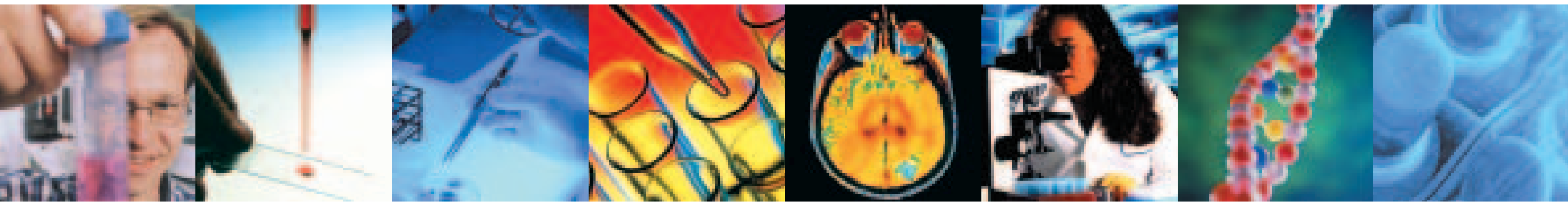
Schroder Ventures Life Sciences

INTERNATIONAL BIOTECHNOLOGY TRUST PLC

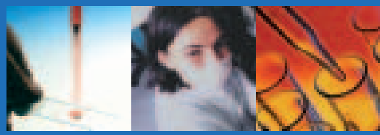
Interim Report

Six months ended 29 February 2004



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 under-valued, with experienced management and strong potential upside through the commercialisation of a product, device or enabling technology.

Administration, Contents and Directors



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CONTENTS

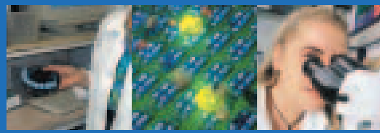
DIRECTORS

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

Further information on the Company may be found on the internet at:– **www.internationalbiotrust.com**

Financial Highlights

Six months to 29 February 2004



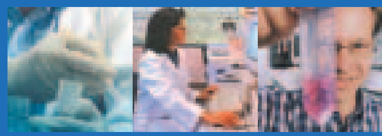
	29 February 2004 unaudited	31 August 2003 audited	% Change
Shareholders' funds (£'000)	**61,064**	53,931	+13.2
Shares in issue ('000)	**47,815**	47,815	
Net Asset Value per share	**127.71p**	112.79p	+13.2
Share price	**100.50p**	85.00p	+18.2
Discount to Net Asset Value	**(21.30)%**	(24.64)%	

Index performance

NASDAQ Biotech Index (£ adjusted)	(10.3)
*Merrill Lynch Small Cap Biotech Index (£ adjusted)	+3.0
Bloomberg UK Biotechnology Index (£)	+10.7

*(see note 7 on page 17 for further details).

Chairman's Statement



PERFORMANCE

I am pleased to report that, during the six months to 29 February 2004 there was an increase in the net asset value (NAV) per share of International Biotechnology Trust plc (IBT) of 13.2% from 112.8p to 127.7p, and an 18.2% rise in the share price from 85.0p to 100.5p. This increase, which builds on the rise of 14.5% in NAV per share during the year to 31 August 2003, compares with a fall in the NASDAQ Biotech Index (NBI) over the same period of 10.3%, a rise in the Merrill Lynch Small Cap Biotech Index (MLSCI) of 3.0% and a 10.7% increase in the Bloomberg UK Biotechnology Index (BUBI), all in sterling terms. Over the six months under review the discount of the share price to NAV narrowed from 24.6% to 21.3% and at the time of writing, the discount is 22.0%.

A number of biotech initial public offerings (IPOs) have taken place in the US. I am delighted to report that two of IBT's unquoted holdings, CancerVax and Eyetech, have completed their IPOs during the period under review. Further details of these are given in the Manager's Review.

The increase in net asset value during the period was largely due to the outstanding performance of the holding in Eyetech. As at 13 April 2004, the date of the most recently published NAV, the investment in Eyetech comprised 16.8% of NAV. The holding is valued at a 25% discount to the current share price in accordance with BVCA guidelines.

The US Dollar was weak against other currencies and this had a significant impact on the sterling value of our overseas holdings. Whilst the situation is kept under regular review, it is not our current policy to hedge the currency exposure.

The performance of IBT's quoted portfolio calculated on a time-weighted return basis (assuming mid-month cash flows) showed a rise of 31.8%. On an unweighted basis (ignoring the timing of transactions) the return was 25.3%. These calculations include the changes in the discounted valuations of the CancerVax and Eyetech holdings since their respective IPOs. This performance compares with a rise in the MLSCI of 3.0%.

VALUATIONS

In the last annual report we outlined the basis of valuation of investments. We continue to use this policy in the interim report, which is to apply the Association of Investment Trust Companies' Statement of Recommended Practice (SORP) and the British Venture Capital Association (BVCA) Valuation Guidelines. Valuations are considered on an ongoing basis and information that impacts the valuation of a private company or the discount applied to an investment in a public company is incorporated into the valuation and if there is a material impact on NAV, then a new NAV is released to the market.

NEW DIRECTOR

I am pleased to announce that on 2 March 2004, Dr David Clough, aged 57, was appointed as a Director of the Company. He was Director of Research at Roche in the UK between 1986 and 1999. He was responsible for over 300 staff with departments covering chemistry, biology and pre-clinical development. During this time, two products discovered by staff in the research group under Dr Clough progressed to the market place, namely Inhibace and Invirase. Dr Clough has received several national and international awards for his role in the discovery of Invirase, including the UK and International Prix Galien, the PhRMA Discoverers Award and the UK Millennium Product Award.

