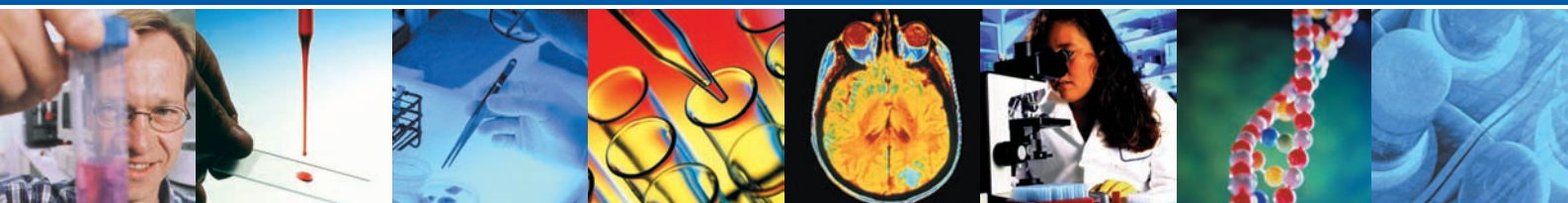


INTERNATIONAL BIOTECHNOLOGY TRUST PLC

Half-Yearly Report

Six months ended 29 February 2008



INVESTMENT OBJECTIVE AND POLICY

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 whose Shares are considered to be good value, with experienced management and strong potential upside through the development and/or commercialisation of a product, device or enabling technology.

INVESTMENT STRATEGY

The Company has delegated responsibility for day-to-day investment of its assets to the Manager. Consistent with the Company's investment objective, the Manager makes the majority of its investments in biotechnology companies focused on drug discovery and development. A small proportion of investments is sometimes made in related sectors such as medical devices or healthcare services.

The majority of the Company's assets is generally invested in small and mid capitalisation quoted companies. The Manager seeks to invest up to 30% of the Company's assets in unquoted companies with a current guideline of no more than 40% unquoted company exposure (after allowing for valuation write-ups and further follow-on investments).

For unquoted investments, the Manager seeks to generate gains that represent multiples of invested cost primarily through the sale of these unquoted companies to strategic buyers including major pharmaceutical companies or, in some cases, through a flotation. Quoted holdings are made with an expectation that these companies may benefit from a significant re-rating when they achieve clinical trial success and/or receive regulatory approvals in the US for their products.

The Manager usually makes the majority of its investments in the US, which is the most mature and established market for drugs. However, the best investments worldwide are sought so the Company will usually have some investments in Western Europe and occasionally elsewhere such as Australia or Asia.

The biotechnology sector has matured significantly since the first companies were started in the United States in the 1970s. More than half the drugs under review by the U.S. Food and Drugs Administration (FDA) continue to be derived and/or licensed from biotechnology companies.

There are increasing levels of dependency between the pharmaceutical and biotechnology industries, driven by the large increase in patent expiries and pharmaceutical companies' need for new medicines and growth. As a result the biotechnology industry has experienced a dramatic increase of merger and acquisition (M&A) activity as pharma companies buy biotechnology companies in order to replenish their pipelines.

In addition to the increased appetite by pharmaceutical companies to acquire biotechnology companies, the underlying trends in the life sciences markets are also encouraging. US Healthcare spending is predicted to grow to 18% of GDP, or \$3.4 trillion, by 2013 driven by the ageing population, unmet medical needs and technology advances.

The biotechnology sector is also becoming broader from a geographical perspective. While the historical centres remain the West and East Coasts of the U.S., viable industry centres now exist in Europe, Australia and Canada. Emerging biotechnology markets have also been developing in Japan, China and India.

The rewards for commercially successful biotechnology companies are great, with highly profitable drugs meeting previously unmet clinical needs; the sector today combines the defensive characteristics of the pharmaceutical industry with the high growth dynamics of the technology sector.

However, the biotechnology industry is higher risk than the pharmaceutical sector since biotechnology companies typically have more limited pipelines and cash resources, so that product successes or failures have a significant, often binary, effect on prospects for the companies. Overall industry statistics for successful drug development remain challenging, with 90% of drugs tested in man failing to get approved for sale.

PORTFOLIO APPROACH TO INVESTMENT

Given the extreme volatility in the biotechnology sector, access to a specialist team is an important aspect of the decision to invest in biotechnology. Investing in biotechnology is difficult for investors who are not dedicated to the sector and do not have the resources to monitor and evaluate new drugs.

The Board of IBT has appointed SV Life Sciences as Investment Manager to the Company. SV Life Sciences is a dedicated life sciences team of professionals based in Boston, London and San Francisco. In addition to IBT, SV Life Sciences manages or advises four life sciences focused venture capital funds with total commitments of \$1.4 billion.

IBT offers investors access to the team at SV Life Sciences and the portfolio aims to capture the best chances of clinical, regulatory and commercial success from a diversified portfolio of public and private biotechnology investments.

Directors and Advisers



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*Calls to this number are charged at 8p per minute from a BT Landline. Other telephone providers' costs may vary.

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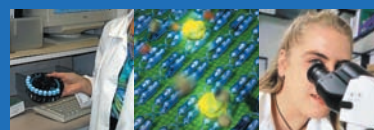
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DIRECTORS

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

Financial Highlights

Six months to 29 February 2008



	29 February 2008 (Unaudited)	31 August 2007 (Audited)	%
			Change
Company Performance			
Net assets (£'000)	91,679	102,360	(10.4)
Shares in issue ('000)	70,593	70,593	–
Net asset value per share	129.87p	145.00p	(10.4)
Share price	121.25p	139.50p	(13.1)
Share price discount	(6.64)%	(3.79)%	
Index return			
Nasdaq Biotech Index (£-adjusted)	394.1	403.4	(2.3)
Merill Lynch Small-Cap Biotech Index (£-adjusted)*	104.4	103.9	0.5
Russell 2000 Biotech Growth Index (£-adjusted)	35.0	40.5	(13.6)

* Source: Merrill Lynch (rebased to 100 from 28/02/03)

Chairman's Statement



PERFORMANCE

During the six months to 29 February 2008, the net asset value (NAV) per Ordinary share of International Biotechnology Trust plc (IBT) fell by 10.4% from 145.0p to 129.9p. Over the same period the ordinary share price of IBT fell by 13.1% from 139.5p to 121.3p. This compares to a fall in the Nasdaq Biotech Index (NBI) of 2.3% and a fall in the Russell 2000 Growth Biotech Index (ticker: R2GBIOR) of 13.6% all in sterling terms.

Over the six months under review the discount of the share price to NAV at which the Ordinary shares trade widened from 3.8% to 6.6%.

The performance of IBT's quoted portfolio, which represented 66.0% of NAV at period end, calculated on a time-weighted return basis (assuming mid month cash flows) showed a decrease of 13.4% during the six months under review. On an unweighted basis (ignoring the timing of transactions) the quoted portfolio return was (10.0)%.

