International Biotechnology Trust plc

Half Yearly Report

Six months ended 28 February 2017

Contents

Why invest in International Biotechnology Trust plc?

(the Company)

Innovation in biotechnology continues apace, with another year of breakthroughs in areas like cancer immunotherapy, gene therapy and gene editing. In the last twelve months alone, novel treatments were approved for Parkinson's disease psychosis (Nuplazid), chronic liver disease (Ocaliva), dry eye (Xiidra), Duchenne muscular dystrophy (Exondys), ovarian cancer (Rucaparib) and spinal muscular atrophy (Spinraza). These drugs, among many others, are improving the quality of life for millions of patients around the world.

Demand is strong and increasing: The population of the world is ageing. The likelihood of suffering from illnesses, which are often chronic in nature, increases with age. The proportion of the population aged over 65 years old is set to double from 7% to 14% between 2008 and 2040. This is the single most significant driver of growth in the biotechnology industry and there is little chance of the trend being reversed. Global healthcare expenditure is projected to reach $8.7 trillion by 2020.

Supply is robust and improving: Expanding scientific knowledge and unmet medical needs continue to drive the search for new and innovative treatments. The biotechnology industry strives to understand the highly complex human body and makes important discoveries every year. But there are still many serious conditions without either treatments or cures, and many diseases where even the cause is poorly understood.

The supply of new treatment options from the biotechnology industry to meet this need is improving. This is due to, first, advances in science and discovery, especially the increasing use of biologics and, secondly, improvements in the regulation of drugs, leading to faster development and approval times. Despite a fall in FDA approvals in 2016, partly due to some approvals being accelerated and approved in 2015, FDA approvals between 2012 and 2016 averaged 35 per annum, compared to an average of 24 per annum in the previous five years.

New therapies that come to the market can generate multi-billion dollar revenues. For example, J&J's multiple myeloma treatment, Darzalex, totalled $572m in 2016, its first full year of sales, with peak sales potentially reaching $10bn. The increasing scientific knowledge in the biotechnology space continues to ensure that the number of new products that are found to be safe and effective is growing year on year, which in turn reduces the risk of investing in the sector with fewer high profile drug failures than previously.

Investment outlook is positive: The outlook for the sector from an investment perspective remains positive with strong growth drivers on both the demand and the productivity sides. Furthermore, merger and acquisition transactions (M&A) in the sector are plentiful with substantial premia being paid, which can produce significant value for investors. Big pharma companies that have matured and have a wide reach to distribute and sell products, but lack the strength and depth in their drug development pipelines continue to acquire smaller biotechnology companies where R&D productivity is increasing. There was an average of 320 M&A transactions announced per annum in the sector over the past ten years, and over 450 announced in 2015 alone. Over the last year, short-term concerns over the pricing environment in the US, fuelled by uncertainty over the US election, had a dampening effect on the performance of biotechnology equities, but following the Republican victory in the US elections, political and drug pricing risk has gradually decreased. The fundamentals of the biotech sector remain unchanged, with high growth based on the launch of innovative profitable new drugs.

International Biotechnology Trust is well placed to benefit: The Company is managed by SV Life Sciences Managers LLP (SV or the Investment Manager) whose experts are medically and/or scientifically trained, as well as having solid financial and commercial experience. This background enables the Investment Manager to assess potential investment opportunities from a position of technical expertise and experience and consider which companies are the most likely to succeed. They specialise both in identifying the successful innovative drugs and medical devices that will serve unmet medical needs and which are in complex disease areas such as diabetes and cancer, as well as the most credible treatments for orphan diseases where the number of patients may be fewer but the path to approval may be smoother with less competition. The Investment Manager's achievements have been recognised, with three industry awards won in the past two years.

The Company uniquely invests in both unquoted, usually earlier-stage, companies and funds not quoted on a stock exchange, as well as quoted equities. Investors are able to gain exposure to value creating events across the whole pathway from early stage innovation, through M&A situations and regulatory hurdles, through to regulatory approval and revenue generation. This broad spectrum of investments offers investors diversification while still giving exposure to potentially exciting returns.

Investment Objective and Policy
Investment Restrictions and Investment Strategy

Investment objective and policy

The Company's investment objective is to achieve long-term capital growth by investing in biotechnology and other life sciences companies.

The Company will seek to achieve its objective by investing in a diversified portfolio of companies which may be quoted or unquoted and whose shares are considered to have good growth prospects, with experienced management and strong potential upside through the development and/or commercialisation of a product, device or enabling technology. Investments may also be made in related sectors such as medical devices and healthcare services. While the Company's portfolio is held as one pool of assets, for operational purposes there is a quoted portfolio and an unquoted portfolio. The portfolio is diversified by geography, industry sub-sector and investment size with no single investment in a company normally accounting for more than 15% of the portfolio at the time of investment.

The portfolio is split between large, mid and small-capitalisation companies, primarily quoted on stock exchanges in North America, where the most established and commercial biotech and other life sciences companies and companies operating in related sectors are based, though investments will also be made in Europe, Asia and Australia. Investments may also be made into unquoted companies and into funds not quoted on a stock exchange, including venture capital funds. This may include funds managed by the Investment Manager and/or members of its group. The primary purpose of investment in unquoted funds will be to gain exposure to unquoted companies.

The Company may invest through equities, index-linked securities and debt securities, cash deposits, money market instruments and foreign currency exchange transactions. Forward or derivative transactions are not used by the Company.

The Company may borrow from time to time to exploit specific investment opportunities, rather than to apply long-term structural gearing to the Company's portfolio of investments.