Dr Clough is currently on the Board of Fulcrum Pharma PLC and on the Scientific Advisory Boards of Cambridge Antibody Technology, Anadys and Kinetique. He holds a PhD from Glasgow University.

SHARE BUY BACK

During the period ended 29 February 2004, the Directors have not purchased shares for cancellation and have not utilised the authority given to them at the last Annual General Meeting. When shares are available in reasonable volumes and at a high discount to net assets, we shall consider further purchases while maintaining sufficient liquidity for existing commitments and for making new investments.

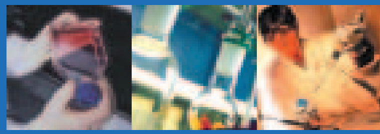
PROSPECTS

2003 was a good year for the biotech market with very positive newsflow from the sector. Underlying fundamentals remain strong with a number of new product launches, maturing product pipelines, access to capital and strong partnering interest from large pharmaceutical companies. However, investor expectations for the biotech sector are high and the biotech market is expected to continue to be volatile so a long term investment view is advised, in line with that of the Board. That said, we remain optimistic about the prospects for the IBT portfolio.

Andrew C Barker

Andrew Barker
Chairman
20 April 2004

Manager's Review



MARKET OVERVIEW

2003 was an excellent year for biotech. It was the best financing year for biotech since 2000, and sentiment was strong with good clinical data, a bumper number of new drug approvals and sales and earnings numbers that generally exceeded expectations. M&A activity continued and included the announcement of an acquisition of IBT portfolio company, Esperion, by Pfizer for $1.3 billion in December 2003. The outperformance of the MLSCI in comparison with the NBI illustrates the relative strength of the smaller biotech companies in comparison to their larger peers during the six months under review.

At 29 February 2004, 68% of net assets were invested in the US. The weakness in the dollar has dampened the returns from these investments to sterling-based investors.

A number of biotech companies have gone public in the US, including CancerVax and Eyetech from the IBT portfolio. These companies have tended to have compounds in late stage clinical trials and some are already generating sales. This is in contrast to the IPO boom of 2000 which was driven by the excitement of genomics rather than pipelines and revenues. In March 2004, Ark Therapeutics and Basilea Pharmaceutica completed the first biotech IPOs for a number of years, in the UK and continental Europe respectively.

While the IPO window for biotech has opened, the performance of these stocks in the aftermarket has been mixed. At the time of writing, the share price of Eyetech has risen more than 59% from its IPO price, while the share price of CancerVax is trading 15% below its IPO price.

The biotech indices were relatively weak in the fourth quarter of 2003 with profit taking by investors. However the sector rallied strongly at the start of 2004, and, at the time of writing, has largely recovered from a fall in March due to geopolitical concerns.

Expectations for the sector are higher now than at the start of the recent rally in mid 2002, and there is some room for disappointment going forward. Continuing financings may start to reverse the previously favourable supply demand balance and it seems unlikely that the broad based, outsized gains of 2003 will be repeated in 2004; performance is likely to be more selective and it may be difficult to repeat the amount of good newsflow that drove the sector higher in 2003.

Dr Mark McClellan has recently left his post as Commissioner of the US Food and Drug Administration (FDA). His record at the FDA has been impressive and he is credited with reducing drug candidate review times. His departure, however, is not expected to have a large impact on drug approvals. The current acting commissioner, Lester Crawford, served as acting commissioner before McClellan was appointed in late 2002.

At the time of writing there have been a number of regulatory approvals in the US in 2004 including the high profile drug candidate, Avastin from Genentech, for the treatment of first-line metastatic colorectal cancer. Regarding clinical data, Biogen IDEC and Elan Corporation announced plans to submit applications for the approval of Antegren for the treatment for multiple sclerosis in Europe and the US, based on one-year data from ongoing two-year Phase III trials, although this data has not yet been released. Consolidation has continued with the announcement from Amgen in March 2004 that it was acquiring the remaining shares of Tularik for $1.3 billion in stock.

OUTLOOK

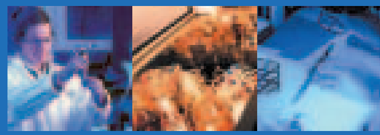
The fundamental backdrop for the biotech sector remains strong, although expectations are high. 2004 may bring more details on the impact of Medicare reimbursement changes, proposals for developing generic biologics and options expensing, which could impact the sector negatively. The sales launches of recently approved products and any trend in regulatory decisions by the FDA will be key drivers for the sector.

IBT's portfolio companies are making good overall progress and are generally well funded. Adolor expects to file for approval in the US for Entereg for the management of postoperative ileus late in the first half of 2004 and Eyetech plans to prepare and file for approval of Macugen in the third quarter of 2004 for the treatment of the wet form of age-related macular degeneration. In addition, Indevus expects that Trospium will be reviewed by the FDA in May of 2004 for overactive bladder, and OSI and alliance partners Genentech and Roche, are expected to report top-line Phase III data for Tarceva for the treatment of relapsed non-small cell lung cancer in the second quarter of 2004.

PORTFOLIO NEWS

In October 2003 **CancerVax** priced its IPO at $12 a share, raising net proceeds of approximately $66 million. IBT's holding was valued at £1.9 million at 29 February 2004 using a liquidity discount of 25% to the mid-market price ($12.25). This compares with a cost of £2.5 million. The company's

Manager's Review continued



lead product candidate, Canvaxin, is a therapeutic cancer vaccine and is currently being studied in two international Phase III clinical trials for the treatment of patients with Stage III or IV, or advanced-stage, melanoma.

