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 Intl. Biotechnology Trust PLC
 04 November 2016

INTERNATIONAL BIOTECHNOLOGY TRUST PLC (IBT or the Company)

Annual Financial Report Announcement of Audited Results for the year ended 31 August 2016

This announcement contains regulated information.

The information contained in this Annual Financial Report Announcement, including the 31 August 2015 comparatives, has been prepared in accordance with International Financial Reporting Standards (IFRS) and those parts of the Companies Act 2006 (the Act) applicable to companies reporting under IFRS. These comprise standards and interpretations approved by the International Accounting Standards Board (IASB) and International Accounting Standards Committee (IASC), as adopted by the European Union (EU). The results for the year ended 31 August 2016 are audited but do not constitute statutory accounts as defined in Section 434 of the Act. The statutory accounts have not yet been delivered to the Registrar of Companies. Full statutory accounts for the year ended 31 August 2015 included an unqualified audit report and have been filed with the Registrar of Companies.

Financial Summary

Highlights in the year ended 31 August 2016

Net asset value (NAV) return	(1.7)%
NASDAQ Biotechnology Index (NBI) return	(3.8)%
Share price return	(9.8)%

	Company** 31 August 2016	Company 31 August 2015	% Change
Performance			
Net assets (£'000)	216,651	235,490	(8.0)
Ordinary shares in issue# ('000)	37,673	40,248	(6.4)
NAV per share	575.1p	585.1p	(1.7)
Share price	497.5p	551.5p	(9.8)
Share price discount	(13.5)%	(5.7)%	
Ongoing charges*	1.4%	1.5%	
Ongoing charges including performance fee	1.7%	2.0%	
Index Returns			
NBI (sterling-adjusted)	2,245.1	2,332.5	(3.8)
FTSE All-Share Index (Total Return)	6,080.6	5,442.1	11.7

Excludes those held in treasury (31 August 2016: 3,965,000; 31 August 2015: 4,215,000).

* Calculated in accordance with The Association of Investment Companies (the AIC) guidance. Based on total expenses excluding finance costs and performance fee and expressed as a percentage of average daily net assets. The ratio including performance fee has also been provided, in line with the AIC recommendations.

**The trading subsidiary, IBT Securities Limited was dissolved and removed from the Companies House Register on 16 February 2016. As such, there is no longer a Group in existence and therefore

the Financial Statements, have been presented on a Company only basis. For a reconciliation of the Company and Group results in comparative periods, and an explanation of the impact of the dissolution of IBT Securities Limited, refer to note 7 to the Financial Statements as contained in the Annual Report.

Chairman's Statement

Total return to 31 August 2016

	One year	Three years	Five years
NAV per share	(1.7)%	83.7%	249.0%
Share Price	(9.8)%*	84.9%	247.9%
NBI (sterling)	(3.8)%	72.6%	270.4%
FTSE All-Share Index	11.7%*	20.4%	57.8%

**UK markets were closed on 31 August 2015, 28 August 2015 has been used for comparative purposes for IBT and FTSE All-Share.*

After a number of years of strong growth, returns for the Company were lower in the year ended 31 August 2016 with the NAV per share down 1.7%. This reflected a period of consolidation in the biotechnology sector. Although 2016 was a challenging year for the biotechnology market, our Investment Manager has outperformed the NBI for the second consecutive year.

I am pleased to report outstanding three year performance numbers on the third anniversary of the appointment of the Company's lead Fund Manager, Carl Harald Janson. The Company has returned 83.7% over this period, versus the benchmark gain of 72.6% and the FTSE All-Share's return of 20.4%. Since 2013, the Investment Manager has outperformed the benchmark in both strong and weak markets, illustrating the benefits of active investing. It is also encouraging to see the unquoted portfolio continue in its 'harvesting' stage, with another year of positive returns uncorrelated with the public markets.

The Company also recently announced two initiatives which I believe will benefit our investors. Sustainable, predictable income is important to investors in the current environment of low yields and we are delighted to be offering a dividend to all Shareholders whilst maintaining a strong focus on capital growth. We also made some changes to the investment policy allowing investment into unquoted funds which themselves invest in biotechnology companies. Both of these proposals were overwhelmingly supported by our Shareholders at the General Meeting held on 29 September 2016.

I believe our Company offers a compelling investment proposition. With the potential for a 4% dividend on top of capital growth, Shareholders have access to an outstandingly attractive investment opportunity.

Performance fee

The outperformance by the Investment Manager across both the unquoted and quoted pools of investments has given rise to a fee of £575,000. This is predominantly due to the 9.5% return from our unquoted investments, though our quoted investment portfolio also outperformed.

The Board considers that SV Life Sciences Managers LLP (SV) provides the Company with experienced fund management expertise, which enjoys an excellent track record. The biotechnology sector is highly specialised and requires in depth expert knowledge that the Investment Manager possesses, being solely focused on the biotech sector.

Share buy backs & discount

Over the period, although the discount widened from 5.7% to 13.5%, the average discount for the period was broadly consistent at 13.2% compared with 12.6% for the year ended 31 August 2015, despite comparatively volatile market conditions. The Company's policy of strategic share buy backs has helped to maintain a stable discount level throughout the year. A total of 2,575,000 Ordinary shares were repurchased during the period (2015: 14,085,000), representing 6.4% of the issued share capital at the beginning of the year. Of the shares repurchased, 2,825,000 have been cancelled, with 3,965,000 shares held in treasury at the end of the year. These buybacks reduced the overall Company net assets but enhanced the NAV per share by 4.7p because the shares were bought at a discount to NAV that averaged 13.3%.

