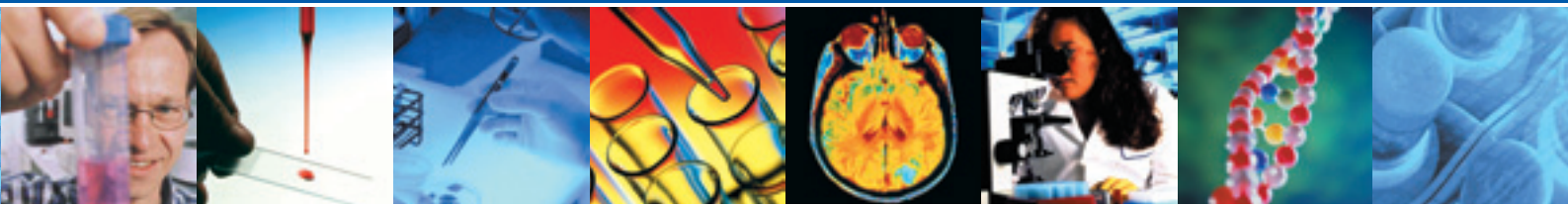


INTERNATIONAL BIOTECHNOLOGY TRUST PLC

Interim Report

Six months ended 28 February 2003



The investment objective of the Company is to achieve long term capital growth by investing in high growth, development stage biotechnology companies that are publicly listed or approaching flotation or trade sale. IBT invests in companies that are undervalued, with experienced management and strong potential upside through the commercialisation of a product, device or enabling technology.

Administration, Contents and Directors



ADMINISTRATION

Registered Office

31 Gresham Street, London EC2V 7QA.
(Registered Number 2892872, England).

Investment Manager and Secretary

Schroder Investment Management Limited,
31 Gresham Street, London EC2V 7QA.
Telephone 020 7658 3206

Investment Adviser

Schroder Ventures Life Sciences Advisers (UK) Limited,
71 Kingsway, London WC2B 6ST.
Telephone: 020 7421 7070

Bankers

Schroder & Co,
31 Gresham Street, London EC2V 7QA.

Custodian

JP Morgan Chase plc,
100 Wood Street, London EC2V 7EN.

Auditor

KPMG Audit Plc,
8 Salisbury Square, London EC4Y 8BB.

Registrar

Lloyds TSB Registrars Scotland,
PO Box 28448, Finance House, Orchard Brae,
Edinburgh EH4 1WQ.

Stockbroker

UBS Warburg,
1 Finsbury Avenue, London EC2M 2PP.

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1

DIRECTORS

Andrew Barker (Chairman)
Alan Clifton
Peter Collacott
Alex Hammond-Chambers
Ian Macgregor

Financial Highlights

Six months to 28 February 2003



	28 February 2003 unaudited	31 August 2002 audited	%
			Change
Shareholders' funds (£'000)	40,690	47,895	(15.0)
Shares in issue ('000)	48,615	48,615	
Net Asset Value per share	83.7p	98.5p	(15.0)
Share price	55.5p	76.5p	(27.5)
Discount to Net Asset Value	(33.7)%	(22.3)%	
Index performance			
Nasdaq Biotech Index (\$)	479.4	489.3	(2.0)
Nasdaq Biotech Index (£)	304.4	316.3	(3.8)
Bloomberg UK Biotech Index (£)	23.0	33.5	(31.4)

Chairman's Statement



PERFORMANCE

During the six months to 28 February 2003, net asset value ('NAV') per share fell 15.0% from 98.5p to 83.7p which compares to a fall in the NASDAQ Biotechnology Index of 3.8% in sterling terms and a fall in the Bloomberg UK Biotechnology Index of 31.4%.

Market conditions in the biotech sector have been extremely difficult for investors despite encouraging news from some companies. In spite of this, the NASDAQ Biotechnology Index has held up reasonably well, largely due to the good relative performance of the shares of the larger, later stage and profitable companies in the Index. The smaller, earlier development stage companies, where IBT has a greater exposure, and which we believe have exciting longer term prospects, have continued to fall in value, which has negatively impacted the results. More details about our investments appear in the Investment Review. As I mention below, overall the unquoted investments have continued to make good progress and their valuations have not been changed during the period under review. At the end of February 2003 unquoted investments represented 55% of NAV.

