International Biotechnology Trust plc

Interim Report

Six months ended 28 February 2018

International Biotechnology Trust plc

Contents

The investment objective of International Biotechnology Trust plc is to achieve long-term capital growth by investing in biotechnology and other life sciences companies

Awards

CITYWIRE INVESTMENT TRUST AWARDS: Citywire Best Specialist Equities 2017

EUROPEAN MEDISCIENCE AWARDS 2016 SPONSORED BY KEMPEN & CO

Investors Chronicle and Financial Times Investment and Wealth Management Awards 2017 Winner
Best Specialist Fund International Biotechnology Trust

winner International Biotechnology Trust PLC tech fund manager of the year award UKtech awards 2015

BIA UK BioIndustry Association

Offering investors access to the fast growing biotechnology sector

International Biotechnology Trust plc

Biotechnology sector – strong fundamentals but undervalued

Ageing populations increase demand
- Over 65s as a percentage of population set to double between 2008 and 2040

Supply is improving
- Expanding scientific knowledge and exciting developments expected
- Regulatory advancements and faster approvals
- Fewer late-stage drug development failures

Mergers and Acquisitions (M&A) set to continue
- Average of 320 M&A events in the sector per year with premiums of 30-60%
- Big pharmaceutical and big biotechnology companies have accrued significant cash reserves, which they may deploy

Market fears overblown
- US administration has not repealed Obamacare and its Executive Order seems industry friendly
- Lower political threat yet to be fully reflected in valuations

Strong performance over market cycles

Since Carl Harald Janson joined in September 2013, the Company's NAV has risen 102.7% vs. the Nasdaq Biotech Index of 89.9%.

This can be attributed to:
- Medical and scientific expertise of Lead Investment Manager
- Support and expertise of SV Health Managers LLP *(55 strong team globally, 70 live venture investments, $2.4bn raised in seven funds, home to the UK's Dementia Discovery Fund)*
- Rigorous bottom-up stock selection process
- Proven approach to risk mitigation

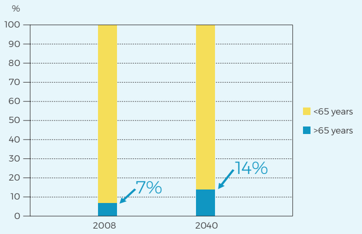
Unrivalled access to both quoted and unquoted biotechnology companies

- Quoted investments make up 85-95% of portfolio
- Earlier-stage unquoted companies form 5-15% of portfolio
- Investment in unquoted stocks via a fund giving access to a wider range of unquoted companies
- Invested mostly in US (89%) with 36% large cap and 36% profitable companies
- Focus on high growth areas of oncology (38%) and rare diseases (15%)

Exposure to both growth and yield

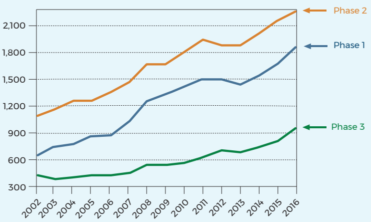
- Annual dividend of 4% of NAV, paid semi-annually
- Paid from capital reserves, without affecting investment strategy

Fig 1. Increasingly elderly population



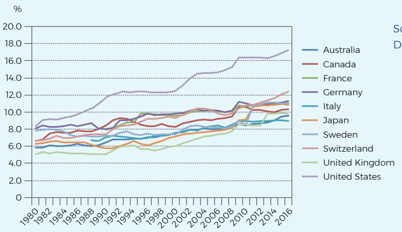
Source: US Census Bureau – Worldwide population

Fig 2. More drugs in development



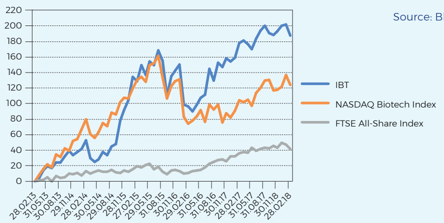
Disclosed Worldwide Active R&D Projects in Development by Stage Source: Pharmaceutical Research and Manufacturers of America (PhRMA), Pharmaprojects, Bank of America Merrill Lynch Global Research

Fig 3. Healthcare expenditure



Source: OECD Health Data 2016

Fig 4. Share price vs NBI



Source: Bloomberg

Financial Summary
for the six months ended 28 February 2018

Performance

Net asset value (NAV)	**-6.5%**
Share price	**-4.0%**
NASDAQ Biotechnology Index (NBI)	**-8.8%**
FTSE All-Share Index	**-0.9%**

All sterling-adjusted and on a total return basis.