Since year end, a total of 125,000 further shares have been repurchased, for a consideration of £0.6m. A total of 295,000 Ordinary shares previously held in treasury have been cancelled since the year end.

Investment in unquoted companies

International Biotechnology Trust's strategy of investing a minor part of its assets in unquoted companies offers investors exposure to a distinct investment area. The Company has not made any new unquoted investments since December 2013 and the current portfolio is maturing. As this is harvested, new investments will need to be made in order to continue with our strategy of investing in both unquoted and quoted shares.

An opportunity arose to make a commitment to invest in SV Life Sciences Fund VI (SVLSF VI), a new venture fund recently launched by SV, which will invest in unquoted companies using SV's diversified approach covering biotechnology, medical devices and healthcare services and IT. Following Shareholder approval on 29 September 2016, the Board agreed to make a commitment of \$30m (£22m) into SVLS VI. There will be no double charging of investment management fees in relation to this commitment. We expect the investment period for SVLS VI to overlap with the exit period for our existing investments, allowing our guideline of 10% - 15% investment in unquoted companies to be maintained.

This change in strategy for unquoted investments will help diversify the Company's investment opportunities, provide access to a wider range of unquoted companies and most likely increase liquidity due to the existence of a broader market for secondary sales of unquoted fund interests than single company interests.

Results and Dividends

Shareholders approved at the General Meeting held on 29 September 2016, the proposed introduction of an annual dividend, equivalent to 4% of the Company's NAV as at the last day of the Company's preceding financial year, being 31 August, to be payable through two equal distributions in January and August of each year, and which is expected to be paid out of capital reserves.

Board of Directors

In July 2016, Caroline Gulliver was appointed as Chair of the Audit Committee, succeeding John Aston in this role. I would like to welcome Caroline to her new role and to thank John for his valuable contribution as Chair of the Audit Committee for the previous 4 years.

Prospects

Valuations in the sector are looking attractive compared to the broader market and historical levels. Healthcare, including biotechnology, is often in the spotlight, however, as a US election approaches, given concerns about rising healthcare costs including drug pricing. This undoubtedly can make investors nervous but I am reassured by the Investment Manager that many of these concerns are not justified. Drug pricing makes up only a small fraction of overall US healthcare expenditure and recently the democratic candidate, Hillary Clinton, stated she would not be targeting innovation but hopes to clamp down on egregious price hikes of old generic drugs. The Company's strategy of choosing to invest in innovative companies rather than those producing generic drugs should allow us to continue to achieve good returns for our Shareholders. I am confident that the outlook for the companies in which International Biotechnology Trust invests remains both positive and encouraging.

Annual General Meeting (AGM)

This year's AGM will be held at 12.30 pm on Tuesday, 13 December 2016 at BNP Paribas Fortis, 5 Aldermanbury Square, London EC2V 7BP. In addition to the formal process of voting on various resolutions, the AGM is an opportunity for Shareholders to meet the Board and representatives of the Investment Manager.

As in previous years, there will be a presentation from the Investment Manager. If you have any detailed or technical questions, it would be helpful if you could raise these in advance of the meeting by emailing the Company Secretary at secretarialservice@uk.bnpparibas.com or in writing to BNP Paribas Secretarial Services Limited, 10 Harewood Avenue, London NW1 6AA. Shareholders who are unable to attend the AGM are encouraged to use their proxy votes.

I look forward to welcoming as many of you as possible to the meeting.

Alan Clifton

Chairman

3 November 2016

Investment Manager's Review

Best performing investments

Worst performing investments

Contribution to NAV

(Reduction) in NAV

Medivation	£7.9m	Chimerix	£(5.1m)
GenMab	£4.3m	Endo International	£(4.6m)
Ophthotech	£4.3m	Gilead	£(3.0m)
Exelixis	£3.6m	Regeneron	£(1.8m)
Amgen	£3.3m	Radius Pharma	£(1.5m)

Summary

In the year under review, the Company's NAV fell by 1.7%. Both parts of the portfolio outperformed the Company's benchmark, the NBI, which was down 3.8% (sterling denominated), with the quoted part of the portfolio falling by 2.6%, and the unquoted portfolio increasing by 9.5%. The FTSE All-Share Index rose 11.7%. This achievement builds upon two previous years of good performance since Carl Harald Janson joined as Lead investment manager and, over the three years, the Company's NAV per share has risen by 83.7% versus the NBI return of 72.6%.

Overview and performance

	2016	2015†
Total portfolio companies*	75	101
Quoted	58	81
Unquoted	17	20
NAV	£216.7m	£235.5m
Quoted	£199.6m	£219.1m
Unquoted	£22.2m	£27.8m
Other assets/(liabilities)	£(5.1m)	£(11.4m)
Legal commitments to investments in unquoted	£0.0m	£0.6m
Reserved for further investment in unquoted	£2.4m	£2.2m

† The trading subsidiary, IBT Securities Limited was dissolved and removed from the Companies House Register on 16 February 2016. As such, there is no longer a Group in existence and therefore the Financial Statements, including comparatives, have been presented on a Company only basis. For a reconciliation of the Company and Group results in comparative periods, and an explanation of the impact of the dissolution of IBT Securities Limited, refer to note 7 to the Financial Statements as contained in the Annual Report.