In February 2004 **Eyetech** completed an IPO at $21 per share raising approximately $146 million before deducting offering expenses. Eyetech has reported results from the first year of Phase II/III pivotal clinical trials for the use of its drug candidate, Macugen, in the treatment of the wet form of age-related macular degeneration (AMD), in which the 0.3 mg dose met the primary clinical endpoint. Based on these results, Eyetech plans to prepare and file a New Drug Application (NDA) with the FDA in the third quarter of 2004 seeking marketing approval for the 0.3 mg dose for the treatment of all three subtypes of wet AMD. IBT's holding was valued at £11.9 million at 29 February 2004, using a liquidity discount of 25% to the mid-market price ($36.29). This compares with a cost of £3.4 million.

Aderis filed to go public in August 2003 but withdrew its registration statement in November 2003 due to prevailing market conditions and valuation. The company remains well-financed with more than a year of cash remaining at the time of writing. The company's partner, Schwarz Pharma, expects to file for marketing approval for the Parkinson's patch (Rotigotine CDS) in the third quarter of 2004 and the company's other partnerships with Fujisawa and King Pharmaceuticals are progressing well. King has initiated a pivotal Phase III trial with binodenoson for cardiac pharmacologic stress testing. Selodenoson IV is in development with Fujisawa Healthcare and has completed Phase II for heart rate control in patients with atrial fibrillation. The CEO left the company in the first quarter of 2004 to pursue other interests and a search has been initiated for his replacement.

In December 2003, Pfizer announced that it had entered into an agreement to acquire IBT portfolio company **Esperion**, for $1.3 billion, at a price of $35 per share. This price represented a 54% premium over Esperion's average closing share price during the prior 20 trading days. The acquisition of Esperion brings Pfizer a novel approach to the emerging area of high density lipoprotein (HDL) therapy and reverse lipid transport for the acute treatment of cardiovascular disease. The cost of IBT's holding in Esperion at 31 August 2003 was £0.5 million and the investment was sold for £2.9 million during the period under review.

In 2003, **Essential** won court approval to bring it out of Chapter 11 with its plan of reorganisation. The effect of this was to turn Essential (renamed Trine Pharmaceuticals), into a private company owned by the former preferred stockholders and management. The newly formed private company had cash of $12 million in March 2004. This cash is being used to fund a small clinical and business development team searching for drugs to in-license. The holding in Trine was valued at £0.8 million at 29 February 2004.

In October 2003 the FDA approved **Forest Labs'** drug candidate, Namenda, for the treatment of moderate to severe Alzheimer's disease. Namenda was launched in the US in January 2004.

Nektar is the developer of the inhalation device and formulation of insulin for a version of inhaled insulin called Exubera. Exubera is being developed for patients with type 1 and type 2 diabetes through a collaboration between Pfizer and Aventis. In March 2004, Nektar reported that Pfizer and Aventis had announced that the European Medicines Evaluation Agency had accepted the filing of a marketing authorisation application for Exubera. Pfizer and Aventis have been working with the FDA to determine the appropriate timing for submission of the Exubera NDA in the US.

In October 2003 Genentech and **XOMA** announced that Raptiva had been approved by the FDA for the treatment of chronic moderate-to-severe plaque psoriasis. Genentech launched Raptiva in November 2003 in the US. In March 2004 preliminary results from a Phase II study of Raptiva in psoriatic arthritis patients showed that statistical significance was not reached for the primary endpoint of the trial. Despite the approval and launch of Raptiva in the US, XOMA shares have performed poorly during the period under review.

In January 2004 the investment in **Micromet** was written down to £1.7 million (as described in the valuation section) as a consequence of a contract dispute arising in connection with a collaboration agreement for the development of the company's anti-cancer antibody MT201 and consequent shortfall in 2004 income. The company announced a realignment of operations and reduced headcount from 135 to 90 employees. In February 2004, Micromet started a Phase II study with MT201 in prostate cancer patients and in March 2004, a Phase II trial was initiated in breast cancer patients. In March 2004 Christian Itin was promoted from Chief Business Officer to the position of Chief Executive Officer (CEO). He succeeded Erich Felber, who is a co-founder of Micromet and had served as CEO since

Manager's Review continued

inception. Erich Felber stays an active member of the Executive Board and continues to serve as President.

In February 2004 the holding in **Axxima** was written down to zero due to lack of progress in the company's programs (see details in the valuation section).

In December 2003 **Inspire** announced that the FDA had issued an approvable letter for the company's drug candidate, diquafasol, for the treatment of dry eye. The FDA has requested that Inspire provide data from an additional clinical study. The company plans to initiate a new study as quickly as possible.

In October 2003 **OSI** announced that two first-line Phase III studies of Tarceva, in combination with chemotherapy, in metastatic non-small cell lung cancer (NSCLC) did not meet their primary endpoints of improving overall survival. Although the results were disappointing, investors were not completely surprised based on the previous failure of a similar compound in this setting, and the share price was little changed on the day of the announcement. Tarceva is being evaluated in a clinical development program together with alliance partners, Genentech and Roche. Top-line data are expected to be reported in the second quarter of 2004 from a Phase III trial testing monotherapy Tarceva in a relapsed NSCLC setting.

During the reporting period, **Adolor** reported data from a fourth Phase III trial for Entereg (formerly known as alvimopan), for the management of postoperative ileus. The results from this study did not meet the primary endpoint of the trial. In two of the other Phase III trials, at least one of the dose levels used did met the primary endpoint. The remaining Phase III trial had safety as its primary objective and showed that Entereg was generally well tolerated. Entereg has received Fast Track designation from the FDA for this indication, and Adolor plans to file for regulatory approval in the US for Entereg late in the first half of 2004.

In November 2003 **Celltech** announced that Pfizer wanted to renegotiate the financial terms of a collaboration surrounding CDP 870, Celltech's PEGylated anti-TNF-alpha antibody fragment, in development for Crohn's disease and rheumatoid arthritis. In December 2003 the rights were returned to Celltech. In March 2004 the company announced that it was in discussions with a view to securing a new collaboration partner. Celltech also announced preliminary results from the first Phase III trial in rheumatoid arthritis, showing that the study met its primary endpoint.

