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INTERNATIONAL BIOTECHNOLOGY TRUST PLC

Company number **02892872**

Registered office address
10 Harewood Avenue, London, England, NW1 6AA

Company status
Active

Company type
Public limited Company

Incorporated on
31 January 1994

Accounts

Next accounts made up to **31 August 2020**
due by **31 May 2021**

Last accounts made up to **31 August 2019**

Confirmation statement

Next statement date **17 February 2021**
due by **31 March 2021**

Last statement dated **17 February 2020**

Nature of business (SIC)

- 64301 - Activities of investment trusts

Previous company names

Name	Period
HACKPLIMCO (NO. FOURTEEN) PUBLIC LIMITED COMPANY	31 Jan 1994 - 23 Feb 1994

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2892872



INTERNATIONAL

BIOTECHNOLOGY

T R U S T P L C

[CITATION:

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annual report
year ended 31 August 1999



RELATIONSHIPS DISCLOSED

	A
1	International Biotechnology Trust (IBT) PLC, Co. No. 02892872. (1999), ROTHSCHILD BIOTECHNOLOGY
2	RELATIONSHIPS DISCLOSED
3	3M
4	Abbott Laboratories
5	Advanced Mineral Technologies
6	AEMC plc
7	Agouron Pharmaceuticals
8	Agrigenetics
9	AHP
10	AIM Trust plc
11	Allergen
12	American Home Products Corp
13	Amgen
14	Anergen
15	Angiotech
16	Applied Biosystems
17	ArQule
18	ASTA Medica
19	Atugen Biotechnology GmbH
20	Bankinvest Biomedical Development Venture Fund
21	Bayer AG
22	Bayer Corporation
23	Biocopatibles International
24	Biosite Diagnostics Inc
25	Biotechnology Investments Limited
26	Biovest Partners
27	Boston Scientific Corp
28	Bristol-Myers Squibb
29	Cadus Pharmaceutical Corporation
30	Cambridge University
31	Cancer Research Campaign
32	Catalytica
33	Cell Therapeutics
34	Celltech
35	Celltech
36	CeNeS Limited
37	Centeon
38	Centocor (now Johnson & Johnson, formerly Janssen Biotech)
39	Chagon Pharmaceutical Co Ltd.
40	Chiron
41	Chiroscience
42	Consulta Limited
43	Copernicus Gene Systems

RELATIONSHIPS DISCLOSED

A	
1	International Biotechnology Trust (IBT) PLC, Co. No. 02892872. (1999), ROTHSCILD BIOTECHNOLOGY RELATIONSHIPS DISCLOSED
43	Core Group plc
44	Corixa Corporation
45	Corvas International
46	CPC International Inc
47	CR Baird Inc
48	Cubist Pharmaceuticals Inc
49	Cumberland Associates
50	CW Ventures
51	Cytel Corporation
52	DNA Plant Technology
53	DuPont Pharmaceuticals
54	Eisai
55	Elan
56	Eli Lilly & co
57	Eos Biotechnology
58	Epimmune
59	ErythroMed, Inc
60	E-Site Therapeutics
61	FDA (Food and Drug Administration, Edwards Committee)
62	FibroGen
63	Fujisawa Institute of Neuroscience
64	GD Searle & Co (Monsanto Corporation)
65	GelTex Pharmaceuticals
66	Genesis Research & Dev't Corp
67	Genetic Systems
68	Genmab
69	Genzyme
70	Genzyme Corporation
71	Glaxo plc
72	Glaxo Research & Development
73	Glaxo Wellcome plc
74	GPC AG
75	Guthrie Corporation plc
76	Howard Hughes Medical Institute
77	Human Genome Project
78	Hybritech Incorporated
79	Immunex
80	Imperial College, London
81	IMS Health
82	Incyte Pharmaceuticals
83	Institute of Biotechnology, ETH, Zurich

RELATIONSHIPS DISCLOSED

	A
1	International Biotechnology Trust (IBT) PLC, Co. No. 02892872. (1999), ROTHSCILD BIOTECHNOLOGY RELATIONSHIPS DISCLOSED
84	Integrated Genetics
85	International Biochemicals Group
86	Investment Company Institute, Wash., D.C.
87	J. Henry Schroder & Co Limited
88	Japan Tobacco
89	Johnson & Johnson
90	JZ Equity Partners
91	JZ International Limited
92	Kelt Energy plc
93	KPMG
94	LeukuSite
95	LocalMed Inc
96	Medac
97	Medarex Inc
98	Medeva
99	Menarini
100	Merck & Co
101	Merck Institute of Therapeutic Research
102	Merck KGaA
103	Merlin Ventures
104	Merrill Lynch Mutual Funds
105	Molecular Science Institute, Berkeley
106	Monsanto Corporation (GD Searle)
107	MorphoSys AG
108	N.M. Rothschild & Sons
109	NetGenics
110	Neurex Corporation
111	Neurogen
112	New York University
113	NovalonharvardPharmaceutical
114	Novartis
115	NV Organon
116	Onyx Pharmaceuticals
117	OSI Pharmaceuticals
118	Oxford University, School of Pathology
119	Pacific Rim
120	Parke-Davis (Warner Lambert)
121	Pasteur Merieux Connaught
122	Pfizer, Inc
123	Pharmaceutical Marketing Services Inc (PMSI)
124	Pharmacia & Upjohn

RELATIONSHIPS DISCLOSED

	A
1	International Biotechnology Trust (IBT) PLC, Co. No. 02892872. (1999), ROTHSCHILD BIOTECHNOLOGY RELATIONSHIPS DISCLOSED
125	Pharmacopia
126	Plant Genetics
127	Pyxis Corporation
128	Queue Systems
129	REA Holdings plc
130	Repligen
131	Ribi ImmunoChem Research Inc
132	Roche
133	Roche Bioscience
134	Rothschild Asset Management Limited
135	Rothschild Bioscience Unit (RBU)
136	Royal College of Physicians
137	Royal Dutch Shell Group
138	RPI
139	Rybozyme Pharmaceuticals
140	Sanguine Biosciences
141	Sanofi Pasteur
142	Santen
143	Schering AG
144	Schering-Plough
145	Schwarz Parma
146	Shearson Hammill Asset Management Company
147	Sibia Neurosciences Inc
148	SmithKline Beecham (now GlaxoSmithKline)
149	Sorin Biomedica (Sorin Group)
150	State Street Global Advisors UK Limited
151	SUGEN
152	Sun Microsystems (now Oracle)
153	SunPharm Corporation
154	T Cell Sciences Inc
155	Taiho Pharmaceutical
156	Targeted Genetics Corporation
157	University College London
158	US Bioscience
159	Vanguard Medica Group Plc
160	Vical Corporation
161	Warner-Lambert
162	William Baird plc
163	Zambon Spa
164	Zeneca
165	Zenyaku Kogyo

Front of
tracing paper
sheet

International Biotechnology Trust

combines the unique factors of

expert stock selection and

scientific and strategic support

with a portfolio approach to

provide the most attractive way

of investing in biotechnology.

Report of the Directors and Statement of Accounts
for the year ended 31 August 1999

International Biotechnology Trust plc
Registered number 2892872

Administration

Investment Manager and Secretary

Rothschild Asset Management Limited,
Five Arrows House, St Swithin's Lane,
London EC4N 8NR.
Telephone 0171 623 1000.

Bankers

N M Rothschild & Sons Limited, New Court,
St Swithin's Lane, London EC4P 4DU.

Solicitors

Linklaters, One Silk Street,
London EC2Y 8HQ.

Auditor

KPMG Audit Plc, 8 Salisbury Square,
London EC4Y 8BB.

Stockbroker

Merrill Lynch International,
20 Farringdon Road,
London EC1M 3NH.

Registrar

Computershare Services PLC,
PO Box 435,
Owen House,
8 Bankhead Crossway North,
Edinburgh EH11 4BR.

Registered Office

Five Arrows House,
St Swithin's Lane,
London EC4N 8NR.
(Registered Number 2892872, England).

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Directors' profiles

John McDonald Green-Armytage (Chairman)

Joined N M Rothschild & Sons in 1970 and became an executive director in 1977. From 1982 to 1988 he was managing director of The Guthrie Corporation plc and later chief executive of Kelt Energy plc and of William Baird plc. He is chairman of JZ International Limited, JZ Equity Partners and a non-executive director of AMEC plc, the AIM Trust plc and REA Holdings plc.

Donald Cecil (Deputy Chairman)

Co-founder in 1970 of Cumberland Associates, a private investment management firm, and managing partner until 1982. He is a former chairman of the Director Services Committee of the Investment Company Institute in Washington DC, a director of various Merrill Lynch Mutual Funds, chairman of the Biotechnology Investments Limited Valuation Advisory Board and a member of the Institute of Chartered Financial Analysts. Previously he was president of the Shearson Hammill Asset Management Company and a non-executive director of a number of public and private companies.

Gary Michael Brass

A managing director of Consulta Limited, a private investment advisory company, and a non-executive director of a number of other companies. He is a Chartered Accountant and was formerly with KPMG and J Henry Schroder & Co Limited.

Peter Barrie Collacott

A director of product development at State Street Global Advisors United Kingdom Limited ('SSgA UK') with responsibility for the development of collective investment schemes for SSgA UK and its affiliates. He is a non-executive director of a number of listed investment companies in Ireland and prior to joining SSgA UK in June 1998, he was employed by Rothschild Asset Management Limited for over twenty years where he was a managing director.

Jeremy Laurence Curnock Cook

Founder of International Biochemicals Group in 1975 which he subsequently sold to Royal Dutch Shell Group in 1985, remaining as managing director until 1987 when he joined Rothschilds. He has an MA in natural sciences (microbiology) from Trinity College, Dublin. He is a director of Rothschilds and a non-executive director of the following IBT investee companies: Angiotech Pharmaceuticals, Biocompatibles International plc, Cell Therapeutics Inc, Ribozyme Pharmaceuticals Inc,

Targeted Genetics Corporation and Vanguard Medica plc. He is also a non-executive director of a number of other US and international biotechnology companies.

Stephen Andrew Duzan

Founder and retired chairman and chief executive of Immunex Corporation, a biopharmaceutical company. He is former chairman of the Board of the Industrial Biotechnology Association, the principal trade association of the biotechnology industry.

James Deneale Grant

Retired chairman and chief executive officer of T Cell Sciences Inc, of Cambridge, Massachusetts. He was vice-president of CPC International Inc from 1972 to 1986. He also served as deputy commissioner of the FDA in Washington DC from 1969 to 1972 and was vice-chairman of the Advisory Committee on the FDA (the 'Edwards Committee') from 1990 to 1991. He is a non-executive director of Targeted Genetics Corporation and Biocompatibles International plc (both IBT investee companies).

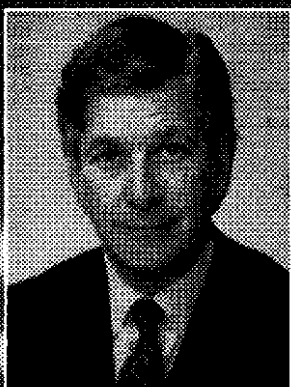
Howard Edward Greene

Founder and retired chairman and chief executive officer of Amylin Pharmaceuticals Inc, a San Diego-based biopharmaceutical company developing drugs for treating diabetes and metabolic disorders. As a general partner of Biovest Partners, a US venture capital firm, he was a start-up investor and board member of six medical technology companies, including Pyxis Corporation, Neurex Corporation, and Vical Incorporated. He was chief executive officer of Hybritech Incorporated until its acquisition by Eli Lilly & Company in 1986. He is chairman of Epimmune Inc (an IBT investee company) and a director of Biosite Diagnostics Inc.

Dennis Michael John Turner

Co-founder and retired chairman and chief executive of Pharmaceutical Marketing Services Inc (PMSI). He was also a founder and the chairman of Walsh International Inc, until it was acquired by IMS Health in June 1998. He has spent most of his career developing and building healthcare information services companies with a particular emphasis on the needs of the pharmaceutical industry. He is a non-executive director of a number of healthcare-related companies.

(All Directors are non-executive Directors)



IBT Chairman,
John Green-Armytage

The year under review: a return to optimism

Dear Shareholder

In last year's statement, I commented on the volatility seen in the biotechnology sector in 1998. This year, I am happy to report that confidence appears to be returning to the sector on both sides of the Atlantic.

With the IBT portfolio standing at 18 core investments, the Manager's focus this year has been on investment management and return maximisation. I am pleased to report successes within

IBT's portfolio, with significant validations of your Company's investment strategy, particularly as a result of the acquisition of SUGEN by Pharmacia & Upjohn, and the public offering of MorphoSys on Germany's Neuer Markt.

The Biotechnology Sector

Following a difficult period during 1997 and 1998, when investor confidence in the sector was affected by disappointing results and management issues, there are signs that the sector is recovering. For example, in the US, the NASDAQ Biotech Index rose 146.6% during the reporting period under review.

The return of modest investor interest in the sector was concurrent with an upturn in merger and acquisition activities in the biotechnology industry. This year saw the formation of Europe's largest biotechnology company through Celltech's £700 million merger with Chiroscience. There have been many other mergers and acquisitions throughout the biotechnology sector in a drive to increase market capitalisation, and this is expected to continue throughout the forthcoming year. Similarly, pharmaceutical companies' interest in acquiring attractive biotechnology companies has increased. For example, Bayer AG acquired Chiron Diagnostics for US\$1.1 billion in November 1998, and Warner-Lambert completed a US\$2.1 billion acquisition of Agouron Pharmaceuticals in May 1999. More recently, Johnson & Johnson announced it is to acquire Centocor for US\$4.9 billion, and in September MedImmune announced its proposed acquisition of US Bioscience for US\$492 million.

The year has also seen the continued development of alternative financial European exchanges, in particular in Germany. The Neuer Markt now accounts for 87.5% of the total market capitalisation of the EuroNM markets (Belgium, France, Germany) and has the highest liquidity of all the new European Growth markets offering a genuine opportunity to build value.

The IBT Portfolio – a process of maturity

Merger and acquisition activity can be seen as an indication of maturation within the biotechnology sector and this is evident within the IBT portfolio; with, for example, Corixa acquiring Anergen in a stock-for-stock deal worth US\$8.1 million. Generating realisable value in IBT's portfolio resulted from Pharmacia & Upjohn's acquisition of SUGEN in a deal valuing SUGEN at £455 million. The proceeds from IBT's holding in SUGEN was US\$22.8 million (£14.3 million), the consideration to be received in the form of Pharmacia & Upjohn shares. This represented a 194% uplift in the value of IBT's investment in SUGEN and an internal rate of return of 34% per annum.

The past year has also seen increasing numbers of biotechnology products entering the market, another sign that the industry is maturing. Within the IBT portfolio, GelTex Pharmaceuticals received marketing approval for Renagel capsules for treating patients with end-stage renal disease. It also filed a New Drug Application (NDA) for launching its Cholestagel product, a non-absorbed cholesterol reducer. Similarly, Vanguard Medica received notification that the US Food and Drug Administration (FDA) had accepted the NDA for the migraine drug frovatriptan for review.

MorphoSys was the first R&D focused biotechnology company to enter the Neuer Markt, completing a successful public offering of its shares at €25 (£17.00) per share on 9 March 1999. IBT invested £2.8 million (£4.5m) in MorphoSys in July 1997, acquiring a 9.74% holding at €16.52 (£11.15) per share. Trading opened at €31 (£21.00) per share. The share price has dropped, post-flotation, to €19.10 (£12.48) as at 31 August – a phenomenon seen in the past with UK biotech stocks. However, this still represents a gain for IBT of 15.6% on its initial investment. It is the Board's view that the potential exists for substantial future gain as the company achieves its development goals.

All these developments have contributed positively to IBT's share price, which rose from 33.5 pence to 56 pence, an increase of 67.2% compared to last year's decrease of 66.7%. Net Asset Value has also risen by 45.1% over the reporting period, with the discount decreasing from 38.2% to 28.8%.

The performance of both the unquoted and quoted sections of IBT's portfolio have contributed to this increase in share price and Net Asset Value. IBT's quoted investments generated a return of 59.4% over the financial year while the unquoted investments returned 33.7%, boosted by MorphoSys' IPO. Taken together, these represent a return on actual investment of 53.9%. In comparison, the Bloomberg UK Biotech Index showed a more modest improvement over the year of 28.1%, and the FTSE350 Investment Trust Index increased by 32.7%.

Investment Activities

With the focus of the Trust currently on portfolio management, investment over the past year has concentrated on follow-on investments in existing portfolio companies. Specifically, follow-on investments were made in Biocompatibles International (£415,952), Corvas International (US\$750,000), Cubist Pharmaceuticals (US\$500,000), NetGenics (US\$517,450) and Ribozyme Pharmaceuticals (US\$997,500).

As part of IBT's current portfolio management strategy, we will be looking for divestment opportunities, strategically timed to ensure the maximum return and value for our shareholders. It is intended that such divestments will generate the cash required to make new investments in the new year. The acquisition of SUGEN by Pharmacia & Upjohn has given us the ability to translate some of the portfolio into cash.

The importance of spreading risk, when investing in the biotechnology sector, was shown in November 1998 when LocalMed was unsuccessful in commercialising its product. The carrying value of this investment was £1.3 million and has been written off during the period. This event has not impacted significantly on the performance of the fund.

Many investee companies are continuing to contribute to the constant progression of IBT's virtual pipeline, as products advance through the clinical trial process.

