International Biotechnology Trust plc

Unaudited Interim Financial Statements to

31 December 2000

Company registration number: 2892872

Statement of Total Return (incorporating the revenue account)

	Notes	For the 4 months ended 31 December 2000 Revenue £	Capital £	Total £	For the year ended 31 August 2000 Revenue £	Capital £	Total £
Realised gains	11	-	**46,145,631**	**46,145,631**	-	109,054,731	109,054,731
Incentive fee / termination fee	11	-	(2,099,737)	(2,099,737)	-	(14,926,319)	(14,926,319)
Increase in Unrealised (depreciation)/ appreciation on investments	12	-	(115,010,049)	(115,010,049)	-	174,753,671	174,753,671
Dividend income		-	-	-	70,981	-	70,981
Income from current asset investments		**1,716,059**		**1,716,059**	2,161,042	-	2,161,042
Deposit interest		**252,933**	-	**252,933**	237,053	-	237,053
		1,968,992	(70,964,155)	(68,995,163)	2,469,076	268,882,083	271,351,159
Administrative expenses	3	(2,645,055)	-	(2,645,055)	(4,471,187)	-	(4,471,187)
Net (loss)/return before finance costs and taxation		(676,063)	(70,964,155)	(71,640,218)	(2,002,111)	268,882,083	266,879,972
Interest payable	4	(12,670)	-	(12,670)	(5,661)	-	(5,661)
(Loss)/return on ordinary activities before and after taxation		(688,733)	(70,964,155)	(71,652,888)	(2,007,772)	268,882,083	266,874,311
Transfer (from)/to reserves	13	(688,733)	(70,964,155)	(71,652,888)	(2,007,772)	268,882,083	266,874,311

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

The notes on pages 4 to 8 form an integral part of these financial statements

Balance Sheet

as at 31 December 2000

	Notes	31 December 2000 £	31 December 2000 £	31 August 2000 £	31 August 2000 £
Fixed assets					
Investments	1(b) & 6		**131,279,372**		262,037,787
Current assets					
Debtors					
Prepayments and accrued income		**2,268,124**		530,975	
Sales awaiting settlement		-		53,871	
Taxation recoverable		**2,592,096**		195,939	
Subscription monies due		-		13,264,007	
		4,860,220		14,044,792	
Investments	1(b) & 7	**137,917,849**		89,917,849	
Cash at bank		**4,969,860**		164,188	
		147,747,929		104,126,829	
Creditors : amounts falling due within one year					
Incentive fee payable		-		14,737,786	
Other creditors		-		183,111	
Accruals		**1,969,227**		1,915,152	
		1,969,227		16,836,049	
Net current assets			**145,778,702**		87,290,780
Net assets			**277,058,074**		349,328,567
Capital and reserves					
Called up share capital	8		**22,996,878**		22,000,544
Shares to be issued	9		-		13,264,007
Share premium account	10		**67,083,035**		55,432,967
Capital reserve - realised	11		**151,779,340**		107,733,446
Capital reserve - unrealised	12		**41,434,310**		156,444,359
Revenue reserve	13		**(6,235,489)**		(5,546,756)
Equity shareholders' funds			**277,058,074**		349,328,567
Net asset value per share:	14				
Basic			**301.19 p**		381.88 p
Diluted			**301.19 p**		379.13 p

These unaudited financial statements were approved by the Board of Directors on 10 January 2001 and signed on their behalf

John Green-Armytage, Director

Peter Collacott, Director

The notes on pages 4 to 8 form an integral part of these financial statements.

Reconciliation of movements in shareholders' funds

	For the 4 months ended 31 December 2000	For the year ended 31 August 2000
	£	£
Shareholders' funds brought forward	**349,328,567**	69,190,249
Loss for the period	**(688,733)**	(2,007,772)
Capital (loss)/return for the period	**(70,964,155)**	268,882,083
Shares to be issued (note 9)	**(617,605)**	13,264,007
Net movement in shareholders' funds	**(72,270,493)**	280,138,318
Shareholders' funds carried forward	**277,058,074**	349,328,567

The notes on pages 4 to 8 form an integral part of these financial statements.

NOTES TO THE ACCOUNTS

1 ***Accounting Policies***

(a) The financial statements have been prepared under the historical cost convention subject to note (b) below and in accordance with Section 272 Companies Act 1985 and principal relevant accounting standards in the United Kingdom.

(b) Since the launch in 1994, the Company has valued all quoted investments at mid-market price. In the Circular to shareholders dated 8 November 2000, the Board announced that the Company has adopted the industry standard British Venture Capital Association ("BVCA") guidance in respect of quoted securities upon which there are restrictions in dealings. The effect of this change in basis has been a reduction in the valuation of investments as at 31 December 2000 of £16.1m.
Quoted investments are included at mid-market price at the balance sheet date. If an investment is subject to restrictions effecting its disposal, a discount of generally between 0 % and 50% to that price will be applied. Unquoted investments are included at Directors' valuation which will generally be cost less any appropriate provisions unless there had been a clear indication, whether from recent dealings prices, stockbrokers' valuations or net asset values, that demonstrates a higher value. The net surplus over the cost of investments is reflected in the accounts as unrealised appreciation on investments. Current asset investments are shown at cost. Realised and unrealised gains and losses on investments are included in the capital reserve.