SHARE PRICE AND BUYING BACK SHARES

In this difficult stock market environment discounts to net asset value across biotechnology investment trusts have continued to widen and the share price of International Biotechnology Trust plc fell by 27.5% from 76.5p to 55.5p, leaving the shares selling at a discount to NAV of 33.7% at the end of the period. To date, the Board has not utilised the authority given to them at the Annual General Meeting in December 2002 to purchase shares. Your Board will continue to review the situation on a regular basis. Our decision will be influenced by the market conditions at the time, the discount to net asset value and availability of stock.

OUTLOOK

We believe that the fundamentals of the biotech sector remain compelling with favourable economics for new product launches for unmet medical needs and broader, more mature product pipelines. Recent acquisitions and

licensing deals continue to demonstrate the importance of biotechnology products to the pharmaceutical industry, with increasing competition for the best drug candidates giving biotech companies the upper hand in negotiations.

At the same time we should recognise that it is unlikely that share prices within the biotech sector will show a lasting improvement without a better stock market environment. I would like to emphasise the point made in the Investment Review, namely that most of the companies in our portfolio continue to make good progress in the development of their businesses, thereby building longer term shareholder value. The timing of the stock market upturn remains hard to predict, but I do believe that in time the progress made by our portfolio companies will be reflected in higher share prices and an increase in IBT's NAV per share. In a sector where the development times for businesses are quite extended, the importance of taking a long term view should be stressed.

Andrew Barker
Chairman

Investment Review



MARKET OVERVIEW

Market conditions have remained weak, with poor economic numbers and the war in Iraq weighing heavily on investor sentiment. More volatile sectors such as biotech remain out of favour and within the sector investors are focusing attention on the larger, later stage and profitable companies, with little value being attributed to smaller companies with earlier stage pipelines. This has left many of these companies trading at valuations below net cash levels. The IPO window remains closed and looks likely to remain so, at least for the remainder of this year.

Newsflow from the biotech sector during the period under review has been broadly encouraging. The profitable biotech companies have reported good earnings numbers and a further positive sign has been the ability of a number of companies to raise capital through secondary placings, although this has been largely restricted to companies with Phase III stage products.

The Food and Drug Administration ('FDA') has approved several new drugs in recent months including Biogen's Amevive for psoriasis and Trimeris' Fuzeon for HIV. Whilst it is too early to determine the impact of the appointment of the new FDA commissioner on the regulatory process, there are a number of promising drug candidates which are expected to come up for approval and potential launch in 2003, including portfolio company XOMA's Raptiva for psoriasis.

On the corporate partnering front there have been several interesting large deals between biotech and pharmaceutical companies, such as the deal between IBT portfolio company EyeTech and Pfizer, outlined in the Investment Review, and a similar deal between Neurocrine and Pfizer for a Phase III insomnia compound, Indiplon. These agreements clearly demonstrate the leverage that the biotech industry has over the pharmaceutical industry when negotiating later stage deals.

There has been some high profile mergers and acquisitions ('M&A') activity including the \$2.4 billion acquisition of Scios by Johnson & Johnson and the acquisition of Triangle Pharmaceuticals by Gilead for \$464 million. In both cases the purchases have helped to broaden out the pipelines of the acquirers. Two quoted portfolio companies, Corvas and 3-Dimensional Pharmaceuticals ('3DP'), were acquired during the period under review. Consolidation has also started to pick up in the UK, with the acquisition of Ribotargets by British Biotech and, at the time of writing, Celltech looking set to buy Oxford GlycoSciences.

PORTFOLIO NEWS

News from the portfolio companies has been generally positive, however the fall in share price of **Essential Therapeutics** has been disappointing, accounting for almost

one third of the 15.0% fall in NAV during the period. Essential has been delisted by NASDAQ because it does not meet the listing requirements of a minimum of \$10 million in stockholders equity. This is partly due to goodwill charges resulting from recent acquisitions, and partly due to charges resulting from the elimination of some early stage programmes. In August 2001, IBT participated in a \$60 million Series B convertible redeemable preference stock issue (which does not count towards the \$10 million minimum in stockholders equity). Following the delisting, holders of the Series B stock will have the right to redeem their stock and demand the return of the \$60 million. However Essential only had \$34 million in cash at the end of 2002, so it may be necessary for the company to initiate actions that could result in dissolution, insolvency or bankruptcy. These developments combined with poor market conditions for smaller companies have led to a collapse in the share price of the company. We remain strongly supportive of management and hope to find a solution to this difficult position.