* Excluding unquoted companies fully written off (2016: 6; 2015: 7).

Quoted and Unquoted performance

For the purposes of performance measurement, some companies in which investments were first made in the unquoted pool and have now become quoted, continue to be managed by the unquoted portfolio team and are considered as part of the unquoted portfolio. Performance is adjusted to mirror the incentive fee arrangements and the responsibilities of the investment managers at SV regarding the two portfolios. The table above reflects this analysis. At the year end the difference in analysis to the Financial Statements comprises investments in Entellus and Transenterix, representing £6.7m or 3.1% of NAV. From a liquidity perspective, quoted and unquoted portfolio companies make up £199.6m and £22.2m of the NAV, respectively.

Quoted portfolio

The quoted portfolio outperformed the NBI by 1.1% in the period under review.

Medivation, Genmab, Ophthotech, Exelixis and Amgen were the largest contributors to relative performance in the period. Medivation was acquired by Pfizer for approximately \$14.0bn after a period of competitive bidding initiated by Sanofi's proposed bid in April of \$52.50 a share. Over the four months since April, multiple parties entered the bidding process for Medivation culminating in the offer from Pfizer for \$81.5 per share on 22 August 2016. Genmab (alongside its partner Janssen Biotech) executed an impressive launch of its multiple myeloma drug Darzalex. Initial sales have been strong and further positive studies have been reported in earlier stages of the disease, all helping to boost the share price during the period under review. Ophthotech shares moved higher in anticipation of the phase 3 data announcement expected at the end of 2016. Exelixis sales of their recently launched cabozaninib for advanced renal cell cancer have been strong with the company reporting \$17.6m in sales for the first nine weeks on the market following the FDA approval on 25 April 2016.

The main negative impact to absolute performance came in December when Chimerix announced negative data for their phase 3 trials investigating Brincidofovir as an anti-viral agent in stem cell transplant patients. Endo International shares sold off after the company reported disappointing quarterly results and lowered guidance. Gilead shares were under pressure after sales of their hepatitis C virus franchise slowed at a faster rate than expected and investors grew tired of waiting for a transformative deal to materialise. Regeneron shares were weak on the news that it lost the first ruling of an intellectual property battle with Amgen.

During the year, four of International Biotechnology Trust's holdings were acquired. ZS Pharma was bought in November by AstraZeneca for \$2.7bn. Dyax was acquired in the same month by Shire for \$5.9bn. Anacor was taken over in May of this year for \$5.2bn and finally Medivation was acquired by Pfizer for \$14.0bn in August as noted above.

Unquoted portfolio

Unquoted investments increased by 9.5% over the year, positively contributing to the NAV for a third consecutive period. As the unquoted portfolio has matured, many of the earlier investments have begun to be harvested, with cash received in respect of contingent milestones for previous exits in the year totalling £2.3m, or 1.1% of NAV. The receipt of cash in respect of the remaining milestones from ESBATech, which was sold to Alcon in 2006, was the largest contributor.

The value of the remaining contingent milestones decreased by £0.2m as a result of cash received in relation to Oncoethix and delays in expected receipts of milestones from Ikano Therapeutics (decrease of £0.8m). The value of Convergence milestones increased by £0.5m following the presentation of data at the Biogen R&D day in January 2016.

Transenterix decreased by £0.6m over the year. In April 2016, Transenterix received a response on its 510(k) submission for substantial equivalence stating that the FDA has determined that the SurgiBot™ System did not meet the criteria. Whilst the FDA's decision was disappointing the company has continued to move forward and announced the first sale of the ALF-X Surgical Robotic system in Europe in August 2016.

Current investments rose in value by £2.2m in the period, with uplifts in the valuations of Reshape (£0.9m) and Karus Therapeutics (£0.5m) based on increased values of later funding rounds and NCP Holdings (£0.6m) based on higher EBITDA. These were partially offset by a write down in the value of Atopix/Oxagen due to a lack of clinical efficacy in the Phase 2 trials for CRTH2 in moderate to severe atopic dermatitis. Phase 2 trials are ongoing for CRTH2 in asthma. Novartis released Phase II data of a similar CRTH2 antagonist, showing significant reduction of sputum in eosinophilia, following which the Company invested a further £200k in Atopix. Delenex Therapeutics AG was sold in the year to Cell Medica in a share-for-share exchange, leading to a new holding. Cell Medica is a UK company which applies innovative technologies with the aim of improving the treatment of cancer and immune reconstitution in the exciting field of immuno-oncology.

Outlook

The biotechnology equity market has consolidated and sector valuations now look attractive.

In the aftermath of the global financial market collapse in 2008, the valuation of the whole equity market, as well as the biotechnology sector, retreated to a level that could be characterised as inexpensive, bearing in mind its earnings growth prospects. In the subsequent years the valuation of the equity market has returned to a level closer to its long-term average, supported by easier monetary policy globally. Part of the strong performance of the biotechnology sector in the years up to 2015 could thus be characterised as regression to the mean phenomena. In the last twelve months the biotechnology sector has moved down from its peak and has underperformed broader equity markets. Based on the current valuation of the sector and taking into consideration its near-term earnings growth potential and the long-term growth drivers, we have a positive view on the outlook for the sector.