	(Unaudited) 28 February 2018	(Audited) 31 August 2017
Financial Highlights		
Total equity (£'000)	**226,492**	252,651
NAV per share	**603.2p**	672.9p
Share price	**586.0p**	624.0p
Share price discount	**2.9%**	7.3%
Ongoing charges (excluding performance fee)*	**1.4%[1]**	1.3%[1]
Ongoing charges (including performance fee)	**1.4%[1]**	1.9%[1]

**Annualised.*
[1] Includes management fees of £250,000 (31 August 2017: £985,000) charged by SV Life Sciences Fund VI (SV Fund VI) directly.

Following my election as Chairman in December 2017, I am pleased to present my first Interim Report to our Shareholders.

The Company's performance since our Lead Investment Manager, Carl Harald Janson, joined the SVHM 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 2.8% and 15.3% respectively. The Company has also outperformed the broader UK equities market on a share price basis, as represented by the FTSE All-Share Index, by 5.9% over the three-year period.

Summary

In the shorter term, over the six months to 28 February 2018, the NAV per Ordinary share of the Company fell from 672.9p to 603.2p. The decrease in NAV per share was driven by a dividend payment of 13.5p per share, that was announced in December 2017 and paid on 31 January 2018, and a currency loss of £16.9m, equivalent to 45.0 pence per share. The NAV per share returned -6.5% including the dividend. Over the same period, the Ordinary share price of the Company decreased by 4.0%. This compares to a fall in the NBI of 8.8% and a fall in the FTSE All-Share Index of 0.9%. All figures are on a total return basis and are sterling-adjusted.

Performance has been held back by the impact of the GBP strengthening 6.4% vs. the USD over the period. With the prospect of increased growth and innovation, I believe the biotechnology sector remains an attractive sector for our investors, capable of delivering enhanced Shareholder returns. The outlook is more fully explained in the Investment Manager's Review.

Unquoted portfolio

As at 28 February 2018, we had invested 48% of our $30.0m commitment in SV Fund VI. We will continue to invest the remainder of our commitment. 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 our guideline range of 5-15% of total investments.

Dividends, buybacks and discount

I am pleased to report a dividend payment was made to our Shareholders on 31 January 2018 at a rate of 13.5p per share, a 17.4% increase on last year's dividend. The second tranche of the dividend will be announced in July, and is expected to be 13.5p, with the two equal tranches equating to 4% of NAV as at 31 August 2017.

Since the announcement of our policy changes and the introduction of the dividend in September 2016, no further buybacks have been required in line with our discount control policy. Indeed, the discount narrowed to 2.9% from 7.3% at the previous year end.

Performance fee

No performance fee has been generated by either the quoted portfolio or the unquoted portfolio in the period. The quoted portfolio has outperformed the NBI, but has not outperformed by more than the 0.5% hurdle required to give rise to a performance fee. The unquoted portfolio has returned 6.2% in the period, significantly outperforming the NBI, however the unquoted portfolio performance fee is based on net realised gains, taking into account any unrealised losses but not unrealised gains. As the gains in the period are unrealised, no performance fee is due on the unquoted portfolio.

Prospects

The Investment Manager has 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's strategy of tilting the Company away from these names and into the higher growth mid-sized companies continues. The Investment Manager believes that by investing in the next generation of businesses with newly launched drugs and innovative pipelines, we maximise potential for long-term growth and exposure to possible M&A candidates. 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.

John Aston
Chairman

26 April 2018

Summary

In the six months ended 28 February 2018, the Company's NAV per share fell by 6.5%, including the dividend. Over the same period, the Ordinary share price of the Company decreased by 4.0%. By comparison, the NBI decreased by 8.8% and the FTSE All-Share Index fell by 0.9%. All figures are on a total return basis and are sterling-adjusted. On a USD basis, the NBI fell 2.4%, indicating a significant proportion of the decrease was driven by the strengthening of GBP, which appreciated 6.4% against USD in the period.

By subsector, 89.1% of the portfolio was invested in therapeutics, 4.5% in specialty pharmaceuticals, 6.7% in medical devices and 5.0% in a venture capital fund, SV Fund VI. SV Fund VI invests in unquoted companies across three sectors; biotechnology (40%), healthcare services and IT (40%) and medical devices (20%). Cash and other net assets were -5.3% of NAV.

Quoted and Unquoted performance

At 28 February 2018, for financial reporting purposes, the quoted portfolio represented 96.0% of NAV at £217.4m. The unquoted portfolio represented 9.3% of NAV at £21.2m and net liabilities were -5.3%. 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 86.1% of the portfolio, whilst the unquoted portfolio represented 13.9%.