Management

The year was important for the development of the future management of your company. The Board announced, on the 26 March 1999, that merger discussions with Biotechnology Investments Limited had been terminated and that, as Rothschild Asset Management (RAM) had indicated that they wished to withdraw from bioscience fund management in the United Kingdom, the Board was considering proposals from third parties seeking to replace RAM as IBT's investment manager.

The proposed change of management arrangements for IBT, which was announced earlier in the year, and which depended on the merger of key individuals of the Rothschild Bioscience Unit (RBU) and Merlin Ventures, has been delayed by Rothschild Asset Management's continuing obligation to provide investment advice to another client via the RBU. As a result RAM continues to provide investment management services to IBT, as

called for under the current management agreement. When it becomes possible to finalise future management arrangements, your Board intends to ensure continuity of management by assuring the participation of the key members of the RBU who have been instrumental in the management of IBT to date.

Revenue and Dividends

Your Company's policy is to pay out by way of dividend only those earnings available for distribution. It remains the view of your Directors that the best long-term returns are likely to come from capital appreciation of assets. For the year under review, therefore, the Board proposes not to pay a dividend.

Summary

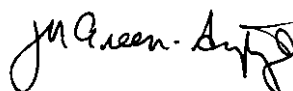
In summary, your Board believes that the negative market sentiment of 1997/98 has turned around, with a renewed sense of realism in place for the new millennium, following this year's commercial achievements and growth in market capitalisation. IBT will continue to focus on the management of its diverse portfolio to ensure long term growth of its investee companies, while maintaining value for its shareholders through timely divestment, and selective and strategic reinvestment.

Annual General Meeting

The Annual General Meeting will be held at The Royal College of Physicians, 11 St. Andrews Place, Regent's Park, London NW1 4LE on 11 November 1999 at 3.00pm.

Stephen Duzan, who has served as a Director of the Company since its formation, will be retiring at this year's Annual General Meeting. I would like to place on record the Board's appreciation of the valuable help and advice which we have received from him over the past six years.

John Green-Armytage
13 October 1999



Manager's review: enhancing the fund, building value

Investment Policy

The investment policy of International Biotechnology Trust plc (IBT) is to invest in life science companies which are under-funded or require management input. Many will have products that are already in clinical development and/or appear to have good prospects of commercialisation or have a broad-based platform technology with wide application. In addition, many will have products that are already in clinical development. Using these criteria, our investment team has focused on companies which have recently listed on a stock exchange or which are approaching flotation within a year or so.

In the year under review, the Trust reached full investment. Therefore, in order to strengthen its commercial potential, IBT's focus has now moved from making new key investments in strategically selected companies, to managing the maturing portfolio. To do this, IBT's management provide guidance and support to its investee companies at many levels, helping companies to realise their potential, and helping them through periods of difficulty.

In addition, following opportune divestments, your Company will continue to look for new investment opportunities that enhance the fund and its value to its shareholders.

Investments

Investment over the financial year has been relatively minor and has focused on follow-on investments in existing portfolio companies. Investments were made in Biocompatibles International (£415,952), Corvas International (US\$750,000), Cubist Pharmaceuticals (US\$500,000), NctGenics (US\$517,450) and Ribozyme Pharmaceuticals (US\$997,500).

Routes to Realising Value

Opportunities for value realisation have arisen throughout the year, indicating the maturation of the Trust, for example:

In February, IBT received shares in the NASDAQ-listed immunotherapy company Corixa. This followed the completion of the US\$8.1 million acquisition of IBT investee company, Anergen, by Corixa. As part of the transaction, IBT received a parcel of Corixa shares at US\$7.30 a share. On 31 August, the share price for Corixa was US\$13.50. This now presents an opportunity to increase value through the potential future growth of Corixa.

Summary of Key Collaborators

IBT's German investee company MorphoSys AG, completed a successful public offering of its shares at € 25 (£17.00) on the German Neuer Markt, on 9 March 1999. IBT invested £2.8 million (€ 4.6M) in MorphoSys in July 1997, acquiring a 9.74% holding at € 16.52 (£11.15) per share. IBT's investment in this public company may provide an opportunity to divest at the right time when market conditions enable maximum returns from the initial investment.

The acquisition of SUGEN by Pharmacia and Upjohn valued SUGEN shares at US\$31.25 (£19.28) per share. The proceeds for IBT's holding are some US\$22.8 million (£14.3 million), the consideration being received in the form of Pharmacia & Upjohn shares. This represents a 194% increase in the value of IBT's investment in SUGEN and an internal rate of return over the five years of 34% per annum. This transaction will also provide increased liquidity to the fund to pursue new investment opportunities - the Pharmacia & Upjohn shares representing 21% of IBT's Net Asset Value.

In addition, the year has seen many companies within the portfolio either establish or extend collaborations within the pharmaceutical biotechnology industry, as summarised in the table *Summary of Key Collaborators*.

3M, Abbott Laboratories, Advanced Mineral Technologies, AEMT, plc, Aggenon Pharmaceuticals, Agrigenetics, AMP, AIM Trust plc., Allergan,
American Home Products Corp., Amgen, Amerogen, Angiotech, Applied Bioscience, ArCade, ASTA Medical, Ayuda Biotechnology GmbH, Bankinvest
Biomedical Development Venture Fund, Bayer AG, Bayer Corporation, Becton Dickinson International, Bioethics Partners Inc., Biotechnology Investments
Limited, Biovest Partners, Bristol-Myers Squibb, Calixtus Pharmaceutical Corporation, Cambridge University Cancer Research
Campaign, Catalytica, Cell Therapeutics, Celtech, Celtech , Cellex Limited, Centron, Cencacor (now Johnson & Johnson, formerly Janssen Biotech),
Chagon Pharmaceutical Co Ltd., Chiron, Chromscience, Connaught Limited, Copernicus Gene Systems, Core Group plc, Corixa Corporation, Curvas
International, CPC International Inc., CVR Based Inc., Cubist Pharmaceuticals Inc., Cumberland Associates, CW Ventures, Cyel Corporation, DNA Plant
Technology, DuPont Pharmaceuticals, Eastman, Eli Lilly & co, Eisai Biotechnology, Eppimune, Erythrodonat Inc., F-Sur Therapeutica, FDA (Food and
Drug Administration, Edwards Chemicals, FibroGen, Fujisawa Institute of Neuroscience, GD Searle & Co (G.D.Searle Corporation), Gaffes
Pharmaceuticals, Genesis Research & Dev' Corp., Genetic Systems, Genzyme, GlaxoSmithKline, Genzyme Corporation, Glaxo plc, Glaxo Research &
Development, Glaxo Wellcome, IBC AG, Guthrie Corporation plc, Harvard Hughes Medical Institute, Human Genome Project, Hybritech
Incorporated, Immunex, Imperial College London, IMS Health, Innotek Pharmaceuticals, Institute of Biotechnology, IMH, Zurich, Integrated Genetics,
International Biochemicals Group, Investment Company Institute, WIRB, Dornier-Henrich Schroder & Co Limited, Janssen Pharmaco, Johnson & Johnson, JZ
Equity Partners, JZ International Limited, Kelt Energy plc, KPMD, Kyowa Medalsid Inc., Madac, Modactyl, Novartis, Menarini, Merck & Co,
Merck Institute of Therapeutic Research, Merck KGaA, Merkin Vaccines, Merrill Lynch Mutual Funds, Molecular Biology Unit, Berkeley, Monsanto
Corporation (GD Searle), Mucor, NIDDK, NIH, R&D Ltd & Sons, Necarus, Neures Corporation, Neurogen, New York University,
NovalonharvardPharmaceutical Foundation, O'Brien Organics, Oray Pharmaceuticals, OSI Pharmaceuticals, Oxford University School of Pathology, Pacific
Rim, Parke-Davis (Warner-Lambert), Pasteur-Merieux Connaught-Merieux Inc., Pharmaceutical Marketing Warner-Lambert, Pfizer, Pharmacia & Upjohn,
Pharmacopia, Plant Genetic System, PTC Genentech, Tibotec Systems, Rho-Biotech plc, Regeneron, Rita Immunization Spanish Inc., Roche, Roche
Bioscience, Rothschild Asset Management Council, Rothschild Brewery Ltd (RBV), Royal College of Physicians, Royal Dutch Shell Group, RPI,
Rybozyme Pharmaceuticals, Sangene Biosciences, Sanofi Pastorel, Neurophering AG, Schering Plough, Zenkako Kenryo Shearon Hamill Asset
Management Company, Sigma Neurosciences Inc., Smith-Kline Beecham (now Janssen Pharmaceutica NV), Sorris Biomedica (Norte Group), State Street Global
Advisors UK Limited, SUGEN, Sun Microsystems (now Oracle), SunPharm Corporation, T Cell Sciences Inc., Taiho Pharmaceutical, Targeted Genetics
Corporation, University College London, US Bioscience, Vanguard Media Group Plc, Vical Corporation, Warner-Lambert, William Baird page 11 Zambon
Spa, Zeneca, Zenyaku Kogyo,

Lead Products in IBT's Virtual Pipeline

Product	Company	Product and development stage at October 1998			
		Phase I	Phase II	Phase III	Marketing
<i>Cardiovascular</i>					
Biodivysio coronary stent	Biocompatibles				
CholestaGel	GelTex				
rNAPc2	Corvas				
<i>Oncology</i>					
Lisofylline	Cell Therapeutics				
MDX-210	Medarex				
ONYX-015	Onyx				
TgDCC-E1A	Targeted Genetics				
Angiozyme	Ribozyme				
<i>Anti-infectives</i>					
Daptomycin	Cubist				
Hycore	Core Group				
Theradigm-HBV	Epimmune				
Ribozymes-HIV	Ribozyme				
Targeted CTLs	Targeted Genetics				
<i>Inflammatory</i>					
AnervaX RA	Corixa				
Micellar paclitaxel RA	Angiotech				
Hycore	Core Group				
<i>Neurology</i>					
Moraxen	Core Group				
Frovatriptan	Vanguard Medica				
AnergiX MS	Corixa				
Micellar paclitaxel MS	Angiotech				
<i>Nephrology</i>					
RenaGel	GelTex				
<i>Eye care</i>					
Proclear Compatibles	Biocompatibles				
MDX-RA	Medarex				
<i>Genetic disorder</i>					
TgAAV-CFTR-CF	Targeted Genetics				

Some of IBT's investee companies have products that are not applicable to the normal clinical trial procedures, including:

Product	Company	Application
Human combinatorial antibody library	MorphoSys	Generates antibodies for development as therapeutic agents and drug discovery applications
SYNERGY	NetGenics	A single software framework that organises and integrates diverse biological analysis tools and databases

The Virtual Pipeline

IBT's portfolio approach is based on a 'virtual pipeline' concept, where the products of all investee companies are nominally incorporated into a pipeline greatly beyond that likely to be found in any individual biotechnology company. The table *IBT's Virtual Pipeline* shows many of the products under clinical development within the Trust's investee companies. The pipeline is continually maturing, enabling investors to spread the risk across the many and varied product candidates progressing towards the market.

Key developments over the past year include:

The FDA accepted Cubist's IND to enter into two Phase III investigator-blinded clinical trials to evaluate the safety and efficacy of daptomycin for the treatment of complicated skin and soft tissue infections.

In November 1998, the FDA approved GelTex Pharmaceuticals' lead product, RenaGel. Controlling elevated phosphate levels in chronic kidney failure patients, RenaGel Capsules are being made available to patients through a joint venture between GelTex and Genzyme Corporation.

Vanguard Medica, with its partner Elan Corporation, received notification that the NDA for the migraine drug frovatriptan had been accepted for review by the US Food and Drug Administration (FDA). The full review process is expected to take approximately twelve months.

In addition, IBT strengthens the commercial potential of its portfolio not only through investments into therapeutic pipelines, but also into high value technologies, such as information technology, that expedite or enhance those pipelines.

The bioinformatics company NetGenics, which was added to the portfolio last year, provides software and related services to the pharmaceutical industry to manage information and accelerate drug discovery. NetGenics' SYNERGY software has recently been chosen by Pfizer to design and develop an IT solution to link the multidisciplinary research efforts across Pfizer's global organisation.

Epimmune's (formerly Cytel) manufacture of bioactive carbohydrates for use in medical and consumer products is another example of a 'service' offered by an IBT investee company, as is Ribozyme's target validation and discovery business.

Investments into such technology or service providing companies increases the diversity of the IBT portfolio and also brings the potential for additional revenue streams.

There follows a short review of each of IBT's investee companies demonstrating the Trust's strategic portfolio approach.

Angiotech Pharmaceuticals Inc

In December 1997, Angiotech raised a total of C\$22 million in its IPO of which IBT contributed C\$7 million.

Angiotech (ANP) is dedicated to the development of medical device coatings and treatments for chronic inflammatory diseases through the reformulation of the anticancer drug, paclitaxel. Three therapies are in clinical development: systemic micellar paclitaxel for multiple sclerosis (MS) and rheumatoid arthritis (RA) and topical paclitaxel for psoriasis. Other programmes include paclitaxel-coated stents (partnered with Boston Scientific Corp and Cook Inc) and implants used in peripheral vascular surgery for the prevention of stenosis (partnered with CR Bard).

ANP completed its Phase I/II MS clinical study and results showed that a significant percentage of patients showed favourable trends in paclitaxel's effect on overall disability and function, quality of life and changes in the amount of brain tissue scarring as demonstrated by MRI (and no drug-related serious adverse events were reported). A 190-patient, double-blind, placebo-controlled, Phase II MS study is planned to be initiated later this year at multiple centres throughout Canada.

Biocompatibles International plc

In December 1996, IBT purchased £4.4 million of Biocompatibles' shares and subscribed £2.9 million in the subsequent rights issues.

Biocompatibles is an international medical device company supplying products containing a proprietary polymer, phosphorylcholine (PC), that improves biocompatibility. PC is a chemical group found in the membrane of living cells and is the body's own natural biocompatible coating. Biocompatibles has developed technology to apply PC to medical devices so that the body does not recognise the device as foreign and therefore does not reject it.

The company is commercialising contact lenses and coronary stents and has demonstrated that the presence of PC improves the performance of these products by reducing the complications associated with their use.

The Proclear™ soft contact lens is approved in the US, Europe and other territories and has been granted a unique label claim by the FDA which states that the

product is beneficial for patients who suffer from dry eye problems. Biocompatibles is about to enter the UK private label contact lens market through an own label agreement with SpecSavers, the leading UK optical retailer.

The BiodivYsio™ pre-mounted coronary stent is approved in Europe. The 2.0mm small vessel stent which received CE Mark approval in June 1999 is the smallest diameter stent available and has received particularly favourable reports at cardiology congresses. Recruitment has been completed for the randomised trial for US market entry and a clinical trial for Japan is expected to start in late 1999. This is being managed by the cardiovascular distribution specialist, Japan LifeLine, with whom the company established a marketing agreement in June 1999.

Established in 1984, the company was floated on the London Stock Exchange in 1995.

Cadus Pharmaceutical Corporation

IBT invested US\$5.6 million in Cadus' US\$19.25 million public offering in July 1996 and an additional US\$0.3 million in November 1996.

Cadus has developed novel drug discovery technologies that exploit the similarities between the yeast and human genomes, focusing on G protein-coupled receptors (GPCR) - molecules that sit on the surface of the cell and initiate a biological response, some of which are also involved in disease processes. These include powerful bioinformatics software to survey the genetic data from the Human Genome Project to identify orphan GPCRs and a proprietary Self-Selecting Combinatorial Library (SSCL™), to identify ligands triggering molecules for these orphan receptors.

As a result of patent litigation with Sibia Neurosciences Inc, Cadus has been forced to sell some of its drug discovery assets to OSI Pharmaceuticals.

The company aims to reinvent itself as a late stage drug development business and is seeking companies with product portfolio pipelines. There could be some financial upside in early 2000 if the patent appeal process is successful and the US Patent and Trademark Office acts in Cadus' favour.

Cell Therapeutics Inc

Cell Therapeutics raised US\$32 million in a financing round led by a total investment of US\$12.5 million from IBT between March 1995 and September 1996. A further US\$2.5 million was invested in the company's Initial Public Offering in March 1997 which raised US\$33 million.

Cell Therapeutics focuses on a new class of drugs aimed at selectively regulating cell communication mechanisms in cancer, and immune and inflammatory diseases. The company's lead product, Lisofylline (LSF), to prevent or reduce treatment-related toxicities among cancer patients is currently undergoing Phase III clinical trials in patients receiving chemotherapy for acute myelogenous leukaemia and cancer patients undergoing bone marrow transplantation.

In addition, the company is developing Apra, a small molecule drug with a unique mechanism of action that is toxic to cancers that resist conventional chemotherapeutic agents, without being susceptible to multidrug resistance itself. Apra is currently undergoing Phase II trials.

Cell Therapeutics holds exclusive rights to develop a novel polymer derivative of paclitaxel (PG-TXL) for the treatment of breast, colon, lung and other forms of cancer, due to enter Phase I trials in 1999 in collaboration with the UK Cancer Research Campaign.

Core Group plc

IBT invested £2 million as the major investor in Core's £6.9 million private placing in September 1996 and a further £1.5 million at the company's successful flotation in February 1997, which raised £22.8 million. In December 1997 and March 1998, IBT made further investments amounting to £1.8 million.

Core Group specialises in the development of controlled release drug delivery products. The company has five proprietary platform drug delivery technologies targeted to meet specific therapeutic needs. Core has applied this technology platform to develop a portfolio of products both internally and in collaboration with partners.