Investment restrictions

The Company observes the following investment restrictions:

- The Company will invest primarily in biotechnology and other life science companies that are either quoted or unquoted.
- The Company will not invest more than 15% in aggregate, of the value of its gross assets in any one individual company at the time of acquisition.
- The great majority of the Company's assets will be invested in the quoted biotechnology sector with a global mandate across the entire spectrum of quoted companies. The weighting of investment in unquoted companies will vary according to the attractiveness of the opportunities identified.
- Gearing is restricted to 30% of Net Asset Value (NAV).
- The Company will not invest more than 15% in aggregate, of the value of its gross assets in other closed-ended investment companies quoted on the London Stock Exchange or any other stock exchanges.

No material change will be made to the investment objective or policy without the approval of Shareholders by ordinary resolution.

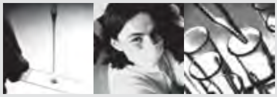
Investment strategy

The Company has delegated responsibility for day-to-day investment of its assets to the Alternative Investment Fund Manager (AIFM), SV. Consistent with the Company's investment policy SV makes the majority of its investments in biotechnology companies focused on drug discovery and development. Investments are also made in related sectors such as medical devices or healthcare services.

SV uses a bottom up approach to selection focused on assessing the fundamentals of each investment. The universe of possible investments is assessed and reduced to take into account a number of key criteria such as disease area target and market, unmet medical need, management team, stock liquidity, market capitalisation, product portfolio and competition. The risk/reward of each investment is assessed on its own merits.

Financial Summary

for the six months ended 28 February 2017



Highlights in the six months ended 28 February 2017

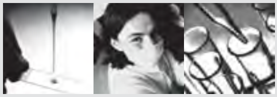
NAV	16.2%
Share price	21.1%
NASDAQ Biotechnology Index (NBI)	12.2%
FTSE All-Share Index	8.6%

All sterling adjusted and on a total return basis.

	(Unaudited) 28 February 2017 Company	(Audited) 31 August 2016 Company
Performance		
Total equity (£'000)	**246,581**	216,651
Ordinary shares in issue ('000)*	**37,548**	37,673
NAV per share	**656.7p**	575.1p
Share price	**590.0p**	497.5p
Share price discount	**(10.2)%**	(13.5)%
Ongoing charges (excluding performance fee)**	**1.4%[1]**	1.4%
Ongoing charges (including performance fee)	**2.2%[1]**	1.7%

**Excludes those held in treasury (28 February 2017: 3,795,000; 31 August 2016: 3,965,000).*
***Annualised.*
[1] Includes management fees of £728,577 charged by SV Fund VI Investment directly.

Chairman's Statement



Summary

In the six months to 28 February 2017, the NAV per Ordinary share of the Company rose from 575.1p to 656.7p, including a currency gain of £11.6m, equivalent to 30.9p per share. The NAV per share returned 16.2% including the first dividend payment of 11.5p per share, which was announced in December 2016. Over the same period, the Ordinary share price of the Company increased by 21.1%. This compares to a rise in the NBI of 12.2% and a gain in the FTSE All-Share Index of 8.6%. All figures are on a total return basis and are sterling-adjusted. The quoted portfolio has performed very strongly, outperforming the benchmark combined with a 0.5% hurdle by 9.6% as at 28 February 2017.

After a period of volatility for biotechnology stocks, many of the uncertainties surrounding the US political environment and drug pricing have been resolved, resulting in a return to growth for the sector. The outlook is more fully explained in the Investment Manager's Report.

Longer-term results

The Company's performance since our lead investment manager, Carl Harald Janson, joined the SVLS team in September 2013 has been very impressive. Over the last three years, the Company has significantly outperformed the NBI on both a NAV and share price basis, with an outperformance of 22.3% and 29.3% respectively. Shareholders will also be pleased by our very substantial outperformance of the broader UK equity market, as measured by the FTSE All-Share Index. Over the last three years, our NAV is up by 75.2%, versus a return of 20.2% from the UK market as a whole.

Unquoted portfolio

Following the approval of Shareholders granted at the general meeting held on 29 September 2016, allowing us to invest directly into unquoted, including venture, funds, we made a commitment of $30.0m into SV Life Sciences Fund VI (SV Fund VI), of which $9.3m (£7.5m) was invested at the outset. Investing directly into the venture fund allows us a broad diversified access to a wider range of unquoted investments. Our investment in SV Fund VI will increase slowly over the investment period and overlap with the exits of our existing unquoted companies. The Board expects the unquoted portfolio to remain within the guideline range of 10-15% of total investments.

Dividends, buybacks and discount

I am pleased to report that our first dividend payment was made to our Shareholders on 31 January 2017 at a rate of 11.5p per share. The dividend will be 4% of NAV as at 31 August 2016, paid in two equal tranches in January and August. As anticipated, the underlying growth of our investments is more than sufficient to support the payment of the dividend out of capital growth.

The Company bought back 125,000 shares at a cost of £0.6m during this six month period, as part of discount management for the benefit of Shareholders. This enhanced the NAV per share by 0.3p because the shares were bought at a discount to NAV that averaged approximately 13.9%.

Since the announcement of our policy changes and the introduction of the dividend in September 2016, no further buybacks have been required to maintain our discount control policy. Indeed, the discount narrowed to 10.2% from 13.5% at the previous year end. It is the Board's long-term intention to continue to reduce the discount and its volatility as market conditions allow.