Quoted portfolio

The total return on the quoted portfolio was -8.6%, including the dividend, which marginally outperformed the benchmark index, the NBI, by 0.2% compared with the NBI total return of -8.8%.

Two quoted portfolio holdings were the subjects of successful bids during the period under review. Ignyta was acquired by Roche and Juno by Celgene at 91% and 70% share price premiums respectively. Igynta's lead asset is a tyrosine-kinase inhibitor that targets specific mutations in tumours and has the ability to cross the blood brain barrier. Juno was a cell therapy company with a late-stage asset, also for oncology. Its technology harnesses the body's immune system to treat certain blood cancers.

The largest contributor to performance was Nektar Therapeutics. Nektar announced exciting, albeit early, data for its CD122 biased agonist at a medical conference in the autumn of 2017. NKTR-214 is an investigational immune-stimulatory therapy that helps boost the cells that target cancer in the patient. In February 2018, the company announced a lucrative deal with Bristol Myers Squibb. The share price rose 300.7% in the period under review.

The value of Array shares increased 24.7% since 31 August, largely due to the announcement of the results of its pivotal Columbus trial, showing an improvement in overall survival for melanoma patients treated with Array's combination of Encorafenib and Binimetinib compared to Zelboraf, the comparative therapeutic treatment chosen for the clinical trial. The combination is currently being considered for approval by the FDA, with a decision expected in mid-2018.

In November 2017, Sage Therapeutics announced positive top-line data from its Phase III trial of Brexanolone in moderate and severe post-partum depression. The drug showed significant improvement in depression scores using a new mechanism of action, in an area that has not seen any significant advances in treatment for over forty years.

In October 2017, Stemline announced positive results from a clinical trial of its lead asset SL-401, developed for blastic plasmacytoid dendritic cell neoplasm (BPDCN), a type of leukaemia. The drug has been granted orphan drug and breakthrough therapy status, meaning it can take an accelerated path through the remainder of the approval process.

FX losses reduced the portfolio valuation by £15.1m, by far the largest factor in the fall in the quoted portfolio NAV. The quoted NAV was also negatively impacted by share price falls for Celgene, Regeneron and Incyte.

Celgene experienced two setbacks in October 2017, announcing disappointing results from its pipeline asset, GED-301, in Crohn's disease and concerns about long-term revenue growth once its lead asset Revlimid goes off patent. The company is taking steps to diversify away from Revlimid by seeking M&A targets. In January, it acquired Juno, shortly followed by the acquisition of Impact BioSciences, both of which are oncology companies.

Regeneron shares fell in value over the period due to slower than expected sales growth of its newly launched asthma drug Dupixent and disappointing clinical data from a mid-stage ophthalmology trial testing a new combination of drugs for wet Age-related Macular Degeneration. The company reported positive results for their lipid-lowering drug, Praluent, in March, which Regeneron hopes will turn around its fortunes in 2018.

Following a positive start to 2017, Incyte shares declined in value during the period, as investors' excitement for its experimental "IDO" drug tempered. We expect clarity on the prospects of IDO during the second quarter, when the company is expected to announce data from a Phase III trial.

Unquoted portfolio

For the six months ended 28 February 2018, the unquoted portfolio has outperformed the NBI by 14.1% and delivered a positive return of 6.2%.

The combined gains and losses on the unquoted investments increased the NAV by 11.0p per share. Whilst successful for the period under review, the directly held unquoted portfolio has occasionally returned volatile results in previous years, because larger investments are made in fewer companies. In order to reduce volatility of the unquoted portfolio, we changed our strategy for our unquoted investments in 2016. We are now investing in a diversified venture capital fund, SV Fund VI, and we expect this to reduce volatility in the long term.

As at 28 February 2018, the Company held investments in nine unquoted portfolio companies, the investment in SV Fund VI, and interests in four 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 four 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 2018 (£'m)	Percentage of NAV
Unquoted	9	6.0	2.6%
Exited with contingent milestones	4	3.8	1.7%
SV Fund VI	18*	11.4	5.0%
Total unquoted	**31**	**21.2**	**9.3%**
Previously unquoted, now listed	4	10.5	4.6%
Total unquoted for performance measurement	**35**	**31.7**	**13.9%**

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

As at 28 February 2018, we have invested 48% of our $30.0m commitment in SV Fund VI. Our investment in SV Fund VI will increase slowly over the investment period and is expected to overlap with the exits of our directly held unquoted companies. SV Fund VI's investee companies continue to be diversified between biotechnology, healthcare services & IT and medical devices.