Core's lead product is Moraxen™, an innovative 24-hour morphine therapy for the management of severe pain in cancer patients, which has been submitted to the CSM and is expected to be launched in the UK in 2000, where it will be marketed by Schwarz Pharma.

Core has recently concluded an operational and strategic review, which has resulted in the implementation of a number of measures designed to streamline its operations and reduce its burn rate. Central to this, its headcount has been reduced and the business has been re-focused on two objectives: the world-wide commercialisation of Moraxen™ and contract development of drug delivery products.

Core is currently in merger negotiations with CeNeS Limited, a development company focused on neurological disorders.

Corixa Corporation

In April 1995, IBT was a lead investor in Anergen, providing US\$5 million of a US\$15 million financing round. In December 1998, Anergen was acquired by Corixa and IBT's shares in Anergen were converted into 136,387 shares of Corixa Common Stock. In addition, IBT received 56,741 shares of Corixa stock in conversion of a bridge loan to Anergen.

Corixa is a research-based biotechnology company focused on understanding and directing the immune system to prevent infectious and autoimmune diseases. Corixa applies its advanced immunological expertise and proprietary technology platforms for rapid discovery and optimisation of vaccines and other antigen-based products. The company currently has thirteen antigen discovery programmes underway, six vaccines in clinical-stage development and two additional vaccines in late preclinical development. These include AnervaX RA, currently in Phase I/IIa clinical trials for the treatment of rheumatoid arthritis; PVAC™, an immunotherapeutic for psoriasis, currently in Phase I/IIa trials, and a Her2/neu vaccine for breast and ovarian cancer, currently in Phase I trials. In addition, Corixa has recently established antibody discovery efforts to complement its antigen discovery programme.

Corixa has recently acquired Ribi ImmunoChem Research Inc to add vaccine adjuvant expertise and manufacturing capabilities. The company is collaborating with a number of corporate partners, including SmithKline Beecham, NV Organon, Zambon Spa, Zenyaku Kogyo and Japan Tobacco.

Corvas International Inc

In February 1996, IBT invested US\$6.8 million as the lead investor in a US\$15 million private placement for Corvas. In August 1999, IBT made a further investment of US\$0.75 million. Corvas International is engaged in the discovery and development of a new generation of therapeutics for the treatment of cancer, cardiovascular and other diseases. The company intends to commercialise oral and injectable formulations of compounds that inhibit the early stages of thrombosis and inflammation involved in heart attacks and strokes. Two of these products, via partnered development programmes with Schering-Plough and Pfizer, are maturing from discovery to preclinical and Phase II clinical trials, respectively. NIF (neutrophil inhibitory factor) partnered with Pfizer to treat ischemic stroke is currently in a Phase II clinical trial, while Corvas' proprietary acute anticoagulant rNAPc2 is in a Phase II trial to treat deep vein thrombosis which will expand to include patients undergoing angioplasty procedures.

Additionally, Corvas is applying its core expertise in protease inhibition to identify and develop novel inhibitors for the treatment of Hepatitis C, malaria and solid tumour cancers.

Cubist Pharmaceuticals Inc

In July 1997, IBT invested US\$5 million in Cubist Pharmaceuticals, as the lead investor in a US\$6 million follow-on funding in Cubist, followed shortly thereafter by a further investment of US\$2 million. In September 1998, IBT invested a further US\$500,000 as part of Cubist's US\$13.6 million private placement.

Cubist Pharmaceuticals is focused on novel anti-infectives to combat serious and life-threatening infections caused by bacteria and fungi. Combining genomics and bioinformatics expertise with its automated high throughput screening system and medical chemistry, Cubist can rapidly identify and optimise novel inhibitors of drug-resistant bacteria and fungi. Its integrated drug discovery technologies have generated over 100 antibacterial and antifungal compound leads to date.

The company's lead product, Daptomycin, has already demonstrated safety and efficacy in Phase II clinical trials, displaying potent activity against the most common drug resistant bacteria, addressing the current need for new antibiotics, and is currently in Phase III trials for complicated skin and soft tissue infections, and Phase II for bacteremia (blood stream infections).

Merck & Co and Bristol-Myers Squibb currently collaborate with Cubist to screen their proprietary compound libraries against Cubist's targets to develop novel anti-infective products. In addition, the company has formed biotechnology alliances with ArQule and Neurogen.

Epimmune Inc

IBT invested US\$5 million as the lead investor in a US\$9.4 million private placement in Cytel Corporation, which took place in November 1994. IBT invested a further US\$2.8 million between June 1996 and February 1998. In June 1999, Cytel announced that it had merged with its majority-owned subsidiary, Epimmune Inc, and renamed the company Epimmune Inc. Epimmune focuses on developing novel vaccines to treat and prevent infectious diseases and cancer. Epimmune's unique capabilities include a rapid Epitope Identification System (EIS™) for identifying, from the sequences of tumour-associated antigens and infectious agents, antigen fragments (epitopes) capable of eliciting a potent immune response. In animal models, Epimmune has demonstrated that its EpiGene™ vaccines can induce a broader and

more potent immune response than other vaccine approaches. Epimmune has established a broad proprietary position covering its technology and candidate vaccines, with approximately 30 patents issued and 150 patent applications pending worldwide. Epimmune entered a collaborative relationship in February 1998 with GD Searle, a wholly-owned subsidiary of Monsanto Co, to develop immune stimulating products for the treatment of cancer. Epimmune's other product targets include prophylactic vaccines for Hepatitis C, HIV and malaria, and therapeutic vaccines for Hepatitis B, Hepatitis C and HIV.

GelTex Pharmaceuticals Inc

In March 1998, IBT made a major investment of US\$4.1 million in GelTex, as part of a secondary offering.

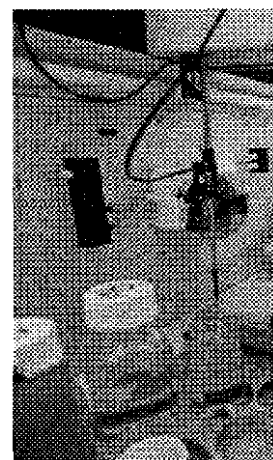
GelTex Pharmaceuticals' initial technology platform is centred on the development of non-absorbed polymer drugs that selectively bind and eliminate target substances from the intestinal tract. The company's products are orally administered and not absorbed by the bloodstream, but eliminated from the body through normal digestive processes.

GelTex has expanded its drug development focus beyond the gastrointestinal tract through the acquisition of SunPharm Corporation, expected to be finalised in November 1999.

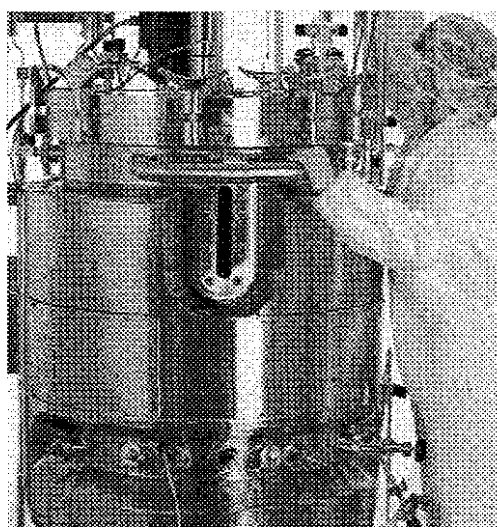
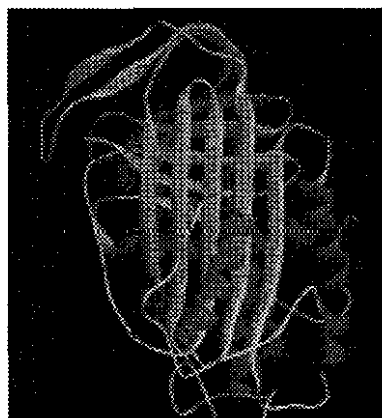
GelTex's first commercial product, Renagel® Capsules, was approved by the FDA in October 1998 for the treatment of hyperphosphatemia (elevated serum phosphate levels) in patients on dialysis. GelTex is commercialising Renagel® in collaboration with Genzyme Corporation, and has a development and marketing agreement with Chugai Pharmaceutical Co, Ltd for Japan and the Pacific Rim.

In July 1999, GelTex submitted an NDA to the FDA to market Cholestagel® for the treatment of hypercholesterolemia. Cholestagel® was evaluated in multiple clinical trials, including five Phase II and two Phase III studies, alone and in combination with HMG-CoA reductase inhibitors, commonly referred to as statins. GelTex's successful clinical development of Cholestagel® occurred in less than four years, and the company is focused on the identification of a partner for Cholestagel®.

Working with the robot used for target validation (MorphoSys)

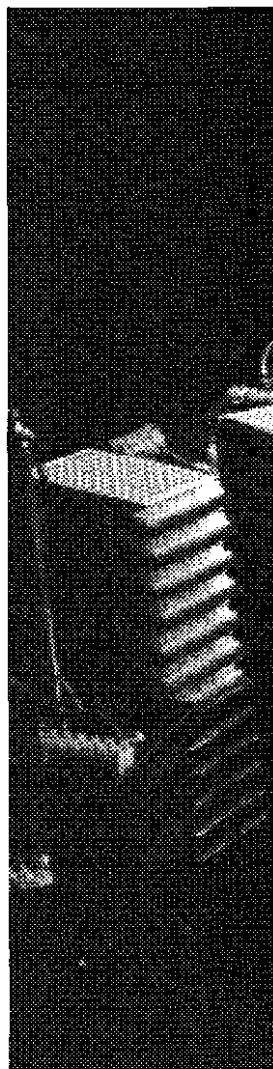


A ribbon diagram of PAI-1, a target for cancer therapeutics (Corvus Group)

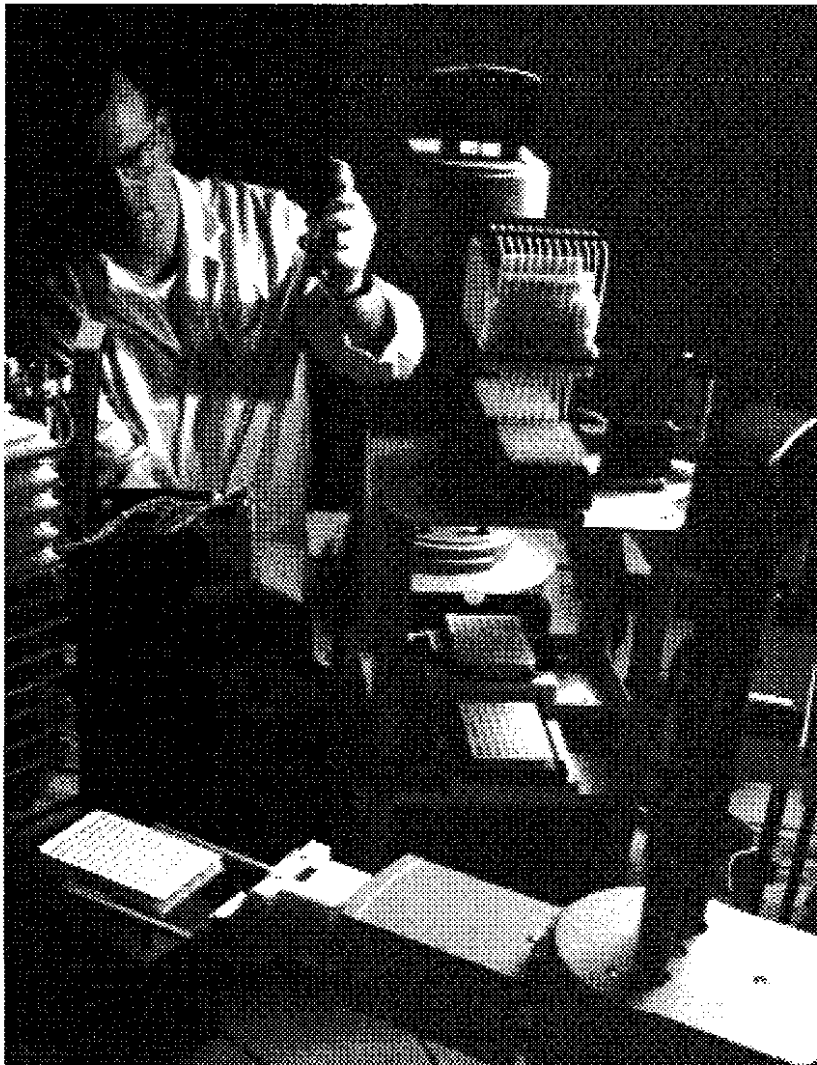
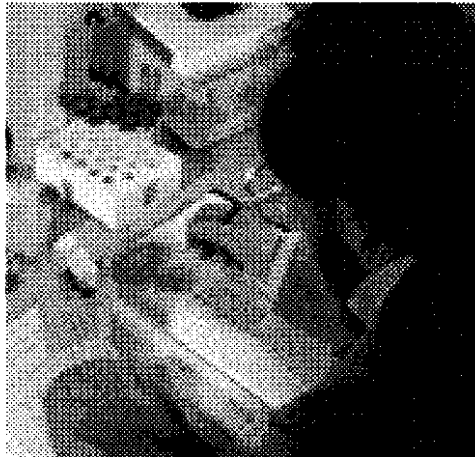


A Medarex scientist working with a large bioreactor, used to grow the cells which produce antibody products

Scientist using high-throughput screening robotics (Cubist Pharmaceuticals)



*A GelTex scientist working
on drug development*



LocalMed Inc

In February 1996, IBT invested US\$3 million as the lead investor in a US\$16 million private placement by LocalMed. During the year, LocalMed was placed into liquidation. The carrying value of this investment was £1.3 million and has been written off during the period. This event has not impacted significantly on the performance of the fund.

Medarex Inc

IBT invested US\$5 million as the lead investor in a US\$11 million placing of 2.2 million Medarex shares in November 1995.

Medarex develops antibody-based therapeutics to fight life threatening and debilitating diseases. Its core technologies include bispecific antibodies that enhance and direct the body's own immune system to fight a disease.

Medarex' proprietary HuMAb-Mouse™ antibody development system creates fully human monoclonal antibodies without the complex genetic engineering or humanisation usually required.

The company's immunotoxin technology exploits the special targeting ability of antibodies that enables the destruction of specific cells involved in the disease process. Medarex has six therapeutic products in clinical development to treat autoimmune diseases and cancer. These include MDX-210 which has shown promising results in Phase II prostate cancer trials and MDX-22, about to enter Phase III trials in leukaemia. The company has fifteen corporate partners: Amgen, Bristol-Myers Squibb, Centocor, Centeon, Eisai, Eos Biotechnology, E-Site Therapeutics, FibroGen, Immunex, LeukoSite, Medac, Merck KGaA, Novartis, Santen and Schering AG.

In March 1999, Medarex and BankInvest Biomedical Development Venture Fund formed a new Danish company, Genmab, to develop and commercialise a portfolio of fully human antibodies derived from Medarex's HuMAb-Mouse™ technology. Genmab will be jointly owned by Medarex and these investors.

MorphoSys AG

IBT invested US\$5 million of the proceeds of the second 'C' share issue, in a US\$11.5 million private placement for MorphoSys, in July 1997. On 9 March 1999, MorphoSys completed a successful Initial Public Offering at € 25 per share on the German Neuer Markt.

MorphoSys develops and applies technologies that accelerate drug discovery and target characterisation based on combinatorial biology: the use of vast and efficiently created biomolecule libraries.

Its Human Combinatorial Antibody Library (HuCAL) rapidly and reliably generates antibodies, which can be developed as therapeutic agents. They can also be used for protein characterisation, target validation, high-throughput drug screening and other drug discovery applications. The technology is fully automated, enabling a massive increase in the throughput of antibody generation compared to currently available methods. The company's Selectively-Infective Phage (SIP) methodology enables efficient screening of large collections of compounds.

The company has collaboration agreements with Chiron, GPC (one of Germany's leading pharmacogenomics companies), DuPont Pharmaceuticals and LeukoSite.

NetGenics Inc

IBT invested US\$5 million in NetGenics as the lead investor in a private placement, which raised a total of US\$17.7 million in March 1998. A further US\$0.5 million was invested in April 1999.

NetGenics Inc is a leader in the emerging market for outsourced bioinformatics solutions, with customers including Pfizer Inc, American Home Products Corp and Abbott Laboratories. The company focuses on building customised drug discovery information systems to maximise the value of this data for its customers. NetGenics' competitive advantage stems from its ability to use its proprietary software components to rapidly create these systems, leading to high-margin, recurring revenue contracts.

SYNERGY®, an enterprise-wide software solution, is built on the industry-standard Internet technologies of Java and CORBA, and unites people, data and software tools across global pharmaceutical and agricultural science companies. NetGenics has played a major role in establishing a CORBA-based standard for bioinformatics and related software tools for drug discovery.

NetGenics combines its software technology with a suite of unique value-added services to deliver a complete solution for pharmaceutical and agricultural science companies. The company's consulting practice works with each customer to help them design an informatics strategy. NetGenics then develops a software solution, using its proprietary software components, to enable that strategy. This approach has created additional revenue opportunities and has helped NetGenics build strategic relationships with AHP and Pfizer.

Onyx Pharmaceuticals

IBT invested US\$8 million as the lead investor in a US\$10 million private placing in January 1998.

Onyx Pharmaceuticals is discovering, developing and commercialising novel cancer therapies based on the genetic mutations that cause the disease. The company pursues a strategy of establishing corporate partnerships that provide complementary skills in technology, chemistry, drug development, marketing and sales. Onyx intends to establish a speciality oncology sales and marketing franchise in North America.