Performance fee

As noted above, the exceptional outperformance versus the benchmark has given rise to a current performance fee accrual of £1.9m. The final position of any performance fee will be determined at the year end, 31 August 2017.

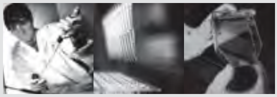
Chairman's Statement
continued

Prospects

The Investment Manager has successfully outperformed the market in varying conditions, in both rising and falling markets. Drug pricing and political concerns have prevented the sector from participating in the broader market rally which I believe gives investors an excellent opportunity to gain exposure to a sector with exciting growth prospects. It is clear that the larger names within the biotechnology sector are seeing their growth rates slow. The Investment Manager has taken action by tilting the Company away from these names and into the higher growth mid-sized companies by investing in the next generation of businesses with newly launched drugs and innovative pipelines. I am optimistic that exposure to the sector through a fund managed by medical experts can identify such names and generate returns for our Shareholders.

Alan Clifton
Chairman
20 April 2017

Investment Manager's Review



Summary

In the six months ended 28 February 2017, the Company's NAV per share rose by 16.2% including the dividend. The NBI increased by 12.2%, and the FTSE All-Share Index rose by 8.6%. All figures are on a total return basis and are sterling-adjusted.

By subsector, 80% of the portfolio was invested in therapeutics, 10% in specialty pharmaceuticals, 4% in life science tools, diagnostics and services, 4% in medical devices and 3% in a venture capital fund, SV Fund VI. SV Fund VI makes investments into unquoted companies across three sectors; biotechnology (40%), healthcare services and IT (40%) and medical devices (20%). Cash and other net assets were -1% of NAV.

Quoted and Unquoted performance

At 28 February 2017, for financial reporting the quoted portfolio represented 90.4% of NAV at £224.6m. The unquoted portfolio represented 9.6% of NAV at £23.7m. Companies that were first invested in from the unquoted pool and have now become quoted but continue to be managed by the unquoted investment managers are included within the unquoted portfolio for the purposes of performance measurement. Based on the classification of the investments as adjusted for performance measurement, the quoted portfolio was 87.7% of the portfolio, whilst the unquoted portfolio represented 12.3%.

Quoted portfolio

The return on the quoted portfolio was 23.2%, which outperformed the benchmark index, the NBI, by 9.9% compared on a geometric basis with the NBI total return of 12.2%. On an arithmetic basis, the quoted portfolio outperformed the NBI by 11.0%. The relative geometric performance is used for the purpose of calculating the performance fee.

Three portfolio holdings were the subjects of successful bids during the period under review, Ariad, Actelion and CoLucid.

The largest contributor to performance was Ariad Pharmaceuticals which was acquired by Takeda on 9 January for $24 per share, a 75% premium to the share price at the close of the previous day. Ariad had been identified as a potential M&A target and the Company held a 3.6% position, resulting in a gain of £6.5m on our holding.

Eli Lilly announced the acquisition of a portfolio company CoLucid for $960m in an all cash transaction. CoLucid is a neurology company that had a late-stage acute migraine drug in development and Eli Lilly paid a 30% premium to the previous closing share price.

Actelion, a Swiss biotechnology company and a long-term holding of the Company, was acquired by Johnson and Johnson for $30bn, a major acquisition which was announced in late January.

The Company had a significant position in Tesaro whose drug niraparib was approved by the FDA on 27 March 2017. Niraparib is a PARP inhibitor which is a potential new treatment for ovarian cancer. Due to the exciting data that has been generated in late stage trials, Tesaro has been in discussions with acquirers. News of the bid speculation helped boost the share price and the Investment Manager chose to lock in profits at that point in time.

Another oncology company, Exelixis is in the launch phase of its kidney cancer drug Cabometyx. The launch has been stronger than expected, beating analyst estimates. As with Tesaro, the Investment Manager chose to take profits towards the end of the period to lock in the gains.

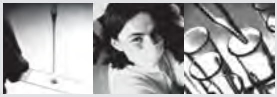
Incyte, a biopharmaceutical company specialising in oncology product development, increased by £6.2m after upping the guidance on sales of its lead product, Jakafi, and M&A speculation.

Genmab, a Danish company that has been a long-term holding of the Company, contributed to performance with the strong launch of their lead asset Darzalex for multiple myeloma (partnered with Johnson and Johnson).

FX gains also added to the value of quoted portfolio, with a gain of £11.0m, or 29.3p per share in the period.

Investment Manager's Review

continued



Unquoted portfolio

The return for the unquoted portfolio over the six months ended 28 February 2017 was a fall of £4.7m or 16.1%. The combined effect of gains and losses on the unquoted investments was to decrease the NAV by 12.5p per share. This is due to several factors which are explained below. The previous unquoted investments experience higher volatility, as larger investments are made in fewer companies. Our change in the strategy of investing through a more diversified venture capital fund is designed to reduce the volatility of the unquoted portfolio in future periods.

As at 28 February 2017, the Company held investments in nine unquoted portfolio companies, one investment in a venture fund, SV Fund VI, and interests in five further companies that have been sold, but where there are further receipts dependent on reaching drug development or financial milestones set at the point when those companies were sold. The Company also holds investments in three previously unquoted companies that are now listed, but which, as described above, are still reported for performance purposes within the unquoted portfolio.