The forward pricing/earnings multiples of the larger US biotechnology companies are at a discount to the market as a whole, notwithstanding their superior earning growth prospects. The headwinds represented by uncertainties around market volatility and the imminent US election should substantially ease.

How worried should we be about the drug pricing debate?

The biotechnology business model is simple. New innovative products (drugs) are "protected" by a combination of intellectual property (patents) and government regulations. This limits competition and companies can charge high prices until this protection ends, usually 7-15 years later. After this period, government agencies regulating drug approvals will make original trial results available for generic/specialty pharma drug producers to market inexpensive copies of the original drug. The price gouging which has sparked political outrage in the US is related to the non-innovative end of the market. Some manufacturers have increased the prices of cheap off-patent drugs to the level of innovative drugs (e.g. Daraprim) and others have implemented excessive price hikes for drugs unrelated to any improvement or innovation in the product (e.g. EpiPen), drawing fire from both politicians and the patients who rely

upon these medicines. We believe these practices amount to an abuse of the business model and we agree that this ought to be tackled.

International Biotechnology Trust currently invests predominantly in "biotech" - highly profitable innovative drug companies - and not in the low margin generic/specialty pharma companies, some of which have been responsible for employing these tactics. Unfortunately the well-known NBI, for reasons that we do not understand, also includes generic/specialty pharma companies, thus confusing investors. It is our firm belief that the fundamental business model will remain intact and that potential future changes from law makers will improve the model, both at the innovative end but, more importantly, also at the generic end of the market. Hillary Clinton was outraged by price gouging by generic/specialty pharma companies but she also presented an initiative on Technology and Innovation, defended intellectual property rights and proclaimed the importance of innovative industries for the US economy.

What are the future drivers for the sector?

Our view remains unchanged. The biotechnology sector continues to be a growth sector. The growth drivers remain intact. On the demand side we continue to have a growing and ageing population and an expanding middle class in parts of the world outside the G20 countries. On the output side we are experiencing an era of unprecedented scientific discovery and advancement, including in the life sciences. With the increased knowledge about the underlying causes of human diseases, a whole new range of drugs can be developed. This can clearly be seen in the number of development projects in the biotechnology industry, which is constantly increasing. This will undoubtedly lead to future sales growth and strong earnings progression for the sector.

Conclusion

The biotechnology sector has recently been out of favour, largely due to concerns that there may be policy changes in the US that could negatively impact drug pricing. We believe these fears have provided a buying opportunity for the sector as investors gain comfort in the knowledge that truly innovative companies will not be targeted and returns from successful drug discovery and development will continue to be attractive.

SV Life Sciences Managers LLP

Investment Manager

3 November 2016

Principal risks and uncertainties

The Board uses a framework of key risks which affect its business, and related internal controls designed to enable the Directors to take steps to mitigate these risks as appropriate. The Directors have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. A full analysis of the Directors' review of internal control is set out in the Corporate Governance Statement on page 25 of the Annual Report.

The Company's key risks include:

Strategic/Performance Risk

The Company's returns are affected by changes in economic, financial and corporate conditions which can cause market fluctuations; a significant fall in equity markets is likely to affect adversely the value of the Company's portfolio. SV provides the Board with information on the market at each Board meeting and the Board discusses appropriate strategies to manage the impact of any significant change in circumstances. The biotechnology sector has its own specific risks leading to higher volatility than broad equity market indices. While the Company seeks to maintain a diversified portfolio within the confines of the current investment policy, biotechnology sector-specific or equity market risks cannot be eliminated by a diversified exposure to global biotechnology.

Discount to NAV: Failure to meet investment objectives and/or poor sector-specific or general equity sentiment can affect the Company's share price, resulting in shares trading at a relatively large discount to the underlying NAV. The Board continually reviews the Company's investment performance, taking into account changes in the market, and regularly reviews the position of the NAV per share compared to the share price. Further information on the Company's discount is provided in the Chairman's Statement above.

Investment-related risks

Alignment of the investment strategy with the Company's investment objective is essential and an inappropriate approach by SV towards stock selection and asset allocation may lead to loss and/or underperformance and failure to achieve the Company's objective of long-term capital growth, resulting in a widening of the discount. The Board manages these risks through its framework of investment restrictions and regular monitoring of SV's adherence to the agreed investment strategy.

SV provides regular reports to the Board on portfolio activity, strategy and performance, as well as risk monitoring. The reports are discussed in detail at Board meetings, which are all attended by the Investment Manager, to allow the Board to monitor the implementation of investment strategy and process.

Currency Risk: The Financial Statements and performance of the Company are denominated in sterling because it is the currency of most relevance to the Company's investors. However, the majority of the Company's assets are denominated in US dollars. Accordingly, the total return and capital value of the Company's investments can be significantly affected by movements in foreign exchange rates. It is not the Board's policy to hedge against foreign currency movements.

Operational risks

As the Company's main functions are delegated to third party service providers, operational risk arises from insufficient processes of internal control which would include compliance with statutes and regulations governing the functions of the Company.