There have also been a number of positive developments within portfolio companies during the six months under review. In the unquoted portfolio, **Auxilium** received marketing approval in the US for its testosterone replacement gel, Testim, and the product was launched in the US in February 2003. The company estimates that the market for testosterone replacement therapy could exceed \$2 billion by 2008, as awareness grows of the potential to treat many of the symptoms associated with low testosterone levels. **EyeTech** announced a co-development and co-marketing agreement with Pfizer for Macugen, its potential treatment for age-related macular degeneration and diabetic macular edema, both leading causes of blindness. Pfizer will fund most of the remaining development costs and will make an upfront payment of \$100 million, with a potential additional \$645 million in milestones based on regulatory submissions, approvals and sales levels. EyeTech has co-promotion rights in the US and Pfizer will market Macugen exclusively under a royalty-bearing license outside of the US. **Micromet** and **Novuspharma** announced an alliance to co-develop an anti-cancer antibody and **Sunesis** and Merck & Co. announced a drug discovery collaboration in the area of Alzheimer's disease.

Amongst the quoted companies, **Adolor** announced positive Phase III results for the use of Alvimopan in the reduction of constipation resulting from opioid use for pain relief in the post-operative setting. **Alexion** announced encouraging Phase II data in acute myocardial infarction patients, showing a reduction in mortality in those who had undergone primary angioplasty, despite missing the primary endpoint of the trial. **AnorMED** started a Phase II trial to evaluate a new agent in stem cell transplantation in cancer patients. **Atrix Labs** announced the approval and launch of their 4-month

Investment Review continued



prostate cancer product, Eligard. Johnson & Johnson announced the acquisition of **3DP** for \$130 million, and Dendreon made a bid for **Corvas**, worth \$73 million at the time of announcement. Both of these bids were at a premium of more than 80% to the market prices of the target companies before the announcements. **Inflazyme** expanded its collaboration with Aventis to develop novel therapeutics for respiratory diseases. **Epimmune** announced a preliminary agreement to merge with a private company called Anosys, which would bring in a novel delivery technology and broaden out its pipeline. **XOMA** reported encouraging Phase III data for Raptiva in psoriasis and filings for approval in the US and Europe.

News from **Weston Medical** and **Crucell** was less encouraging, with Weston announcing that manufacturing issues with its needle-free drug delivery device would delay launch by at least two years, which resulted in a collapse in the share price. **Crucell** had a difficult year, with rights to an antibody returned by Centocor and difficulty in signing new antibody deals. The company is now focusing on vaccine development and recently signed a deal with Aventis Pasteur.

OUTLOOK

Despite the poor share price performance of many smaller, biotech companies during the period, investee companies have generally made significant operational progress. Valuations of the smaller, earlier stage biotech companies continue to look attractive and this is where the investment focus of IBT remains.

INVESTMENT ACTIVITY

QUOTED COMPANIES

New investments were made in **Inspire** (£0.1 million), **Galen Holdings** (£0.2 million) and **XOMA** (£1.0 million).

Inspire is a US based company that discovers and develops new drugs to treat diseases involving impaired protection and cleaning of the body's mucosal surfaces and other non-mucosal disorders.

The company's lead compound, diquafasol, is for the treatment of dry eye, which affects approximately 30 million people worldwide. Diquafasol has completed Phase III trials and **Inspire** plans to file for approval in the US in mid 2003. If diquafasol is approved the company will co-promote the compound in the US with Allergan, in conjunction with Allergan's drug, Restasis. Restasis is the only currently approved treatment for dry eye and the combined market size for the two compounds is estimated to be \$1 billion.

Inspire has a broad, promising pipeline behind diquafasol with compounds in Phase III trials for allergic rhinitis and lung cancer diagnosis, and Phase II trials for cystic fibrosis and retinal detachment.

Galen Holdings is a UK headquartered specialist pharmaceutical company, although most of its sales are in the US. It is focused on women's health, dermatology and urology.

To date Galen has predominantly grown through in-licensing products from pharmaceutical companies, but further growth is also expected through line extensions of existing brands and its proprietary pipeline. Galen's first proprietary product, an intravaginal ring for delivery of hormone replacement therapy ('HRT'), was launched in the UK in 2001 and was recently approved in the US. Two recent deals have enhanced the company's position in women's health. In December 2002 Galen bought the US rights to the Eli Lilly drug Sarafem, which is approved for the treatment of pre-menstrual dysphoric disorder, and in March 2003 it agreed to buy two oral contraceptives, Estrostep and Loestrin, and the HRT treatment femhrt, from Pfizer.