The company's lead therapeutic virus, ONYX-015, which targets tumour types with mutated p53 tumour-suppressor genes, has completed Phase II clinical studies. Pivotal Phase III trials are scheduled to begin in late 1999 or early 2000. ONYX-015 is also in Phase II trials in pancreatic cancer and colorectal cancers that have metastasised to the liver.

The company has also developed an enhancement to ONYX-015, incorporating genes that code for cytokines and chemotherapy pro-drug enzymes. These 'armed viruses' may significantly increase anti-tumour effect. Onyx is in discussions with potential partners for ONYX-015 and a limited number of 'armed virus' products.

In the small molecule programmes, a compound targeting the ras pathway is planned to be filed for clinical development in early 2000. The compound is being co-developed with Bayer Corporation; Onyx has the right to co-promote the product in the United States and profit-share worldwide except for Japan.

Ribozyme Pharmaceuticals Inc

In June 1995, Ribozyme raised US\$10 million in a private funding round in which IBT was the lead investor providing US\$5 million of the monies raised. IBT invested an additional US\$2 million at Ribozyme's IPO in April 1996 which raised US\$28.4 million. In October 1997, IBT invested a further US\$2.2 million, and purchased a further 285,000 shares in July 1999, totalling US\$1million as part of a US\$6.3 million secondary offering.

Ribozyme Pharmaceuticals (RPI) investigates the broad potential of ribozymes for use as human therapeutics and in other areas, including the identification of gene function and therapeutic target validation. The company's proprietary technology enables the chemical synthesis of ribozymes that are stable in human serum for many days. The company has a product portfolio of ribozymes for the treatment of a broad range of acute and chronic diseases including Angiozyme™, about to enter Phase II trials in

cancer, and Heptazyme in preclinical studies for Hepatitis C. RPI is also conducting a proof-of-principle gene therapy trial using vectors to deliver ribozymes for the treatment of HIV, in Phase I/II trials.

In June 1998, RPI formed a new company, Atugen Biotechnology GmbH, in Berlin, Germany, majority-owned by RPI, to utilise RPI's proprietary ribozyme and related technologies as a continuation of the company's target validation and discovery business.

The company has therapeutic collaborative agreements with Eli Lilly and Chiron, plus target validation agreements with Parke-Davis (a division of Warner-Lambert), Schering AG, Roche Bioscience, and Glaxo Research and Development Ltd.

SUGEN Inc

IBT invested a total of US\$3.8 million in SUGEN between October 1994 and September 1995 and a follow-on investment of US\$3.6 million in October 1996.

In September 1999, SUGEN was acquired by the pharmaceutical company Pharmacia & Upjohn. The proceeds for IBT's holding in SUGEN were US\$22.8 million, the consideration being received in the form of Pharmacia & Upjohn shares. This represents a 194% uplift in the value of IBT's investment in SUGEN and an internal rate of return of 34% per annum.

SUGEN focused on small molecule drugs that target specific cell signalling pathways implicated in a number of chronic and acute pathological diseases including cancer, diabetes, and immune and neurological disorders. The company's lead product, SU101, is a synthetic molecule that inhibits platelet-derived growth factor (PDGF) receptors. To date, over 450 patients have been treated with SU101 in 15 company-sponsored clinical trials up to Phase III.

SUGEN had a number of other anti-cancer treatments in development including SU5416, currently in Phase II and I/II, for preventing angiogenesis (new blood vessel formation) in solid tumours. The FDA has signalled its approval for this drug to enter Phase III. In collaboration with ASTA Medica, the company developed inhibitors that target receptors involved in breast, head and neck, and other tumours.

Outside its cancer programmes, SUGEN researched inhibitors to treat psoriasis (Phase I), Type I and II diabetes, ophthalmic disorders, immune suppression and acute inflammation.

In addition to ASTA, the company collaborated with Zeneca, Allergan and Taiho Pharmaceutical Ltd.

Targeted Genetics Corporation

In July 1995, IBT was the lead investor providing US\$4.5 million of a US\$12.5 million private offering by Targeted Genetics. In June 1996, IBT invested an additional US\$1 million in the company's Public Offering which raised US\$16.1 million and a further US\$3.0 million in April 1998.

Targeted Genetics develops gene and cell therapy products for the treatment of certain acquired and inherited diseases.

The company's technology platform exploits a range of gene delivery mechanisms that transfer therapeutic genes to specific cells involved in each target disease. The company has three main product development programmes focusing on: tgAAV-CFTR, designed to correct the genetic defect responsible for cystic fibrosis (Phase I); a cancer therapy (Phase II), based on a tumour suppressor shown to inhibit very lethal types of cancer, and infectious disease treatments, where the company uses its Rapid Expansion Method (REM) to grow billions of disease-specific 'killer T cells' that have the potential to amplify the immune response to combat a range of diseases. The company has completed a Phase I study for the treatment of HIV and preclinical studies for Hepatitis B.

Targeted Genetics has signed collaborative agreements with Elan, Medeva, Collateral Therapeutics, Sangamo BioSciences and Copernicus Gene Systems.

Vanguard Medica Group plc

In December 1997, IBT invested £5.5 million as a major investor in Vanguard Medica's £25.7 million financing round. Vanguard Medica is building a portfolio of new drug candidates through in-licensing and collaborative agreements. It is currently working on four compounds including frovatriptan, an oral acute treatment for migraine, which has been progressed through pre-clinical and clinical trials in just over four years. The NDA and MAA regulatory dossiers were filed in the first quarter of 1999. Vanguard has granted marketing rights for frovatriptan to Elan for North America and to Menarini for Europe and Central America.

In September 1998, Vanguard announced an agreement with Roche to develop VML 588, an endothelin antagonist. Vanguard is developing this compound as a treatment for sub arachnoid haemorrhage and as a preventative treatment for acute renal failure, which can occur in patients undergoing major surgery. Other development projects include VML 530 - an exciting potential oral treatment for asthma, being developed in collaboration with Abbott Laboratories, and VML 600, a potential treatment for Hepatitis C, developed through a collaboration with 3M.

Scientific advisers

IBT has retained a number of eminent consultants in the fields of science and medicine to advise on the technology of investee companies and provide scientific support where necessary.

The Company also draws on the expertise of Domain Associates, a USA-based venture capital management firm specialising in the biotechnology sector.

Sir Richard Bayliss
KCVO, MD, FRCP, F Med Sci

Consulting physician and endocrinologist. Formerly assistant director of the Research Unit of the Royal College of Physicians of London and a member of the Board of Advisers to the Merck Institute of Therapeutic Research.

Dr Sydney Brenner
CH, DPhil, FRCP, FRS

Director of research of the Molecular Sciences Institute, Berkeley, California, and formerly director of the Medical Research Council Molecular Genetics Unit and honorary professor of Genetic Medicine at Cambridge University.

Professor John Kelly
MB ChB, PhD, FRSE, FRCPE

Professor of pharmacology at Edinburgh University, director of the Fujisawa Institute of Neuroscience, and former chairman of the Medical Research Council Neuroscience Board's Project Grant Committee.

Professor Sir Keith Peters
MD, FRCP, FRS

Regius professor of Physic and chairman of the School of Clinical Medicine at Cambridge University.

Sir Mark Richmond
BA, PhD, ScD, FRS

Scientific adviser to the Institute of Biotechnology, ETH, Zurich and to SPP-Biotechnology, Swiss National Fonds and post-Doctoral Fellow, School of Public Policy, University College London. Formerly scientific adviser to Glaxo Wellcome plc and group head of research for Glaxo plc.

Professor James Scott
FRS

Professor of Medicine and head of MRC Molecular Medicine at the Imperial College School of Medicine, Hammersmith Hospital.

Professor Herman Waldmann
MRCP, FRCPath, PhD, FRS

Professor and head of department of Sir William Dunn School of Pathology, University of Oxford.

Professor Edward Ziff
PhD

Professor of biochemistry at the New York University School of Medicine and investigator of the Howard Hughes Medical Institute.

Directors' report

Accounts

Your Directors present the financial statements of the Company for the year ended 31 August 1999.

Company's business

The Company carries on the business of an investment trust. It is the intention of the Directors to conduct the affairs of the Company in such a manner as to gain approval from the Inland Revenue under the provisions of Section 842 of the Income and Corporation Taxes Act 1988. Such approval has been granted from the Inland Revenue for the year ended 31 August 1998 and is expected to be granted for the accounting year now under review.

The Company's investment policy is to focus on biotechnology companies which are either approaching flotation or which have recently been floated. These are companies in need of additional capital and which are likely to benefit from the advice and support which the Manager can provide. The Manager will use the expertise and experience of its investment team and its specialist consultants to select companies whose products appear to have good prospects for successful commercialisation. The Company will also provide scientific and strategic support to the companies in which it invests, applying the benefits of its experience of the issues facing biotechnology companies at the relevant stages of their development and the expert resources at its disposal to contribute towards the success of the Company's investments.

A review of the development of the business during the period, and likely future developments, is contained in the Chairman's statement and Manager's review.

Revenue

The results for the year are shown in the statement of total return on page 26. The Directors do not propose the payment of a dividend (1998: nil).

Substantial shareholdings in the Company

So far as the Directors are aware, the only substantial shareholdings in the Company at 31 August 1999 were as follows:

Substantial shareholdings Ordinary shares

	Ordinary shares 25p
Co-operative Insurance Society Limited	12,261,467
Axa Sun Life Investment Management	10,894,088
SG Securities (London) Limited	10,065,299
Zeneca Limited	6,531,755
HSBC Investment Bank Holdings plc	5,917,763
Lucas Pensions Trust Limited	5,828,329
Guardian Asset Management	5,646,442

Directors

A list of the present Directors of the Company who all served throughout the period under review is to be found on page 6 and constitutes part of this report.

Mr John Green-Armytage, Mr Peter Collacott, Mr Stephen Duzan and Mr Dennis Turner retire at the Annual General Meeting. Mr John Green-Armytage, Mr Peter Collacott and Mr Dennis Turner, being eligible, offer themselves for re-election. Mr Stephen Duzan is not seeking re-election.

The beneficial interests of Directors in the share capital of the Company at 31 August 1999 are shown in the *Register of Directors' Interests*; this register will be available for inspection during normal business hours at the registered office.

Register of Directors' interests

		1999		1998
		Ordinary shares		Ordinary shares
		25p	warrants	25p
John Green-Armytage	Beneficial	35,000	52,000	35,000
	Non-beneficial	15,000	3,000	15,000
Donald Cecil		77,770	14,794	77,770
Peter Collacott		12,367	2,258	12,367
Jeremy Curnock Cook		20,867	2,958	20,867
Gary Brass	Beneficial	10,000	2,000	10,000
	Non-beneficial	430,000	10,000	430,000
Dennis Turner		23,153	2,371	23,153
Stephen Duzan		47,770	8,794	47,770
Howard Greene		35,000	7,000	35,000
James Grant		8,147	2,566	8,147

Since 31 August 1999 there has been no change in directors' interests.

During the period, cover has been maintained for the Directors under a directors' and officers' liability insurance policy as permitted by Section 137 of the Companies Act 1985.

There are no Directors' service contracts and each member of the Board is a non-executive Director.

The Company has an agreement with Rothschild Asset Management Limited of which Mr Jeremy Curnock Cook is a Director. Certain terms of this agreement are set out in note 2 of the financial statements.

Except as mentioned above, no Director had any material interest in any contract with the Company, being a contract of significance in relation to the Company's business.

Corporate Governance

Background

The Committee on Corporate Governance published its report on the principles of good governance and code of best practice, *The Combined Code* ('the Code'), in June 1998. The provisions of the Code replace the previous requirements on corporate governance contained in the Cadbury and Greenbury Codes. Many of the Code's requirements are similar to those they are replacing. The London Stock Exchange requires all listed companies to disclose how they have applied the principles and complied with the provisions for the December 1998 year-end onwards.

Applications of Code's Principles

The Board attaches great importance to the matters set out in the Code and seeks to observe the principles insofar as these are consistent with the Company's status and objectives. In particular it should be noted that, as an investment trust, most of the Company's day to day responsibilities are delegated to third parties and the Board are all non-executive. Thus not all of the principles of the Code are directly applicable to your Company.

The Board

The nine Directors are non-executive. Six of these are independent; John Green-Armytage, Peter Collacott and Jeremy Curnock Cook are non-independent through connections, past and present, with the investment manager, Rothschild Asset Management Limited.

The Board meet regularly throughout the year and deal with the important aspects of the Company's affairs, including the setting and monitoring of investment strategy and the review of investment performance. The investment manager takes decisions as to the purchase and sale of individual investments. The board papers circulated

before each meeting contain sufficient information on the financial and non-financial condition of the Company. The investment manager is represented at each Board meeting by one of the Directors enabling other Directors to probe further on matters of concern or seek clarification on certain issues.

Due to the nature of the operations of the Company, there is no chief executive officer and the deputy chairman is the senior independent director. As all the Directors are non-executive, there is no nomination committee, as recommended in the Code, as the Board believes that appointment of directors should be a decision of the Board as a whole.

Under the provisions of the Code the Directors are to seek re-election every three years.

Remuneration

The Board as a whole considers directors' remuneration and therefore has not appointed a separate remuneration committee. Since all Directors are non-executive, the Company is not required to comply with the principles of the code in respect of executive directors' remuneration.

Internal Controls

The Code requires the Board to review the effectiveness of all internal controls rather than simply internal financial controls. A working party has been set up by the Institute of Chartered Accountants in England & Wales to provide guidance to assist listed companies to implement the new requirements relating to internal control and a consultation draft was issued in April 1999. In the meantime the London Stock Exchange has allowed an exemption from this requirement and the Board has thus continued to report only on the review of the effectiveness of internal financial controls.

The directors are responsible for the Company's systems of internal financial controls. It should be noted that such a system can provide only reasonable and not absolute assurance against material misstatement or loss.

Investment management and all administration services are provided to the Company by Rothschild Asset Management Limited. Custodian services are provided by NM Rothschild & Sons Limited. The Company's system of internal financial control mainly comprises monitoring the services provided by the investment manager and custodian including operating controls established by them to ensure they meet the business objectives of the Company. The key procedures of the Company include

- (a) Investment Management and Administration Services
 - (i) Financial reporting - key investment and financial data is reported to the directors monthly.

Directors' report

- (ii) Investment performance - the investment transactions and performance of the Company are monitored by the Directors at their regular Board meetings to ensure that the Company's investment strategy is met. The Board also regularly discusses the investment performance with the investment manager.
- (iii) Management agreement - the Board has reviewed the terms of the management agreement with Rothschild Asset Management Limited and its compliance with those terms.
- (iv) Operating controls - the Directors monitor the operation of the key internal financial controls of Rothschild Asset Management Limited as follows:

the Board have reviewed reports produced by the internal audit department and the compliance department of Rothschild Asset Management Limited on the specific areas of their work which relate to the operations of their subsidiaries relevant to the Company and the outcome of that work.

NM Rothschild & Sons Limited has custody of the assets of the Company and the Custodian's records are reconciled to the Company's accounting records.

Accountability and Audit

Set out on page 24 is a statement by the directors of their responsibilities in respect of the accounts. The Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the accounts, as the assets of the Company consist mainly of securities which are readily realisable.

Relations with shareholders

The Company considers its relationship with both institutional and private investors to be important, and readily enters into dialogue both during the year and at the Annual General Meeting ('AGM'). The Company's investment manager meets institutional shareholders and reports to the Board. The AGM and accompanying seminar provide a formal platform for the Board to communicate with shareholders.

Compliance

The Board considers that it has complied with all the provisions set out in Section 1 of the Combined Code throughout the year, apart from the following provisions as explained above:

- i) at AGM's the Company does not indicate the level of proxies lodged on each resolution, and the balance for and against the resolution

ii) as all Directors are non-executive, separate nomination, audit and remuneration committees have not been established, nor does the Company prepare a remuneration report.

Year 2000 compliance

Many computer systems express dates using only the last two digits for the year and will thus require modification or replacement to accommodate the year 2000 and beyond in order to avoid malfunction and resulting widespread commercial disruption, the *millennium problem*.

Rothschild Asset Management Limited, and Computershare Services PLC are in the process of ensuring that their IT systems will be compliant for the year 2000, however, due to the inter-dependence of all participants in the industry they make no express or implied warranties or representations of any kind, with respect to their year 2000 compliance or readiness, or that of their suppliers or service providers. Both parties are not aware of any costs associated with implementing year 2000 compliance which will be incurred directly by the Company.

Creditors' Payment Policy


It is the Company's policy to settle all of its investment transactions according to the settlement periods operating for the relevant markets. For other creditors it is the Company's policy to pay amounts due to them as and when they become due. As at 31 August 1999, the Company owed £8,998 to suppliers in respect of invoices received but unpaid (average creditors' days:2).

Auditor

In accordance with Section 385 of the Companies Act 1985, a resolution for the appointment of KPMG Audit Plc as auditor of the Company is to be proposed at the forthcoming Annual General Meeting, (Resolution 5).

By order of the Board

ROTHSCHILD ASSET MANAGEMENT LIMITED
Secretary, Five Arrows House, St Swithin's Lane,
London, EC4N 8NR.
14 October 1999



Directors' responsibilities

Company law requires Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the total return for that period. In preparing those financial statements, the Directors are required to:

- ❖ select suitable accounting policies and then apply them consistently;
- ❖ make judgements and estimates that are reasonable and prudent;
- ❖ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- ❖ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company to enable them to ensure that the financial statements comply with the Companies Act 1985. They also have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Report of the auditors

To the members of International Biotechnology Trust plc

We have audited the financial statements on pages 26 to 35.