PORTFOLIO SUMMARY AT 29 FEBRUARY 2004

IBT has investments in 33 companies – 24 quoted companies (representing 65.6% of NAV) and nine unquoted companies (comprising 21.9% of NAV). The remaining 12.5% is made up of cash, money market instruments and other net current assets.

Since the end of the period under review, cash has been invested into a follow-on investment in Genosis (£0.4 million) and new investments have been made in the unquoted companies Archemix and Dynogen (at the time of writing £0.9 million has been invested out of a total planned investment of £1.9 million).

Members of Schroder Ventures Life Sciences (SVLS) sat on the Boards of nine of the 33 portfolio companies at the end of the period under review – Aderis, Affibody, CancerVax, Eyetech, Galen, Genosis, KuDOS, Micromet and Trine. Since the period end, members of SVLS have taken board seats on both Archemix and Dynogen.

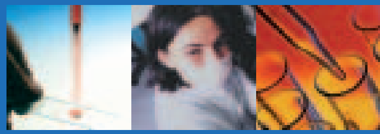
In terms of the geographical split of the portfolio, at 29 February 2004, 67.5% of NAV was invested in the US, 5.2% in Canada, 7.3% in the UK/Ireland and 7.5% in Continental Europe. By sub-sector, 76.6% of NAV was invested in biopharmaceuticals, 5.6% in drug delivery, 0.9% in medical devices and 4.4% in other areas. The remaining 12.5% is made up of cash, money market instruments and other net current assets.

Analysing the investments by the stage of their most advanced product in drug development; nine companies have a product on the market, one has filed for regulatory approval, eleven are in Phase III trials, six are in Phase II or Phase I/II, and two are at a preclinical stage. Of the remaining four, one has completed testing for a diagnostic device and the other three are platform technology companies.

In terms of the cash positions of the portfolio companies, it is estimated that at 29 February 2004, nine have two or more years of cash remaining (23% of net assets less cash and money market instruments), twenty-one have between one and two years of cash remaining (73% of net assets less cash and money market instruments) and three have less than a year of cash remaining (4% of net assets less cash and money market instruments).

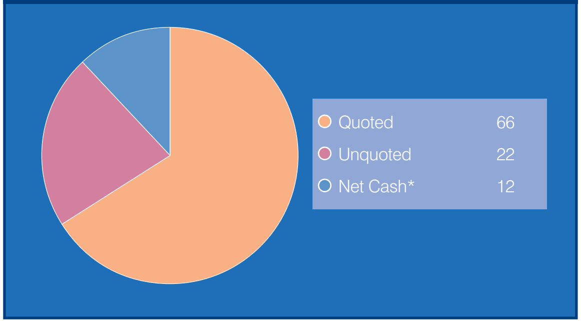
The companies with less than a year of cash at the end of the period under review are Axxima, Genosis and Micromet. The investment in Axxima has been written down to zero, Genosis has raised £0.4 million since 29 February 2004 in order to

Manager's Review continued

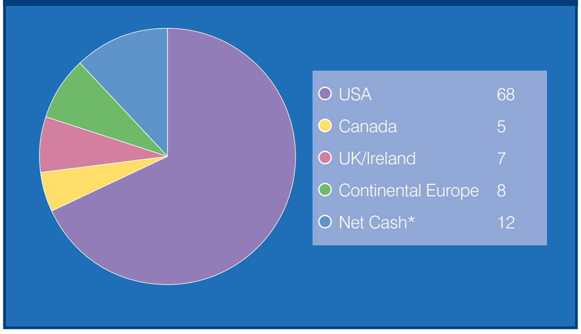


provide further working capital and Micromet is exploring strategic and fundraising options.

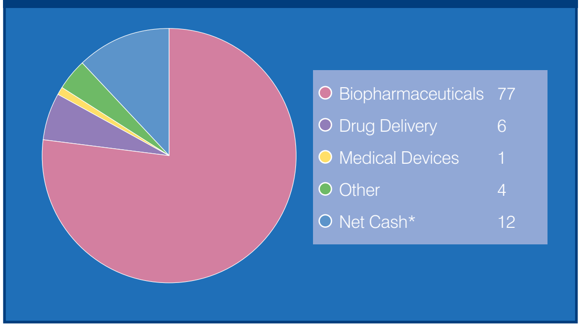
Unquoted/Quoted Split (% NAV) as at 29 February 2004



Geographical Split (% NAV) as at 29 February 2004



Sector Split (% NAV) as at 29 February 2004



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

VALUATION

At 29 February 2004 IBT's unquoted portfolio (value £13.4 million) represented 21.9% of net assets, down from 42.1% at the end of the previous financial year (value £22.7 million). As CancerVax and Eyetech are both now public companies, the percentage of NAV in unquoted investments has been reduced. The total carrying value of these two investments was £5.3 million at 31 August 2003. Follow on investments in Genosis and Auxilium added £0.3 million to unquoted investments during the reporting period.

During the six months under review the net effect of the change in the Directors' valuations of unquoted companies was a reduction in NAV for the period of £2.8 million. This represents 5% of net assets as at 31 August 2003.

In January 2004 the valuation of Micromet was written down by £1.9 million (carrying value at 31 August 2003 £3.7 million) representing 50% of the cost of the investment in Euro terms (cost £3.1 million). At 29 February 2004 the investment was valued at £1.7 million. A currency loss of £0.1 million accounts for the balance in the change of the valuation of the investment during the reporting period. In February 2004 the holding in Axxima was written down by £0.9 million to zero (cost £1.4 million and carrying value at 31 August 2003 £0.9 million).

Currency losses decreased the valuation of the unquoted portfolio by £1.5 million during the period under review.