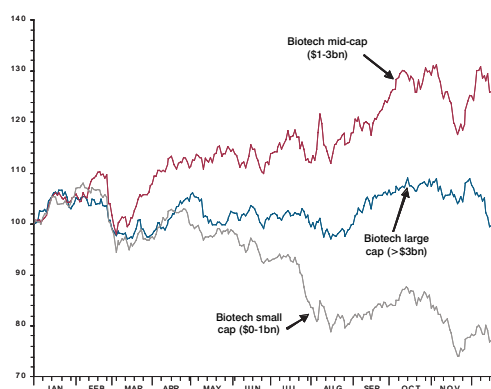
As at 29 February 2008 the level of cash, money market instruments and other net current assets was £19.1 million or 20.8% of net assets. This relatively large cash position was created to protect the downside of the portfolio as the markets have sunk and to capitalise on a market correction which could provide cheaper entry points into exciting development stage companies at a future date.

The credit crisis, including the sub-prime mortgage crisis, and the fall in the general equity markets have impacted the smaller, early stage, biotechnology companies to a greater extent than the later stage, profitable, biotechnology companies as investors moved away from the riskiest, most volatile stocks.

This indiscriminate selling of the biotech stocks is not related to any change in the fundamentals of these companies. However, the severe negative sentiment towards the biotech stocks with small stockmarket capitalisation ("small cap") explains the significant outperformance of the NBI (which reflects large cap biotech company performance) versus the Russell 2000 Growth Biotech Index which represents the smaller cap biotech stocks. IBT has a large percentage of its holdings in smaller cap companies which has affected performance over the period under review.

Although there have been no exits from the unquoted portfolio during the last six months, there have been two portfolio companies, Oxagen and Dynogen that have announced positive Phase 2 clinical data that give us confidence that we may achieve attractive M&A exits or public listings for these two companies in the next six to twelve months.

BIOTECH SUBSECTOR PERFORMANCE 12 MONTHS OF 2007



Source: Credit Suisse

During the six months under review, the Board has written up the value of its investment in Oxagen by £0.5 and written off the remaining investment (£0.3) million in Trine on the failure of its dIBS drug crofelemer in Phase 2b clinical trials. The net valuation change of the unquoted portfolio over the period, which represented 13% of NAV at period end, was £0.5 million including foreign exchange movements. Further commitments and reserves to the private portfolio total £9.0 million (9.9% of NAV) at the end of the period.

SHARE BUY BACKS

During the period since 31 August 2007, the Company did not buy-back any shares either for cancellation or for retention in Treasury.

VAT ON MANAGEMENT FEES

As the result of a legal action brought against HM Revenue & Customs (HMRC), the European Court of Justice has ruled that investment management fees paid to investment managers by investment trust companies should be exempt from VAT, thereby bringing them into line with unit trusts, open ended investment companies (OEICs) and similar investment funds.

Following HMRC's recent acceptance of this decision, new UK legislation is expected to be introduced specifically exempting UK investment trusts from paying VAT on management fees and allowing the Company to reclaim VAT previously paid to its Investment Managers. The Board is presently quantifying the likely impact on the Company.

Chairman's Statement continued



ELECTRONIC COMMUNICATIONS

At the Annual General Meeting held in November, revised Articles of Association which allow the Company to send certain information relating to it (for example notices and accounts) by electronic means or by placing this information on a website, were adopted by the Company. Shareholders will receive a letter with a printed copy of the Half-Yearly Report, offering them three options:

1. to view shareholder communications on the Company's Website; or
2. to have notifications sent by email by registering online at www.shareview.co.uk; or,
3. to continue to receive hard copies of shareholder communications by post. To receive shareholder communications in this way, you must complete and return the form by 5 p.m. on 12 July 2008.

We believe that this approach to communication with shareholders will help to reduce both paper utilisation and costs.

NEW ARTICLES OF ASSOCIATION

An Extraordinary General Meeting is being convened for 1 July 2008 (the Notice for which appears on pages 19 to 22 of this Half-Yearly Report) at which a special resolution will be proposed to adopt new articles of association (the "New Articles") in order to update the Company's current articles of association (the "Current Articles") primarily to take account of changes in English company law brought about by the Companies Act 2006. The principal changes introduced in the New Articles are summarised in note 7 to the Notice of Meeting. Other changes, which are of a minor, technical or clarifying nature merely reflecting changes made by the Companies Act 2006 have not been noted in the Notice. The New Articles showing all the changes to the Current Articles are available for inspection as described in note 7 to the Notice.

PROSPECTS

The IBT portfolio provides shareholders with exposure to global biotechnology and medical technology through investments in development stage biotechnology companies that are both quoted and unquoted.

IBT is primarily focused on quoted small and mid cap companies which have had a difficult time in recent months, as well as unquoted companies which the Manager believes have

potential to offer performance that is uncorrelated with the public biotech or equity markets.

Long term prospects for the biotech sector remain attractive. Chronic diseases are becoming more prevalent and the costs of managing these diseases are increasing as new ways of treating these diseases are found and people live longer. As a consequence, biotechnology companies, together with the pharma industry, are actively trying to discover and develop new drugs that actually cure disease or at least further alleviate the symptoms and extend survival. This has spurred a flurry of M&A activity and in-licensing deals with numerous biotechnology companies over the years. The Manager believes this trend will continue well into the next decade.

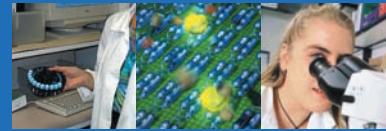
The Board and Manager believes that despite this volatility, the growth prospects for the small to mid cap quoted biotech sector, which is trading at five-year lows and the successful unquoted companies, should outperform the larger biotech companies and the NBI over the longer term and generate significant returns.

IBT is currently well positioned for a recovery in the biotech sector. IBT is ready to invest its cash position in companies with excellent fundamentals, but depressed valuations that have been brought on by this recent market correction, and looks forward to sentiment returning to small and mid cap companies over the course of 2008.

Andrew Barker

Chairman
15 April 2008

Investment Manager's Review



MARKET REVIEW

Throughout the period under review large cap biotechnology stocks significantly outperformed the small caps. During September 2007, the Nasdaq biotech index rose nearly 6% driven by Amgen and Genzyme. Both companies are major constituents of the index and, together make up approximately 15% of the Nasdaq Biotech Index.

The large caps continued to rally in October 2007, driven by Genzyme increasing their expected future earnings growth and the announcement that its leukaemia drug Campath has shown a positive effect in the treatment of patients with Multiple Sclerosis.

During November and December 2007 there was a run of bad news. Amgen shares reversed their upward trend after reporting they may have to revise the safety label associated with its 'erythropoietin stimulating agent' (ESA) product franchise. Following on from this, Biogen announced that it was no longer up for sale, which suggests a lack of interest at a sufficiently high price for continued Board support for a sale.