Respective responsibilities of Directors and auditors

The Directors are responsible for preparing the annual report including, as described on page 24, the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Boards, the Listing Rules of the London Stock Exchange, and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the Company has *not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding Directors' remuneration and transactions with the Company is not disclosed.*

We review whether the statements on pages 22 and 23 reflect the Company's compliance with those provisions of the Combined Code specified for our review by the Stock Exchange, and we report if it does not. We are not required to form an opinion on the effectiveness of the Company's corporate governance procedures or its internal controls.

We read the other information contained in the annual report, including the corporate governance statement, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. *In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.*

Opinion

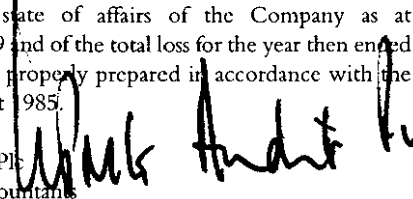
In our opinion, the financial statements give a true and fair view of the state of affairs of the Company as at 31 August 1999 and of the total loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc
Chartered Accountants

Registered Auditor

London

14 October 1999



Statement of total return (incorporating the revenue account)

for the year ended 31 August 1999

		1999			1998		
	Notes	Revenue £	Capital £	Total £	Revenue £	Capital £	Total £
Realised (loss)/gains on investments	13	-	(1,749,044)	(1,749,044)	-	4,122,493	4,122,493
Incentive fee payable	9	-	-	-	-	-	-
Increase/(decrease) in unrealised appreciation on investments	14	-	24,678,159	24,678,159	-	(55,402,295)	(55,402,295)
Dividend income		-	-	-	53,381	-	53,381
Interest from current asset investments		227,963	-	227,963	871,295	-	871,295
Deposit interest		6,029	-	6,029	10,421	-	10,421
Underwriting commission		2,589	-	2,589	69,735	-	69,735
		<u>236,581</u>	<u>22,929,115</u>	<u>23,165,696</u>	<u>1,004,832</u>	<u>(51,279,802)</u>	<u>(50,274,970)</u>
Administrative expenses	3	(1,780,801)	-	(1,780,801)	(1,745,537)	-	(1,745,537)
Net return/(loss) before finance costs and taxation		(1,544,220)	22,929,115	21,384,895	(740,705)	(51,279,802)	(52,020,507)
Interest payable	4	(5,705)	-	(5,705)	(8,690)	-	(8,690)
(Loss)/return on ordinary activities before taxation		(1,549,925)	22,929,115	21,379,190	(749,395)	(51,279,802)	(52,029,197)
Taxation on ordinary activities	5	-	-	-	13,763	-	13,763
(Loss)/return on ordinary activities after taxation		(1,549,925)	22,929,115	21,379,190	(735,632)	(51,279,802)	(52,015,434)
Realised reserve on lapse of warrants	13	-	5,013,255	5,013,255	-	-	-
Dividend in respect of equity shares		-	-	-	-	-	-
Transfer to/(from) reserves		<u>(1,549,925)</u>	<u>27,942,370</u>	<u>26,392,445</u>	<u>(735,632)</u>	<u>(51,279,802)</u>	<u>(52,015,434)</u>
Return/(loss) per ordinary share							
Basic	6	(1.76)p	26.06p	24.30p	(1.25)p	(71.19)p	(72.44)p
Fully diluted*		n/a	n/a	n/a	n/a	(60.29)p	(60.29)p
Return/(loss) per second 'C' share							
Basic	6	n/a	n/a	n/a	0.30p	(31.08)p	(30.78)p
Fully diluted*		n/a	n/a	n/a	n/a	n/a	n/a

* There were no warrants in issue at 31 August 1999.

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 operations.
The notes on pages 30 to 35 form part of these financial statements.

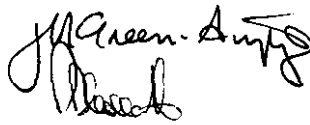
Balance sheet

as at 31 August 1999

	Notes	£	1999 £	1998 £
Fixed Assets				
Investments	1(b) & 7		67,247,880	42,238,583
Current Assets				
Debtors				
Prepayments and accrued income		38,595	44,644	
Sales awaiting settlement		256,139	-	
Taxation recoverable		46,232	111,377	
		<u>340,966</u>	<u>156,021</u>	
Investments	1(b) & 8	2,295,189	5,883,366	
Cash at bank	18	19,618	16,714	
		<u>2,655,773</u>	<u>6,056,101</u>	
Creditors: amounts falling due within one year				
Incentive fee payable	9	-	-	
Accruals		713,404	484,677	
		<u>713,404</u>	<u>484,677</u>	
Net current assets			1,942,369	5,571,424
Net assets			<u>69,190,249</u>	<u>47,810,007</u>
Capital and Reserves				
Called up share capital	10	22,000,544	22,000,281	
Share premium account	11	55,432,967	55,432,178	
Warrant reserves	12	-	5,013,255	
Capital reserve - realised	13	13,605,034	10,340,823	
Capital reserve - unrealised	14	(18,309,312)	(42,987,471)	
Revenue reserves	15	(3,538,984)	(1,989,059)	
Equity shareholders' funds		<u>69,190,249</u>	<u>47,810,007</u>	
Net Asset Value per share	19			
- Basic:				
Ordinary shares			78.62p	54.33p
- Fully diluted:				
Ordinary shares			n/a*	61.29p

* There were no warrants in issue at 31 August 1999.

John Green-Armytage, Director
 Peter Collacott, Director



Approved by the Board of Directors on 13 October 1999

The notes on pages 30 to 35 form part of these financial statements.

Cash flow statement

for the year ended 31 August 1999

	Notes	£	1999 £	£	1998 £
Operating activities					
Dividend income received		-		53,381	
Income received from current asset investments		233,460		1,230,692	
Deposit interest received		5,755		10,625	
Underwriting commission received		2,589		69,735	
Management fee paid		(671,933)		(1,024,315)	
Other cash payments		<u>(856,112)</u>		<u>(613,017)</u>	
Net cash outflow from operating activities	16		(1,286,241)		(272,899)
Servicing of finance					
Interest paid		<u>(13,611)</u>		<u>(783)</u>	
Cash outflow from servicing of finance			(13,611)		(783)
Taxation					
Corporation tax refunded		-		21,770	
Taxation suffered on overseas income		<u>49,848</u>		<u>(57,860)</u>	
Tax recovered/(paid)			49,848		(36,090)
Investing activities					
Purchase of investments		(7,271,843)		(27,920,870)	
Disposal of investments		4,935,522		15,302,556	
Incentive fee paid		<u>-</u>		<u>(261,704)</u>	
Net cash outflow from investing activities			<u>(2,336,321)</u>		<u>(12,880,018)</u>
Net cash outflow before use of liquid resources and financing			(3,586,325)		(13,189,790)
Management of liquid resources	17		3,588,177		12,885,611
Financing					
Issue of Ordinary shares		-		235,533	
Conversion of warrants into Ordinary shares	10	1,052		1,924	
Net proceeds from issue of 'C' shares	10, 11	<u>-</u>		<u>(54,058)</u>	
Net cash inflow from financing			<u>1,052</u>		<u>183,399</u>
Increase/(decrease) in cash			<u>2,904</u>		<u>(120,780)</u>

The notes on pages 30 to 35 form part of these financial statements.

Reconciliation of movements in shareholders' funds

for the year ended 31 August 1999

	<i>1999</i>
	<i>Ordinary shares</i>
	<i>£</i>
Shareholders' funds at 1 September 1998	<u>47,810,007</u>
Revenue (loss) for the year	(1,549,925)
Capital return for the year	22,929,115
Proceeds from the conversion of warrants	<u>1,052</u>
Net addition to shareholders' funds	<u>21,380,242</u>
Shareholders' funds at 31 August 1999	<u>69,190,249</u>

The notes on pages 30 to 35 form part of these financial statements.

Notes

forming part of the financial statements

1. Accounting policies

(a) The financial statements have been prepared under the historical cost convention subject to note (b) below and in accordance with applicable accounting standards. The Company has adopted the recommendations on accounting policies and presentation of financial information made in the Association of Investment Trust Companies' *Statement of Recommended Practice*.

(b) Quoted investments are shown at mid-market values at the balance sheet date. Unquoted investments are shown at Directors' valuation which will generally be cost less any appropriate provisions unless there has been a clear indication, whether from recent dealing 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.

(c) In accordance with normal practice for investment trust companies, gains less losses on the realisation of investments have been dealt with through capital reserves.

(d) Dividend income, deposit interest income and distributions from Five Arrows Currency Fund Limited and SSgA Cash Management Fund Plc (formerly Five Arrows Cash Management Fund Plc) have been included in the revenue account on an accruals basis.

(e) Administrative expenses are charged to the revenue account on an accruals basis.

(f) 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.

(g) The charge for taxation is based on the profit for the period 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.

2. Transactions with related parties

a) Manager

Rothschild Asset Management Limited (the 'Manager') and the Company entered into a management agreement dated 13 April 1994, as amended by a supplemental management agreement dated 22 February 1996, a second supplemental management agreement dated 24 March 1997 and a third supplemental management agreement dated 8 May 1997. The agreement is terminable on 31 March 2000 and thereafter by either party giving not less than one year's notice. One Director of the Company has an interest in the Manager as detailed on page 22.

Under this agreement, a fee of 1.375 per cent per annum is payable to the Manager quarterly in arrears, based on the Net Asset Value of the Company at the end of each quarter excluding those funds which are managed by the Manager. Such fees of £759,516 are included within administrative expenses. The amount outstanding at the balance sheet date is £231,208. Also under this agreement, there is an incentive fee which may become payable to the Manager if certain investment performance criteria are met.

b) Custodian and Banker

Under the terms of the management agreement described above, included within the duties of the Manager is the arrangement of the opening of appropriate cash and investment accounts with N M Rothschild & Sons Limited as custodian and banker. The appointment of N M Rothschild & Sons Limited, an affiliate of the Manager, took effect on 13 April 1994. The Company does not pay fees to N M Rothschild & Sons Limited. At the balance sheet date, the Company held cash balances of £19,618 with N M Rothschild & Sons Limited.

Notes

continued

3. Administrative expenses

	1999	1998
	£	£
Management and general expenses	1,732,529	1,716,792
Auditors' remuneration: audit	20,765	17,350
other services	27,507	11,395
	<u>1,780,801</u>	<u>1,745,537</u>

Management and general expenses include management fees of £759,516 as detailed in note 2. Mr John Green Armytage, Chairman, received Directors' fees of £25,000 (1998: £25,000) including Board meeting attendance fees. Mr Donald Cecil, Deputy Chairman, received Directors' fees of £19,500 (1998: £21,250) including Board meeting attendance fees. Mr Gary Brass, Mr Stephen Duzan, Mr James Grant and Mr Dennis Turner received Directors' fees of £17,500 (1998: £17,500) including Board meeting attendance fees. Mr Peter Collacott received Directors' fees of £17,500 (1998: £9,600 payable to Rothschild Asset Management Limited), Mr Howard Greene received Directors' fees of £17,500 (1998: £14,500) and Mr Jeremy Curnock Cook received Directors' fees of £9,600 (1998: £9,600) payable to Rothschild Asset Management Limited. Mr Jeremy Curnock Cook does not receive Board meeting attendance fees.

4. Interest payable

	1999	1998
	£	£
Overdraft charges	273	785
Other interest charges	<u>5,432</u>	<u>7,905</u>
	<u>5,705</u>	<u>8,690</u>

5. Taxation

	1999	1998
	£	£
Corporation tax recovered	-	(21,770)
Income tax suffered on overseas income	<u>-</u>	<u>8,007</u>
	<u>0</u>	<u>(13,763)</u>

6. Return/(loss) per share

The calculations for the return/(loss) per share attributable to each class of share are based on the following:

	1999		1998
	25p Ordinary shares	25p Ordinary shares	100p second 'C' shares
Basic:			
Net revenue (loss)/return after taxation	£(1,549,925)	£(793,185)	£57,553
Net capital return/(loss)	£22,929,115	£(45,263,354)	£(6,016,448)
Weighted average number of shares	88,001,710	63,584,228	19,356,066
Fully diluted:			
Fully diluted capital (loss)/return	n/a■	£(45,263,354)	n/a★
Fully diluted number of shares on exercise of warrants outstanding	n/a■	75,078,184	n/a★

■ There were no warrants in issue at 31 August 1999.

★ Fully diluted returns per share are not applicable for the year ended 31 August 1999 and the year ended 31 August 1998 where the basic return per Ordinary share is negative (ie a loss). Also, as there were no warrants attached to the second 'C' shares there were no diluting effects.

Notes

continued

7. Fixed asset investments

	£	Ordinary share	£
(a) Investments comprise:			
Quoted on the NASDAQ Exchange			48,593,500
Quoted on the London Stock Exchange			8,775,541
Quoted on the Toronto Stock Exchange			3,252,896
Quoted on the German Neuer Markt			3,194,693
Unquoted			3,431,250
Valuation of investments at 31 August 1999			<u>67,247,880</u>
(b) Movements on investments:			
Valuation of investments at 31 August 1998			42,238,583
Provision for permanent impairment in value			608,043
Unrealised depreciation at 31 August 1998			<u>42,987,471</u>
Cost at 1 September 1998			85,834,097
Additions at cost			7,271,843
Disposals:	Proceeds	(5,191,661)	
	Profit/(loss)	<u>(405,360)</u>	
Disposals at cost			<u>(5,597,021)</u>
Cost at 31 August 1999			87,508,919
Provision for permanent impairment in value			(1,951,727)
Unrealised appreciation/(depreciation) at 31 August 1999			<u>(18,309,312)</u>
Value of investments at 31 August 1999			<u>67,247,880</u>

The Company owns more than 10% of the following companies, each of which are incorporated in the USA, unless otherwise stated:

Company	Class of shares held	% of class held
Ribozyme Pharmaceuticals Inc	Common	14.1
Core Group (incorporated in UK)	Ordinary	12.7
Corvas International Inc	Common	11.2
Targeted Genetics	Common	10.4

Further details concerning these investments are set out on page 37.

Notes

continued

8. Current asset investments

	1999 25p Ordinary share pool £	1998 25p Ordinary share pool £
SSgA Cash Management Fund Plc	-	5,883,366
Five Arrows Currency Fund Limited	2,295,189	-
	<u>2,295,189</u>	<u>5,883,366</u>

The shares of SSgA Cash Management Fund Plc (formerly Five Arrows Cash Management Fund Plc) and Five Arrows Currency Fund Limited are listed on the Dublin Stock Exchange.

9. Incentive fee payable

Under the terms of the management agreement set out in note 2, the Manager is entitled to an incentive fee if investment performance in any given year to 31 August exceeds certain targets. A fee is payable if, and only if, during the year, realised 'qualifying' investment gains exceed the sum of realised and unrealised capital losses less realised 'non-qualifying' investment gains. The actual fee payable will be equal to three twentieths of any such excess less any incentive fee paid in previous years. A realised 'qualifying' investment gain arises where a sale exceeds book cost as uplifted by a rate of 12.5 per cent per annum applied on a simple basis. A realised 'non-qualifying' investment gain is one which is not 'qualifying', but which nevertheless yields a gain over original book cost. The incentive fee calculation was applied separately to the Ordinary share and the 'C' share pools of investments respectively. On conversion of the 'C' shares then in issue, all qualifying gains, realised losses and non-qualifying gains were transferred to the Ordinary share pool on the conversion date.

Where a fee becomes payable in accordance with these criteria, the Manager will use 90 per cent of the fee received to subscribe for Ordinary shares of the Company. The 'Subscription Price' of such shares will be deemed to be the average of the middle market quotations as derived from the *Daily Official List of the London Stock Exchange* for one Ordinary share, for the ten consecutive London Stock Exchange dealing days immediately after the first publication of the net asset valuation of the Company following the Company's financial year end. The Manager will give the shares subscribed for to a trust (the 'Employee Benefit Trust') the beneficiaries of which will be key personnel engaged by the Manager to advise the Company.

10. Called up share capital

	25p Ordinary shares number	Nominal value £
Authorised:		
Balance at 1 September 1998	240,000,000	60,000,000
Balance at 31 August 1999	<u>240,000,000</u>	<u>60,000,000</u>
	25p Ordinary shares number	Nominal value £
Allotted, called up and fully paid:		
Balance at 1 September 1998	88,001,125	22,000,281
Shares issued on exercise of warrants	1,052	263
Balance at 31 August 1999	<u>88,002,177</u>	<u>22,000,544</u>

1,052 Ordinary shares of 25p each were allotted during the year in respect of warrants exercised at £1.00 per Ordinary share on 31 January 1999.

Notes

continued

11. Share premium account

	<i>25p Ordinary shares</i>
	<i>£</i>
Balance at 1 September 1998	55,432,178
Ordinary shares issued on exercise of warrants	789
Balance at 31 August 1999	<u>55,432,967</u>

12. Warrant reserves

	<i>Total</i>
	<i>£</i>
Balance at 1 September 1998	5,013,255
Transfer to realised capital reserve on expiry of warrants, January 1999	<u>(5,013,255)</u>
Balance at 31 August 1999	<u>0</u>

1,052 warrants were exercised during the year (1998: 1,924). The remaining 15,829,317 warrants in issue expired on 31 January 1999.