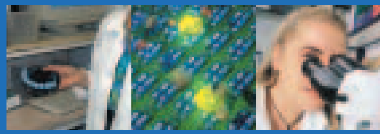
At 29 February 2004 the holdings in Aderis, Affibody, Auxilium, Genosis, KuDOS and Sunesis were held at cost (total value £10.9 million), the investments in Trine and Micromet were written down from cost (total value £2.5 million) and the holding in Axxima was held at zero. This equates to 81.3% of the unquoted portfolio held at cost and 18.7% written down (calculated by value). The unquoted portfolio is now valued at 60.3% of original cost (excluding the costs of ValiGen and Entigen and including the initial costs of Trine and Axxima).

The valuation of Trine was unchanged during the period under review in dollar terms. The holding in Trine was valued at £0.8 million at 29 February 2004 reflecting the company's cash position and an assessment of the company's progress.

The unquoted investments made subsequent to the period end, Archemix and Dynogen, are valued at cost (in dollar terms) at the time of writing.

Of the 24 quoted investments, seven were held at a discount to their mid market prices at 29 February 2004 due to disposal restrictions, including limited liquidity – AnorMED, CancerVax, Epimmune, Eyetech, Galen, Inflazyme and LION Biosciences. The discounts range in size between 10% and 25% and the effect of these discounts was to reduce the NAV by £5.8 million at 29 February 2004.

Manager's Review continued



At the time of writing, discounts are applied to the holdings in CancerVax, Eyetech, Galen, Epimmune and LION.

INVESTMENT ACTIVITY

UNQUOTED COMPANIES

As the percentage of NAV invested in unquoted investments was at a high level for most of the period under review, no investments were made in new unquoted companies during this period.

As outlined in the 2003 Annual Report, an investment of £0.2 million was made in September 2003 in the fertility diagnostics company **Genosis**, in order to fund the external performance evaluations for the male fertility test (total investment £0.7 million). Genosis has received U.S. regulatory clearance for the female fertility test and since the end of the period under review Genosis has completed the male performance evaluation and the female fertility test has been cleared for sale in Europe. Since 29 February 2004 a further investment of £0.4 million has been made in Genosis in order to provide further working capital (total investment £1.1 million).

In November 2003, a further £0.1 million was invested in **Auxilium** (total investment £0.8 million) and the guarantee for a revolving line of credit was released. Accordingly, the contingent liability in the accounts has also been removed. Auxilium's testosterone gel, Testim has been approved for sale in the US and the UK for use in treating men with low testosterone levels, and was launched in the US in February 2003. The company recorded revenues of just under $12 million in 2003 with approximately a 9% share of the testosterone gel market. Auxilium announced a distribution agreement with Bayer for marketing Testim in Canada during January 2004. New clinical results have shown that restorative increases in testosterone levels directly correlate to improvements in sexual function and muscle mass.

Since 29 February 2004, two new unquoted investments have been made. At the time of writing, out of a planned total investment of £0.9 million, £0.3 million has been invested in US-based company Archemix. **Archemix** is focused on the discovery and development of aptamer-based therapeutics. Aptamers are oligonucleotides that bind to drug targets in a similar way to antibodies. Eyetech's lead compound Macugen is an example of an aptamer-based therapeutic. In January 2004 Archemix announced a worldwide collaboration agreement with Nuvelo to develop and commercialise Archemix's anti-thrombin aptamer, ARC 183, which is initially being developed as an anticoagulant/anti-thrombotic for use in coronary artery bypass graft (CABG) surgery. A Phase I clinical trial with ARC183 for use in this procedure is expected to begin in the second half of 2004. Under the terms of the agreement, Archemix will initially lead development and be responsible for all clinical development activities. Nuvelo has the option to lead commercialisation efforts in which both companies may participate. The two companies will equally share all development and marketing costs and will have 50/50 ownership of the compound. Mike Ross of SVLS is on the Board of the company.

In addition, at the time of writing, out of a planned total investment of £1.0 million, £0.6 million has been invested in US-based company Dynogen. Dynogen is a neuroscience-based company focused on genitourinary (GU) and gastrointestinal (GI) disorders. The company is building a pipeline of development programs using its knowledge of the nexus between neurology and GU/GI disorders and its predictive pharmacology platforms.

Dynogen has two ongoing development programs, one for overactive bladder (OAB) and another for irritable bowel syndrome (IBS). The company plans to advance its OAB program into Phase IIa trials in the second quarter of 2004 and to enter the clinic with its IBS program later this year. Kate Bingham of SVLS is on the Board of the company.

Finally, as discussed previously, CancerVax and Eyetech completed IPOs during the six months under review and are now quoted companies.

QUOTED COMPANIES

New investments were made in two quoted companies during the period under review – AtheroGenics (£0.5 million investment) and Kosan Biosciences (£0.3 million investment).

AtheroGenics is a US-based company, focused on the discovery, development and commercialisation of novel drugs for the treatment of chronic inflammatory diseases. AtheroGenics' lead compound is being evaluated in a Phase III trial, as an oral therapy for the treatment of heart disease (atherosclerosis). The company's second clinical compound is an oral agent being tested in a Phase II trial for the treatment of rheumatoid arthritis. An intravenous rheumatoid arthritis treatment has completed a Phase I study and finally an agent is being developed for the prevention of organ transplant rejection in collaboration with Fujisawa.

Kosan Biosciences is a US-based company with two oncology product candidates in the clinic, both of which are

Manager's Review continued

derived from an important class of natural products called polyketides. KOS-862 is in Phase II trials and is partnered with Roche in a global development and commercialisation agreement. KOS-862 inhibits cancer cells by the same mechanism as the marketed drug, paclitaxel, and in preclinical models was shown to be effective against paclitaxel-resistant tumors. 17-AAG is being evaluated in multiple Phase I and Phase Ib trials in collaboration with the National Cancer Institute. 17-AAG is an inhibitor of Hsp90 and interrupts several biological processes implicated in cancer cell growth and survival.