XOMA was described in detail in the 2002 Annual Report. The company's lead candidate, Raptiva, is for the treatment of psoriasis and is partnered with Genentech. It has shown good efficacy in clinical trials with limited side effects and has a convenient once weekly, intravenous dosing schedule.

In December 2002, Genentech and **XOMA** filed for approval of Raptiva in the US and Genentech expects a response from the FDA in 2003. Serono is Genentech's marketing partner outside the US and Japan, and in February 2003 it announced that a marketing authorisation application had been filed in Europe.

A further £0.1 million was invested in **Adolor** (total investment £0.5 million) and £0.7 million in **Esperion Therapeutics** (total investment £0.8 million).

The holdings in **Arqule**, **Aspect Medical**, **3DP** and **Weston Medical** were sold in their entirety during the period, along with the remaining holding in **Corvas**.

Partial sales were made of holdings in **AnorMED**, **Ribozyme** and **Targeted Genetics**.

UNQUOTED COMPANIES

As discussed in the 2002 Annual Report the percentage of NAV invested in unquoted companies remains high and as a result no new unquoted investments were made during the period. In September 2002 a second tranche of £1.4 million (originally committed in August 2001) was invested in **Affibody** (total investment £2.7 million).

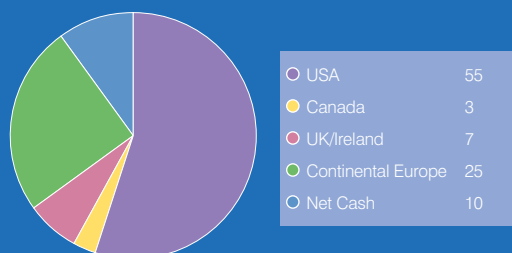
PORTFOLIO SUMMARY AT 28 FEBRUARY 2003

IBT has investments in 32 companies – 22 quoted companies (making up 35% of the NAV) and 10 unquoted companies (making up 55% of the NAV). The remaining 10% of the NAV is made up of cash, money market instruments and other net current assets.

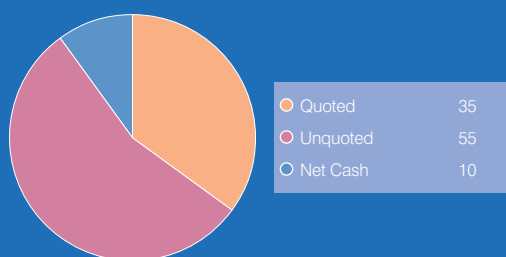
Investment Review continued



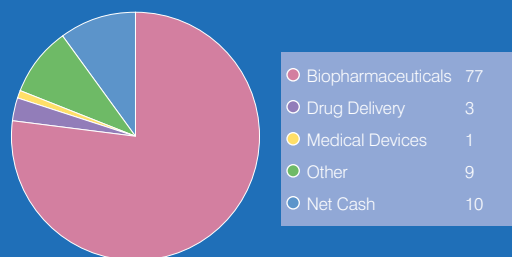
IBT: Investment by Geography (%)



IBT: Investment by Sector (%)



IBT: Investment by Sub Sector (%)



Net Cash is defined as Cash and other Current Assets less Current Liabilities.

A member of the Schroder Ventures Life Sciences (SVLS) team is on the Board of 10 of the 32 portfolio companies – Aderis Pharmaceuticals, Affibody, CancerVax, Epimmune, Essential Therapeutics, EyeTech Pharmaceuticals, Galen Holdings, Genosis, KuDOS Pharmaceuticals and Micromet.

In terms of the geographical split of the portfolio, 55% of the NAV is invested in the US, 3% in Canada, 7% in the UK/Ireland and 25% in Continental Europe. By sub-sector, 77% of the NAV is invested in biopharmaceuticals, 3% in drug delivery, 1% in medical devices, and 9% in other areas.

Analysing the investments by the stage of their most advanced product in drug development; six companies have products on the market, one has filed for approval, 10 are in Phase III trials, eight are in Phase I/II or Phase II, one is in Phase I and two are in pre-clinical development. Of the remaining four, one is in late stage testing for a diagnostic device and the other three are platform technology companies.