During the period, Entellus was acquired by Stryker for $24 per share. Stryker and Entellus announced the agreement for the acquisition in December 2017. Since the announcement, the share price has traded close to the acquisition price of $24 per share, leading to an unrealised gain in the period to 28 February 2018. Following the period end, the acquisition completed and the cash was received, crystallising a gain of £2.0m.

Kalvista announced a collaboration deal with Merck worth $715m in future milestones and a $37m upfront payment. As part of the deal, Merck took a 9.9% stake in the company which resulted in the share price responding positively, leading to a valuation uplift. The company initiated Phase I and Phase II trials for two separate candidates, with a goal to advance at least one additional candidate to clinic before the end of 2018.

Transenterix's Senhance system received FDA approval in October 2017 with the system making its first sales in November 2017, which resulted in an increased valuation over the period of £0.6m.

The valuation of Sutro was written down by £1.7m in February 2018. During the period, Celgene opted not to exercise their option to buy the company and, post re-negotiation of the Celgene deal, the company is assessing financing options as it needs to raise significant capital in lieu of the Celgene option payments. Preliminary financing discussions indicate a lower pre-money valuation, leading to a write down in the period.

Reshape was included in a 'Dear Doctor' warning letter from the FDA about its Gastric Balloon product, and has seen the share price weaken throughout the period, resulting in a decrease of £0.6m in the unquoted portfolio for the six months ended 28 February 2018. In March 2018, the company announced a direct offering at a price of $0.75 per share which has led to a further decrease in value, since the period end.

The increase in valuations in the period was offset by an FX loss of £1.8m.

Outlook

Fundamentally, the biotechnology sector remains a fruitful and exciting area with new, innovative drugs being launched each year. However, challenges have emerged for large, successful companies within the sector. Their size will mathematically slow down the growth rate, and we have recently witnessed slower growth rates among these larger companies, reflected in a shrinking of price/earnings ratios. Further down the market cap spectrum, companies continue to offer attractive growth potential. Accordingly, we have reduced our investment in biotechnology companies with a market cap greater than $10bn from 51% to 36% during the period.

On the US political front, we have seen the Republican Party increasing its power in the last elections. Historically, the Republican Party is "industry friendly", and we continue to believe that this is the case, even if the rhetoric from the US President may indicate differently. Recent appointments have also been positive for the biotechnology industry. The new Commissioner of the FDA, Scott Gottlieb is clearly pro-innovation and the newly appointed Secretary of State for Health and Human Services, Alex Azar, is a former pharmaceutical company (Lilly) executive.

The large biotechnology and pharmaceutical companies constantly need to replenish their product portfolio and consequently the M&A theme will prevail as a hallmark for the sector. Three portfolio companies were subject to M&A activity in the six months under review, demonstrating that M&A is alive and well in 2018. Moreover, the US Tax Reform Bill passed in 2017 allows companies to repatriate cash on a tax-free basis, which brings the promise of more M&A activity as the year progresses. Indeed, in the eight weeks since the period under review ended and the date of this Report, M&A activity has continued, with portfolio companies seeing their share price increase following takeover speculation and announced deals. Because our portfolio is now skewed towards mid and small companies whose innovation makes them attractive M&A targets, the Company is well positioned to benefit from this increased M&A confidence from larger biotechnology companies.

A rapid increase of knowledge in all areas of science and technology is a hallmark of our age, whether that is in cell phone technology, artificial intelligence, or the development of medicines for diseases we cannot yet cure. A cell phone is tangible and understood by everyone. The advances in science and medicine are more difficult to appreciate, even as the pace of innovation accelerates. We continue to witness the year-on-year increase in the number of medicines in development and this will ultimately translate into sales of new and highly profitable products. It is my belief that the innovative cycle that we are in will last for many years to come and that investors in the biotechnology sector will continue to benefit.

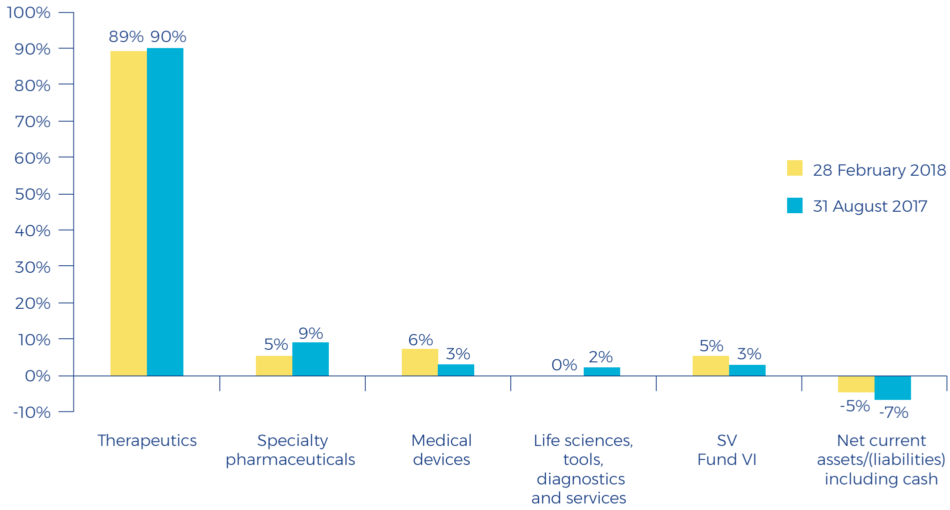
Carl Harald Janson
Lead Investment Manager
SV Health Managers LLP