Tax, legal and regulatory risks

To qualify as an investment trust, the Company must comply with Section 1158 Corporation Tax Act 2010 (CTA). Further details of the Company's approval under Section 1158 CTA are set out in the Directors' Report, as contained in the Annual Report, in "Principal activities".

A breach of Section 1158 CTA could result in the Company being subject to Capital Gains Tax on the sale of investments. Consequently, pre-trade compliance checks are embedded into the investment procedures of SV. Reports confirming the Company's compliance with the provisions of Section 1158 CTA are submitted by SV to each Board meeting together with relevant portfolio and financial information.

The Company is also subject to other laws and regulations, including the Act, Financial Conduct Authority (FCA) Listing, Prospectus and Disclosure Guidance and Transparency Rules and the Alternative Investment Fund Manager's Directive. Breaches of these laws and regulations could lead to criminal action being taken against Directors or suspension of the Company's shares from trading. SV and the Company Secretary provide regular reports to the Board on compliance with relevant provisions and report breaches without delay. The Board also relies on the services of its other professional advisers to minimise these risks.

Such risks are assessed by the Audit Committee, which receives regular reports from its main service providers as to the internal control processes in place within those organisations.

Related party transactions

The Directors of the Company are key management personnel. The total remuneration payable to Directors in respect of the year ended 31 August 2016 was £160,916 (2015: £164,726) of which £38,375 (2015: £45,125) was outstanding at the year end.

Details of the Directors interests in the Company's Ordinary shares are detailed in the Report on Directors' Remuneration on page 27 of the Annual Report.

Management report

Listed companies are required by the FCA's Disclosure Guidance and Transparency Rules (the Rules) to include a management report in their Financial Statements. The information required to be in the management report for the purposes of the Rules is included in the Strategic Report on pages 3 to 16 inclusive (together with the sections of the Annual Report incorporated by reference) and the Director's Report on pages 18 to 25 of the Annual Report. Therefore, a separate management report has not been included.

Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report, the Report on Directors' Remuneration and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have prepared the Financial Statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these Financial Statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;

- State whether applicable IFRS as adopted by the EU have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- Prepare Financial Statements on the going concern basis unless it is inappropriate to presume the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements and the Report on Directors' Remuneration comply with the Act. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Annual Report is published on the following website: www.ibtplc.com which is a website maintained by SV. The maintenance and integrity of the website is, so far as it relates to the Company, the responsibility of SV. The work carried out by the Auditors does not involve consideration of the maintenance and integrity of this website and accordingly, the Auditors accept no responsibility for any changes that have occurred to the Annual Report since it was initially presented on the website. Visitors to the website need to be aware that legislation in the UK governing the preparation and dissemination of the Annual Report may differ from legislation in their home jurisdiction.

Having taken advice from the Audit Committee, the Directors consider that the Annual Report, taken as a whole, is fair, balanced and understandable and provides information necessary for Shareholders to assess the Company's position, performance, business model and strategy.

Each of the Directors, whose names and functions are listed on page 17 of the Annual Report, confirms that, to the best of his or her knowledge:

- The Financial Statements, which have been prepared in accordance with IFRS as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Company;
- The Strategic Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces; and
- As outlined on page 20 of the Annual Report, the Directors have undertaken all necessary reviews to provide a going concern recommendation.

On behalf of the Board
Alan Clifton
 Chairman

3 November 2016

Statement of Comprehensive Income

	Notes	For the year ended 31 August 2016			For the year ended 31 August 2015		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
(Losses)/gains on investments held at fair value through profit or loss	2	-	(1,725)	(1,725)	-	83,559	83,559
Exchange losses on currency balances	2	-	(2,333)	(2,333)	-	(425)	(425)
Income	3	676	-	676	409	-	409
Expenses							
Management fee		(1,894)	-	(1,894)	(2,360)	-	(2,360)
Performance fee		-	(575)	(575)	-	(1,348)	(1,348)
Administrative expenses		(1,047)	-	(1,047)	(1,136)	-	(1,136)
(Loss)/profit before finance costs and tax		(2,265)	(4,633)	(6,898)	(3,087)	81,786	78,699
Finance costs							
Interest payable		(212)	-	(212)	(166)	-	(166)

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(Loss)/profit on ordinary activities before tax		(2,477)	(4,633)	(7,110)	(3,253)	81,786	78,533
Taxation		(105)	-	(105)	(54)	-----	(54)
		-----	-----	-----	-----	-	-----
(Loss)/profit for the year attributable to owners of the parent		(2,582)	(4,633)	(7,215)	(3,307)	81,786	78,479
		-----	-----	-----	-----	-	-----
Basic and diluted (loss)/earnings per Ordinary share	4	(6.63)p	(11.89)p	(18.52)p	(7.52)p	186.06p	178.54p
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The total column of this statement represents the Company's Statement of Comprehensive Income, prepared in accordance with IFRS as adopted by the EU.

The Company does not have any other comprehensive income and hence the net profit/(loss) for the year, 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 AIC.

The accompanying notes form part of these Financial Statements.