In terms of the cash positions of the portfolio companies, 21 have two or more years of cash, six have between one and two years of cash and five have less than a year of cash remaining.

VALUATIONS

The valuations of unquoted companies were unchanged during the period under review. To recap, Aderis, Affibody, Auxilium, CancerVax, EyeTech, Genosis, KuDOS and Sunesis are held at cost and Axxima and Micromet were written up in the year ended 31 August 2002 following financing rounds with prices set by new external investors. The carrying valuations of unquoted companies are reviewed weekly and incorporate consideration of the progress of the underlying company against milestones made at the time of investment and any upcoming need to raise capital.

Of the 22 quoted investments five are held at a discount to their mid market prices due to disposal restrictions, including SVLS presence on the Board and limited liquidity. The effect of these discounts was to reduce the valuation of the quoted investments by £0.5 million at 28 February 2003.

Ten largest Equity Holdings

at 28 February 2003



Company	Value of Holdings £'000	% of Shareholders' Funds	Country	Business Activity
1 Micromet*	3,606	8.86	Germany	Micromet develops novel drugs to empower the patients' immune system. The company's BiTE compounds ('Bispecific T cell engagers') combine the power of T cells with the selectivity of antibodies to specifically target diseased cells.
2 Sunesis Pharmaceuticals*	3,174	7.80	USA	Sunesis has developed and implemented novel technologies that reproducibly deliver high-affinity, small-molecule, non-peptidic ligands to important drug targets in a rapid time frame.
3 Aderis Pharmaceuticals*	3,174	7.80	USA	Aderis is engaged in small molecule drug development to treat central nervous system and cardiovascular disorders. The company's most advanced product candidate is in Phase III trials for Parkinson's disease.
4 EyeTech Pharmaceuticals*	3,174	7.80	USA	EyeTech's lead product Macugen is a potential treatment for the two leading causes of blindness in the adult population, namely age-related macular degeneration ("AMD") and diabetic macular edema. Macugen is currently in pivotal Phase II/III clinical trials for AMD.
5 Affibody*	2,984	7.33	Sweden	Affibody is a leader in the field of combinatorial protein engineering and is using this cutting edge technology to create a new generation of antibodies called Affibodies: small, novel, robust ligands which can be engineered to bind to any desired target protein.
6 Axxima Pharmaceuticals*	1,995	4.90	Germany	An infectious disease, small molecule drug discovery company which seeks novel chemicals to block signal transduction pathways required by pathogens for their survival in the host.
7 CancerVax *	1,905	4.68	USA	CancerVax's lead product candidate, CANVAXIN, is a therapeutic cancer vaccine in Phase III clinical trials for the treatment of advanced stage melanoma, a disease with few effective or well-tolerated treatments.
8 Forest Laboratories	1,771	4.35	USA	Forest Labs is a specialty pharmaceutical company that develops, manufactures and sells both branded and generic forms of pharmaceutical products.
9 OSI Pharmaceuticals	1,408	3.46	USA	OSI's lead compound is a small molecule anti-cancer compound called Tarceva. It is in Phase III trials for non-small cell lung cancer and pancreatic cancer and is partnered with Genentech and Roche.
10 KuDOS Pharmaceuticals*	1,400	3.44	UK	KuDOS is a leader in the discovery and development of novel small molecule drugs that inhibit DNA repair enzymes and signalling pathways for the treatment of cancer. The company's lead compound, Patrín, is in Phase II trials for metastatic melanoma.
	24,591	60.42		

*Unquoted investments

Statement of Total Return



	For the six months ended 28 February 2003 (unaudited)		
	Revenue £'000	Capital £'000	Total £'000
Losses on sale of investments	–	(6,698)	(6,698)
Exchange gains/(losses) on currency balances	–	1	1
Income	58	–	58
	58	(6,697)	(6,639)
Administrative expenses (note 2)	(566)	–	(566)
Deficit before taxation	(508)	(6,697)	(7,205)
Taxation	–	–	–
Deficit on ordinary activities after taxation	(508)	(6,697)	(7,205)
Deficit per ordinary share (note 3)	(1.04)p	(13.78)p	(14.82)p

The revenue column of this statement is the profit and loss account of the Company.
All revenue and capital items in the above statement derive from continuing activities.

The notes on page 12 form an integral part of these financial statements.