26 April 2018

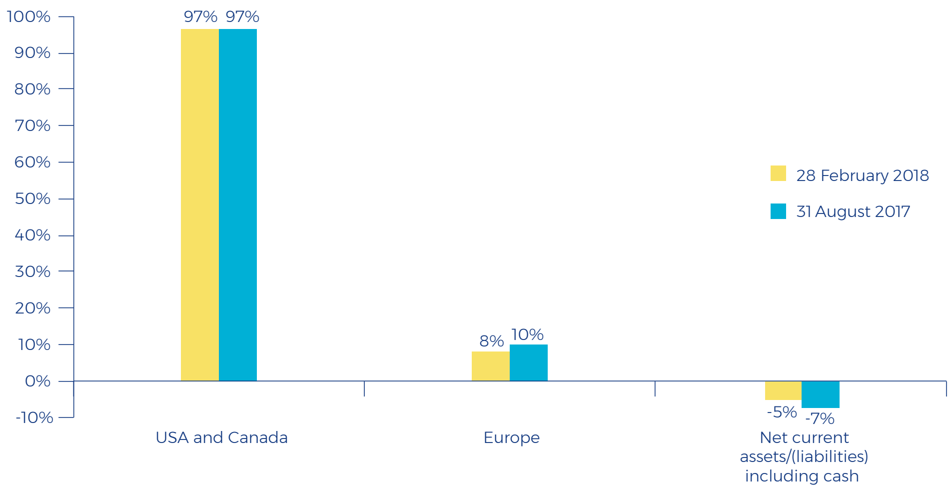
Classification of Investments

International Biotechnology Trust plc

Classification of Investments by Sector



Classification of Investments by Region



Ten Largest Investments

as at 28 February 2018

	Investment	Country	Sector classification	Market value of holding £'000	% of Shareholders' funds
1	SV Fund VI	USA	Biotechnology	11,411	5.0
	An investment in a venture capital fund, SV Fund VI, which invests in unquoted portfolio companies across three sectors; biotechnology (40%); healthcare services and IT (40%) and medical services (20%). The Company made a commitment of $30m to the fund on 19 October 2016, equivalent to 7.5% of the total commitments, which will be drawn over the investment period for the next few years. The amount invested to date is £11.4m ($14.4m). As at 31 December 2017, the fund had a turnover of $76.0k and the gain for the year was $33.9m.				
2	Array Biopharma	USA	Biotechnology	10,704	4.7
	A company focused on the discovery, development and commercialisation of targeted small molecule drugs to treat patients afflicted with cancer. Ten registration studies are currently advancing related to eight Array-owned or partnered drugs. Total revenues were $151.2m for the year ended 30 June 2017.				
3	Biogen	USA	Biotechnology	9,569	4.2
	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 Tecfidera, Avonex, and Tysabri for the treatment of multiple sclerosis; and Rituxan for the treatment of blood-based cancers and rheumatoid arthritis. Total revenues were $12.3bn in 2017.				
4	Celgene	USA	Biotechnology	9,517	4.2
	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, Pomaylst, Otezla, Thalomid, Vidaza, Abraxane and a full pipeline of drug candidates in clinical development. Total revenues were $13.0bn in 2017.				
5	Neurocrine Biosciences	USA	Biotechnology	9,436	4.2
	A company focused on neurologic, psychiatric and endocrine-related disorders. INGREZZA, the company's flagship treatment, was approved by the FDA in April 2017 for the treatment of adults with tardive dyskinesia is commercialised in the United States. The company has three drugs in late-stage clinical programmes. Revenues were $161.6m in 2017.				
6	Regeneron	USA	Biotechnology	8,379	3.7
	A company with two significant marketed drugs. Eylea, for treatment of age-related macular degeneration and Praluent for patients with elevated cholesterol. Eylea is partnered with Bayer ex-US and Praluent is partnered with Sanofi. The company also has a development deal with Sanofi. Total revenues were $5.9bn in 2017.				
7	Genmab	Denmark	Biotechnology	8,326	3.7
	A biotechnology company specialising in the creation and development of differentiated antibody therapeutics for the treatment of cancer. The company has two approved antibodies, Darzalex for the treatment of certain multiple myeloma indications, and Arzerra for the treatment of chronic lymphocytic leukemia indications, in addition to a broad clinical and pre-clinical pipeline. Revenues were $380.4m in 2017.				