Statement of Changes in Equity

Company For the year ended 31 August 2016	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Share purchase reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total equity £'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	-	-	-	-
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Balance at 31 August 2016	10,409	18,805	31,408	-	188,183	(32,154)	216,651
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Company For the year ended 31 August 2015	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Share purchase reserve £'000	Capital reserves £'000	Revenue reserve £'000	Total £'000
Balance at 1 September 2014	13,939	18,805	27,878	42,497	137,605	(26,265)	214,459
Total Comprehensive Income:							

Profit/(loss) for the year	-	-	-	-	81,786	(3,307)	78,479
Transactions with owners, recorded directly to equity:							
Shares bought back and held in treasury	-	-	-	(4,064)	(9,398)	-	(13,462)
Shares bought back and cancelled	(2,748)	-	2,748	(38,433)	(5,553)	-	(43,986)
Shares cancelled from treasury	(75)	-	75	-	-	-	-
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Balance at 31 August 2015	11,116	18,805	30,701	-	204,440	(29,572)	235,490
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The accompanying notes form part of these Financial Statements.

Balance Sheet

	Note	At 31 August 2016 Company £'000	At 31 August 2015 Company £'000
Non-current assets			
Investments held at fair value through profit or loss		221,788	246,929
		221,788	246,929
Current assets			
Receivables		9,242	14,456
Cash and cash equivalents		90	296
		9,332	14,752
Total assets		231,120	261,681
Current liabilities			
Borrowings		(11,813)	(21,864)
Payables		(2,656)	(4,327)
		(14,469)	(26,191)
Net assets		216,651	235,490
Equity attributable to equity holders			
Called up share capital		10,409	11,116
Share premium account		18,805	18,805
Capital redemption reserve		31,408	30,701
Share purchase reserve		-	-
Capital reserves		188,183	204,440
Revenue reserve		(32,154)	(29,572)
Total equity		216,651	235,490
NAV per Ordinary share	5	575.09p	585.10p

The Financial Statements as contained within the Annual Report were approved by the Board on 3 November 2016 and signed on its behalf by Alan Clifton, Chairman and Caroline Gulliver, Chair of the Audit Committee.

The accompanying notes form part of these Financial Statements.

Cash Flow Statement

	For the year ended 31 August 2016 Company £'000	For the year ended 31 August 2015 Company £'000
Cash flows from operating activities		
(Loss)/profit before tax	(7,110)	78,533
Adjustments for:		
Decrease/(increase) in investments	25,141	(22,206)
Decrease/(increase) in receivables	5,214	(13,566)
Decrease in payables	(1,671)	(3,810)
Taxation	(105)	(54)
Net cash flows generated from operating activities	21,469	38,897
Cash flows used in financing activities		
Share repurchase costs	(11,624)	(57,448)
Net cash used in financing activities	(11,624)	(57,448)
Net increase/(decrease) in cash and cash equivalents	9,845	(18,551)
Cash and cash equivalents at 1 September	(21,568)	(3,017)
Cash and cash equivalents at 31 August	(11,723)	(21,568)

The accompanying notes form part of these Financial Statements.

Notes to the Financial Statements

1. Accounting policies

The Company comprises International Biotechnology Trust plc (the Company).

The nature of the Company's operations and its principal activities are set out in the Strategic Report and Directors' Reports.

The Company Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and those parts of the Companies Act 2006 (the Act) applicable to companies reporting under IFRS. These comprise standards and interpretations approved by the International Accounting Standards Board (IASB) and International Accounting Standards Committee (IASC), as adopted by the EU.

For the purposes of the Financial Statements, the results and financial position of the Company are expressed in pounds sterling, which is the functional currency and the presentational currency of the Company. Sterling is the functional currency because it is the currency which is most relevant to the majority of the Company's Shareholders and creditors and the currency in which the majority of the Company's operating expenses are paid.

The trading subsidiary IBT Securities Limited was dissolved and removed from the Companies House Register on 16 February 2016. As such, there is no longer a Group in existence and therefore the Financial Statements have been presented on a Company only basis.

The principal accounting policies followed, which have been applied consistently for all years presented, are set out below:

(a) Basis of preparation

The Company Financial Statements have been prepared on a going concern basis and under the historical cost convention, as modified by the inclusion of investments at fair value through profit or loss.

Where presentational guidance set out in the Statement of Recommended Practice (the SORP) for investment trusts issued by The Association of Investment Companies (the AIC) in November 2014 (which superseded the SORP issued in January 2009) is consistent with the requirements of IFRS, the Directors have sought to prepare the Financial Statements on a basis compliant with the recommendations of the SORP.

(b) Presentation of Statement of Comprehensive Income

In order to better reflect the activities of an investment trust company and in accordance with guidance issued by the AIC, supplementary information which analyses the Statement of Comprehensive Income between items of a revenue and capital nature has been presented alongside the Statement of Comprehensive Income.

The net loss after taxation in the revenue column is the measure the Directors believe appropriate in assessing the Company's compliance with certain requirements set out in Section 1158 Corporation Tax Act 2010 (CTA).

(c) Income

Dividends receivable on equity shares are recognised as revenue for the year on an ex-dividend basis. Special dividends are treated as revenue return or as capital return, depending on the facts of each individual case. Income from current asset investments is included in the revenue for the year on an accruals basis and is recognised on a time apportionment basis. Where the Company has elected to receive its dividends in the form of additional shares rather than cash, the amount of cash dividend foregone is recognised as income in the revenue column of the Statement of Comprehensive Income. Any excess in the value of shares over the amount of cash dividend foregone is recognised as a gain in the capital column of the Statement of Comprehensive Income.