Summary of unquoted investments

	Number of investments	Fair value at 28 February 2017 (£'m)	Percentage of NAV
Unquoted	9	11.6	4.7%
Exited with contingent milestones	5	4.6	1.9%
SV Fund VI	14*	7.5	3.0%
Total unquoted	**28**	**23.7**	**9.6%**
Previously unquoted, now listed	3	6.6	2.7%
Total unquoted for performance measurement	**31**	**30.3**	**12.3%**

**The number of investments listed within SV Fund VI represents the number of investments into underlying individual portfolio companies.*

Following the approval of the change to the investment policy at the general meeting on 29 September 2016, a new investment was made into SV Fund VI. The draw down on the commitment of $30.0m to date is £7.5m ($9.3m), with further amounts due to be drawn down over the investment period. SV Fund VI's investee companies continue to be diversified between biotechnology, healthcare services & IT and medical devices similar to our existing unquoted investments, but with smaller allocations to each individual company, allowing for greater diversification.

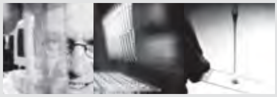
Kalvista Pharmaceuticals completed a reverse merger in the period into Carbalyn Therapeutics on 23 November and is now listed on the NASDAQ Stock Market. The valuation of Kalvista fell by £0.9m following the listing whilst the company establishes itself. For performance measurement purposes, it remains in the unquoted portfolio, as do Entellus and Transenterix.

Entellus completed a secondary equity offering in January 2017 and we sold 15.3% of our holding in the secondary listing for £0.8m. Following the secondary offering, the earnings missed analyst expectations and the share price fell, decreasing our valuation by £1.2m at the period end. We believe the fundamentals of the company remain strong with commercial activities ramping up.

In January 2017, Merck notified us that they would be discontinuing development of the assets acquired with OncoEthix due to toxicity concerns. The contingent milestones relating to this investment were written off in full, with an impact on the NAV of £1.2m. Although no further proceeds will be received relating to this investment, the overall return was a multiple of 2.4x.

EBR Systems was written down by £1.2m in February based on the latest financing term sheet. A significant financing round is required to finance the clinical trial for the wireless heart pacemaker which is resulting in earlier investments being down valued.

Investment Manager's Review
continued



Atopix was sold to Chiesi Farmaceuticals in November 2016, and we received upfront proceeds of £0.5m. Contingent milestones relating to the commercialisation of the CRTH2 antagonist are currently valued at £0.6m. A recapitalisation of NCP Holdings led to a sale of 47.5% of our holdings for proceeds of £1.2m.

The decreases in the valuations in the period were partially offset by an FX gain of £0.6m, or 0.6p per share

Outlook

The biotechnology sector went into a tail spin back in September 2015 when the sector was trading at more than 30% above current levels due to political uncertainty surrounding drug pricing, sparked by Hillary Clinton's comments. The sector is yet to fully recover almost two years later.

After the setback, the NBI remained in a trading range throughout 2016, held back by the uncertainty of the upcoming US election.

Initially, despite the surprise Republican "clean sweep", investors remained cautious as Trump's comments surrounding drug pricing continued downward pressure on valuations. However, since his win, this has become a lesser area of concern and share prices have begun to recover, due to the long held assumption that "business friendly" Republicans are unlikely to vote for price controls or industry unfriendly ideas.

In practice, drug pricing growth is being 'controlled' to an extent already within the private sector through various mechanisms. Diseases which benefit from multiple treatment options offer insurance companies an opportunity to negotiate lower prices with the pharmaceutical and biotechnology companies supplying them. Despite the relatively recent political spotlight on drug pricing, this private sector negotiation on drug pricing is not a new phenomenon. By investing in companies focused on unmet medical needs and producing unique life changing drugs, investors can gain a degree of protection from such pressures.

Large pharmaceutical companies and more recently, large biotechnology companies, have seen their revenue growth rates reduce as current innovative therapies face greater competition and their R&D productivity in creating new drugs has decreased. Despite lower growth rates, their ability to generate cash from successful blockbuster drugs has continued, and many companies have significant cash resources. In addition, the new administration's polices look likely to increase cash holdings further. These policies include a potential lowering of corporate tax rates in the US and a one-off tax rate for 'repatriation of funds' which are locked overseas by some companies in order to avoid a 35% US corporate tax rate.

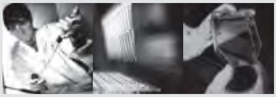
This combination of factors has led to increasing pressure on large cap companies in the sector to carry out M&A, and acquire companies with faster growing products to boost their revenue growth. Companies bought in M&A activity are often bought at 30-60% above the stock market values in the period immediately before acquisition, providing a strong source of returns for investors in the companies acquired. Frequently, these exiting investors seek to reinvest the proceeds in the biotech sector helping to further boost returns. The Investment Manager has taken steps to change the Company's holdings and reduce its exposure to the more established companies in favour of the faster growing mid-cap names which are ripe for acquisition.

We believe the sector remains good value at P/E of 13x 2017. However, it looks even more attractive on a relative basis when you consider the S&P 500's run and valuation of 18x 2017. We believe the fundamentals of the sector are intact, valuations are attractive and the concerns over Trump's administration are overdone, providing a good entry point for investors.