Ten Largest Investments
as at 28 February 2018 continued

	Investment	Country	Sector classification	Market value of holding £'000	% of Shareholders' funds
8	Sage Therapeutics	USA	Biotechnology	8,255	3.6
	A clinical-stage biopharmaceutical company committed to developing novel medicines to transform the lives of patients with life-altering central nervous system (CNS) disorders. Sage has a portfolio of novel product candidates targeting critical CNS receptor systems. Sage's lead programme, brexanolone, is in Phase III clinical development for postpartum depression. Sage made a net loss of $270.1m in 2017.				
9	Vertex Pharmaceuticals	USA	Biotechnology	8,221	3.6
	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. The total revenues were $2.2bn in 2017.				
10	Gilead Sciences	USA	Biotechnology	7,502	3.3
	A company with an industry-leading franchise in hepatitis C and HIV drug development and commercialisation. In recent years the company has diversified its research & development and commercial portfolio into new disease areas, including oncology and rheumatoid arthritis. Total revenues were $26.1bn in 2017.				
	Total			**91,320**	**40.2**

At 31 August 2017, the ten largest investments represented 48.9% of the NAV, compared with 40.2% as at 28 February 2018, as per the table above.

All of the above investments are in quoted companies, with the exception of SV Fund VI.

Statement of Comprehensive Income
for the six months ended 28 February 2018

	Notes	(Unaudited) For the six months ended 28 February 2018 Revenue return £'000	Capital return £'000	Total £'000	(Unaudited) For the six months ended 28 February 2017 Revenue return £'000	Capital return £'000	Total £'000	(Audited) For the year ended 31 August 2017 Revenue return £'000	Capital return £'000	Total £'000
(Losses)/gains on investments held at fair value		**–**	**(20,793)**	**(20,793)**	–	38,057	38,057	–	48,532	48,532
Exchange gains/(losses) on currency balances		**–**	**995**	**995**	–	(539)	(539)	–	(4)	(4)
Income	2	**238**	**–**	**238**	203	–	203	505	–	505
Expenses										
Management fees		**(805)**	**–**	**(805)**	(274)	–	(274)	(1,105)	–	(1,105)
Performance fee		**–**	**–**	**–**	–	(1,901)	(1,901)	–	(1,374)	(1,374)
Administrative expenses		**(544)**	**–**	**(544)**	(568)	–	(568)	(1,029)	–	(1,029)
(Loss)/profit before finance costs and tax		**(1,111)**	**(19,798)**	**(20,909)**	(639)	35,617	34,978	(1,629)	47,154	45,525
Finance costs										
Interest payable		**(147)**	**–**	**(147)**	(84)	–	(84)	(204)	–	(204)
(Loss)/profit on ordinary activities before tax		**(1,258)**	**(19,798)**	**(21,056)**	(723)	35,617	34,894	(1,833)	47,154	45,321
Taxation		**(34)**	**–**	**(34)**	(30)	–	(30)	(69)	–	(69)
(Loss)/profit for the period attributable to owners of the Company		**(1,292)**	**(19,798)**	**(21,090)**	(753)	35,617	34,864	(1,902)	47,154	45,252
(Loss)/earnings per Ordinary share	3	**(3.44)p**	**(52.73)p**	**(56.17)p**	(2.01)p	94.85p	92.84p	(5.07)p	125.58p	120.51p

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).

The notes on pages 15 to 17 form part of these Financial Statements.

Balance Sheet
as at 28 February 2018

	Notes	**(Unaudited) 28 February 2018 £'000**	(Unaudited) 28 February 2017 £'000	(Audited) 31 August 2017 £'000
Non-current assets				
Investments held at fair value through profit or loss		**238,628**	248,292	269,373
Current assets				
Receivables		**77**	21,244	2,836
Cash and cash equivalents		**40**	141	128
		117	21,385	2,964
Total assets		**238,745**	269,677	272,337
Current liabilities				
Borrowings		**(11,663)**	(6,267)	(6,392)
Payables		**(590)**	(16,829)	(13,294)
		(12,253)	(23,096)	(19,686)
Net assets		**226,492**	246,581	252,651
Equity attributable to equity holders				
Called up share capital		**10,335**	10,335	10,335
Share premium account		**18,805**	18,805	18,805
Capital redemption reserve		**31,482**	31,482	31,482
Capital reserves	4	**201,218**	218,866	226,085
Revenue reserve		**(35,348)**	(32,907)	(34,056)
Total equity		**226,492**	246,581	252,651
NAV per Ordinary share	5	**603.21p**	656.71p	672.88p

The notes on pages 15 to 17 form part of these Financial Statements.