(c) Dividend income, deposit interest income and distributions from all currency funds have been included in the revenue account on an accruals basis.

(d) Administrative expenses (excluding the Incentive fee) are charged to the revenue account on an accruals basis. The incentive fee is charged to the capital account.

(e) Transactions in foreign currency, whether of a revenue or capital nature, are translated into sterling at the rates of exchange ruling on the dates of such transactions. Foreign currency assets and liabilities at the balance sheet date are translated into sterling at the rates of exchange ruling on that date. These are accounted for through capital or revenue reserves depending on the items to which they refer.

(f) The charge for taxation is based on the loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

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2 ***Transactions with related parties***

On 8 November 2000, the Board announced the appointment of Schroder Investment Management Limited ("SIM") as Manager with Schroder Ventures Life Sciences Advisers (UK) Limited providing investment advice in relation to the Company. The appointments followed the termination of the previous investment management contract with Rothschild Asset Management Limited ("RAM").

The Board has negotiated with SIM an annual investment management fee of 1.375% of gross assets for a transitional period, which runs from the date of appointment to the earlier of 28 February 2001 and the completion of the Tender Offer referred to in note 15, subsequently reducing to 1.35% of gross assets. Incentive fee arrangements, which include benchmarks and hurdle rates in line with industry prctice, have been put in place which are appropriate to the nature of the portfolio. The Management Agreement is terminable by either party on 12 months' notice, at any time after the expiry of the third anniversary of the end of the transitional period. During the transitional period, the agreement is terminable on one month's notice by either party.

The Board has also negotiated a final settlement agreement with RAM, the terms of which included payment of management and incentive fees earned in the period to 8 November 2000. The incentive fee of £2,048,771 (note 11) payable in respect of the current period is calculated net of £2,488,730 in settlement of certain claims by the Company, including those arising out of share options held in investee companies by a former employee of RAM. It also includes a payment to RAM of £2,750,000 in settlement of their claim for fees payable under the previous investment management contract for the period from 8 November 2000.

NOTES TO THE ACCOUNTS

3 *Administrative expenses*

	For the 4 months ended 31 December 2000	For the year ended 31 August 2000
	£	£
Management fees (note 2)	**1,435,007**	3,201,108
Advisory fees	**855,182**	566,393
Directors' fees	**40,623**	140,534
Conference and public relations	**34,463**	169,182
Irrecoverable VAT	**62,601**	88,161
Printing & Stationery	**46,488**	84,297
Auditor's remuneration:		
audit	**46,032**	21,421
other services	**29,737**	11,437
Other expenses	**94,922**	188,654
	2,645,055	4,471,187

	For the 4 months ended 31 December 2000	For the year ended 31 August 2000
Directors' fees	**£**	£
Mr. John Green-Armytage, (Chairman)	**7,667**	23,000
Mr. Donald Cecil (Deputy Chairman)	**6,500**	21,250
Mr. Gary Brass (retired on 22.12.2000)	**5,228**	17,500
Mr. Howard Greene	**5,333**	17,500
Mr. Dennis Turner	**5,333**	17,500
Mr. Peter Collacott	**5,333**	16,000
Mr. James Grant (retired on 22.12.2000)	**5,228**	16,000
Mr. Stephen Duzan (retired on 11.11.1999)	-	3,478
Mr. Jeremy Curnock Cook (retired on 29.06.2000)	-	8,306
	40,623	140,534

4 *Interest payable*

	For the 4 months ended 31 December 2000	For the year ended 31 August 2000
	£	£
Overdraft charges	**12,670**	5,347
Other interest charges	-	314
	12,670	5,661

5 *Taxation*

No corporation tax is payable as the company has revenue losses. No tax arises on capital gains by virtue of compliance with the provisions of section 842 of the Income and Corporation Taxes Act 1988.

NOTES TO THE ACCOUNTS

6 *Fixed asset investments*

	31 December 2000	31 August 2000
	£	£
(a) Investments comprise:		
Quoted on the NASDAQ Exchange	**77,907,874**	182,047,174
Quoted on the London Stock Exchange	**16,230,285**	19,550,950
Quoted on the Toronto Stock Exchange	**11,352,436**	35,682,482
Unquoted		
- USA	**17,912,417**	16,732,006
- Canada	**1,730,933**	1,777,091
- Germany	**1,124,677**	1,093,448
- Netherlands	**5,020,750**	5,154,636
Closing valuation	**131,279,372**	262,037,787

		For the 4 months ended 31 December 2000
(b) Movements on investments		£
Valuation of investments at 31 August 2000		**262,037,787**
Provision for permanent impairment of value		**1,951,727**
Unrealised appreciation at 31 August 2000		**(156,444,359)**
Cost at 31 August 2000		**107,545,155**
Additions at cost		-
Disposals: Proceeds	(63,042,177)	
Profit/(loss)	47,293,811	
Disposals at cost		(15,748,366)
Cost at 31 December 2000		**91,796,789**
Provision for permanent impairment of value		(1,951,727)
Unrealised appreciation at 31 December 2000 (note12)		**41,434,310**
Valuation of investments at 31 December 2000		**131,279,372**

