

## Active Biotech Sector Drives Performance Of International Biotechnology Plc

- M&A activity over the year boosts the portfolio, pushing NAV upwards
- Strong deal flow in unquoted sector and attractive public investment opportunities

**For immediate release – 2 October 2006:** M&A activity is currently a key driver of the biotech industry and has helped International Biotechnology Trust plc (IBT), the investment trust managed by SV Life Sciences ('SVLS') that invests in high growth, development stage biotechnology companies, boost returns over the past 12 months.

As IBT today reports its full year results it is clear that M&A activity in the portfolio has been pivotal to the increased net asset value (NAV) per share. The sector has seen large pharmaceutical companies acquiring or merging with smaller biotech companies in an attempt to bring in-house the innovation these companies possess. In May Merck acquired GlycoFi (held in IBT's unquoted portfolio) and IBT **realised a profit nine times the initial investment** in the same year as the initial investment adding £8.4m to NAV – or 15p per share\*.

**Andy Smith, Investment Manager at IBT, said:** "The biotech sector hasn't been this exciting in a long while – at least not with an abundance of M&As. In fact, we are witnessing M&A activity overtaking IPOs – right now the former is seen as the primary exit option. The vast activity across the sector has provided many great investment opportunities and IBT itself has seen gains from exits in the unquoted portfolio.

With valuations so low the big pharma companies are seizing the opportunity to acquire productivity and expertise, rather than build these areas itself. It certainly makes sense and with carefully chosen stocks in the IBT portfolio, the trust is already reaping excellent returns.

**Andy said:** “The biotech industry has shown itself to be more productive than the pharma industry in terms of NDAs approved for dollars spent. In 2005 there were 50 per cent more drugs approved from the biotech industry versus those approved from the pharma industry, yet the biotech R&D budget represents less than one third of the pharma industry R&D budget. “

The performance of the fund has demonstrated that within a high risk environment a portfolio approach offers investors exposure to a sector with very exciting long-term prospects and with less risk than owning shares in one individual biotech company. This year both IBT’s quoted and unquoted portfolios outperformed the NASDAQ biotech index and its peer group.

**Andy continued:** “We are pleased with the performance of the fund over the past 12 months and look forward to the year ahead with strong deal flow in unquoted sector and attractive public investment opportunities.”

**- ENDS -**

**For further information please contact:**

Andy Smith

Investment Manager, IBT

Tel: 020 7421 7067

Amy Fisher / Charlotte Edgar

Lansons Communications

Tel: 020 7490 8828

**Notes to editors:**

\* 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.

**About IBT**

The Company's investment objective is to achieve long term capital growth by investing in high growth, development stage biotechnology companies that are either quoted or unquoted. IBT invests in companies that are undervalued, with experienced management and strong potential upside through the development and/or commercialisation of a product, device or enabling technology.

**About SV Life Sciences**

SV Life Sciences™ ('SVLS'), previously known as Schroder Ventures Life Sciences, is a life sciences focused venture capital adviser and manager. SVLS advised funds invest in companies requiring funding within the human life sciences sector including biotechnology and pharmaceuticals, medical devices and instruments, healthcare IT and services. SVLS was established in 1993 and currently has offices in Boston, London and San Francisco.