13. Capital reserves - realised

	<i>25p Ordinary shares</i>
	<i>£</i>
Balance at 1 September 1998	10,340,823
Transfer from warrant reserve for warrants expired January 1999	5,013,255
Realised loss on sale of investments to 31 August 1999	(405,360)
Increase in provision for permanent impairment in value	<u>(1,343,684)</u>
Balance at 31 August 1999	<u>13,605,034</u>

14. Capital reserves - unrealised

	<i>25p Ordinary shares</i>
	<i>£</i>
Balance at 1 September 1998	(42,987,471)
Increase in unrealised appreciation to 31 August 1999	<u>24,678,159</u>
Balance at 31 August 1999	<u>(18,309,312)</u>

15. Revenue reserves

	<i>Total</i>
	<i>£</i>
Balance at 1 September 1998	(1,989,059)
Loss for the period	<u>(1,549,925)</u>
Balance at 31 August 1999	<u>(3,538,984)</u>

Notes

continued

16. Reconciliation of net loss to net cash outflow from operating activities

	1999	1998
	£	£
Loss on ordinary activities before taxation	(1,549,925)	(749,395)
Decrease in prepayments and accrued income	6,049	363,232
Decrease in other debtors	15,293	63,398
Increase/(decrease) in creditors	228,731	49,083
Interest paid	13,611	783
Net cash outflow from operating activities	<u>(1,286,241)</u>	<u>(272,899)</u>

17. Management of liquid resources

	1999	1998
	£	£
Net sale/(purchase) of current asset investments:		
Five Arrows Cash Management Fund Plc	5,883,366	2,420,134
Five Arrows Currency Fund Limited	<u>(2,295,189)</u>	<u>10,465,477</u>
	<u>3,588,177</u>	<u>12,885,611</u>

18. Analysis of the balances of cash as shown in the balance sheet

	1999	1998
	£	£
Balance at 1 September 1998	16,714	137,494
Increase/(decrease) in cash	<u>2,904</u>	<u>(120,780)</u>
Balance at 31 August 1999	<u>19,618</u>	<u>16,714</u>

19. Net Asset Value per share

The calculations for the Net Asset Value per share attributable to Ordinary 25p shares are based on the following:

	1999	1998
	25p Ordinary shares	25p Ordinary shares
Basic:		
Net assets	£69,190,249	£47,810,006
Number of shares	88,002,177	88,001,125
Net Asset Value per share	78.62p	54.33p
Fully diluted:		
Net assets	n/a*	£47,810,006
Proceeds from exercise of warrants outstanding	<u>n/a*</u>	<u>£15,830,369</u>
	<u>n/a*</u>	<u>£63,640,375</u>
Basic number of shares	n/a*	88,001,125
Outstanding warrants exercised	<u>n/a*</u>	<u>15,830,369</u>
Fully diluted number of shares	<u>n/a*</u>	<u>103,831,494</u>
Net Asset Value per share	<u>n/a*</u>	<u>61.29p</u>

* There were no warrants in issue at 31 August 1999

Shares and warrants

historic prices for Capital Gains Tax purposes

Original issue

Dealings in the Ordinary shares and the attached warrants commenced on Friday, 6 May 1994. The closing mid-market prices on this date, as derived from the *London Stock Exchange Daily Official List*, were:

Ordinary shares of 25p each: 94.5p warrants to subscribe for one share: 39p

The issue price was 100p per Ordinary share; the warrants to subscribe for ordinary shares were issued on the basis of one warrant for every five Ordinary shares. Therefore the pro rata cost is calculated as follows:

$$\begin{array}{lcl} \text{Cost ascribed to} & = & \frac{94.5}{(94.5 + 39 \times 0.2)} \times 100\text{p} = \mathbf{92.38p} \\ \text{an Ordinary share} & & \end{array} \quad \begin{array}{lcl} \text{Cost ascribed} & = & \frac{39}{(94.5 + 39 \times 0.2)} \times 100\text{p} = \mathbf{38.12p} \\ \text{to a warrant} & & \end{array}$$

First 'C' issue

Dealings in the first 'C' shares commenced on Thursday 21 March 1996. The closing mid-market price on this date, as derived from the *London Stock Exchange Daily Official List* was 100p per share.

Dealings in the New Ordinary shares and the attached warrants issued on conversion of the first 'C' shares commenced on Monday 23 December 1996. The closing mid-market prices on this date, as derived from the *London Stock Exchange Daily Official List* were:

Ordinary shares of 25p each: 97.5p warrants to subscribe for one share: 27.5p

The warrants were issued on the basis of one warrant for every 5.533877 New Ordinary shares arising on conversion. Therefore the pro rata cost is calculated as follows:

$$\begin{array}{lcl} \text{Cost ascribed to} & = & \frac{97.5}{(97.5 + 1/5.533877 \times 27.5)} \times 100\text{p} = \mathbf{95.15p} \\ \text{an Ordinary share} & & \end{array} \quad \begin{array}{lcl} \text{Cost ascribed} & = & \frac{27.5}{(97.5 + 1/5.533877 \times 27.5)} \times 100\text{p} = \mathbf{26.84p} \\ \text{to a warrant} & & \end{array}$$

Second 'C' issue

Dealings in the second 'C' shares commenced on Monday 9 June 1997. The closing mid-market price on this date, as derived from the *London Stock Exchange Daily Official List* was 99p per share.

Dealings in the New Ordinary shares and the attached warrants issued on conversion of the second 'C' shares commenced on Friday 24 April 1998. The closing mid-market prices on this date, as derived from the *London Stock Exchange Daily Official List* were:

Ordinary shares of 25p each: 66.5p warrants to subscribe for one share: 8.5p

The warrants were issued on the basis of one warrant for every 5.55900632 New Ordinary shares arising on conversion. Therefore the pro rata cost is calculated as follows:

$$\begin{array}{lcl} \text{Cost ascribed to} & = & \frac{66.5}{(66.5 + 1/5.55900632 \times 8.5)} \times 100\text{p} = \mathbf{97.75p} \\ \text{an Ordinary share} & & \end{array} \quad \begin{array}{lcl} \text{Cost ascribed} & = & \frac{8.5}{(66.5 + 1/5.55900632 \times 8.5)} \times 100\text{p} = \mathbf{12.49p} \\ \text{to a warrant} & & \end{array}$$

Classification of investments by value

at 31 August 1999

		Total 31 August 1999
Equities - North America		%
<i>Healthcare:</i>	Quoted	21
<i>Pharmaceuticals:</i>	Quoted	56
	Unquoted	5
Equities - UK		
<i>Healthcare:</i>	Quoted	6
<i>Pharmaceuticals:</i>	Quoted	7
Equities - Europe		
<i>Pharmaceuticals:</i>	Quoted	5
Total		100
Number of individual holdings		No.
Target investments		18
Shorter term investments		2
Total		20

Investments by value

at 31 August 1999

	Value £000	Book cost £000	Investee company statistics as at date of last audited results			
			Proportion of investee company's capital owned	Notes	Proportion of investee company's assets attributable to investment, £000	(Loss) per share £
Core investments						
Pharmacia & Upjohn	14,318	4,849	0.1	1	13	(1.50)
Cubist Pharmaceuticals	7,856	4,366	7.6	1	920	(0.58)
Onyx Pharmaceuticals	5,673	4,959	9.7	1	1,266	(0.94)
Biocompatibles International**	4,372	7,300	2.1	1	615	(0.18)
Ribozyme Pharmaceuticals	4,186	6,438	14.1	1	933	(0.73)
Targeted Genetics**	3,486	5,257	10.4	1	746	(0.20)
NetGenics*	3,431	3,323	9.5	1	649	***
Angiotech Pharmaceuticals	3,253	2,992	5.9	2	630	(0.25)
MorphoSys	3,195	2,809	7.3	1	686	***
Corvas International**	3,172	5,096	11.2	1	1,233	(0.34)
Medarex	3,148	3,168	3.1	1	659	(0.53)
Vanguard Medica	3,131	5,514	4.1	1	1,816	(0.51)
Cell Therapeutics	2,323	9,472	8.7	1	2,473	(0.97)
Epimmune	1,273	4,833	7.8	1	1,129	(2.36)
Core Group	1,272	5,336	12.7	1	2,279	(0.20)
GelTex Pharmaceuticals	1,259	2,426	0.9	1	641	(0.43)
Cadus Pharmaceuticals	215	3,815	6.5	1	625	(1.39)
LocalMed*	0	1,952	0.0		0	***
Non-core investments						
Corixa	1,621	3,438	1.3	1	333	(0.19)
Microcide Pharmaceuticals	61	145	0.2	1	41	(0.53)

* Unquoted investments; ** including warrants; *** not published

1. The date of the last audited results used was 31 December 1998.

2. The date of the last audited results used was 30 September 1998.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the SIXTH ANNUAL GENERAL MEETING of International Biotechnology Trust plc will be held at The Royal College of Physicians, 11 St Andrews Place, Regent's Park, London, NW1 4LE on 11 November 1999 at 3.00pm to:

1. receive the Accounts for the year ended 31 August 1999 together with the Directors' and Auditors' Reports thereon (Resolution 1)
2. re-elect Mr John Green-Armytage as a Director (Resolution 2)
3. re-elect Mr Peter Collacott as a Director (Resolution 3)
4. re-elect Mr Dennis Turner as a Director (Resolution 4)
5. appoint KPMG Audit Plc as Auditor of the Company and authorise the Directors to fix their remuneration (Resolution 5)

A member entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend and, on a poll, to vote in his stead: such proxies need not be members of the Company. A form of proxy for the use of members is enclosed with this Report.

By order of the Board
ROTHSCHILD ASSET MANAGEMENT LIMITED
Secretary

Five Arrows House
St Swithin's Lane
London
EC4N 8NR
14 October 1999

Form of proxy

International Biotechnology Investment Trust plc

For the use of Ordinary shareholders of International Biotechnology Trust plc at the Annual General Meeting to be held on Thursday 11 November 1999 at 3.00pm and at any adjournment thereof.

Please insert full
name(s) and address(es)
in block letters

I/we

of

being (a) member(s) of International Biotechnology Trust plc, hereby appoint Mr John Green-Armytage, the Chairman of the Company, or failing him, the Chairman of the Meeting, (see note 1)

as my/our Proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on 11 November 1999 at 3.00pm and at any adjournment thereof.

Please indicate with an 'X' in the appropriate spaces below how you wish your votes to be cast.

On receipt of this form duly signed, but without any specific directions as to how you wish your votes to be cast, your proxy will vote or abstain at his or her discretion.

<i>Ordinary resolutions</i>	<i>For</i>	<i>Against</i>
1. To adopt the Accounts for the year ended 31 August 1999 together with the Directors' and Auditors' Reports thereon.		
2. To re-elect Mr John Green-Armytage as a Director.		
3. To re-elect Mr Peter Collacott as a Director		
4. To re-elect Mr Dennis Turner as a Director		
5. To re-appoint KPMG Audit Plc as Auditors and authorise the Directors to fix their remuneration.		

Signed this day of 1999
Signature

Notes

1. If you wish to appoint another person to be your proxy instead of the Chairman of the Meeting, you should delete the words "Mr John Green-Armytage, the Chairman of the Company, or failing him, the Chairman of the Meeting," and write the name of your proxy in the space provided and initial the alteration. The person appointed need not be a member of the Company.
2. This proxy, to be valid, must be completed, signed and lodged with the Registrars of the Company, Computershare Services PLC, Registrar's Department, PO Box 457, Owen House, 8 Bankhead Crossway North, Edinburgh EH11 0XG, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting or for taking a poll at which the person named therein proposes to vote.
3. If the appointer is a corporation this proxy must be under its Common Seal or under the hand of an officer or attorney duly authorised.
4. In the case of joint holders, the votes of the senior who tenders the votes, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members.

Cut along line and detach

1st fold

2nd fold

BUSINESS REPLY SERVICE
Licence No EH59



Computershare Services PLC
Registrar's Department
PO Box 457
Owen House
8 Bankhead Crossway North
Edinburgh EH11 OXG

3rd fold and tuck in

***Stock exchange and
daily press listings***

IBT shares are listed on the London Stock Exchange. The ticker symbol is 'IBT'.

The shares of IBT are listed in *The Financial Times*, *The Times* and *Daily Telegraph* under 'Investment Trusts' as 'Int'l Biotech'.

Financial diary

Annual General Meeting 11 November 1999

Interim report for
the six months to
28 February 2000

March/April 2000

Preliminary results
for the year ending
31 August 2000

October 2000



Lord Victor Rothschild initiated modern biotechnology investments starting in 1981 when he founded Biotechnology Investment Limited (BIL) and hired Nobel biologist Sydney Brenner to advise him in his fool's errand into genetic manipulation. Today, not one of the companies Rothschild helped fund even acknowledges Rothschild financing. This censorship of Pilgrims Society involvement is evident. It illustrates that Wikipedia is a tool of pro-British Pilgrims Society censorship. Today, not one of the biotech companies that Rothschild helped fund even acknowledges Rothschild financing. This censorship of Pilgrims Society involvement is evident. It illustrates that Wikipedia is a tool of pro-British Pilgrims Society censorship.

Notably, Victor Rothschild's Wikipedia fails to mention biotechnology at all! <https://www.fbcoverup.com/docs/library/2020-05-12-Victor-Rothschild-Biography-Wikipedia-accessed-May-12-2020.pdf>

Company	Does Wikipedia mention Rothschild involvement in initial funding?	URL	Corporation Wiki	Country	Business
Advanced Mineral Technologies	No		https://www.corporatowiki.com/p/2c63jw/advanced-mineral-technologies-inc	US	Mining/pollution
Agrigenetics	No	https://en.wikipedia.org/wiki/Mycogen_Seeds	https://www.corporatowiki.com/p/hlui7/agrigenetics-corporation	US	Seeds, etc.
Amgen	No		https://en.wikipedia.org/wiki/Amgen	US	Health care, etc.
Applied Biosystems	No		https://en.wikipedia.org/wiki/Applied_Biosystems	US	Instruments
Catalytica	No		http://en.wikipedia.ru/wiki/Catalytica	US	Catalysis
Celltech	No		https://en.wikipedia.org/wiki/Celltech	US	Health care, etc.
CW Ventures	No	https://www.innovatorsedge.io/companies/cw-ventures/		US	Bio-funds
DNA Plant Technology	No		https://en.wikipedia.org/wiki/DNA_Plant_Technology	US	Plant science
Genetic Systems	No		https://en.wikipedia.org/wiki/Plant_Genetic_Systems#History	US/UK	Health care
Genzyme	No		https://en.wikipedia.org/wiki/Genzyme	US	Diagnostics
Immunex	No	Now Amgen	https://en.wikipedia.org/wiki/Amgen	US	Health care
Integrated Genetics	No	Now Sanofi Genzyme	https://en.wikipedia.org/wiki/Genzyme	US	Health care
Plant Genetics	No	http://www.biotech-monitor.nl/1908.htm		US	Vegetable crops
Queue Systems	No		https://en.wikipedia.org/wiki/Queueing_Systems	US	Laboratory equipment
Repligen	No		https://en.wikipedia.org/wiki/Repligen	US	Health care and agri-science
				~100% US based	

Table 1: Lord Victor Rothschild (Biotechnology Investments Limited [BIL])- gathering together a wide range of biotechnology investments. Source: *Financial Times*, Sep. 09, 1983. Contained in archives of the Cold Springs Harbor Laboratory Archive Repository - David Leathers. (Mar. 09, 1982). Newscippings re. Biotechnology Investments Limited (BIL) owned by N.M. Rothschild Asset Management, compiled by David Leathers, SB/4/2: Biotechnology and Medical Company Reviews, No. 74938. CSHL Archive Repository.

[https://www.fbcoverup.com/docs/library/1982-03-09-News-re-Biotechnology-Investments-Limited-\(BIL\)-owned-by-NM-Rothschild-Asset-Management-by-David-Leathers-SB-4-2-Biotech-and-Med-Comp-Rvws-No-74938-CSHL-Archve-Repos-Mar-09-1982.pdf](https://www.fbcoverup.com/docs/library/1982-03-09-News-re-Biotechnology-Investments-Limited-(BIL)-owned-by-NM-Rothschild-Asset-Management-by-David-Leathers-SB-4-2-Biotech-and-Med-Comp-Rvws-No-74938-CSHL-Archve-Repos-Mar-09-1982.pdf)

TECHNOLOGY

BIOTECHNOLOGY INVESTMENTS' LATEST REPORT HIGHLIGHTS AN IMPRESSIVE PORTFOLIO

Blue chip genes promise high returns

BY DAVID FISHLOCK, SCIENCE EDITOR

"OUR INTENTION is to seek a much higher than average return on the unquoted part of your portfolio within a three to seven-year time-scale," Lord Rothschild says in the second annual report of Biotechnology Investments. His report suggests that it is making good progress—indeed, it reads like a catalogue of the "blue chip" end of the spectrum of new biotechnology companies which have blossomed in the past few years.

Increase

With two-thirds of the \$61m fund now invested, almost equally in quoted and unquoted biotechnology companies, it is showing a 25 per cent increase in net asset value per share on the year, and 35 per cent over two years.

Biotechnology Investments, set up on the initiative of Lord Rothschild, as an offshoot of N. M. Rothschild Asset Management, now has a portfolio of 31 investments, both big and very small. All unquoted companies must still meet the strict criteria laid down by the directors. Lord Rothschild summarises the five rules as follows:

- It must employ not only scientists of high calibre but also first-rate business managers, so that the team is "ready and able to establish a successful venture."
- Its business plan should clearly define its research and product areas, and contain both a market analysis and a realistic assessment of the competition.
- Its potential rate of return must be in line with the risk being taken.
- It must have a sponsor to act as lead investor and to accept responsibility for the venture. (Although the fund itself has been known to act in this role.)
- The company must have plans for releasing the investment, normally through a public share issue.