In January and February 2008 the general markets sold off sharply and market volatility reached levels not seen since 2002. Not surprisingly the small and mid cap stocks suffered the most, falling 17% in sterling terms. Interestingly the large cap biotechnology stocks reacted relatively well, outperforming the wider indices by 3%. There were a number of reasons for this large cap outperformance. First, in light of the global downturn, investors turned to companies with economically insensitive earnings growth, which is a characteristic of this group. Secondly, larger cap biotech companies have little need for debt financing and therefore should not be impacted by the 'credit crunch'. Finally, the large cap biotechnology stocks are relatively immune to the potential introduction of Medicare drug price negotiations that may be initiated by the election of a Democrat president. All these factors have underpinned the large cap biotech stock prices over the reporting period.

The share prices of small cap biotechnology stocks tumbled during the period.

Regulatory concerns dogged the biotech sector during the last six months. The rate of drug approvals by the FDA has been disappointing despite the huge ramp-up in R&D spend across the industry. The number of 'New Drug Approvals' fell by 34% in 2007 over 2006, reaching an all time low. Regulatory concerns were compounded by the announcement that an FDA director had given his staff discretion to delay approval decisions by up to three months.

M&A activity of public biotech companies by pharma has proved unpredictable. This is despite the continued erosion of pharma's sales driven by patent expiries and the universal acceptance that M&A of biotech companies and their products as an attractive source of innovative drugs for pharma to boost future sales.

For the small cap biotechs, these M&A deals have been lumpy and irregular. In the second half of 2007 there were only four public biotech company deals of significance including the purchases of MGI Pharma (a portfolio holding), Pharmion, Encysive and Coley. However, this is far from the M&A frenzy investors had been hoping for.

Both M&A activity and drug approvals traditionally drive performance of quoted biotechnology stocks. As news flow in both areas was lacking, share prices suffered. This has particularly hit the small cap arena due to concerns over liquidity and weak balance sheets further compounding the issues outlined above.

During 2007, \$1.3 billion was raised through Initial Public Offerings (IPOs) in the US biotech sector. This was marginally higher than 2006 but the actual number of IPOs fell in 2007 from 2006. European IPOs raised just over \$1bn in 2007, a similar amount to their US peers. However, the US biotech sector raised \$3.9 billion through follow-on financings, which dwarfed the \$388 million raised in Europe.

Unlike the quoted biotech sector, 2007 was a record setting year for M&A of venture-backed healthcare companies (Venture One) and a very strong Q4 bodes well for continued momentum in 2008. The mean amount paid per deal has doubled in 2007 from previously strong years in 2005 and 2006.

Unquoted deal flow generated by SVLS has remained strong throughout the year and IBT has had a broad range of investment opportunities from which to choose. This deal flow continues to look strong and IBT will continue to invest in the most attractive private opportunities.

In the US, SVLS has seen particular strength in new medical device opportunities (and IBT invested in Cadent and TransEnterix) and in earlier technology platform companies with the potential to transform the biological therapeutics industry such as Fundamental Applied Biology ('Fab') and Itero. In Europe, deal flow has ranged from pharmaceutical company spin-offs (eg Vantia spun off from Ferring in March

Investment Manager's Review

continued



2008) to earlier stage discovery companies addressing huge markets with unmet clinical needs (eg RespiVert).

Venture capital investment into US healthcare companies was at an all time high in 2007, raising \$10 billion (Source: Dow Jones VentureSource) As a result, strong private healthcare companies are generally able to raise funds at attractive prices to fund their clinical development pipelines. Median pre-money valuations have remained stable for the last several years, demonstrating the discipline in the venture industry following the 2000 bubble.

OUTLOOK

It has been a very difficult start to the calendar year for the equities markets which looks to continue into 2008 despite the fact that the underlying fundamentals of the biotech industry have not changed.

In this risk-averse environment, higher risk investments, such as biotechnology and especially the small cap sub sector have tended to suffer the most.

IBT's portfolio has historically been dominated by high growth potential early stage biotechnology companies which are predominantly small cap public companies. This will remain the Trust's primary focus. However, the Manager has recently adjusted the Trust's public market exposure in order to protect IBT's NAV during these difficult times. This has involved increasing the Trust's exposure to high quality larger cap stocks (for example Gilead and Celgene), increasing positions in high growth potential but less volatile subsectors such as clinical diagnostics and managing the Trust's cash position prudently. At the end of February IBT had a large cash position of 21% which will be reinvested into unquoted, small and mid cap stocks with excellent prospects at a point at which the Manager believes investors will begin to focus on company fundamentals once more.

The enterprise valuations of the small cap biotech companies are nearing their all time lows and so entry prices of selected target stocks currently look attractive.

The prospects for IBT's unquoted portfolio appear strong. Several portfolio companies have reported positive clinical and preclinical data over the period. M&A and lucrative licensing deals are typically triggered in response to positive clinical data.

The financing environment for successful private companies is robust and these companies can generally raise more funds

than ever before to enable them to fund larger clinical trials to build value in their product pipeline. Successful internationally focused venture capitalist firms are raising increasingly larger funds (including the Manager SVLS), so their private biotech portfolio companies are no longer dependent on the public markets for substantial capital.

In the longer term, the biotechnology sector fundamentals look very strong. As the population ages so does incidence of both chronic and acute diseases such as cancer and cardiovascular disease. For example, the prevalence of diabetes is expected to double from 2000 to 2030. Despite this, the population is expected to live longer and will drive demand for innovative targeted therapies, currently being developed by hundreds of biotechnology companies. Moreover, the pharmaceuticals industry is in desperate need of new patented drugs as their top line sales are significantly eroded through patent expirations.

There is huge growth in the sales of biologics and a marked increase in M&A of biologics companies, so IBT will continue to seek innovative investments which are focused on improving biological drugs and processes to make them.

IBT is well positioned to take advantage of both the recovery of the biotech sector as a whole, as well continuing to find attractive high growth private companies whose value is less exposed to the swings of the public market sentiment.

SUMMARY OF PORTFOLIO COMPANY NEWS

QUOTED COMPANIES

Despite a relatively quiet six months with regards to M&A activity, IBT benefited from two acquisition announcements of public portfolio holdings, both of which were top ten holdings at the time of their announcement.

In November, portfolio holding Gyrus was acquired by Olympus (the world's largest maker of surgical cameras) for \$1.9 billion, a 58% premium to the previous day's closing share price and an uplift to cost of £1.6 million Celgene, also a portfolio holding, then announced the acquisition of Pharmion for \$2.9 billion which was a strategic move in order to become a global leader in haematology and oncology.

In December, Eisai and MGI Pharma (portfolio holding) entered into a definitive merger agreement. MGI Pharma was a biopharmaceutical company focused in the areas of oncology and acute care with two marketed products and one late stage

Investment Manager's Review

continued



pipeline product. Eisai acquired the company for \$3.9 billion which was at a 39% premium to the share price when MGI first announced that the company was considering strategic options in November 2007, and a £1.7 million uplift to cost.