Statement of Total Return continued



For the six months ended 28 February 2002 (unaudited)			For the year ended 31 August 2002 (audited)		
Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
–	(22,510)	(22,510)	–	(49,532)	(49,532)
–	169	169	–	(28)	(28)
147	–	147	278	–	278
147	(22,341)	(22,194)	278	(49,560)	(49,282)
(777)	–	(777)	(1,562)	–	(1,562)
(630)	(22,341)	(22,971)	(1,284)	(49,560)	(50,844)
–	–	–	–	–	–
(630)	(22,341)	(22,971)	(1,284)	(49,560)	(50,844)
(1.30)p	(45.95)p	(47.25)p	(2.64)p	(101.94)p	(104.58)p

Balance Sheet



	As at 28 February 2003 (unaudited) £'000	As at 28 February 2002 (unaudited) £'000	As at 31 August 2002 (audited) £'000
Fixed assets			
Investments	36,637	65,291	43,584
Current assets			
Debtors	45	86	153
Investments (note 4)	1,924	7,786	1,889
Cash at bank and short-term deposits	2,474	3,005	2,912
	4,443	10,877	4,954
Current liabilities			
Creditors: amounts falling due within one year	390	400	643
Net current assets	4,053	10,477	4,311
Net assets	40,690	75,768	47,895
Capital and reserves			
Called up share capital	12,154	12,154	12,154
Capital redemption reserve	10,843	10,843	10,843
Share purchase reserve	67,083	67,083	67,083
Capital reserve	(40,875)	(6,959)	(34,178)
Revenue reserve	(8,515)	(7,353)	(8,007)
Equity shareholders' funds	40,690	75,768	47,895
Net asset value per share (note 5)	83.70p	155.85p	98.52p

The financial statements were approved by the Board of Directors on 19 May 2003.

The notes on page 12 form an integral part of these financial statements.

Cash Flow Statement



	For the six months ended 28 February 2003 (unaudited) £'000	For the six months ended 28 February 2002 (unaudited) £'000	For the year ended 31 August 2002 (unaudited) £'000
Operating Activities			
Dividend income received	1	–	–
Current asset investment income received	8	63	256
Income from directorships	7	–	–
Deposit interest received	9	16	27
Management fee paid	(319)	(389)	(852)
Other cash payments	(264)	(387)	(729)
Net cash outflow from operating activities	(558)	(697)	(1,298)
Taxation			
UK income tax recovered	–	–	67
Tax recovered	–	–	67
Capital expenditure and financial investments			
Purchase of investments	(4,134)	(15,654)	(25,579)
Sale of investments	4,253	15,076	19,816
Net cash inflow/(outflow) from capital expenditure and financial investment	119	(578)	(5,763)
Net cash outflow before management of liquid resources and financing	(439)	(1,275)	(6,994)
Management of liquid resources	–	(3,046)	2,777
Net cash outflow	(439)	(4,321)	(4,217)

The notes on page 12 form an integral part of these financial statements.

Notes to the Financial Statements



1. These financial statements have been prepared using accounting policies consistent with those used for the audited financial statements as at 31 August 2002.

The valuation policies of the Company are consistent with the current guidelines issued by the British Venture Capital Association ("BVCA").

Quoted investments are valued at mid-market price at the balance sheet date. If an investment is subject to restrictions affecting its disposal, a discount of generally between 5% and 25% to that price will be applied.

Unquoted investments are included at Directors' valuation, which will generally be cost. If the Company has concluded a significant financing round with a new investor (excluding strategic investors) at a higher valuation, the investment will be written-up. A provision will be taken if the performance of the Company is significantly below the expectations on which the investment was based.

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2. Administrative expenses include management fees of £292,000 (28 February 2002: £430,000; 31 August 2002: £804,000).

3. The revenue deficit per ordinary share is based on the net deficit on ordinary activities after interest payable and taxation of £508,000 (28 February 2002: deficit of £630,000; 31 August 2002: deficit of £1,284,000) and on 48,615,467 (28 February 2002: 48,615,467; 31 August 2002: 48,615,467) ordinary shares being the weighted average number of shares in issue during the period.

The capital deficit per ordinary share is based on the net capital deficit of £6,697,000 (28 February 2002: deficit of £22,341,000; 31 August 2002: deficit of £49,560,000); on 48,615,467 (28 February 2002: 48,615,467; 31 August 2002: 48,615,467) ordinary shares being the weighted average number of shares in issue during the period.