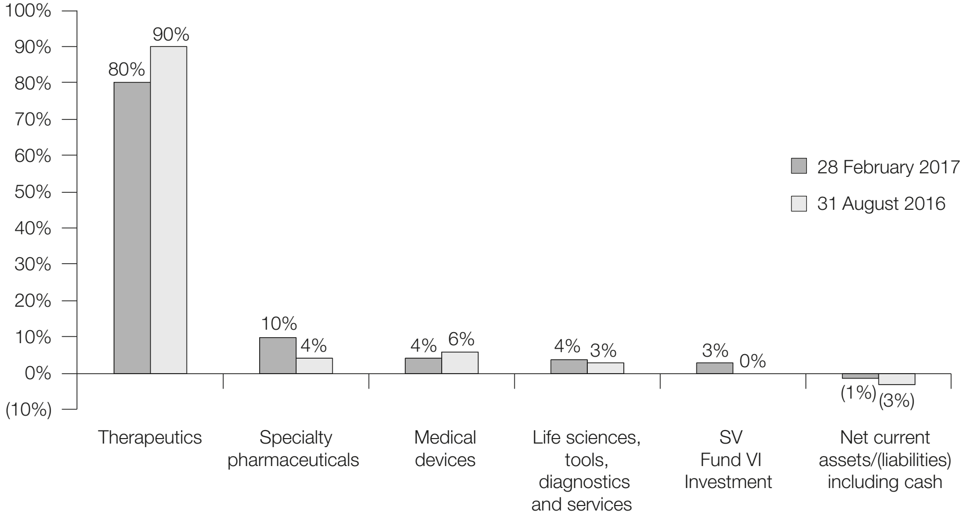
SV Life Sciences Managers LLP
Investment Manager

20 April 2017

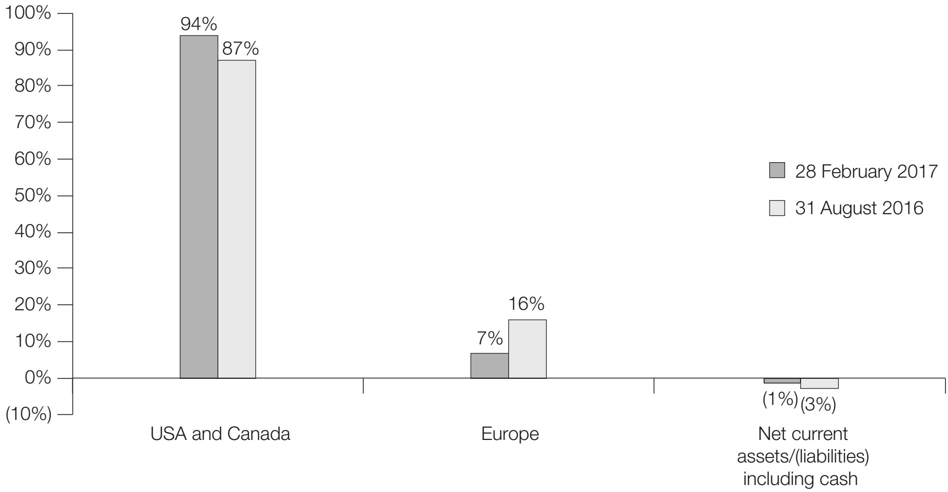
Classification of Investments



Classification of Investments by Sector
at 28 February 2017



Classification of Investments by Region
at 28 February 2017



Ten Largest Investments

as at 28 February 2017

	Investment	Country	Sector classification	Market value of holding £'000	% of Shareholders' funds
1	Celgene	USA	Biotechnology	18,959	7.7
	A company engaged in the discovery, development and commercialisation of innovative therapies designed to treat cancer and immunological diseases. The company has six main marketed products: Revlimid, Pomalyst, Otezla, Thalomid, Vidaza, Abraxane and a full pipeline of drug candidates in clinical development. Total revenues were $11.2bn in 2016.				
2	Incyte	USA	Biotechnology	17,913	7.2
	A company focused on oncology and inflammation. The company's lead product, Jakafi, is approved in the USA for the treatment of myeloflbrosis and polycythemia vera. Total revenues were $1.1bn in 2016.				
3	Biogen	USA	Biotechnology	17,489	7.1
	A company developing, manufacturing and commercialising biologic drugs primarily for inflammatory and autoimmune diseases as well as cancer. The company's major marketed products include Avonex, Tecfidera and Tysabri for the treatment of multiple sclerosis and Rituxan for the treatment of blood-based cancers and rheumatoid arthritis. Total revenues were $11.4bn in 2016.				
4	Alexion	USA	Biotechnology	13,146	5.3
	A company whose main drug product Soliris was approved for the treatment of PNH and aHUS, both are rare 'orphan' disease indications. The company recently embarked on two global launches for two additional rare disease medicines, Kanuma and Stensiq which the company gained from its recent acquisition of Synageva. Total revenues were $2.6bn in 2016.				
5	Genmab	Denmark	Biotechnology	10,740	4.4
	Genmab is a Danish antibody company who struck a major deal, with the potential value in excess of $1.1bn, in 2012 with Johnson & Johnson for their lead asset Darzalex for the treatment of multiple myeloma. The drug was approved in November 2015 under an accelerated approval pathway and in the first full year of sales had revenues of $572m. Total revenues (including milestone payments) were DKK1.8bn in 2016.				
6	Amgen	USA	Biotechnology	10,654	4.3
	A company that pioneered the development of novel products based on advances in molecular biology. Amgen markets products which are used to treat oncology/haematology, cardiovascular, inflammation, bone health and nephrology. The company also has an advanced pipeline of biosimilars in late stage development. Total revenues were $23.0bn in 2016.				
7	Regeneron	USA	Biotechnology	10,334	4.2
	A company with two significant marketed drugs called Eylea, indicated to treat age-related macular degeneration and Praluent for patients with elevated cholesterol. Total revenues were $4.9bn in 2016.				
8	Shire	USA	Specialty pharmaceuticals	9,901	4.0
	A company that focuses on rare diseases and merged with Baxalta in 2016. Shire's products are used to treat attention deficit hyperactivity disorder (ADHD) treatments Vyvanse and Adderall XR, ophthalmology drug Xiidra and HAE treatments Cinryze and Firazyr. The company's rare disease drugs include Elaprase and Replagal. Total revenues were $11.4bn in 2016.				