Statement of Changes in Equity

For the six months ended 28 February 2018 (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 2017	**10,335**	**18,805**	**31,482**	**226,085**	**(34,056)**	**252,651**
Total Comprehensive Income:						
Loss for the period	**–**	**–**	**–**	**(19,798)**	**(1,292)**	**(21,090)**
Dividend paid in the period	**–**	**–**	**–**	**(5,069)**	**–**	**(5,069)**
Balance at 28 February 2018	**10,335**	**18,805**	**31,482**	**201,218**	**(35,348)**	**226,492**

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
Dividend paid in the period	–	–	–	(4,318)	–	(4,318)
Transactions with owners, recorded directly to equity:						
Shares bought back and held in treasury	–	–	–	(616)	–	(616)
Shares cancelled from treasury	(74)	–	74	–	–	–
Balance at 28 February 2017	10,335	18,805	31,482	218,866	(32,907)	246,581

For the year ended 31 August 2017 (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 2016	10,409	18,805	31,408	188,183	(32,154)	216,651
Total Comprehensive Income:						
Profit/(loss) for the year	–	–	–	47,154	(1,902)	45,252
Dividend paid in the year	–	–	–	(8,636)	–	(8,636)
Transactions with owners, recorded directly to equity:						
Shares bought back and held in treasury	–	–	–	(616)	–	(616)
Shares cancelled from treasury	(74)	–	74	–	–	–
Balance at 31 August 2017	10,335	18,805	31,482	226,085	(34,056)	252,651

The notes on pages 15 to 17 form part of these Financial Statements.

Cash Flow Statement

	(Unaudited) For the six months ended 28 February 2018 £'000	(Unaudited) For the six months ended 28 February 2017 £'000	(Audited) For the year ended 31 August 2017 £'000
Cash flows from operating activities			
(Loss)/profit before tax	**(21,056)**	34,894	45,321
Adjustments for:			
Decrease/(increase) in investments	**30,745**	(26,504)	(47,585)
Decrease/(increase) in receivables	**2,759**	(12,002)	6,406
(Decrease)/increase in payables	**(12,704)**	14,173	10,638
Taxation	**(34)**	(30)	(69)
Net cash (outflow)/inflow generated from operating activities	**(290)**	10,531	14,711
Cash flows from financing activities			
Share repurchase costs	**–**	(616)	(616)
Dividend paid	**(5,069)**	(4,318)	(8,636)
Net cash used in financing activities	**(5,069)**	(4,934)	(9,252)
Net (decease)/increase in cash and cash equivalents	**(5,359)**	5,597	5,459
Cash and cash equivalents at beginning of period	**(6,264)**	(11,723)	(11,723)
Cash and cash equivalents at end of period	**(11,623)**	(6,126)	(6,264)

The notes on pages 15 to 17 form part of these 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 2017. Where presentational guidance set out in the Statement of Recommended Practice (the SORP) for investment trusts issued by the Association of Investment Companies 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 2018 and 28 February 2017 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 2017 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 2018. The Directors have reviewed the likely operational costs and cashflows for the Company for the 12 months from the date of this Interim 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 2017. These include strategic/performance risk, investment related risks, operational risks, tax, legal and regulatory risks and service provider management 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 2017 as well as note 23 entitled "Financial Instruments and Risk Management".

2. Income

	(Unaudited) For the six months ended 28 February 2018 £'000	(Unaudited) For the six months ended 28 February 2017 £'000	(Audited) For the year ended 31 August 2017 £'000
Revenue:			
Income from investments held at fair value through profit or loss:			
Unfranked dividends	**238**	203	505
	238	203	505

3. Net (loss)/earnings per Ordinary share

	(Unaudited) For the six months ended 28 February 2018 £'000	(Unaudited) For the six months ended 28 February 2017 £'000	(Audited) For the year ended 31 August 2017 £'000
Net revenue loss	**(1,292)**	(753)	(1,902)
Net capital (loss)/profit	**(19,798)**	35,617	47,154
	(21,090)	34,864	45,252
Weighted average number of Ordinary shares in issue*	**37,547,663**	37,549,044	37,548,348
Revenue loss per Ordinary share	**(3.44)p**	(2.01)p	(5.07)p
Capital (loss)/profit per Ordinary share	**(52.73)p**	94.85p	125.58p
Total (loss)/earnings per Ordinary share	**(56.17)p**	92.84p	120.51p