7 *Current asset investments*

	31 December 2000	31 August 2000
	£	£
Five Arrows Currency Fund Limited	**36,504,281**	27,504,281
Newton Corporate Money Fund Limited	**35,413,568**	18,413,568
Investec International Money Market Fund Limited	**36,000,000**	26,000,000
Liberty International Money Market Fund Limited	**30,000,000**	18,000,000
	137,917,849	89,917,849

The shares of Five Arrows Currency Fund Limited and Liberty International Money Fund Limited are listed on the Dublin Stock Exchange, those of Newton Corporate Money Fund Limited and Investec International Money Market Fund Limited are listed on the Channel Islands Stock Exchange.

NOTES TO THE ACCOUNTS

8 *Called up share capital*

	25p Ordinary share Number	Nominal Value £
Authorised:		
Balance brought forward and carried forward	360,000,000	90,000,000
Allotted, Called Up and Fully Paid:		
Balance brought forward	88,002,177	22,000,544
Issue of shares at a subscription price of 320.50p pursuant to incentive fee agreement (year ended 31 August 2000)	3,439,673	859,919
Issue of shares at a subscription price of 297.30p pursuant to incentive fee agreement (period ended 8 November 2000)	545,661	136,415
Balance carried forward	91,987,511	22,996,878

9 *Shares to be issued*

	31 December 2000 £	31 August 2000 £
Balance brought forward	13,264,007	-
Reduction in shares to be issued pursuant to settlement agreement	(2,239,856)	-
Transfer to share capital account on issue of shares (note 8)	(859,919)	-
Transfer to share premium account on issue of shares (note 10)	(10,164,232)	-
Issue of shares pursuant to incentive fee agreement (year ended 31 August 2000)	-	13,264,007
	-	13,264,007

10 *Share premium account*

	31 December 2000 £	31 August 2000 £
Balance brought forward	55,432,967	55,432,967
Premium on issue of shares - incentive fee agreement (year ended 31 August 2000)	10,164,232	-
Premium on issue of shares - incentive fee agreement (period ended 8 November 2000)	1,485,836	-
Balance carried forward	67,083,035	55,432,967

11 *Capital reserve - realised*

	31 December 2000 £	31 August 2000 £
Balance brought forward	107,733,446	13,605,034
Incentive fee / termination fee payable (note 2)	(2,048,771)	(14,737,786)
Irrecoverable VAT on incentive fee	(50,966)	(188,533)
Realised profit on sale of investments (note 6)	47,293,811	108,956,285
Other realised (losses)/gains	(1,148,180)	98,446
Balance carried forward	151,779,340	107,733,446

NOTES TO THE ACCOUNTS

12 *Capital reserve - unrealised*

	31 December 2000	31 August 2000
	£	£
Balance brought forward	**156,444,359**	(18,309,312)
Change in unrealised appreciation	**(115,010,049)**	174,753,671
Balance carried forward	**41,434,310**	156,444,359

13 *Revenue reserve*

	31 December 2000	31 August 2000
	£	£
Balance brought forward	**(5,546,756)**	(3,538,984)
Loss for the period	**(688,733)**	(2,007,772)
Balance carried forward	**(6,235,489)**	(5,546,756)

14 *Net Asset Value per share*

The calculation for the net asset value per share attributable to ordinary 25p shares are based on the following:

	31 December 2000 25p ordinary shares	31 August 2000 25p ordinary shares
Basic:		
Net assets	**£277,058,074**	£349,328,567
Subscription monies due in respect of incentive fee	**-**	£(13,264,007)
	£277,058,074	£336,064,560
Number of shares	**91,987,511**	88,002,177
Basic Net Asset Value per share	**301.19 p**	381.88 p
Diluted NAV:		
Net assets	**£277,058,074**	349,328,567
Basic number of shares	**91,987,511**	88,002,177
Shares to be issued in respect of incentive fee	**-**	4,138,535
Diluted NAV number of shares	**91,987,511**	92,140,712
Diluted Net Asset Value per share	**301.19 p**	379.13 p

15 *Tender Offer*

On 15 December 2000, a circular was sent to shareholders setting out proposals of a Tender Offer to purchase up to 50 per cent. of the issued share capital of the Company. Shareholders wishing to participate in the Tender Offer were required to submit their completed Tender Forms to the Company's registrars, Computershare Services PLC, by 5 January 2001.

As a result of this process, 43,372,044 shares representing 47.149 per cent. of the Company's issued share capital have been tendered. A payment will be made to shareholders in accordance with the detailed provisions contained in the Circular, subject to approval by shareholders at the extraordinary general meeting to be held on 10 January 2001 of the Special Resolutions contained in the Notice of that Meeting.

The repurchase price of shares tendered has been calculated at 280.89p per share, equating to a total payment to shareholders of £121,827,734. This compares to realised reserves available for distribution of £145,543,851, comprising realised capital reserves of £151,779,340 less the deficit on revenue reserves of £6,235,489.