Ten Largest Investments

as at 28 February 2017 continued

	Investment	Country	Sector classification	Market value of holding £'000	% of Shareholders' funds
9	Illumina	USA	Life sciences, tools, diagnostics and services	8,292	3.4
	A company that provides sequencing and array-based solutions for genetic analysis. Illumina has a portfolio of integrated systems, consumables and analysis tools. Total revenues were $619m for 2016				
10	Vertex	USA	Biotechnology	8,049	3.2
	A company engaged in the discovery and development of small molecule drugs for serious diseases. Vertex's pipeline is focused on viral diseases, cystic fibrosis, inflammation and cancer. The key value driver is Kalydeco which was launched in 2012 for the treatment of cystic fibrosis. Total revenues were $1.7bn for 2016.				
	Total			**125,477**	**50.8**

At 31 August 2016, the ten largest investments represented 49.3% of the NAV.

All of the above investments are in quoted companies.

Statement of Comprehensive Income

for the six months ended 28 February 2017

	Notes	**(Unaudited) For the six months ended 28 February 2017 Company** Revenue return £'000	Capital return £'000	Total £'000	(Unaudited) For the six months ended 29 February 2016 Company Revenue return £'000	Capital return £'000	Total £'000	(Audited) For the year ended 31 August 2016 Company Revenue return £'000	Capital return £'000	Total £'000
Gains/(losses) on investments held at fair value through profit or loss		**–**	**38,057**	**38,057**	–	(39,027)	(39,027)	–	(1,725)	(1,725)
Exchange losses on currency balances		**–**	**(539)**	**(539)**	–	(1,438)	(1,438)	–	(2,333)	(2,333)
Income	2	**203**	**–**	**203**	334	–	334	676	–	676
Expenses										
Management fees*		**(274)**	**–**	**(274)**	(999)	–	(999)	(1,894)	–	(1,894)
Performance fee		**–**	**(1,901)**	**(1,901)**	–	–	–	–	(575)	(575)
Administrative expenses		**(568)**	**–**	**(568)**	(550)	–	(550)	(1,047)	–	(1,047)
Profit/(loss) before finance costs and tax		**(639)**	**35,617**	**34,978**	(1,215)	(40,465)	(41,680)	(2,265)	(4,633)	(6,898)
Finance costs										
Interest payable		**(84)**	**–**	**(84)**	(129)	–	(129)	(212)	–	(212)
Profit/(loss) on ordinary activities before tax		**(723)**	**35,617**	**34,894**	(1,344)	(40,465)	(41,809)	(2,477)	(4,633)	(7,110)
Taxation		**(30)**	**–**	**(30)**	(52)	–	(52)	(105)	–	(105)
Profit/(loss) for the period attributable to owners of the Company		**(753)**	**35,617**	**34,864**	(1,396)	(40,465)	(41,861)	(2,582)	(4,633)	(7,215)
Earnings/(loss) per Ordinary share	3	**(2.01)p**	**94.85p**	**92.84p**	(3.52)p	(101.96)p	(105.48)p	(6.63)p	(11.89)p	(18.52)p

The total column of this statement represents the Company's Statement of Comprehensive Income prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

The Company does not have any other comprehensive income and hence the net (loss)/profit for the period, as disclosed above, is the same as the Company's total comprehensive income.

The revenue and capital columns are supplementary and are prepared under guidance published by the Association of Investment Companies (AIC).

**Following the investment into SV Fund VI on 3 October 2016, management fees are partially paid directly through the venture capital investment. Refer to note 6 related parties, for a reconciliation of the total amount paid.*

The notes on pages 16 to 18 form part of these Financial Statements.

Balance Sheet

as at 28 February 2017

	Notes	**(Unaudited) 28 February 2017 Company £'000**	(Unaudited) 29 February 2016 Company £'000	(Audited) 31 August 2016 Company £'000
Non-current assets				
Investments held at fair value through profit or loss		**248,292**	187,498	221,788
		248,292	187,498	221,788
Current assets				
Receivables		**21,244**	8,369	9,242
Cash and cash equivalents		**141**	2,465	90
		21,385	10,834	9,332
Total assets		**269,677**	198,332	231,120
Current liabilities				
Borrowings		**(6,267)**	–	(11,813)
Payables		**(16,829)**	(10,061)	(2,656)
		(23,096)	(10,061)	(14,469)
Net assets		**246,581**	188,271	216,651
Equity attributable to equity holders				
Called up share capital		**10,336**	10,723	10,409
Share premium account		**18,805**	18,805	18,805
Capital redemption reserve		**31,481**	31,094	31,408
Capital reserves	4	**218,866**	158,617	188,183
Revenue reserve		**(32,907)**	(30,968)	(32,154)
Total equity		**246,581**	188,271	216,651
NAV per Ordinary share	5	**656.71p**	481.66p	575.09p

The notes on pages 16 to 18 form part of these Financial Statements.