Interest from fixed income securities is recognised on a time-apportionment basis so as to reflect the effective yield on the fixed income securities.

Deposit interest outstanding at the year end is calculated and accrued on a time apportionment basis using market rates of interest.

(d) Expenses and interest payable

Administrative expenses, including the management fee and interest payable, are accounted for on an accruals basis and are recognised when they fall due.

All expenses and interest payable have been presented as revenue items except as follows:

- Any performance fee payable is allocated wholly to capital, as it is primarily attributable to the capital performance of the Company's assets; and
- Transaction costs incurred on the acquisition or disposal of investments are expensed and included in the costs of acquisition or deducted from the proceeds of sale as appropriate.

(e) Taxation

Deferred tax is calculated in full, using the liability method, on all taxable and deductible temporary differences at the Balance Sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability settled, based on tax rates and tax laws that have been enacted or substantively enacted at the Balance Sheet date.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised.

In line with recommendations of the SORP, the allocation method used to calculate tax relief on expenses presented in the capital column of the Statement of Comprehensive Income is the

marginal basis. Under this basis, if taxable income is capable of being offset entirely by expenses presented in the revenue column of the Statement of Comprehensive Income, then no tax relief is transferred to the capital column.

(f) Non-current asset investments held at fair value

Investments are recognised or derecognised on the trade date where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned.

On initial recognition all non-current asset investments are designated as held at fair value through profit or loss as defined by IFRS. They are further categorised into the following fair value hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Having inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Having inputs for the asset or liability that are not based on observable market data.

All non-current investments (including those over which the Company has significant influence) are measured at fair value with gains and losses arising from changes in their fair value being included in net profit or loss for the year as a capital item.

The fair value for quoted investments is either the bid price or the last traded price, depending on the convention of the exchange on which the investment is quoted.

In respect of unquoted investments, or where the market for a financial instrument is not active, fair value is established by using various valuation techniques, in accordance with the International Private Equity and Venture Capital (IPEVC) Valuation Guidelines (December 2015). These may include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to recent rounds of re-financing undertaken by investee companies involving knowledgeable parties, reference to the current fair value of another instrument that is substantially the same or an earnings multiple.

As many of the unquoted investments are early stage investments, without revenue, valuation is also assessed up or down with reference to a range of factors among which are: ability of portfolio company management to keep cash and operating budgets, clinical developments towards management and/or investor milestone targets, clinical trial data, progress of competitor products, performance and quality of the management team, litigation brought by or against the portfolio company, patent approval or challenge, the market for the product being developed and the broad climate of the economies of the countries in which they will likely be sold by reference to public stock market performance.

Any gains and losses realised on disposal are recognised in the capital column of the Statement of Comprehensive Income.

(g) Foreign currencies

Transactions involving currencies other than sterling are recorded at the exchange rate ruling on the transaction date.

At each Balance Sheet date, monetary items and non-monetary assets and liabilities that are fair valued, which are denominated in foreign currencies, are retranslated at the closing rates of exchange. Foreign currency exchange differences arising on translation are recognised in the Statement of Comprehensive Income. Exchange gains and losses on investments held at fair value through profit or loss are included within "(Losses)/Gains on investments held at fair value".

(h) Critical accounting estimates and judgements

The preparation of Financial Statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

The critical estimates and assumptions relate, in particular, to the valuation of unquoted investments, as summarised in (g) above.

Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(i) Cash and cash equivalents

In the Statement of Cash Flows, cash and cash equivalents includes cash in hand, short-term deposits and bank overdrafts. These are held for the purpose of meeting short-term cash commitments rather than for investment or other purpose and cash balances are held at their value (translated to sterling at the Balance Sheet date where appropriate) and are stated at £90,000. In the Balance Sheet, bank overdrafts (£11.8m) are shown within borrowings in current liabilities.

(j) Receivables

Other receivables do not carry any right to interest and are short-term in nature. Accordingly they are stated at their nominal value (amortised cost) reduced by appropriate allowances for estimated irrecoverable amounts.

(k) Other payables

Other payables are not interest-bearing and are stated at their nominal amount (amortised cost). Where there are any long-term borrowings, finance costs are calculated over the term of the debt on the effective interest basis.

(l) Repurchase of Ordinary shares (including those held in treasury)

The costs of repurchasing Ordinary shares including related stamp duty and transaction costs are taken directly to equity and reported through the Statement of Changes in Equity as a charge on the share purchase reserve and thereafter the capital reserves. Share purchase transactions are accounted for on a trade date basis. The nominal value of Ordinary share capital repurchased and cancelled is transferred out of called up share capital and into the capital redemption reserve. Where shares are repurchased and held in treasury, the transfer to capital redemption reserve is made if and when such shares are subsequently cancelled.

(m) Reserves

(i) Capital redemption reserve

The capital redemption reserve, which is non-distributable, holds the amount by which the nominal value of the Company's issued share capital is diminished when shares redeemed or purchased out of the Company's distributable reserves are subsequently cancelled.