Also in December, Morphosys, another top ten holding, rose to a four year high after announcing that the Swiss based

Pharmaceuticals Company Novartis agreed to pay up to \$1 billion in a new strategic co-operation. Novartis will now be the preferred partner for Morphosys' HuCal-technology. £0.7 million was added to the NAV from the performance of this portfolio company in the period.

Performance was helped by the Trust's holding in Australian-company CSL Limited which boosted IBT's NAV £0.4 million NAV gain in the period after a faster than expected rollout of their HPV vaccine in the latter half of 2007 and 2008 to date, which drove the share price up. Finally, portfolio holding GTX Inc announced positive Phase 3 clinical data in February 2008 from their late stage clinical trial testing of Acapodene in Adrogen Deprivation Therapy and a result, the share price rallied, at which point IBT sold realising a profit for the period of £0.5 million.

On the negative side, three quoted portfolio companies suffered unusually large losses during the period. In September, Sonus announced that their late-stage trial of the lead experimental drug for metastatic breast cancer failed to meet the trial's primary endpoint. This was an unexpected disappointment, causing the share price to fall considerably. Another disappointment for the Trust came in November, when the FDA rejected Momenta's application for a biogeneric blood-thinner drug, M-Enoxaparin. Finally, Genosis' US launch of its OTC fertility diagnostics tests – Fertell – through CVS and Longs Pharmacy chain proved disappointing as the sales levels were insufficient to enable the company to reach break-even. As a result, Genosis' share price collapsed in September and strategic alternatives are being pursued.

Despite the positive impact of M&A and the organic growth within the quoted portfolio, the net effect of these news items and the poor small-cap biotech sector performance overall collectively reduced IBT's NAV during the period under review.

UNQUOTED COMPANIES

In the last six months new unquoted investments have been made in Cadent, FAB, Itero and TransEnterix, totaling £2.0 million Follow on fundings have been made in to ESBATech, Lux and Oxagen totaling £2.2 million. Across all

unquoted companies at period end, legal commitments to further fundings subject to pre-determined milestones and Investment Committee approved investments total £3.9 million. Within this number IBT has made follow-on commitments of £1.5 million to EUSA Pharma and TransEnterix, which have not yet drawn down but which are likely to be invested by September 2008. In addition, IBT has identified that reserves of £5.1 million that are likely to be necessary to continue funding existing portfolio companies in future financing rounds

Following the period end, two further unquoted investments have been made totaling £0.4 million in to a new company – Vantia Therapeutics and an existing portfolio company TransEnterix.

In addition, there are several companies within SVLS's venture capital portfolio that are coming up for financing rounds over the next few months where IBT has an opportunity to invest, subject to acceptable terms and conditions.

Positive clinical and preclinical progress has been reported by several of IBT's private companies.

Dynogen announced that DDP225 met its endpoints in a dIBS Phase 2 trial, and DDP733 too in nGERD and cIBS – which are all gastrointestinal diseases which are poorly treated.

Oxagen has continued to generate encouraging data with its lead oral asthma drug and discussions are now underway regarding licensing, M&A and other strategic options.

In February 2008, ESBATech announced that its antibody fragments reach therapeutic levels in the front but also back of the eye when administered with eye drops. This therapeutically-effective penetration has not been seen before with antibodies which reinforces the potential breadth of ESBATech's platform. As a result of these exciting results, the lead ophthalmic drugs will be taken into human clinical testing in the next few months.

In March 2008 Affinium started its first-time-in man clinical trials for its novel antibiotic AFN-1252, one of its lead clinical candidates from its novel class of fatty acid biosynthesis inhibitors. Affinium believes that AFN-1252 will provide patients and their doctors a potent, oral and IV treatment for susceptible and resistant staphylococcal infections both in and out of hospitals. Phase 2 trials will follow-on rapidly after the successful completion of the Phase 1 trials and if successful the company will be sold on the back of the positive Phase 2 data package and strong IP.

Investment Manager's Review

continued



Intranasal, a US-based specialty pharmaceutical company, has successfully completed two Phase 2 studies for hydromorphone in an inhaled small molecule treatment for acute, moderate-to-severe pain as well as a second phase 1 study for Midazolam in the treatment of epilepsy.

On the other hand, Trine's Phase2b trial on crofelemer for dIBS failed to meet its clinical endpoint in February 2008 and the company is now being wound up. IBT has written off the remaining investment of £0.3 million to nil.

In March 2008, the Oxford-based speciality pharmaceutical company EUSA Pharma announced its intent to acquire NASDAQ-listed Cytogen Corporation. EUSA Pharma is a rapidly growing transatlantic specialty pharmaceutical company focused on in-licensing, developing and marketing late-stage oncology, pain control and critical care products. The company currently has six products on the market, including the antibiotic surgical implant Collatamp(r) G, Erwinase(r) and Kidrolase(r) for the treatment of acute lymphoblastic leukemia, and Rapydan(r), a rapid-onset anesthetic patch which recently received Europe-wide approval. The acquisition of Cytogen brings to the enlarged EUSA group an established US commercial organization with a 40-strong specialist oncology sales force and three marketed products. This merger remains subject to Cytogen shareholder approval among other things.

The net valuation increase of the unquoted portfolio over the period was £0.5 million.

PORTFOLIO SUMMARY AT 29 FEBRUARY 2008

At the end of the Trust's interim period, IBT had investments in 52 companies: 35 quoted (representing 66.0% NAV) and 17 unquoted companies (representing 13.2% of NAV). The remaining 20.8% comprised cash, money market instruments and other net assets (£19.1 million), of which 4.3% of NAV or £3.9 million was legally committed or Investment Committee approved to further investments in unquoted companies. In addition to legally-bound commitments, the Manager has identified 5.6% of NAV or £5.1 million of likely future reserves that may be needed for follow-on financing rounds in the near future 2008-2010.

By subsector, 65.3% was invested in the biopharma/therapeutic sector and 13.1% in medical devices and healthcare services, which tend to be more stable than the

biotech stocks of the rest of the portfolio, a higher proportion than at the Trust's year end in August 2007.

Representatives of the Manager sat on the Board of eighteen portfolio companies at the end of the period, which were the four quoted companies – Achillion Pharma, Micromet, Pharmacoepia Drug Discovery and Santarus, and the fourteen unquoted companies, Affinium Pharma, Archemix, Cadent, Dynogen Pharma, ESBATech, Fundamental Applied Biology, Intranasal Therapeutics, Itero, Lux Biosciences, Oxagen, RespiVert, Ricerca, Spinal Kinetics and TransEnterix.

In terms of geographical split, the majority of holdings were North American based companies totalling 55.3% of the portfolio. IBT had one Australian investment, CSL, (5.3% of NAV) and one holding in Given Imaging, which is located in Israel (1.1% of the NAV). The remaining 17.6% were continental European (3.4%) and the UK (14.1%) based companies.