In the year ending May 31, the fund received 82 investment proposals, of which 57 came from the U.S., compared with 16 from Britain, three from Israel and one apiece from Belgium, Canada, Finland,



France, West Germany and Ireland.

Of these, it chose three U.S. companies in which to invest: Catalytica, where the \$1m invested will go mainly to support the use of enzymes in petrochemical processes; CW Ventures, a fund which invests in health care; and Immunex, a company with close links to Hoffman-La Roche and high hopes of leading the field with a treatment for AIDS (auto-immune deficiency syndrome).

Change

By this summer the scene had changed dramatically. No fewer than four of the fund's investments have gone public, in each case advantageously: Amgen, Applied Biosystems, Integrated Genetics and Immunex (see table). Mr David Leathers, investment manager, says that the fund has no intention of selling companies which go public, but will still continue to apply the five rules by which they judged the original investment. Even so, he admits that the fund it did not expect so many of its unquoted investments to go public so soon.

Another dramatic change is the view the fund takes of

British biotechnology investments. In the past Lord Rothschild has been forthright in expressing disappointment with the calibre of companies coming forward with investment proposals. Other London finance houses have suggested that they see the need for a more creative approach in Britain, to produce packages appropriate to a situation, rather than passively judge a proposal as Biotechnology Investments has tended to do in the UK.

During the year the fund made its first-ever investment in an unquoted British company. It is also its biggest investment in this sector. The fund has £3.1m in Celltech, the company with an inside track to the

Criteria

Celltech, to quote brokers Serunjeour, Kemp-Gee and Co. last month: "fulfills the main criteria necessary for mounting a successful operation in this fast-developing, highly-technical, field. The management team comprises both eminent scientists and sound commercial/financial managers and the

BIOTECHNOLOGY INVESTMENTS: UNQUOTED STOCKS			
Company	Equity interest %	Country	Business
Advanced Mineral Technologies	25	U.S.	Mining/pollution
AgriGenetics	1.2	U.S.	Seeds, etc.
Amgen†	1.6	U.S.	Health care, etc.
Applied Biosystems†	7.4	U.S.	Instruments
Catalytica	10.4	U.S.	Catalysis
Celltech	11.4	UK	Health care, etc.
CW Ventures	3.1	U.S.	Bio-funds
DNA Plant Technology	3.8	U.S.	Plant science
Genetic Systems	2.5	U.S.	Health care
Genzyme	5.6	U.S./UK	Diagnostics
Immunex†	6.7	U.S.	Health care
Integrated Genetics†	4.5	U.S.	Health care
Plant Genetics	9.1	U.S.	Vegetable crops
Queue Systems	6.0	U.S.	Laboratory equipment
Repligen	9.5*	U.S.	Health care and agri-science

* Shortly to be increased. † Now public.

Left: Lord Rothschild—gathering together a wide range of biotechnology investments

company is able not just to make scientific discoveries but to scale-up, extract, purify, and market its products, as evidenced by its first product, the anti-interferon monoclonal antibody."

The current position, according to David Leathers, is that the fund is evaluating half-a-dozen British potential investments but has no new ones "on the front burner" from the U.S. It is, however, considering the investment of another \$1m in Repligen, one of its first investments, which now needs more cash to help build a pilot fermentation plant.

Coy

Of the British prospects, the fund is coy for the moment. One that interests them is the Agricultural Genetics Company, set up this summer as a "country cousin" of Celltech, to try to exploit the plant genetics research of the Agricultural Research Council.

As Biotechnology Investments see it, the new company has been very modestly funded by its three partners — British Technology Group, Advent and Ultramar—at the outset, until the investors see the first busi-

ness plan. Then the partners and other investors will be invited to plunge more heavily.

Two of the funds older U.S. investments, Genetic Systems and Applied Biosystems, have just announced a joint venture in immunodiagnostics, to develop two new diagnostic systems, one simple and inexpensive for doctors' surgeries; the other automated for clinics and hospitals.

These systems are aimed at the diagnosis of bacterial and viral infections, chronic illness, and cancer, cardio-vascular and genetic disease. Round at Rothschilds, they see the move as an important one for both companies.

One further recent investment which excites the fund managers is the \$1m they have plunged on Genzyme, a U.S. company set up to acquire Whatman Biochemicals in Britain. This company makes diagnostic enzymes. It has since bought Koch-Light Laboratories, another British company, making fine chemicals.

Genzyme plans to use these two UK companies as a base for developing biotechnology interests. Biotechnology Investments see the company as virtually British but driven by American entrepreneurial initiative.

[CITATION:
David Fishlock.
(Sep. 09, 1983). Blue
chip genes promise
high returns, re.
Lord Victor
Rothschild,
Biotechnology
Investments Limited
(BIL), Guernsey
Reg. No. 9767,
formed Apr. 16,
1981; successor
International
Biotechnology Trust
Plc, UK Co. No.
02892872, formed
Jan. 31, 1994,
financed by N.M.
Rothschild Asset
Management, p.6.
Financial Times

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purposes only. Fair
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TRANSCRIPTION
follows.]

David Fishlock. (Sep. 09, 1983). Blue chip genes promise high returns, re. Lord Victor Rothschild, Biotechnology Investments Limited (BIL), Co. No. 02892872, N.M. Rothschild Asset Management, p. 6. *Financial Times*.

[TRANSCRIPTION]

6

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- The company must have plans for releasing the investment. normally through a public share issue.

In the year ending May 31. the fund received \$2 investment proposals, of which 57 came from the U.S., compared with 16 from Britain, three from Israel and one apiece from Belgium, Canada. Finland, France. West Germany and Ireland.

Of these, it chose three U.S. companies in which to invest: Catalytica. where the \$1m invested will go mainly to support the use of enzymes in petrochemical processes; CW Ventures, a fund which invests in health care; and Immunex, a company with close links to Hoffman-La Roche and high hopes of leading the field with a Treatment for AIDS (autoimmune deficiency syndrome).

Change

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[SIDEBAR TABLE:]

BIOTECHNOLOGY INVESTMENTS: UNQUOTED STOCKS Equity interest

[COLUMN LABELS:] Company % Country Business

Advanced Mineral Technologies	25	U.S.	Mining/ pollution
Agrigenetics	1.2	U.S.	Seeds, etc.
Amgen (New public)	1.6	U.S.	Health care, etc.
Applied Biosystems	7.4	U.S.	Instruments
Catalytica	10.4	U.S.	Catalysis
Celltech	11.4	UK	Health care, etc.
CW Ventures	3.1	U.S.	Bio-funds
DNA Plant Technology	3.8	U.S.	Plant science
Genetic Systems	2.5	U.S.	Health care
Genzyme	5.6	A U.S./UK	Diagnostics

David Fishlock. (Sep. 09, 1983). Blue chip genes promise high returns, re. Lord Victor Rothschild, Biotechnology Investments Limited (BIL), Co. No. 02892872, N.M. Rothschild Asset Management, p. 6. *Financial Times*.

Immunex (New public) 6.7 U.S. Health care
Integrated Genetics (New public) 4.5 U.S. Health care
Plant Genetics 9.1 U.S. Vegetable crops
Queue Systems 6.0 U.S. Laboratory equipment
Repligen 9.5 (Shortly to be increased) Health care and agri-science

Left [PHOTO OF LORD ROTHSCHILD LOOKING TO HIS LEFT AND POINTING HIS CIGARETTE-HOLDING FINGERS AT SOMETHING IN A SCOLDING MANNER]: Lord Rothschild—gathering together a wide range of biotechnology investments



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As Biotechnology Investments see it, the new company has been very modestly funded by its three partners – British Technology Group, Advent and Ultramar – at the outset until the investors see the first business plan. Then the partners and other investors will be invited to plunge more heavily.

Two of the funds older U.S. investments. Genetic Systems and Applied Biosystems, have just announced a joint venture in immunodiagnostics [sic], to develop two new diagnostic systems, one simple and inexpensive for doctors’ surgeries; the other automated for clinics and hospitals.

These systems are aimed at the diagnosis of bacterial and viral infections, chronic illness, and cancer, cardio-vascular and genetic disease. Round at Rothschilds, they see the move as an important one for both companies.

One further recent investment which excites the fund managers is the \$1m they have plunged on Genzyme, a U.S. company set up to acquire Whatman Biochemicals in Britain. This company makes diagnostic enzymes. It has since bought Koch-Light Laboratories, another British company making fine chemicals.

Genzyme plans to use these two UK companies as a base for developing biotechnology interests. Biotechnology Investments see the company as virtually British but driven by American entrepreneurial initiative.

Financial Times, Friday, September 9 1983

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TECHNOLOGY

BIOTECHNOLOGY INVESTMENTS' LATEST REPORT HIGHLIGHTS AN IMPRESSIVE PORTFOLIO

Blue chip genes promise high returns

BY DAVID FISHLOCK, SCIENCE EDITOR

"OUR INTENTION is to seek a much higher than average return on the unquoted part of your portfolio within a three to seven-year time-scale," Lord Rothschild says in the second annual report of Biotechnology Investments. His report suggests that it is making good progress—indeed, it reads like a catalogue of the "blue chip" end of the spectrum of new biotechnology companies which have blossomed in the past few years.

Increase

With two-thirds of the \$61m fund now invested, almost equally in quoted and unquoted biotechnology companies, it is showing a 25 per cent increase in net asset value per share on the year, and 35 per cent over two years.

Biotechnology Investments, set up on the initiative of Lord Rothschild, an offshoot of N. M. Rothschild Asset Management, now has a portfolio of 31 investments, both big and very small. All unquoted companies must still meet the strict criteria laid down by the directors. Lord Rothschild summarises the five rules as follows:

- It must employ not only scientists of high calibre but also first-rate business managers, so that the team is "ready and able to establish a successful venture."

- Its business plan should clearly define its research and product areas, and contain both a market analysis and a realistic assessment of the competition.

- Its potential rate of return must be in line with the risk being taken.

- It must have a sponsor to act as lead investor and to accept responsibility for the venture. (Although the fund itself has been known to act in this role.)

- The company must have plans for releasing the investment, normally through a public share issue.

In the year ending May 31, the fund received \$8 investment proposals, of which 57 came from the U.S., compared with 16 from Britain, three from Israel and one apiece from Belgium, Canada, Finland,



France, West Germany and Ireland.

Of these, it chose three U.S. companies in which to invest: Catalytic, where the \$1m invested will go mainly to support the use of enzymes in petrochemical processes; CW Ventures, a fund which invests in health care; and Immunex, a company with close links to Hoffman-La Roche and high hopes of leading the field with a treatment for AIDS (auto-immune deficiency syndrome).

Change

By this summer the scene had changed dramatically. No fewer than four of the fund's investments have gone public, in each case advantageously: Amgen, Applied Biosystems, Integrated Genetics and Immunex (see table). Mr David Leathers, investment manager, says that the fund has no intention of selling companies which go public, but will still continue to apply the five rules by which they judged the original investment. Even so, he admits that the fund did not expect so many of its unquoted investments to go public so soon.

Another dramatic change is the view the fund takes of

British biotechnology investments. In the past Lord Rothschild has been forthright in expressing disappointment with the calibre of companies coming forward with investment proposals. Other London finance houses have suggested that they see the need for a more creative approach in Britain, to produce packages appropriate to a situation, rather than passively judge a proposal as Biotechnology Investments has tended to do in the UK.

During the year the fund made its first-ever investment in an unquoted British company. It is also its biggest investment in this sector. The fund has \$3.1m in Celtech, the company with an inside track to the

Criteria

Celtech, to quote brokers Scrimgeour, Kemp-Gee and Co. last month: "fulfils the main criteria necessary for mounting a successful operation in this fast-developing, highly-technical, field."

The management team comprises both eminent scientists and sound commercial/financial managers and the

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Company	Equity Interest %	Country	Business
Advanced Mineral Technologies	25	U.S.	Mining/pollution
AgriGenetics	12	U.S.	Seeds, etc.
Amgen	12	U.S.	Health care, etc.
Applied Biosystems	74	U.S.	Instruments
Catalytic	104	U.S.	Catalysis
Celtech	10	U.K.	Health care, etc.
CW Ventures	21	U.S.	Bio-fuels
DNA Plant Technology	28	U.S.	Plant science
Genetic Systems	25	U.S.	Health care
Immunex	54	U.S./U.K.	Diagnostics
Integrated Genetics	47	U.S.	Health care
Plant Genetica	45	U.S.	Health care
Quest Systems	81	U.S.	Vegetable crops
Repligen	95*	U.S.	Laboratory equipment
			Health care and agri-science

* Shortly to be increased. † New public.

Left: Lord Rothschild—gathering together a wide range of biotechnology investments

company is able not just to make scientific discoveries but to scale-up, extract, purify, and market its products, as evidenced by its first product, the anti-interferon monoclonal antibody.

The current position, according to David Leathers, is that the fund is evaluating half-a-dozen British potential investments but has no new ones "on the front burner" from the U.S. It is, however, considering the investment of another \$1m in Repligen, one of its first investments, which now needs more cash to help build a pilot fermentation plant.

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DATA STORAGE

Drexler laser card—interest grows

BY GEOFFREY CHARLISH

WHILE THE financial institutions and conventional card companies seem to be keeping the Drexler high capacity laser card at arm's length, interest is growing fast in Japan and the U.S. in the idea of using the card to carry programs, leaving the business microcomputer's floppy or miniature Winchester disc free to read and write user data only.

These wallet-sized read-only cards caused a flurry of interest when they were first announced two years ago. They deploy optical modification of a special surface rather than magnetic or semiconductor technology. Five micron diameter black holes on a silvery surface represent digits and are read by simple photodiode arrays. (A micron is a millionth of a metre.)

Although Jerome Drexler, in London recently to drum up European business, originally may have seen Drexler as a competitor to magnetic stripe financial cards, it looks now as if as financial applications will emerge in small computer program storage.

Investment

For the established card companies, with a history and large investment in magnetic technology, Drexler could be seen as a threat, even though it might offer significant user advantages.

Nine electronics companies have taken licences for system development and manufacture (the cards will be made only by Drexler). They are Canon, Elbit, Ericsson, Fujitsu, Kanto Denzhi, NCR, Omron, Toshiba and U.S. and the revenue yield for Drexler so far is \$181.9m. Although the names are indicative of the way things are going, it is understood that a dozen banks in Japan have also looked at the system.

Drexler says that one of the Japanese licences plans to use 7m cards in 1985 for microcomputer software. Commercial equipments are expected from several of them by mid-1984.

Significant however, is the fact that none of the leading micro makers has adopted the technique. Drexler believes this is because no single leading company could obtain an advan-

tage since its immediate competitors would follow suit. He expects companies below number five in the micro league to be first in the field, and probably in a business PC costing over \$3,000.

At this level, the \$70 to \$100 cost addition for the card reader is a small risk—not the case at the bottom end of the market with machines costing a few hundred dollars.

Two kinds

Is there a good reason for a PC maker to build two kinds of bulk storage device into his machine?

Cost is the key according to Drexler. The cards, of which 100,000 can be produced daily at a new \$3m plant at Sunnyvale, are priced at about \$15 each at such volume levels.

On each card 16m bits (2.5 characters or some 500 pages of text) can be recorded in sequential form at the plant for about \$100. In this way, 20 or more programs of the kind used in PCs can be stored and kept in the user's pocket along with his credit cards.

Drexler thinks semiconductor read-only memory (ROM) cannot compete at \$30 to \$40 for a megabit in quantities of 10,000. And although chip prices may decline, the capacity of his optical medium can be expected to quadruple, he says.

But Drexler is unlikely to have it all his own way. The cost of conventional magnetics continues to fall (although there may be an irreducible minimum in the rotary mechanism), and just emerging from companies like Verimag in the U.S. are the so called "vertical" magnetic discs in which the magnetic particles are placed on end to cram more in and increase the recording density.

Furthermore, there has just been an announcement from Sony and Kokusai Denzhi Denwa of the joint development of a re-recordable laser disc described in a patent statement as "magnetic optical." There are no technical details but the disc's capacity is claimed to be 20 gigabits (20 thousand million bits) and Sony intends to begin commercial production within two years.

EDITED BY ALAN CANE

Technology for tomorrow's world

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Plastics

Du Pont's new process

DU PONT has announced a polymer plus development called group transfer polymerisation (GTP) which is said to give exceptional control over polymer molecular weight, allow precise introduction of functional properties and give "unprecedented control of the final composition."

The new process is particularly applicable to the production of acrylic polymers

Property Computer valuations

AGENTS and institutions interested in the commercial property sector can now calculate residual valuations, equated yields, leasehold tenures and other valuation formulae on a portable computer.

Stanford Robert and Partners in conjunction with William Higgins and Company and Haslemere Estates, have developed a suite of programs which run on the Epson HX-30, one of the new breed of small Japanese portable machines.

The developers say these programs have previously only been available on mainframe computers. Cost of the computer plus programs is \$275 plus VAT. "This means" Stanford Robert says, "That each partner can afford to have his own computer which he himself will find easy to operate without the intervention of a trained operator." More on 01-551 3531

French correction

In yesterday's article on computing services, CAP/Genul / Soged was described as having acquired a stake in Sem. It should have read Sesa; Sema Metra is owned by Paribas.