A further £0.4 million was invested in **Alexion** (total investment £1.7 million). Alexion has completed a Phase III clinical study with its drug candidate pexelizumab in CABG patients undergoing cardiopulmonary bypass, and two large Phase II studies with pexelizumab in acute myocardial infarction (AMI) patients. Together with partner Procter & Gamble Pharmaceuticals, Alexion is moving forward to initiate pivotal Phase III studies with pexelizumab in CABG surgery patients and separately in AMI patients receiving angioplasty. In addition, Alexion's drug candidate eculizumab has completed Phase II trials in rheumatoid arthritis and membranous nephritis, and has completed pilot programs for the treatment of paroxysmal nocturnal hemoglobinuria (PNH) and dermatomyositis. The company is preparing to initiate a Phase III program in PNH.

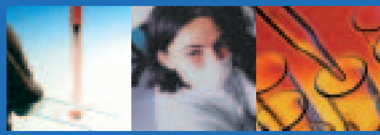
A further £0.3 million was invested in **Inspire** (total investment £0.6 million). Inspire was described in the portfolio news section.

The holdings in **Crucell, Esperion, Novuspharma, Sirna and Targeted Genetics** were sold in their entirety during the period under review.

20 April 2004

Ten largest Equity Holdings

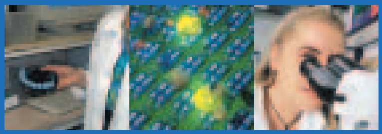
at 29 February 2004



Company	Value of Holdings £'000	% of Group Shareholders' Funds	Country	Business Activity
1 Eyetech Pharmaceuticals	11,883	19.46	USA	Eyetech specialises in the development and commercialisation of novel therapeutics to treat diseases of the eye. The company's most advanced product candidate is Macugen, which is being developed for the treatment of the wet form of age-related macular degeneration and diabetic macular edema. Eyetech has entered into a collaboration with Pfizer to develop and commercialise Macugen for the prevention and treatment of diseases of the eye.
2 Encysive Pharmaceuticals	3,467	5.68	USA	Argatroban, Encysive's first FDA-approved product, is marketed by GlaxoSmithKline for heparin-induced thrombocytopenia. Encysive is in Phase III development of the endothelin antagonist, sitaxsentan, for pulmonary arterial hypertension.
3 Affibody*	2,895	4.74	Sweden	Affibody uses innovative protein-engineering technologies for the development of products in the core business areas biotherapeutics, proteomics and separomics. The Affibody molecule mimics a monoclonal antibody in many ways, and its properties make it a superior choice for many applications.
4 Aderis Pharmaceuticals*	2,694	4.41	USA	Aderis is engaged in small molecule drug development to treat central nervous system and cardiovascular disorders. The company currently has four product candidates in six clinical development programs.
5 Sunesis Pharmaceuticals*	2,694	4.41	USA	Sunesis is a research-based company that applies fragment-based drug discovery to create and develop superior therapeutics addressing major diseases. Sunesis is focusing its internal pipeline on inflammation and oncology.
6 Nektar Therapeutics	2,053	3.36	USA	Nektar provides industry-leading drug delivery technologies, expertise and manufacturing to enable the development of high-value, differentiated therapeutics. Nektar's advanced drug delivery capabilities are designed to enable the company's biotechnology and pharmaceutical partners to solve drug development challenges and realise the full potential of their therapeutics, from development of new molecular entities to managing the lifecycles of established products.
7 OSI Pharmaceuticals	1,985	3.25	USA	OSI is focused on the discovery, development and commercialisation of high-quality, next-generation oncology products that both extend life and improve the quality-of-life for cancer patients worldwide. OSI has a balanced pipeline of oncology drug candidates that includes both novel mechanism-based, gene-targeted therapies focused in the areas of signal transduction and apoptosis and next-generation cytotoxic chemotherapy agents.

Ten largest Equity Holdings continued

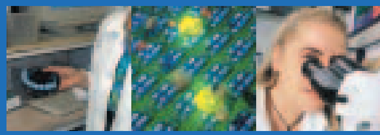
at 29 February 2004



Company	Value of Holdings £'000	% of Group Shareholders' Funds	Country	Business Activity
8 CancerVax	1,913	3.13	USA	CancerVax is focused on the research, development and commercialisation of novel biological products for the treatment and control of cancer. The company's lead product candidate, Canvaxin, is one of a new class of products being developed in the area of specific active immunotherapy, also known as therapeutic cancer vaccines.
9 Alexion Pharmaceuticals	1,765	2.89	USA	Alexion is engaged in the discovery and development of therapeutic products aimed at treating patients with a wide array of severe disease states, including cardiovascular and autoimmune disorders, inflammation and cancer. Alexion's two lead product candidates, pexelizumab and eculizumab, are currently undergoing evaluation in several clinical development programs.
10 Atrix Laboratories	1,736	2.85	USA	Atrix Labs is an emerging specialty pharmaceutical company focused on advanced drug delivery. With unique patented sustained release and topical technologies, Atrix is currently developing a diverse portfolio of proprietary products, including oncology, pain management, and dermatology products.
	33,085	**54.18**		

*Unquoted investments

Group Statement of Total Return



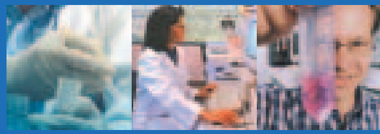
	For the six months ended 29 February 2004 (unaudited) Group Revenue £'000	Group Capital £'000	Group Total £'000
Gains/(losses) on investments	–	8,029	8,029
Exchange (losses)/gains on currency balances	–	(333)	(333)
Income	72	–	72
	72	7,696	7,768
Administrative expenses (note 2)	(635)	–	(635)
(Deficit)/return before taxation	(563)	7,696	7,133
Taxation	–	–	–
(Deficit)/return on ordinary activities after taxation	(563)	7,696	7,133
(Deficit)/return per ordinary share (note 3)	(1.18)p	16.10p	14.92p

The revenue column of this statement is the profit and loss account of the Group (where appropriate).
All revenue and capital items in the above statement derive from continuing activities.