86.9% of the portfolio had greater than twelve months of cash. Those that have less than twelve months include Affinium, Dynogen Pharma, FAB, Intranasal Therapeutics, Itero, RespiVert and TransEnterix, which have milestone or other legally based commitments, so that if conditions are met then further cash will be invested.

VALUATIONS

At 29 February 2008, the IBT unquoted portfolio, value £12.2 million represented 13.3% of net assets, compared to 7.4% at 31 August 2007. Four new investments and three follow on investments were made in the reporting period as described above.

In this period under review, the net effect of the change in the Directors' valuations of unquoted companies and taking in to account foreign exchange movements, was a net increase in NAV of £0.5 million representing 0.6% of net assets at the start of the period.

The valuation of Oxagen was increased by £0.5 million in December 2007 following positive clinical results. The remaining investment in Trine of £0.24 million was written off in February 2008 following clinical trial failure.

SV Life Sciences Managers

15 April 2008

Ten Largest Investments

as at 29 February 2008



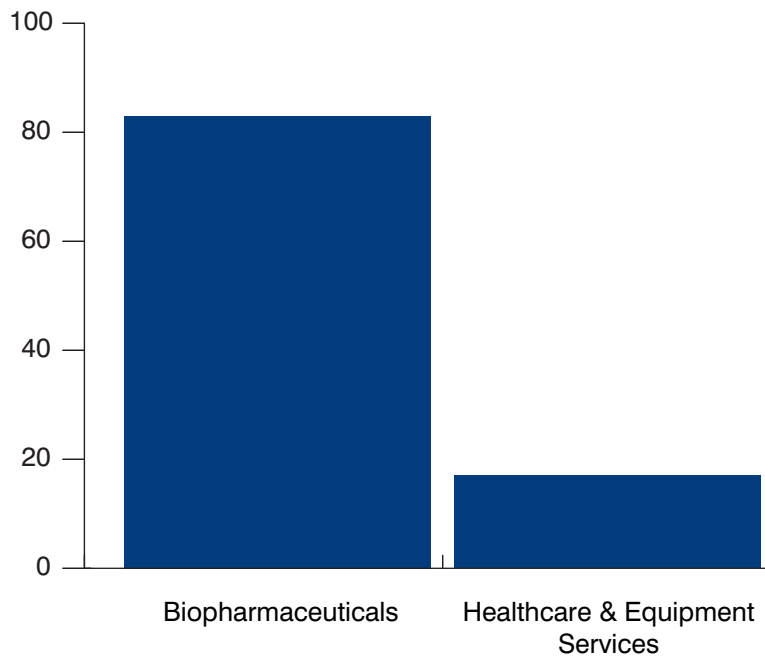
Investment	Country	Sector	Market value of holding £'000	% of net assets	Business activity
1 Celgene	United States	Pharmaceuticals & Biotech	5,119	5.6	Celgene is a biopharmaceutical company which markets novel therapeutics with a primary focus in the treatment of hematologic cancers. The company has three marketed products, Revlimid, Thalomid and Vidaza and a further ten products in clinical development.
2 CSL	Australia	Pharmaceuticals & Biotech	4,825	5.3	CSL manufactures and markets pharmaceuticals and diagnostics derived from human plasma. The company also markets a seasonal influenza vaccine and receives royalties on the sale of the cervical cancer vaccine, Gardasil.
3 Gilead Sciences	United States	Pharmaceuticals & Biotech	4,625	5.0	Gilead is a biopharmaceutical company with a significant HIV franchise that has established itself as the market leader in this area. The company recently diversified its product portfolio into two new disease areas, COPD and resistant hypertension, by acquiring two companies, Myogen and Corus.
4 Applera-Celera Genomics	United States	Pharmaceuticals & Biotech	3,327	3.6	Celera is a diagnostics business delivering personalized disease management solutions through a combination of tests and services based on proprietary genetics discovery platforms.
5 Oxagen Ltd Pref	United Kingdom	Pharmaceuticals & Biotech	3,065	3.3	Oxagen is focused on the discovery and development of novel drugs for inflammation against molecular targets (mostly GPCRs) which have been validated in humans by genetic analysis.
6 Barr Pharmaceuticals	United States	Pharmaceuticals & Biotech	2,927	3.2	A speciality pharmaceutical company that develops, manufactures and markets both generic and proprietary prescription pharmaceuticals.
7 Shire	United Kingdom	Pharmaceuticals & Biotech	2,722	3.0	Shire is focused on developing and commercialising drugs that tackle attention deficit and hyperactivity disorder, human genetic therapies, gastrointestinal and renal diseases.
8 The Medicines Company	United States	Pharmaceuticals & Biotech	2,442	2.7	The Medicines Company markets Angiomax which has become a dominant anticoagulant in percutaneous coronary intervention. The company have two other cardiovascular compounds, Cleviprex and Cangrelor, which are in late stage clinical development.
9 Alexion Pharmaceuticals	United States	Pharmaceuticals & Biotech	2,285	2.5	A biopharmaceutical company that researches and develops proprietary immunoregulatory compounds for the treatment of cardiovascular diseases. The company's lead product, Soliris is approved in the US and Europe.
10 Acambis	United Kingdom	Pharmaceuticals & Biotech	2,275	2.5	A vaccine discovery and development company. Acambis has a smallpox vaccine approved by the FDA and others in development to prevent dengue fever, influenza and West Nile virus infection.