Statement of Changes in Equity

Company For the six months ended 28 February 2017 (Unaudited)	**Called up share capital £'000**	**Share premium account £'000**	**Capital redemption reserve £'000**	**Capital reserves £'000**	**Revenue reserve £'000**	**Total £'000**
Balance at 1 September 2016	**10,409**	**18,805**	**31,408**	**188,183**	**(32,154)**	**216,651**
Total Comprehensive Income:						
Profit/(loss) for the period	**–**	**–**	**–**	**35,617**	**(753)**	**34,864**
Transactions with owners, recorded directly to equity:						
Shares bought back and held in treasury	**–**	**–**	**–**	**(616)**	**–**	**(616)**
Shares cancelled from treasury	**(73)**	**–**	**73**	**–**	**–**	**–**
Dividend paid in the period	**–**	**–**	**–**	**(4,318)**	**–**	**(4,318)**
Balance at 28 February 2017	**10,336**	**18,805**	**31,481**	**218,866**	**(32,907)**	**246,581**

Company For the six months ended 29 February 2016 (Unaudited)	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
Balance at 1 September 2015	11,116	18,805	30,701	204,440	(29,572)	235,490
Total Comprehensive Income:						
Loss for the period	–	–	–	(40,465)	(1,396)	(41,861)
Transactions with owners, recorded directly to equity:						
Shares bought back and held in treasury	–	–	–	(5,358)	–	(5,358)
Shares cancelled from treasury	(393)	–	393	–	–	–
Balance at 29 February 2016	10,723	18,805	31,094	158,617	(30,968)	188,271

Company For the year ended 31 August 2016 (Audited)	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
Balance at 1 September 2015	11,116	18,805	30,701	204,440	(29,572)	235,490
Total Comprehensive Income:						
Loss for the year	–	–	–	(4,633)	(2,582)	(7,215)
Transactions with owners, recorded directly to equity:						
Shares bought back and held in treasury	–	–	–	(11,624)	–	(11,624)
Shares cancelled from treasury	(707)	–	707	–	–	–
Balance at 31 August 2016	10,409	18,805	31,408	188,183	(32,154)	216,651

The notes on pages 16 to 18 form part of these Financial Statements.

Cash Flow Statement

	(Unaudited) For the six months ended 28 February 2017 Company £'000	(Unaudited) For the six months ended 29 February 2016 Company £'000	(Audited) For the year ended 31 August 2016 Company £'000
Cash flows from operating activities			
Profit/(loss) before tax	**34,894**	(41,809)	(7,110)
Adjustments for:			
(Increase)/decrease in investments	**(26,504)**	59,431	25,141
(Increase)/decrease in receivables	**(12,002)**	6,087	5,214
Increase/(decrease) in payables	**14,173**	5,734	(1,671)
Taxation	**(30)**	(52)	(105)
Net cash flows generated from operating activities	**10,531**	29,391	21,469
Cash flows from financing activities			
Share repurchase costs	**(616)**	(5,358)	(11,624)
Dividend paid	**(4,318)**	–	–
Net cash used in financing activities	**(4,934)**	(5,358)	(11,624)
Net increase in cash and cash equivalents	**5,597**	24,033	9,845
Cash and cash equivalents at beginning of period	**(11,723)**	(21,568)	(21,568)
Cash and cash equivalents at end of period	**(6,126)**	2,465	(11,723)

The notes on pages 16 to 18 form part of these Financial Statements.

Notes to the Financial Statements

1. Accounting policies

The Financial Statements have been prepared on a going concern basis, in accordance with International Accounting Standard 34 "Interim Financial Reporting" and the accounting policies set out in the statutory accounts of the Company for the year ended 31 August 2016. Where presentational guidance set out in the Statement of Recommended Practice (the SORP) for investment trusts issued by the AIC in November 2014 and updated in January 2017 with consequential amendments, is consistent with the requirements of IFRS, the accounts have been prepared on a basis compliant with the recommendations of the SORP.

The financial information for each of the six month periods ended 28 February 2017 and 29 February 2016 comprises non-statutory accounts within the meaning of Sections 434 - 436 of the Companies Act 2006 (the Act). The financial information for the year ended 31 August 2016 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, did not draw attention to any matters by way of emphasis and did not contain a statement under Section 498(2) or (3) of the Act.

The Company has reviewed the guidance issued by the Financial Reporting Council (FRC) in order to determine whether the going concern basis should be used in preparing the Financial Statements for the six months ended 28 February 2017. The Directors have reviewed the likely operational costs and cashflows for the Company for the 12 months from the date of this Half Yearly Report, and are of the opinion that the Company has adequate resources to continue in operational existence for the foreseeable future. The Directors believe that it is appropriate to adopt the going concern basis in the preparation of the Financial Statements as there are no material uncertainties related to events or conditions that may cast significant doubt about the Company's ability to continue as a going concern.

The Company's principal risks and uncertainties remained unchanged to those described in the Annual Report for the year ended 31 August 2016. These include strategy/performance risks, investment-related risks, currency risks, operational risks and tax, legal and regulatory risks. These risks, and the way in which they are managed, are described in more detail under the heading "Principal risks and uncertainties" within the Strategic Report in the Company's Annual Report for the year ended 31 August 2016 as well as note 23 entitled "Financial Instruments and Risk Management".