The notes on pages 16 and 17 form an integral part of these financial statements.

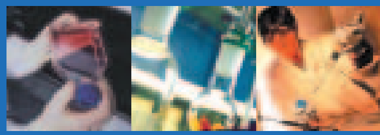
Group Statement of Total Return

continued



For the six months ended 28 February 2003 (unaudited)			For the year ended 31 August 2003 (audited)		
Company Revenue £'000	Company Capital £'000	Company Total £'000	Company Revenue £'000	Company Capital £'000	Company Total £'000
–	(6,698)	(6,698)	–	7,613	7,613
–	1	1	–	53	53
58	–	58	112	–	112
58	(6,697)	(6,639)	112	7,666	7,778
(566)	–	(566)	(1,126)	–	(1,126)
(508)	(6,697)	(7,205)	(1,014)	7,666	6,652
–	–	–	–	–	–
(508)	(6,697)	(7,205)	(1,014)	7,666	6,652
(1.04)p	(13.78)p	(14.82)p	(2.09)p	15.82p	13.73p

Balance Sheets

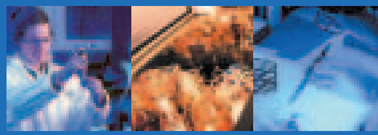


	2004 Group £'000	As at 29 February (unaudited) 2004 Company £'000	As at 28 February (unaudited) 2003 Company £'000	As at 31 August (audited) 2003 Company £'000
Fixed assets				
Investments	**53,432**	**52,033**	36,637	49,911
Investment in subsidiary undertaking	**–**	**–**	–	–
	53,432	**52,033**	36,637	49,911
Current assets				
Debtors	**57**	**1,456**	45	73
Investments (note 4)	**5,896**	**5,896**	1,924	2,742
Cash at bank and short-term deposits	**2,028**	**2,028**	2,474	1,615
	7,981	**9,380**	4,443	4,430
Current liabilities				
Creditors: amounts falling due within one year	**349**	**349**	390	410
Net current assets	**7,632**	**9,031**	4,053	4,020
Net assets	**61,064**	**61,064**	40,690	53,931
Capital and reserves				
Called up share capital	**11,954**	**11,954**	12,154	11,954
Capital redemption reserve	**11,043**	**11,043**	10,843	11,043
Share purchase reserve	**66,467**	**66,467**	67,083	66,467
Capital reserve	**(18,816)**	**(18,816)**	(40,875)	(26,512)
Revenue reserve	**(9,584)**	**(9,584)**	(8,515)	(9,021)
Equity shareholders' funds	**61,064**	**61,064**	40,690	53,931
Net asset value per share (note 5)	**127.71p**		83.70p	112.79p

The financial statements were approved by the Board of Directors on 17 May 2004.

The notes on pages 16 and 17 form an integral part of these financial statements.

Group Cash Flow Statement



	For the six months ended 29 February 2004 (unaudited) Group £'000	For the six months ended 28 February 2003 (unaudited) Company £'000	For the year ended 31 August 2003 (audited) Company £'000
Operating Activities			
Income	**19**	25	56
Management fee paid	**(359)**	(319)	(617)
Other cash payments	**(320)**	(264)	(537)
Net cash outflow from operating activities	**(660)**	(558)	(1,098)
Capital expenditure and financial investments			
Purchase of investments	**(1,845)**	(4,134)	(7,838)
Sale of investments	**6,352**	4,253	8,994
Net cash inflow from capital expenditure and financial investment	**4,507**	119	1,156
Net cash inflow/(outflow) before management of liquid resources and financing	**3,847**	(439)	58
Management of liquid resources	**(3,100)**	–	(793)
Financing			
Stamp duty	**(1)**	–	–
Repurchase of shares for cancellation	**–**	–	(615)
Net cash outflow from financing	**(1)**	–	(615)
Net cash inflow/(outflow)	**746**	(439)	(1,350)

The notes on pages 16 and 17 form an integral part of these financial statements.

Notes to the Financial Statements

1. These accounts consolidate the accounts of the Company "International Biotechnology Trust plc" and its wholly-owned subsidiary, IBT (2004) Limited. The subsidiary was incorporated on 8 December 2003 and commenced operations on 3 February 2004. The Company subscribed £100 for the issued share capital of IBT (2004) Limited. These financial statements have been prepared using accounting policies consistent with those used for the audited financial statements as at 31 August 2003. All Group operations are of a continuing nature.

   The valuation policies of the Company are consistent with the current guidelines issued by the British Venture Capital Association ("BVCA") and the Statement of Recommended Practice ("SORP") issued by the Association of Investment Trust Companies.

   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 a 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 a company is significantly below the expectations on which the investment was based.