Classification of Total Investments by Sector and Region

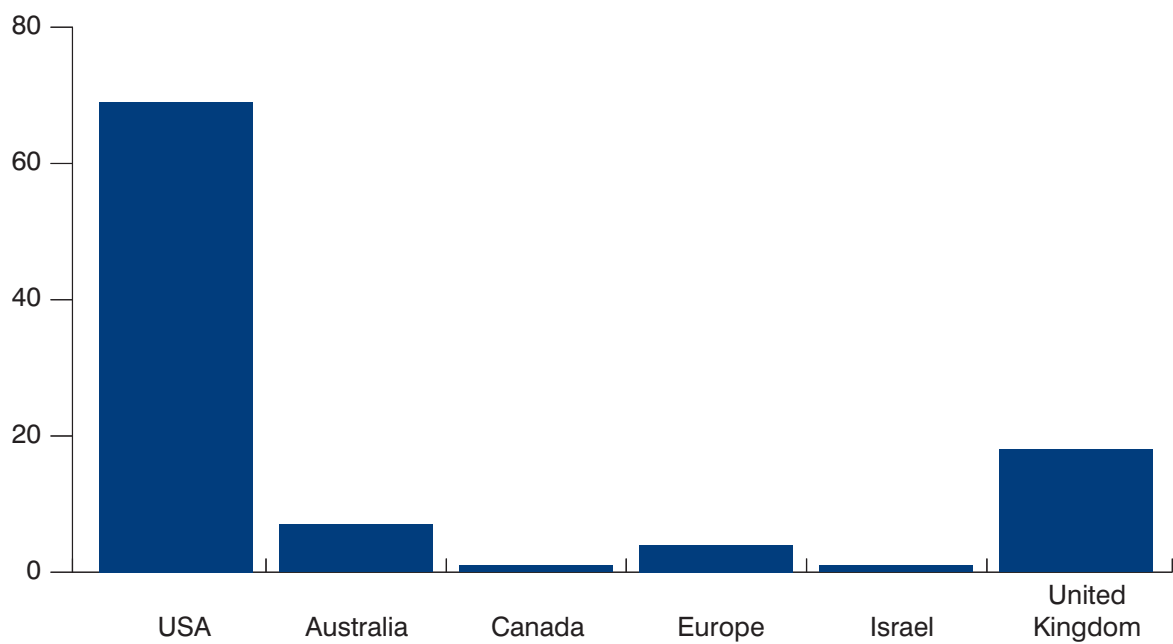
at 29 February 2008



CLASSIFICATION OF TOTAL INVESTMENTS BY SECTOR (%)



CLASSIFICATION OF TOTAL INVESTMENTS BY REGION (%)



Consolidated Balance Sheet



	Notes	(Unaudited) At 29 February 2008 Group £'000	(Unaudited) At 28 February 2007 Group £'000	(Audited) At 31 August 2007 Group £'000
Non-current assets				
Investments held at fair value through profit or loss		72,624	89,755	101,774
		72,624	89,755	101,774
Current assets				
Other receivables		2,652	2,928	1,812
Investments held for trading		11,189	22,016	519
Cash and cash equivalents		6,705	679	2
		20,546	25,623	2,333
Total assets		93,170	115,378	104,107
Current liabilities				
Other payables		(1,491)	(6,345)	(1,747)
Net assets		91,679	109,033	102,360
Equity attributable to equity holders				
Called up share capital				
– Ordinary shares		17,648	11,766	17,648
– C shares		–	18,583	–
Share premium account		18,746	17,594	18,751
Capital redemption reserve		24,169	11,231	24,169
Share purchase reserve		65,564	65,564	65,564
Capital reserves		(20,606)	(3,325)	(10,772)
Revenue reserve		(13,842)	(12,380)	(13,000)
Equity shareholders' funds		91,679	109,033	102,360
Net asset value per Ordinary share	5	129.87p	156.64p	145.00p
Net asset value per C share	5	–	142.50p	–

The notes on pages 15 and 16 form part of these financial statements.

Consolidated Statement of Changes in Equity



	Group							Total £'000
	Called up Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Share purchase reserve £'000	Capital reserve realised £'000	Capital reserve unrealised £'000	Revenue reserve £'000	
Balance at 31 August 2006	11,766	–	11,231	65,564	4,153	(14,097)	(11,666)	66,951
Net return for the period	–	–	–	–	1,680	4,939	(714)	5,905
Issue of shares	18,583	17,594	–	–	–	–	–	36,177
Balance at 28 February 2007	30,349	17,594	11,231	65,564	5,833	(9,158)	(12,380)	109,033

	Group							Total £'000
	Called up Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Share purchase reserve £'000	Capital reserve realised £'000	Capital reserve unrealised £'000	Revenue reserve £'000	
Balance at 31 August 2006	11,766	–	11,231	65,564	4,153	(14,097)	(11,666)	66,951
Net loss for the year	–	–	–	–	8,031	(8,859)	(1,334)	(2,162)
Issue of shares	5,882	18,751	12,938	–	–	–	–	37,571
Balance at 31 August 2007	17,648	18,751	24,169	65,564	12,184	(22,956)	(13,000)	102,360

	Group							Total £'000
	Called up Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Share purchase reserve £'000	Capital reserve realised £'000	Capital reserve unrealised £'000	Revenue reserve £'000	
Balance at 31 August 2007	17,648	18,751	24,169	65,564	12,184	(22,956)	(13,000)	102,360
Net loss for the period	–	–	–	–	(5,711)	(4,123)	(842)	(10,676)
Share issue costs	–	(5)	–	–	–	–	–	(5)
Balance at 29 February 2008	17,648	18,746	24,169	65,564	6,473	(27,079)	(13,842)	91,679

The notes on pages 15 and 16 form part of these financial statements.

Consolidated Cash Flow Statement



	(Unaudited) For the six months ended 29 February 2008 Group £'000	(Unaudited) For the six months ended 28 February 2007 Group £'000	(Audited) For the year ended 31 August 2007 Group £'000
Cash flows from operating activities			
Net (loss)/return before finance costs and taxation	(10,654)	5,905	(2,119)
Exchange losses on currency balances	43	13	54
Adjustments for:			
Decrease/(increase) in investments	29,150	(31,733)	(43,752)
(Increase)/decrease in current asset investments	(10,670)	(15,147)	6,350
(Increase)/decrease in receivables	(840)	(928)	188
(Decrease)/increase in payables	(248)	6,178	1,580
Net cash flows from operating activities	6,781	(35,712)	(37,699)
Cash flows from financing activities			
Issue of shares	(5)	36,177	37,571
Interest paid on bank overdrafts	(30)	–	(43)
Net cash (used in)/from financing activities	(35)	36,177	37,528
Net increase/(decrease) in cash and cash equivalents	6,746	465	(171)
Effect of foreign exchange losses	(43)	(13)	(54)
Cash and cash equivalents at beginning of period	2	227	227
Cash and cash equivalents at end of period	6,705	679	2

The notes on pages 15 and 16 form part of these financial statements.

Notes to the Financial Statements



1. Accounting policies and responsibility statement

Directors confirm that, to the best of their knowledge, this set of condensed financial statements has been prepared in accordance with International Financial Reporting Standards (IFRS), which comprise standards and interpretations approved by the International Accounting Standards Board (IASB) and International Standards Committee (IASC) as adopted by the European Union as effective as at 29 February 2008 and the Interim Management Report in the form of the Chairman's Statement and the Investment Manager's Review includes a fair review of the information required by DTR 4.2.7 and 4.2.8 of the FSA's Disclosure and Transparency Rules.

The Group's functional currency and the currency used for the presentation of these financial statements is pounds sterling, as that is the currency of the primary economic environment in which the Group operates.

The financial information for each of the six month periods ended 29 February 2008 and 28 February 2007 comprises non-statutory accounts within the meaning of Section 240 of the Companies Act 1985. The financial information for the year ended 31 August 2007 has been extracted from published accounts that have been delivered to the Registrar of Companies and on which the report of the auditors was unqualified. The interim accounts have been prepared on the same basis as the annual accounts.

The Group's accounting policies have not varied from those described in the Report and Accounts for the year to 31 August 2007.