2. Income

	(Unaudited) For the six months ended 28 February 2017 Company £'000	(Unaudited) For the six months ended 29 February 2016 Company £'000	(Audited) For the year ended 31 August 2016 Company £'000
Revenue:			
Income from investments held at fair value through profit or loss:			
Unfranked dividends	**203**	334	676
	203	334	676

Notes to the Financial Statements

continued

3. Net earnings/(loss) per Ordinary share

	(Unaudited) For the six months ended 28 February 2017 Company £'000	(Unaudited) For the six months ended 29 February 2016 Company £'000	(Audited) For the year ended 31 August 2016 Company £'000
Net revenue loss	**(753)**	(1,396)	(2,582)
Net capital profit/(loss)	**35,617**	(40,465)	(4,633)
	34,864	(41,861)	(7,215)
Weighted average number of Ordinary shares in issue*	**37,549,044**	39,687,223	38,959,794
Revenue loss per Ordinary share	**(2.01)p**	(3.52)p	(6.63)p
Capital profit/(loss) per Ordinary share	**94.85p**	(101.96)p	(11.89)p
Total earnings/(loss) per Ordinary share	**92.84p**	(105.48)p	(18.52)p

**Excluding those held in treasury.*

4. Capital reserves

The capital reserve account comprises both realised gains on investments sold and unrealised gains and losses on investments held, which are analysed as follows:

	(Unaudited) For the six months ended 28 February 2017 Company £'000	(Unaudited) For the six months ended 29 February 2016 Company £'000	(Audited) For the year ended 31 August 2016 Company £'000
Capital reserve – on investments sold	**200,176**	159,580	168,447
Capital reserve – on investments held	**18,690**	(963)	19,736
	218,866	158,617	188,183

5. Net asset value per Ordinary share

	(Unaudited) 28 February 2017 Company	(Unaudited) 29 February 2016 Company	(Audited) 31 August 2016 Company
Net assets attributable to Ordinary Shareholders (£'000)	**246,581**	188,271	216,651
Ordinary shares in issue at end of period	**37,547,663**	39,087,663	37,672,663
NAV per Ordinary share	**656.71p**	481.66p	575.09p

Notes to the Financial Statements
continued

6. Related party transactions

There have been no related party transactions that have materially affected the financial position or the performance of the Company during the six months ended 28 February 2017.

(a) Transactions with the Investment Manager

Details of the management fee arrangement are given in the Directors' Report on page 19 of the Annual Report for the year ended 31 August 2016. Following the investment into the SV Fund VI venture capital fund on 3 October 2016, a portion of the management fee has been paid via fees due on this investment, with the remaining fees charged directly to the Company. The initial fee on the SV Fund VI investment was significantly higher than it will be on an ongoing basis to reflect the catch-up fees to equalise the position between the Company and earlier investors in the venture capital fund. The amounts paid can be seen in the table below and continue to total 0.9% of NAV. In the prior year, fees of £999,000 were paid in the six months ended 29 February 2016.

Fees paid to the Investment Manager	**£**
Venture Capital Fees paid through SV Fund VI investment	**728,577**
Management fee paid by the Company directly to the Investment Manager	**274,054**
Total	**1,002,631**

Due to the outperformance at 28 February 2017 vs the NBI benchmark plus 0.5% of 9.6%, a performance fee of £1,900,410 has been accrued. Performance is measured on an accrual basis and no amounts will be due or paid in respect of any outperformance until the release of the audited accounts for 31 August 2017.

(b) Related party transactions

The Directors of the Company are key management personnel. The total remuneration payable to Directors in respect of the six months ended 28 February 2017 was £79,500, of which £39,750 was outstanding at the period end.

Directors' Responsibility Statement

In respect of the Half Yearly Report for the six months ended 28 February 2017, we confirm that, to the best of our knowledge:

- the condensed set of Financial Statements contained within, which have been prepared in accordance with IAS 34, "Interim Financial Reporting", gives a true and fair view of the assets, liabilities, financial position and profit and loss of the Company as at 28 February 2017 as required by the UK Listing Authority's Disclosure Guidance and Transparency Rule 4.2.4R;
- the Chairman's Statement and Investment Manager's Review include a fair review, as required by Disclosure Guidance and Transparency Rule 4.2.7R, of important events that have occurred during the six months ended 28 February 2017 and their impact on the condensed set of Financial Statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- the Chairman's Statement and Investment Manager's Review includes a fair review of the information concerning related party transactions as required by Disclosure Guidance and Transparency Rule 4.2.8R.

The Half Yearly Report has not been reviewed or audited by the Company's auditors.

The Half Yearly Report for the six months ended 28 February 2017 was approved by the Board and the above Responsibility Statement has been signed on its behalf by:

Alan Clifton
Chairman
20 April 2017

Company Summary, Shareholder Information, Directors and Advisers

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: GB0004559349; EPIC Code: IBT). The Company is registered in England and Wales with a Company number: 2892872.

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 2017 Annual General Meeting.

Share Price and NAV Information
The Company's shares are listed on the London Stock Exchange. The Company's share price is quoted daily in the Daily Telegraph and the Financial Times.

The Company releases its NAV per share to the market on a daily basis.

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

2017 Financial Calendar

31 January	First interim dividend payment date
April	Half Yearly Results announced
31 August	Year End
31 August	Second interim dividend payment date
November	Annual Results announced
December	Annual General Meeting

Shares in Issue
As at 20 April 2017, the Company had 41,342,663 Ordinary shares of 25p each in issue, which included 3,795,000 Ordinary shares held in treasury.

The Company's Ordinary shares can continue to be recommended by Financial advisers to their ordinary retail clients under the Non-Mainstream Pooled Investment Rules which became effective from 1 January 2014.

Directors
Alan Clifton *(Chairman)*
John Aston
Dr Véronique Bouchet *(Senior Independent Director)*
Caroline Gulliver *(Audit Committee Chairman)*
Jim Horsburgh

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**Lines are open from 8.30am to 5.30pm Monday to Friday (excluding UK public holidays).*

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