2. Administrative expenses

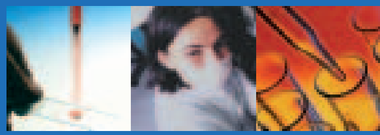
	Group and Company For the six months to 29 February 2004 £'000	Company For the six months to 28 February 2003 £'000	Company For the year ended 31 August 2003 £'000
Management fees	**380**	292	638
Other administrative expenses	**255**	274	488
	635	566	1,126

3. Deficit)/return per share

	Group and Company For the six months to 29 February 2004	Company For the six months to 28 February 2003	Company For the year ended 31 August 2003
Revenue deficit on ordinary activities after taxation (£'000)	**(563)**	(508)	(1,014)
Weighted average number of shares			
- Basic	**47,815,467**	48,615,467	48,466,152
Revenue deficit per share	**(1.18)p**	(1.04)p	(2.09)p
Capital return/(deficit) on ordinary activities after taxation (£'000)	**7,696**	(6,697)	7,666
Weighted average number of shares	**47,815,467**	48,615,467	48,466,152
Capital return/(deficit) per share	**16.10p**	(13.78)p	15.82p

4. Current asset investments are made up entirely of a holding in the Liberty International Money Fund, listed on the Dublin Stock Exchange.

Notes to the Financial Statements continued



5. Net asset value per share

	Group and Company As at 29 February 2004	Company As at 28 February 2003	Company As at 31 August 2003
Net assets (£'000)	**61,064**	40,690	53,931
Number of shares	**47,815,467**	48,615,467	47,815,467
Basic net asset value per share	**127.71p**	83.70p	112.79p

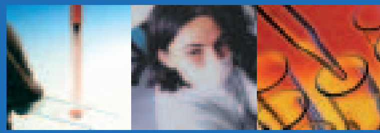
6. The results for the six months to 29 February 2004 and 28 February 2003, which are unaudited, constitute non-statutory accounts within the meaning of Section 240 of the Companies Act 1985. The latest audited accounts which have been delivered to the Registrar of Companies are for the year ended 31 August 2003. 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 2003 are an extract from the published accounts.

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

   The MLSCI represents Biotech stocks with market capitalisation of under US$1 billion. The Merrill Lynch published report (BIO-STATS) as at 1 March 2004 states the movement in the index in US$ terms for the period under review to be 20.8%. The movement in Sterling terms has been calculated using the prevailing exchange rates at the start and end of the reporting period, sourced from Factset and Bloomberg.

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

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 for the six months ended 29 February 2004 which comprises the Group Statement of Total Return, Group and Company Balance sheets, and Group Cash Flow Statement, and related notes 1 to 7. 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 Group in accordance with guidance contained in Bulletin 1999/4 Review of Interim 'financial information' issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group 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.

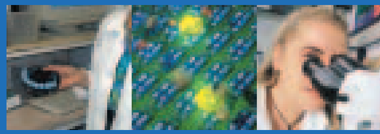
REVIEW CONCLUSION

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 29 February 2004.

KPMG Audit plc
Chartered Accountants
Registered Auditor
London

17 May 2004

Classification of Investments by Sector at 29 February 2004



	£'000	%
Equities – USA		
Biopharmaceuticals	34,558	64.7
Drug delivery	3,424	6.4
Medical Devices	572	1.1
Other	2,694	5.0
Equities – Canada		
Biopharmaceuticals	3,164	5.9
Equities – UK & Ireland		
Biopharmaceuticals	4,451	8.3
Equities – Continental Europe		
Biopharmaceuticals	4,569	8.6
Total	**53,432**	**100.0**

Classification of Investments by Geographical Region at 29 February 2004

	£'000	%
Equities – USA		
Quoted	33,837	63.3
Unquoted	7,411	13.9
Equities – Canada		
Quoted	3,164	5.9
Equities – UK & Ireland		
Quoted	3,051	5.7
Unquoted	1,400	2.6
Equities – Continental Europe		
Quoted		
Unquoted	4,569	8.6
Total	**53,432**	**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 and administered by Schroder Investment Management Limited and advised by Schroder Ventures Life Sciences Advisers (UK) Limited.

Interntional Biotechnology Trust plc has a wholly owned subsidiary, IBT (2004) Limited. The subsidiary was incorporated on 8 December 2003 and commenced operations on 3 February 2004.

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 every two years from 2003. The next continuation vote will be proposed at the Annual General Meeting in 2005.

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.

The Company also releases a list of investments with a value greater than 5% of gross assets and at least the ten largest holdings on a quarterly basis to the London Stock Exchange.

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 Income Growth Fund plc, Schroder Japan Growth Fund plc, Schroder Split investment Fund plc, Schroder Split ZDP plc, Schroder UK Growth Fund plc, Schroder UK Mid & Small Cap Fund plc and SVG Capital plc.

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:

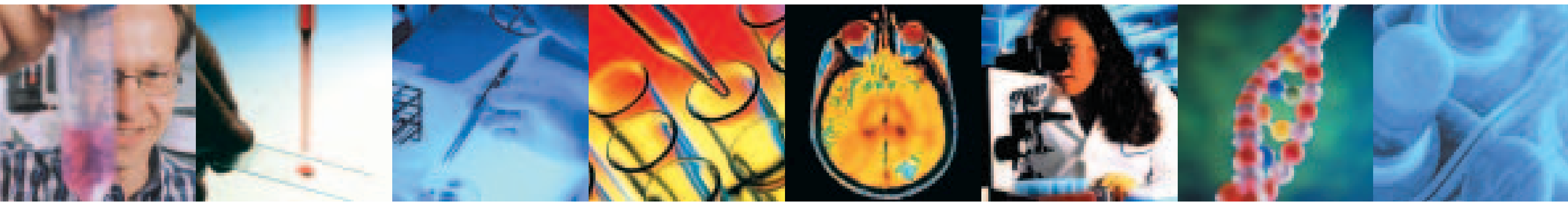
- lump sum investments in the ordinary shares of the Company from a minimum of £1,000 to a maximum of £7,000 in the current tax year
- a regular investment option from a minimum of £50 per month
- competitive charges
- the option to reinvest income
- the option to include other trusts.

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 shareholders are mailed to the address held on the register. Any notifications and enquiries relating to registered shareholdings, 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.



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