2. Income

	(Unaudited) For the six months ended 29 February 2008 £'000	(Unaudited) For the six months ended 28 February 2007 £'000	(Audited) For the year ended 31 August 2007 £'000
Income from investments:			
Dividend income	32	2	54
Income from current asset investments	132	112	422
Interest on deposits	36	4	104
	200	118	580

3. Management fees and interest payable

The investment management fee and any finance costs on borrowings for investment purposes are apportioned 100% to the revenue return.

4. (Loss)/return per share

	(Unaudited) For the six months ended 29 February 2008 £'000	(Unaudited) For the six months ended 28 February 2007 £'000	(Audited) For the year ended 31 August 2007 £'000
Revenue loss attributable to Ordinary shares (£'000)	(842)	(664)	(1,334)
Revenue loss attributable to C shares (£'000)	–	(50)	–
Capital (loss)/return attributable to Ordinary shares (£'000)	(9,834)	7,438	(828)
Capital loss attributable to C shares (£'000)	–	(819)	–
Total (£'000)	(10,676)	5,905	(2,162)
Weighted average number of ordinary shares in issue	70,592,664	47,065,467	59,631,129
Weighted average number of C shares in issue	–	24,777,433	–
Per Ordinary share:			
Revenue loss	(1.19)p	(1.41)p	(2.24)p
Capital (loss)/return	(13.93)p	15.80 p	(1.39)p
Total (loss)/return	(15.12)p	14.39 p	(3.63)p
Per C share:			
Revenue loss	–	(0.20)p	–
Capital loss	–	(3.31)p	–
Total loss	–	(3.51)p	–

Notes to the Financial Statements

continued



5. Net asset value per share

	(Unaudited) At 29 February 2008	(Unaudited) At 28 February 2007	(Audited) At 31 August 2007
Net assets attributable to ordinary shareholders (£'000)	91,679	73,725	102,360
Ordinary shares in issue at end of period	70,592,664	47,065,467	70,592,664
Net asset value per ordinary share	129.87p	156.64p	145.00p
Net assets attributable to C shareholders (£'000)	–	35,308	–
C shares in issue at end of period	–	24,777,433	–
Net asset value per C share	–	142.50p	–

6. Contingent asset

HM Revenue and Customs (HMRC) has declared its acceptance that fund management services to investment trusts are exempt from VAT. The Manager has confirmed that claims have been lodged with HMRC to recover VAT paid from January 2001 and the Board is exploring the potential to recover VAT paid to the previous Manager for the prior period.

Until uncertainties surrounding the mechanisms of the reclaim process have been cleared and an exact recovery amount is certain there will be no recognition of an asset in the financial statements.

7. Related party transactions

There have been no related party transactions that have materially affected the financial position or the performance of the Group.

Company Summary and Shareholder Information



COMPANY STATUS

The Company was established in 1994 as an independent investment trust whose shares are listed on the London Stock Exchange (Ordinary Shares: ISIN No GB0004559349; EPIC Code IBT). The Company is managed by SV Life Sciences Managers LLP and administered by Schroder Investment Management Limited.

BENCHMARK

The Company's investment performance is compared to the NASDAQ Biotech Index, the Merrill Lynch Small-Cap Biotech Index and the Russell 2000 Biotech Growth Index (each Sterling adjusted).

DURATION

The Company's Articles of Association provide for Directors to put forward proposals for the continuation of the Company at the Company's Annual General Meeting at two-yearly intervals. Accordingly, such proposals will be put forward at the Annual General Meeting, which is expected to be held in 2009.

SHARE PRICE AND NET ASSET VALUE INFORMATION

The Company's shares are listed on the London Stock Exchange. The Company's share price is quoted daily in the Financial Times.

The Company releases its net asset value per share to the market on a daily basis.

The Company maintains a website, which is located at www.internationalbiotruster.com. The site provides share price and net asset value information as well as details of the Board of Directors and Investment Manager, information on investee companies, monthly fact sheets, the latest published Annual and Interim Reports and access to recent market announcements.

SHARES IN ISSUE AND VOTING RIGHTS

As at 15 April 2008, the Company had 70,592,664 ordinary shares of 25p each in issue. Each share carries one voting right.

ASSOCIATION OF INVESTMENT COMPANIES

The Company is a member of the Association of Investment Companies (AIC). Further information on the AIC can be found at its website, www.theaic.co.uk.

Investing in International Biotechnology Trust plc



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 Oriental Income Fund Limited, Schroder UK Mid & Small Cap Fund plc, Schroder Income Growth Fund plc, Schroder Japan Growth Fund plc, Schroder UK Growth Fund plc and SVG Capital plc.

INDIVIDUAL SAVINGS ACCOUNT – SCHRODER ISA PLAN

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 £7,200 in the current tax year;
- a regular investment option from a minimum of £50 per month;
- competitive charges;
- the option to reinvest income; and
- the option to include other trusts.

If you would like further information about the Schroder 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.

CAPITAL GAINS TAX INFORMATION

The acquisition costs of the shares 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
- 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
- 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
- for the benefit of those shareholders who acquired their holdings in the third 'C' share issue, with initial dealings on 12 February 2007:
Each ordinary share of 25p each: 150.00p

For disposals of shares in the 2007/2008 tax year, the annual capital gains (after adjusting for indexation and taper relief) of private individuals in excess of £9,200 are assessed for capital gains tax at the individual's marginal tax rate. Capital gains on shares disposed of by individuals may be eligible for taper relief. The taper reduces the amount of a chargeable gain according to how long the asset has been held for period after 5 April 1998. Where shares were acquired before 6 April 1998, the capital gain will also be reduced by indexation allowance for the period up to April 1998, but not thereafter.

For disposals of shares in the 2008/2009 tax year, the annual capital gains of private individuals in excess of £9,600 will be assessed for capital gains tax. No relief for indexation or taper relief will be available, but gains are taxed at a flat rate of 18%.

Notice of Extraordinary General Meeting

Notice is hereby given that an Extraordinary General Meeting of International Biotechnology Trust plc will be held at 71 Kingsway, London WC2B 6ST on Tuesday, 1 July 2008 at 9.15 a.m. for the purpose of considering the following resolution, which will be proposed as a Special Resolution:

"That the Articles of Association produced to the meeting and initialled by the chairman of the meeting for the purpose of identification be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association."