(ii) Share premium account

A non-distributable reserve, representing the amount by which the fair value of the consideration received exceeds the nominal value of shares issued.

(iii) Share purchase reserve

A distributable reserve, which is used to finance the repurchase of shares in issue.

(iv) Capital reserves

The following are accounted for in this reserve and are distributable:

- Gains and losses on the realisation of investments;
- Unrealised investment holding gains and losses;
- Foreign exchange gains and losses;
- Performance fee; and
- Repurchase of shares in issue.

Note: Unrealised unquoted holding gains are not distributable.

(v) Revenue reserve

Comprises accumulated undistributed revenue profits and losses.

(n) New and revised accounting Standards

No new IFRS, or amendments to IFRS, became applicable in the year which had any impact on the Financial Statements.

At the date of authorisation of these Financial Statements, the following new and amended IFRS are in issue but are not yet effective and have not been applied in these accounts:

- IFRS 5 (amended) Non-current Assets Held for Sale and Discontinued Operations
- IFRS 7 (amended) Financial Instruments: Disclosures
- IFRS 9 (2014) Financial Instruments
- IFRS 14 Regulatory Deferral Accounts
- IFRS 15 Revenue from Contracts with Customers
- IAS 1 (amended) Presentation of Financial Statements
- IAS 16 (amended) Property, Plant and Equipment
- IAS 19 (amended) Employee Benefits
- IAS 28 (amended) Investments in Associates and Joint Ventures
- IAS 34 (amended) Interim Financial Reporting

The Directors do not expect that the adoption of the Standards listed above will have a significant impact on the Company's accounts in future periods.

2. (Losses)/gains on investments held at fair value

	For the year ended 31 August 2016 £'000	For the year ended 31 August 2015 £'000
Net gains on disposal of investments at historic cost	10,811	99,394
Less fair value adjustments in earlier years	(23,170)	(39,241)
	-----	-----
(Losses)/gains based on carrying value at previous Balance Sheet date	(12,359)	60,153
Investment holding gains during the year	10,634	23,406
	-----	-----
	(1,725)	83,559
	-----	-----
Attributable to:		
Quoted investments	(4,939)	72,833
Unquoted investments	3,214	10,726
	-----	-----
	(1,725)	83,559
	-----	-----
Exchange losses on currency balances	(2,333)	(425)
	-----	-----

Exchange losses on currency balances arise on the retranslation of foreign currency balances held by the Company. Throughout the year, the Company has held borrowings, predominantly in US dollars. As US dollars has strengthened significantly during the year vs. sterling, this has led to an exchange loss being recorded in respect of these borrowings.

3. Income

	For the year ended 31 August 2016 £'000	For the year ended 31 August 2015 £'000
Income from investments held at fair value through profit or loss:		
Unfranked dividends	676	363
Interest on debt securities	-	46
	-----	-----

676	409
-----	-----

4. Net (loss)/earnings per Ordinary share

	For the year ended 31 August 2016 £'000	For the year ended 31 August 2015 £'000
Net revenue loss	(2,582)	(3,307)
Net capital (loss)/profit	(4,633)	81,786
	-----	-----
	(7,215)	78,479
	-----	-----
Weighted average number of Ordinary shares in issue during the year*	38,959,794	43,955,896
	Pence	Pence
Revenue loss per Ordinary share	(6.63)	(7.52)
Capital (loss)/profit per Ordinary share	(11.89)	186.06
	-----	-----
Total earnings per Ordinary share	(18.52)	178.54
	-----	-----

*Excluding those held in treasury.

5. Net Asset Value per Ordinary share

The calculation of the NAV per Ordinary share is based on the following:

	At 31 August 2016	At 31 August 2015
NAV (£'000)	216,651	235,490
	-----	-----
Number of Ordinary shares in issue	37,672,663	40,247,663
	-----	-----
NAV per Ordinary share (pence)	575.09	585.10
	-----	-----

The decrease in the NAV per share from 585.10p (31 August 2015) to 575.09p (31 August 2016) includes the total earnings per share as disclosed above and the effect of the Company, during the year, repurchasing shares at a discount to the prevailing NAV per share.

6. The figures and financial information for the year ended 31 August 2015 have been extracted from the latest published Financial Statements and do not constitute the statutory accounts for that year as defined in Section 434 of the Act. Those Financial Statements have been delivered to the Registrar of Companies and included the Report of the Auditors which was unqualified and did not contain a statement under Section 498 of the Act.

This Annual Financial Report Announcement does not constitute statutory accounts for the year ended 31 August 2016 as defined in Section 434 of the Act.

7. The Annual Report for the year ended 31 August 2016 will be posted to Shareholders in November 2016 and thereafter copies will be available upon request at the Company's Registered Office: 10 Harewood Avenue, London NW1 6AA. The Annual Report will also be available on the Company's website, www.ibtplc.com, from today. A copy of the Annual Report for the year ended 31 August 2016 has been submitted to the National Storage Mechanism of the UK Listing Authority and will shortly be available for inspection at: www.Hemscott.com/nsm.do. The Company's AGM will be held at 12.30 pm on Tuesday, 13 December 2016 at the offices of BNP Paribas Fortis, 5 Aldermanbury Square, London EC2V 7BP.

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Company Secretary

4 NOVEMBER 2016

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