordinary Shares will be calculated as at close of business on the NAV Calculation Date on or immediately preceding the earlier of the date falling six months after Admission and the date on which 85 per cent. of the Net Proceeds have been invested or committed to be invested as notified to the Directors by the Manager. Once the Conversion Ratio has been calculated (which may take up to 20 Business Days), the C Shares will convert into Ordinary Shares on the basis referred to below.

The Conversion Ratio will be the NAV per C Share divided by the NAV per Ordinary Share as at the Calculation Time. The NAV per C Share and NAV per Ordinary Share will reflect an appropriate allocation between holders of C Shares and Ordinary Shareholders, as determined by the Directors, of the Company's income less accrued liabilities and expenses, including any accrual of the Manager's performance fee as at the NAV Calculation Date. Holders of C Shares will receive such number of new Ordinary Shares as results from applying the relevant Conversion Ratio to their holdings of C Shares at the time of Conversion. Fractions of Ordinary Shares arising on Conversion will not be issued to holders of C Shares but will be sold for the benefit of the holders except that sale proceeds (net of expenses) which do not exceed £5 may be retained for the benefit of the Company.

The C Shares will carry rights to dividends out of the profits available for distribution arising from assets attributable to the C Shares, although no dividends are expected to be paid on the C Shares. This does not represent a profit forecast. The C Shares will also carry full voting rights. The consent of the holders of the C Shares as a class will not be required to approve, and accordingly the special rights attached to the C Shares will not be deemed to be varied by, any purchase by the Company of any of its issued Ordinary Shares prior to Conversion. Holders of C Shares will be entitled to participate in a winding up of the Company or on a return of capital. The Ordinary Shares arising on Conversion of the C Shares will rank pari passu with the Ordinary Shares then in issue save that they will not rank for any dividend declared by reference to a record date falling on or before the Conversion Time. No dividend has been paid on the Ordinary Shares currently in issue and nor does the Company expect to pay dividends for the foreseeable future on Ordinary Shares. This does not represent a profit forecast.

Benefits of C Shares

The issue of further equity in the form of C Shares is designed to overcome the potential disadvantages for both existing and new investors that would arise out of a conventional fixed price issue of further Ordinary Shares for cash. In particular:

- the investments from time to time representing the proceeds of the Issue will be accounted for as a separate pool of assets until Conversion. Since it is intended that the C Share pool will be at least 85 per cent. invested or committed to be invested before the date falling six months after the date of Admission, it is expected that holders of existing Ordinary Shares will not be exposed to a portfolio containing substantial amounts of uninvested cash;
- the NAV per Ordinary Share will not be diluted by the expenses associated with the Issue, which will be borne by the subscribers for C Shares; and
- the basis upon which the C Shares will convert into Ordinary Shares is such that the number of Ordinary Shares to which holders of C Shares will become entitled will reflect the relative investment performance and value of the separate pool of additional capital attributable to the C Shares raised pursuant to the Issue up to the Calculation Time as compared to the Net Asset Value attributable to the existing Ordinary Shares at that time. As a result, neither the NAV per Ordinary Share nor the NAV per C Share will be adversely affected by Conversion.

Share buybacks and discount management policy

The current buyback authority, granted at the Company's annual general meeting held on 10 November 2006, is utilised at the absolute discretion of the Board. During the year ended 31 August 2006, the Company purchased 750,000 of its Ordinary Shares for cancellation, equal to approximately 1.6 per cent. of the Ordinary Shares in issue as at 1 September 2005, at a discount of approximately 6 per cent. of the NAV per Ordinary Share. Demand in the market for the Ordinary Shares has subsequently been such that the Company has not purchased any further Ordinary Shares.

As announced on 16 November 2006, following completion of the Issue, the Company will seek to maintain the discount to the net asset value per share at which the C Shares and the Ordinary Shares are quoted on the London Stock Exchange at no greater than 8 per cent. Given the nature of the Company's portfolio, and the need for the Manager to have access to any available cash for investment opportunities and any changes in general market conditions and/or peer group company ratings, it will be necessary for the Board to review this target discount level from time to time and to maintain the same at either a narrower or wider level as appropriate.

Shareholder approval

A Prospectus, including a Circular, convening an extraordinary general meeting of the Company, to be held at 3.00 p.m. on 7 February 2007 at 31 Gresham Street, London EC2V 7QA, will be posted to Shareholders today.

Indicative Timetable

	2007
Offer for Subscription opens	12 January
Latest time and date for applications under the Offer	5:00 pm on 2 February
Latest time and date for commitments under the Placing	5:00 pm on 2 February
Latest time and date for receipt of proxies for the	
Extraordinary General Meeting	3:00 pm on 5 February
Extraordinary General Meeting	3:00 pm on 7 February
Allocations under the Issue announced	8 February
Admission of C Shares to the Official List	12 February
Dealings in C Shares commence	12 February
Crediting of CREST stock accounts in respect of C Shares	12 February
Share certificates in respect of the C Shares despatched	Week commencing 12 February

Publication of prospectus

The Prospectus and Circular dated 12 January 2007 relating to the Placing and Offer for Subscription of C Shares has been approved by the UK Listing Authority and is available for viewing at the Document Viewing Facility of the UK Listing Authority.

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