4. Short term investments at 28 February 2003 of £1,924,000 are made up entirely of a holding in the Liberty International Money Fund, listed on the Dublin Stock Exchange.

5. The basic net asset value per share is based on 48,615,467 (28 February 2002 and 31 August 2002: 48,615,467) shares in issue and on £40,690,000

(28 February 2002: £75,768,000 and 31 August 2002: £47,895,000) net assets attributable to ordinary shares.

6. The results for the six months to 28 February 2003 and 28 February 2002, which are unaudited, constitute non-statutory accounts within the meaning of Section 240 of the Companies Act 1985. The latest audited accounts which have been delivered to the Registrar of Companies are for the year ended 31 August 2002. The report of the auditors thereon was unqualified and did not contain a statement under Section 237 (2) or (3) of the Companies Act 1985. The abridged financial statements shown above for the year ended 31 August 2002 are an extract from the published accounts.

Independent Review Report by KPMG Audit Plc



TO THE MEMBERS OF INTERNATIONAL BIOTECHNOLOGY TRUST PLC

INTRODUCTION

We have been engaged by the company to review the financial information set out on pages 8 to 12 and we have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the Listing Rules of the Financial Services Authority. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

DIRECTORS' RESPONSIBILITIES

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where they are to be changed in the next annual accounts in which case any changes, and the reasons for them, are to be disclosed.

REVIEW WORK PERFORMED

We conducted our review in accordance with guidance contained in Bulletin 1999/4: "Review of interim financial information" issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review is substantially less in scope than an audit performed in accordance with Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

REVIEW CONCLUSION

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 28 February 2003.

KPMG Audit plc
Chartered Accountants
Registered Auditor
London

19 May 2003

Classification of Investments by Sector

at 28 February 2003



	£'000	%
Equities – USA		
Biopharmaceuticals	17,306	47.2
Drug delivery	1,173	3.2
Medical Devices	521	1.4
Other	3,453	9.5
Equities – Canada		
Biopharmaceuticals	1,364	3.7
Equities – UK & Ireland		
Biopharmaceuticals	2,671	7.3
Equities – Continental Europe		
Biopharmaceuticals	10,149	27.7
Total	36,637	100.0

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Classification of Investments by Geographical Region

at 28 February 2003

	£'000	%
Equities – USA		
Quoted	9,870	27.0
Unquoted	12,583	34.3
Equities – Canada		
Quoted	1,364	3.7
Equities – UK & Ireland		
Quoted	1,271	3.5
Unquoted	1,400	3.8
Equities – Continental Europe		
Quoted	1,563	4.3
Unquoted	8,586	23.4
Total	36,637	100.0

Company Summary



THE COMPANY

International Biotechnology Trust plc is an investment trust listed on the London Stock Exchange. It is an independent investment trust managed by Schroder Investment Management Limited, advised by Schroder Ventures Life Sciences Advisers (UK) Limited and administered by Schroder Investment Management Limited.

Investment trust companies are able to switch investments without liability for capital gains tax. This, together with the advantages of professional management and spread of risk, makes investment trusts a valuable investment medium.

The Articles of Association of the Company contain provisions requiring the Directors to put a proposal for the continuation of the Company to Shareholders at the Company's Annual General meeting in the year 2003 and thereafter at two yearly intervals.

PRICE INFORMATION AND INTERNET

The Company's shares are listed on the London Stock Exchange. The prices of the shares are quoted daily in the Financial Times, The Daily Telegraph and The Times.

The Company maintains a Web Site, which is located at www.internationalbiotrust.com. The Site includes details of investee companies, copies of recent Press Releases, information on the Board of Directors, the latest factsheet, net asset value and share price information and copies of the Annual Report and Interim Report.

The factsheet is updated monthly and is available to shareholders, in printed form, on request from the Secretary of the Company.

The Company releases its net asset value to the London Stock Exchange on a weekly basis.