**Excluding those held in treasury.*

4. Capital reserves

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

	(Unaudited) For the six months ended 28 February 2018 £'000	(Unaudited) For the six months ended 28 February 2017 £'000	(Audited) For the year ended 31 August 2017 £'000
Capital reserve – on investments sold	**207,601**	200,176	206,641
Capital reserve – on investments held	**(6,383)**	18,690	19,444
	201,218	218,866	226,085

5. NAV per Ordinary share

	(Unaudited) 28 February 2018	(Unaudited) 28 February 2017	(Audited) 31 August 2017
Net assets attributable to Ordinary Shareholders (£'000)	**226,492**	246,581	252,651
Ordinary shares in issue at end of period*	**37,547,663**	37,547,663	37,547,663
NAV per Ordinary share	**603.21p**	656.71p	672.88p

**Excludes those held in treasury (28 February 2018: 3,795,000; 31 August 2017: 3,795,000; 28 February 2017: 3,795,000).*

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 2018.

(a) Transactions with the Fund Manager

Details of the management fee arrangement are given in the Directors' Report on page 21 of the Annual Report for the year ended 31 August 2017. 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 amounts paid can be seen in the table below and continue to total 0.9% of NAV. In the prior year fees of £1,002,631 were paid in the six months to 28 February 2017.

Fees paid to the Fund Manager	**(Unaudited) 28 February 2018 £**	(Unaudited) 28 February 2017 £	(Audited) 31 August 2017 £
Venture Capital Fees paid through SV Fund VI	**249,540**	728,577	984,877
Management fee paid by the Company directly to the Fund Manager	**805,571**	274,054	1,105,477
Total	**1,055,111**	1,002,631	2,090,354

No performance fee has been accrued as at 28 February 2018 (£1,900,410 accrued as at 28 February 2017). The final performance fee as at 31 August 2017 was £1,373,937.

(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 2018 was £74,200 (28 February 2017: £79,500), of which £33,900 (28 February 2017: £39,750), was outstanding at the period end.

Directors' Responsibility Statement

In respect of the Interim Report for the six months ended 28 February 2018, 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 2018 as required by the UK Listing Authority's Disclosure Guidance and Transparency Rule 4.2.4R;
- this Interim Report includes 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 2018 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
- this Interim Report includes a fair review of the information concerning related party transactions as required by Disclosure Guidance and Transparency Rule 4.2.8R.

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

The Interim Report for the six months ended 28 February 2018 was approved by the Board and the above Responsibility Statement has been signed on its behalf by:

John Aston
Chairman

26 April 2018

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

Life of the Company
The Company's Articles of Association provide for Directors to put forward a proposal for the continuation of the Company at the Company's Annual General Meeting (AGM) at two-yearly intervals. Accordingly, a proposal will be put forward at the 2019 AGM.

Share Price and NAV Information
The Company's shares are listed on the London Stock Exchange and quoted daily in 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 Association of Investment Companies (the AIC). Further information on the AIC can be found at its website, www.theaic.co.uk

2018 Financial Calendar

31 January	First interim dividend payment date
26 April	Interim Results announced
31 August	Year End
31 August	Second interim dividend payment date
November	Annual Results announced
December	AGM

Shares in Issue
As at 26 April 2018, the Company had 41,342,663 Ordinary shares of 25p each in issue, which included 3,795,000 Ordinary shares held in treasury.

Website
The Company's website is located at:

www.ibtplc.com.

The site provides share price and NAV information as well as details of the Board of Directors and SV Health Managers LLP, information on investee companies, monthly fact sheets, the latest published Annual and Interim Reports and access to recent market announcements.

Directors and Advisers

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

Advisers
Investment Manager and AIFM
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(formally SV Life Sciences Managers LLP)
71 Kingsway, London WC2B 6ST
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Company Secretary and Registered Office
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Administrator, Banker and Custodian
HSBC Bank PLC
8 Canada Square, London E14 5HQ

Independent Auditor
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditor
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Stockbroker
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6.7.8 Tokenhouse Yard, London EC2R 7AS

Registrar
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Aspect House, Spencer Road
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Shareholder Helpline: 0371 384 2624*
Overseas Helpline: +44 121 415 7047
Website: www.shareview.co.uk

**Lines are open from 8.30am to 5.30pm Monday to Friday (excluding public holidays in England and Wales).*

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