By order of the Board
Schroder Investment Management Limited
Company Secretary

Registered Office:
31 Gresham Street
London EC2V 7QA

5 June 2008

Registered Number: 2892872

Notes

1. A member of the Company is entitled to attend and vote and is entitled to appoint one or more proxies to exercise all or any of his/her rights to attend, speak and vote at the Extraordinary General Meeting provided that each proxy is appointed to exercise the rights attached to (a) different share(s) held by such a member. A proxy need not be a member of the Company. Forms appointing proxies must be lodged with the Company's Registrar not less than 48 hours before the time appointed for the meeting. The completion and return of a form of proxy will not preclude a member from attending and voting in person.
2. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Extraordinary General Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with CRESTCo's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 7RA01) by the latest time for receipt of proxy appointments specified above. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by a particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Notice of Extraordinary General Meeting continued

3. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
4. The statement of the rights of members in relation to the appointment of proxies in paragraph 1 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by ordinary shareholders of the Company.
5. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that only those shareholders registered in the Register of Members of the Company at 6.00 p.m. on 27 June 2008 shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to the Register of Members after 6.00 p.m. on 27 June 2008 shall be disregarded in determining the rights of any person to attend and vote at the meeting.
6. Members and any proxies or representatives they appoint agree by attending the meeting that they are expressly agreeing that they are willing to receive any communications, including communications relating to the Company's securities, made at the meeting.
7. Copies of the proposed new Articles of Association detailing changes to the existing Articles of Association, are available from the Company Secretary and will be on display at the registered office of the Company during normal business hours on any weekday (English public holidays excepted). They will also be available for inspection by any person attending the meeting for at least 15 minutes prior to, and during, the meeting.

The principal changes to the Articles of Association are as follows:

(i) Articles which duplicate statutory provisions

Provisions in the Current Articles (as defined in the Chairman's Statement) which replicate provisions contained in the Companies Act 2006 are in the main to be removed in the New Articles (as defined in the Chairman's Statement). This is in line with the approach advocated by the Government that statutory provisions should not be duplicated in a company's constitution. Examples include provisions as to the form of resolutions, the variation of class rights, the requirement to keep accounting records and provisions regarding the period of notice required to convene general meetings. The main changes made to reflect this approach are detailed below.

(ii) Form of resolution

The Current Articles contain a provision that, where for any purpose an ordinary resolution is required, a special or extraordinary resolution is also effective and that, where an extraordinary resolution is required, a special resolution is also effective. This provision is being removed as the concept of extraordinary resolutions has not been retained under the Companies Act 2006. Further, the remainder of the provision is reflected in full in the Companies Act 2006.

The Current Articles enable members to act by written resolution. Under the Companies Act 2006 public companies can no longer pass written resolutions. These provisions have therefore been removed in the New Articles.

(iii) Convening extraordinary and annual general meetings

The provisions in the Current Articles dealing with the convening of general meetings and the length of notice required to convene general meetings are being removed in the New Articles because the relevant matters are provided for in the Companies Act 2006. In particular an extraordinary general meeting to consider a special resolution can be convened on 14 days' notice whereas previously 21 days' notice was required.

Notice of Extraordinary General Meeting continued

(iv) Votes of members

Under the Companies Act 2006 proxies are entitled to vote on a show of hands whereas under the Current Articles proxies are only entitled to vote on a poll. The time limits for the appointment or termination of a proxy appointment have been altered by the Companies Act 2006 so that the articles cannot provide that they should be received more than 48 hours before the meeting or in the case of a poll taken more than 48 hours after the meeting, more than 24 hours before the time for the taking of a poll, with weekends and bank holidays being permitted to be excluded for this purpose. The New Articles give the directors discretion, when calculating the time limits, to exclude weekend and bank holidays. Multiple proxies may be appointed provided that each proxy is appointed to exercise the rights attached to a different share held by the shareholder. The New Articles reflect all of these new provisions.

(v) Age of directors on appointment

The Current Articles contain a provision limiting the age at which a director can be appointed. Such a provision could now fall foul of the Employment Equality (Age) Regulations 2006 and so has been removed from the New Articles.

(vi) Conflicts of interest

The Companies Act 2006 sets out directors' general duties which largely codify the existing law but with some changes. Under the Companies Act 2006, from 1 October 2008 a director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the company's interests. The requirement is very broad and could apply, for example, if a director becomes a director of another investment trust (or other company) or a trustee of another organisation. The Companies Act 2006 allows directors of public companies to authorise conflicts and potential conflicts, where appropriate, where the articles of association contain a provision to this effect. The Companies Act 2006 also allows the articles of association to contain other provisions for dealing with directors' conflicts of interest to avoid a breach of duty. The New Articles give the directors authority to approve such situations and to include other provisions to allow conflicts of interest to be dealt with in a similar way to the current position.

There are safeguards which will apply when directors decide whether to authorise a conflict or potential conflict. First, only directors who have no interest in the matter being considered will be able to take the relevant decision, and secondly, in taking the decision the directors must act in a way they consider, in good faith, will be most likely to promote the company's success. The directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate.

It is also proposed that the New Articles should contain provisions relating to confidential information, attendance at board meetings and availability of board papers to protect a director being in breach of duty if a conflict of interest or potential conflict of interest arises. These provisions will only apply where the position giving rise to the potential conflict has previously been authorised by the directors. It is the Board's intention to report annually on the Company's procedures for ensuring that the Board's powers of authorisation of conflicts are operated effectively and that the procedures have been followed.

(vii) Notice of board meetings

Under the Current Articles, when a director is abroad he can request that notice of directors' meetings are sent to him at a specified address and if he does not do so he is not entitled to receive notice while he is away. This provision has been removed, as modern communications mean that there may be no particular obstacle to giving notice to a director who is abroad.

(viii) Records to be kept

The provision in the Current Articles requiring the Board to keep accounting records has been removed as this requirement is contained in the Companies Act 2006.

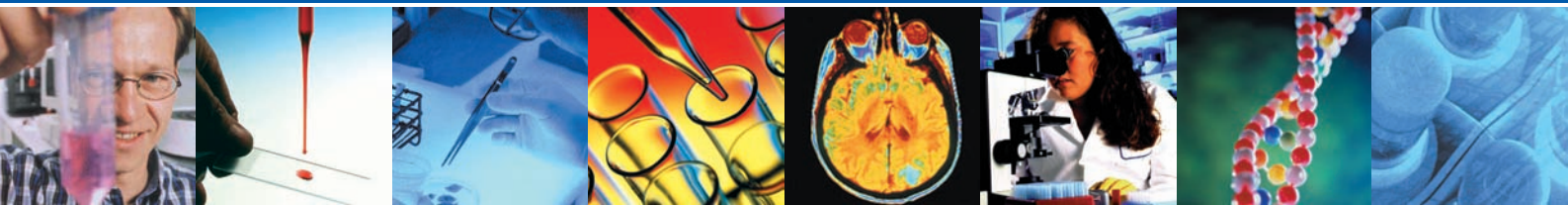
Notice of Meeting continued

(ix) Distribution of assets otherwise than in cash

The Current Articles contain provisions dealing with the distribution of assets in kind in the event of the Company going into liquidation. These provisions have been removed in the New Articles on the grounds that a provision about the powers of liquidators is a matter for insolvency law rather than the articles and that the Insolvency Act 1986 confers powers on the liquidator which would enable it to do what is envisaged by the Current Articles.

(x) General

Generally the opportunity has been taken to bring clearer language into the New Articles.



For further information contact:
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