CAPITAL GAINS TAX INFORMATION

The acquisition costs of the shares and warrants for capital gains tax purposes based upon initial dealings are as follows:

- for the benefit of those shareholders who acquired their holdings in the original Offer for Subscription, with initial dealings on 6 May 1994:

Each ordinary share of 25p each	92.38p
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- for the benefit of those shareholders who acquired their holdings in the first C share issue, with initial dealings on 21 March 1996:

Each ordinary share of 25p each	95.15p
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- for the benefit of those shareholders who acquired their holdings in the second C share issue, with initial dealings on 9 June 1997:

Each ordinary share of 25p each	97.75p
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ASSOCIATION OF INVESTMENT TRUST COMPANIES

The Company is a member of the Association of Investment Trust Companies, which produces monthly publications of detailed information on the majority of investment trusts. Copies of these publications can be obtained by subscription on application to the Association of Investment Trust Companies, Durrant House, 8-13 Chiswell Street, London EC1Y 4YY.

The aims of the Association are to protect and promote the interests of member companies and their shareholders by:

- taking specific action to safeguard and to improve the fiscal and regulatory regime for member companies and their shareholders
- improving investor awareness of investment trusts through education, publicity and the provision of reliable statistical and other information
- encouraging commitment to good practice and high professional standards in the industry.

SCHRODER INVESTMENT TRUST DEALING SERVICE

The Schroder Investment Trust Dealing Service provides a convenient and cost effective means of investing in the ordinary shares of the Company. The Service offers investors:

- a regular investment option from a minimum of £50 per month
- a lump sum investment option from a minimum of £1,000
- daily dealing
- competitive charges
- the option to reinvest income.

Other investment trusts which are available through this service are Schroder AsiaPacific Fund plc, Schroder Emerging Countries Fund plc, Schroder Income Growth Fund plc, Schroder Japan Growth Fund plc, Schroder Split Investment Fund plc, Schroder Split ZDP plc, Schroder UK Growth Fund plc and Schroder Ventures International Investment Trust plc.

Company Summary continued



INDIVIDUAL SAVINGS ACCOUNT – SCHRODER MAXI ISA PLAN

Schroders are providing a non CAT standard investment trust ISA, which includes International Biotechnology Trust plc. The investment trust ISA is designed as a maxi account, made up entirely of a stocks and shares component; a cash or insurance component is not offered. The Schroder ISA offers investors:

- lump sum investments in the ordinary shares of the Company from a minimum of £1,000 to a maximum of £7,000 in the current tax year
- a regular investment option from a minimum of £50 per month
- competitive charges
- the option to reinvest income
- the option to include other trusts.

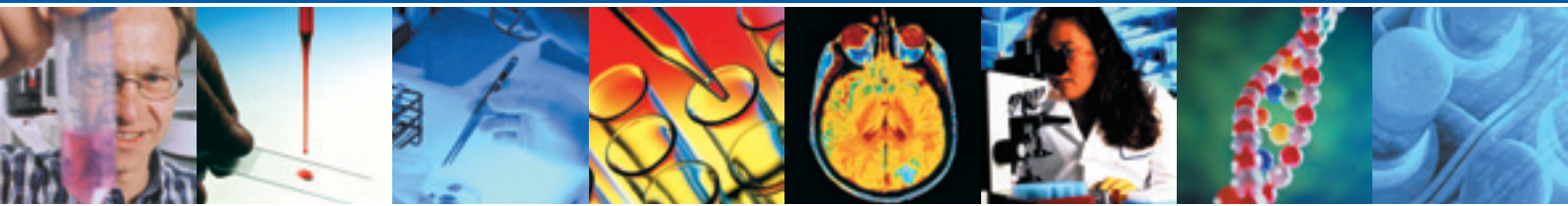
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If you would like further information about the Schroder Investment Trust Dealing Service or the Schroder Maxi ISA, please contact the Secretary of the Company at 31 Gresham Street, London EC2V 7QA or call Schroder Investor Services on freephone 0800 718 777.

REGISTRAR SERVICES

Communications with share holders are mailed to the address held on the register. Any notifications and enquiries relating to registered share holdings, including a change of address or other amendment should be directed to Lloyds TSB Registrars Scotland at PO Box 28448, Finance House, Orchard Brae, Edinburgh EH4 1WQ. The Helpline telephone number of Lloyds TSB Registrars is 0870 601 5366.

Lloyds TSB Registrars Scotland maintain a web-based enquiry service for shareholders. Currently the "Shareview" site (address below) contains information available on public registers. Shareholders will be invited to enter their name, shareholder reference (account number) and post code and will be able to view information on their own holding. Visit www.shareview.co.uk for more details.



For further information contact:

International Biotechnology Trust plc

31 Gresham Street

London EC2V 7QA

Telephone 020 7658 3206

www.internationalbiotrust.com