MARKETS
SERVICE

Index	Value	Change
FTSE 100	2,512.10	+10.10
FTSE 250	1,812.10	+10.10
FTSE 350	1,312.10	+10.10
FTSE 400	1,012.10	+10.10
FTSE 450	712.10	+10.10
FTSE 500	412.10	+10.10
FTSE 550	112.10	+10.10
FTSE 600	12.10	+10.10

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER
Friday September 9 1983

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No. 29,115

NEWS SUMMARY

GENERAL

Marines return fire in Beirut

U.S. Marines came under attack at Beirut Airport yesterday, they say. Syrian-backed Lebanese militia phoned and fired on Western peace-keeping force.

Punjab uprising

Defence in Punjab, northern India, used tanks and tear gas to disperse an anti-government demonstration, killing 40 people.

Airport attacked

At least two people were killed at Managua airport when opponents of Nicaragua's military Government launched a rocket attack on a neighbouring military base and set the airport control tower alight.

Freedom setback

Swedish Home Affairs Minister, Dr Herbert Ullander, announced the High Court acquittal last week of six while air force officers dismissed hopes that the case, decided after the hearing, would be reversed.

Election violence

Seven people were shot dead and four others injured in Pakistan's provincial elections yesterday. Baluchistan, where supporters of an independent Islamic emirate opposed the federal government.

Up, up and away

A Canadian's racing cyclist and his family were granted political asylum in Austria after fleeing across the border in a home-made hot air balloon.

Rebels killed

Argentine Government forces killed 20 rebels and captured large quantities of arms and ammunition in southern Argentina during the past few days.

Abortion vote

The Irish Republic voted by more than two to one in a referendum to impose a constitutional ban on abortion. The voting showed a sharp split between urban and rural areas.

Peron staying

Ex-Argentine President Maria Peron broke another silence to declare from her home in Spain that she does not want to return to Buenos Aires until civilian rule is restored.

Executions listed

The names of 1,248 people who have been executed in Iran since June 1981 were released by the Islamic Republic, the country's main guerrilla opposition movement.

Briefly

China endorsed North Korean leader Kim Il-sung's plan to be succeeded by his son.

BUSINESS

Brazil 'needs extra \$11bn'

WESTERN governments and banks are now working on the basis that Brazil will need about \$11bn to meet external finance before the end of next year - \$1bn more than anticipated. At the special debt conference in Caracas convened by the Organisation of American States, the U.S. yesterday announced its intention to extend the repayment of Brazil's \$1.5bn debt.

Thomson and CGE close to assets accord

THOMSON BRANDT and Compagnie Generale d'Electricite (CGE), the two state-owned companies, are close to agreeing on a major restructuring plan to merge and sell assets.

German Lombard rate up by 1/2 point

THE DEUTSCHE MARK, West Germany's central bank, tightened its credit policy yesterday by increasing its Lombard rate from 3 per cent to 3 1/2 per cent.

Westinghouse in UK search for Egypt N-bid aid

PETER BRUCE IN LONDON
SARAFAT MONTAGU, the British Merchant Bank, has been approached by Westinghouse Electric of the U.S. to help it raise a large portion of the money needed to finance a \$240m nuclear power plant to be built in Egypt.

Talbot UK back in profit after 10 years

KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT
PEUGEOT's British subsidiary, Talbot UK, made its first profit for 10 years in the first half of this year.

New Bank scrutiny for London SE

Alan Friedman in London
THE Bank of England, Britain's central bank, is planning to expand its surveillance of the London Stock Exchange.

Shultz calls Gromyko's 747 account 'preposterous'

BY PAUL BETTS AND DAVID WHITE IN MADRID

RELATIONS between Washington and Moscow deteriorated further yesterday after a two-hour meeting between Mr George Shultz, the U.S. Secretary of State, and Mr Andrei Gromyko, the Soviet Foreign Minister.

Mr Shultz, seeking a comprehensive explanation from Mr Gromyko of the shooting down of the South Korean Boeing 747, described the Soviet Minister's response as "very unconvincing".

Mr Gromyko, in turn, gave during the meeting a comprehensive explanation of the Soviet position. He said the Soviet Union was not involved in the shooting down of the plane.

Mr Shultz said he was "not at all convinced" by Gromyko's explanation. He said the Soviet Union was "not at all convinced" by Gromyko's explanation.

Sweden set to double sterling credit

BY PETER MONTAGU IN LONDON

SWEDEN has yesterday set to double its £200m (STG) line of credit to the City of London. The loan has been heavily over-subscribed, even before general applications had begun.

The credit, which was already the largest international operation in domestic sterling when it was launched 11 days ago at £200m by merchant bank Samuel Montagu, has attracted commitments from 100 managers, including nearly 500 British banks.

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BY JOHN DUNN IN FRANKFURT

THE DEUTSCHE MARK, West Germany's central bank, tightened its credit policy yesterday by increasing its Lombard rate from 3 per cent to 3 1/2 per cent.

The central bank said it was doing so to curb the growth of money supply, but also indicated it was not in a position to weaken the D-Mark in foreign exchange markets.

The Austrian central bank yesterday also raised its Lombard rate from 4.5 per cent to 4.75 per cent.

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Westinghouse, which is building for the contract with Mitsubishi Heavy Industries, a Japanese firm, is looking for a partner to help it raise the money.

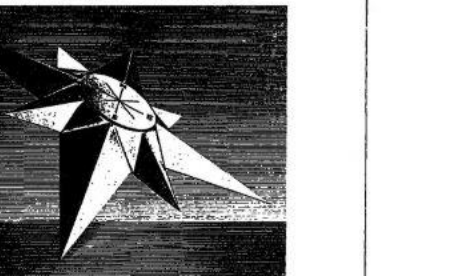
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TECHNOLOGY

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Immunet	11	U.S.	Health care, etc.
Immunogen	11	U.S.	Health care, etc.
Immunogen	11	U.S.	Health care, etc.
Plant Genetic	11	U.S.	Health care, etc.
Quora Systems	11	U.S.	Health care, etc.
Regimen	9.1	U.S.	Health care, etc.

* Share to be increased. † New public.

Left: Lord Rothschild—gathering together a wide range of biotechnology investments

ness plan. Then the partners and other investors will be asked to place more heavily. Two of the funds older U.S. investments, Genetic Systems and Applied Biosystems, have just announced a joint venture in immunisation, to develop two new diagnostic systems, one major and one minor, for disease, for example, the other automated for clinical use.

These systems are aimed at the diagnosis of bacterial and viral infections, chronic illness, and cancer, cardiovascular and genetic disease. Based at Rockville, there are the more as an important step for both companies.

One further recent investment which carries the fund managers is the firm they have placed on Genzyme, a U.S. company set up to acquire Watsonia. Biotechnology in Britain. This company makes diagnostic enzymes. It has since bought Rock-Light Laboratories, another British company, making its chemicals.

Genzyme plans to use these two UK companies as a base for developing biotechnology interests. Furthermore, investments set the company as virtually British but driven by American entrepreneurial initiative.

Financial Times Friday September 9 1983

EDITED BY ALAN CAINE

DATA STORAGE

Drexler laser card—interest grows

BY GEOFFREY CHARLISH

WHILE THE financial institutions and conventional card companies seem to be keeping the Drexler high capacity laser card at arm's length, interest is growing fast in Japan, and the U.S. in the idea of using the card to carry programs, leading the business microcomputer's floppy or miniature Winchester disk free to read and write user data only.

These validated ready-to-use cards caused a flurry of interest when they were first announced two years ago. They display optical modification of a spiral surface rather than magnetic or semiconductor technology. Five micron diameter black holes on a silver surface represent data and are read by simple photo-diode arrays. (A micron is a millionth of a metre).

Although Jerome Drexler, in London recently to drum up European business, originally may have seen Drexler as a competitor to magnetic storage, it is now clear that the laser card is a small computer program storage.

Investment For the established card companies, with a history and large investment in magnetic storage, the laser card could be seen as a threat even though it might offer significant user advantages.

Nine electronics companies have taken licences for system development and manufacture (the cards will be made only by Drexler). They are: Canon, Eikon, Ericsson, Fujitsu, Kanto, Matsushita, NEC, Omron, Toshiba, and Wang. The revenue from the cards is indicative of the way things are going. It is understood that a dozen banks in Japan have also taken the licence.

Drexler says that one of the Japanese licences plans to use 7m cards in 1985 for microcomputer software. Commercial equipment are expected from the end of this year.

Significant however, is the fact that Drexler believes this is because no single leading company could obtain an advantage

large since its immediate competitors would follow suit. He expects companies below number five in the microcomputer to be first in the field, and probably in a business PC costing over \$2,000.

At this level, the \$70 to \$100 cost addition for the card reader is a small risk—yet the cost at the bottom end of the market with machines costing a few hundred dollars.

Two kinds

Is there a good reason for a reader to build two kinds of bulk storage device into his machine? The drive of which 100,000 can be produced daily at a new \$100 plant at Sunnyvale, are priced at about \$15 each at each volume level.

On each card 100 kbits (25 characters or some 500 pages of text) can be recorded in sequential form at the plant for about \$100. In this way, 20 or more programs of the kind used in PDS can be stored and kept in the user's pocket along with his credit cards.

Drexler thinks semiconductor read-only memory (ROM) cannot compete at \$20 to \$40 for a megabit in quantities of 10,000. And although this option may decline, the capacity of his optical medium can be expected to quadruple, he says. But Drexler is unlikely to have it all his own way. The cost of conventional magnetic storage is falling (although not as fast as the optical medium), and just emerging from companies like Verbatim in the U.S. are the so-called "vertical" magnetic disks in which the magnetic particles are placed on end to criss cross in and increase the recording density.

Furthermore, there has just been an announcement from Sony and Konami (Drexler Drexler of the joint development of a recordable laser disc described in a brief statement as "magnetic"). There are no technical details but the disc's capacity is claimed to be 30 gigabits (30 thousand million bits) and Sony intends to begin commercial production within two years.

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Plastics Du Pont's new process

DU PONT has announced a polymer plastics development called group transfer polymerisation (GTP), which is said to give exceptional control over polymer molecular weight, allow precise introduction of functional properties and give "superb" control of the final composition.

The new process is particularly applicable to the production of acrylic polymers.

Property Computer valuations

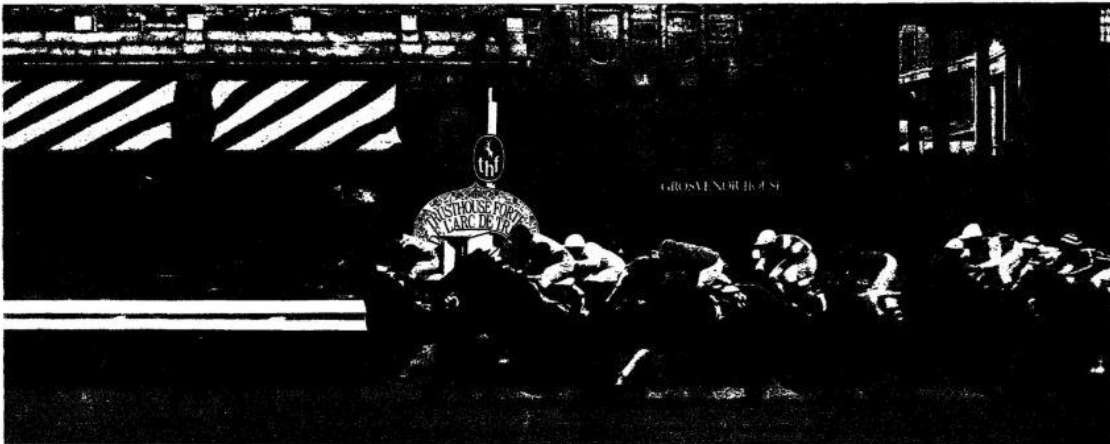
AGENTS and institutions interested in the commercial property sector can now obtain reliable valuations, reported yields, leasehold terms and other valuation figures on a portable computer.

Stafford Robert and Partners in conjunction with William Higgins and Company and Rimmer House, have developed a suite of programs which run on the Spem 855-8, one of the new breed of small Japanese portable machines.

The developers say these programs have previously only been available on mainframe computers. Cost of the computer plus programs is \$15 plus VAT. "The name" Stafford Robert says, "That each partner can direct to have his own computer which he himself will find easy to operate without the intervention of a trained operator."

French correction

In yesterday's article on computing services, CAP/Comsol / Supnet was described as having acquired a stake in Sema. It should have been Sema; Sema Micro is owned by Paris.



This year's Prix de l'Arc de Triomphe is being run from Park Lane.

This is the second year running that Trusthouse Forte have sponsored the Arc. And our Grandstand is the Grosvenor House Hotel. The Grosvenor House is one of the finest hotels in the world. To start with, it houses one of the most exclusive restaurants in London, serving the best in French cuisine. 90 Park Lane. And that's just one of the three restaurants included in the hotel. It also boasts the Great Room, perhaps the most spectacular ballroom in the country. It has its own Health Club complete with gymnasium, swimming pool, saunas and jacuzzis.

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SECTION II - INTERNATIONAL COMPANIES

FINANCIAL TIMES

Friday September 9 1983

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Lockheed noses out Rockwell for \$2.5bn space shuttle deal

BY WILLIAM HALL IN NEW YORK

A GROUP of companies led by Lockheed has beaten a rival consortium led by Rockwell International and landed the lucrative \$2.5bn contract to overhaul the U.S. space shuttle.

The U.S. Administration has for some time wanted more of the space shuttle programme to be subcontracted to the private sector, and the award of the shuttle processing contract is the biggest of three contracts which will be awarded to the private sector. Earlier this year, the National Aeronautics and Space Administration (NASA) selected EG&G, diversified electronic equipment manufacturer, to provide base support operations at the Kennedy Space Centre in Florida in a three-year contract valued at \$103m. A further contract to handle the processing of shuttle cargoes still has to be awarded. The purpose of the contracts is to reduce the number of bodies NASA has to deal with and make the operation of the shuttle more efficient and commercial.

The award of the contract is a major blow for Rockwell, which has built all the shuttles to date and played a leading role in servicing them. The Rockwell team bidding for the shuttle processing contract included Boeing, Martin Marietta, the USBI Launch Services Corporation and United Aerospace. Rockwell was believed to be the frontrunner for the contract because of

its familiarity with the shuttle which it largely constructed.

Although Lockheed would not comment on the reasons why it won the contract, it is understood that there was a feeling that some NASA officials wanted a change of contractor in the interests of efficiency.

At present some 15 separate companies perform various servicing tasks on the shuttle after it has landed. By consolidating these contracts into one, NASA believes that it will save money and reduce bureaucracy.

The Lockheed consortium, which includes Grumman Aerospace, Morton Thiokol and Pan American Airways, covers the ground processing, launch and landing of the shuttle fleet and operation and maintenance of the shuttle's associated ground systems at both the Kennedy Space Centre and Vandenberg Air Force Base in California. According to Lockheed the value of the latest contract is \$2.5bn for the first two three-year periods and could total more than \$8bn over the next 15 years.

The space shuttle programme lies at the heart of the U.S. space programme, and when all four shuttles are delivered they are expected to be flying back and forth into space with commercial and defence cargoes every fortnight or so.

Seagram slows down

FRENCH AIRCRAFT MAKER STRESSES IMPORTANCE OF AIRBUS VENTURE

Aerospatiale expects a bumpy ride

BY DAVID MARSH IN PARIS

THE INTERNATIONAL civil aircraft market is unlikely to pick up until the end of 1984 or the beginning of 1985, says M. Jean Martre, the chairman of Aerospatiale, the French nationalised aerospace group.

Aerospatiale, after several years of last expansion, is in the midst of a difficult period of commercial belt-tightening as a result of the simultaneous downturn in its most important civil and military markets.

The company, which boosted sales 30 per cent last year to FFf 21.4bn (\$2.6bn) and has followed a policy of rapid staff expansion in recent years, faces much lower sales growth in 1983 and is trying to slim its workforce through early retirements and natural wastage.

In contrast to other international aerospace groups, the company has firmly ruled out redundancies among its 36,000 employees. But to adapt production to lower orders, it is making fresh cuts in working hours throughout the group, to 35 per week at the end of the year (from 38.3 at present).

Aerospatiale, which made net profits of FFf 96.2m last year (well down from FFf 158.6m in 1981) looks likely to record a worse result in 1983, although it still hopes to remain in the black. As a prelude to difficulties ahead, new orders last year plummeted to FFf 18.3bn from FFf 22.3bn, while the company's debts were multiplied by five in FFf 3bn.

M. Martre, former head of the Government's arms directorate agency, who took over as chairman following the retirement of General Jacques Mitterrand in May, added his weight to persistent French

aerospace collaboration among the French, West German and British governments, would go ahead before the end of the year.

As for the suggested year for entry into service of the aircraft, M Martre said that 1983 still seemed "a good date". Other European partners, together with some of the international airlines who would be customers for the plane, believe that 1989/90 would be a more realistic date. No formal agreement for the 52bn development project has yet been reached.

If the Airbus Industrie consortium did not succeed with the further development of the aeroplane, he said, "Europe risks being totally absent from the commercial aircraft market, and leaving the market open to the Americans."

General Mitterrand, brother of the French president, earlier this year blamed the downturn in Airbus sales partly on lack of sufficient financial support from banks in Britain and West Germany. M Martre said talks were underway between export credit agencies in France and its two European partners to try to achieve "more homogeneity" in the provision of Airbus export credits. This was necessary to compete with financial terms available from U.S. rivals Boeing and McDonnell Douglas.

M Martre defined his objectives for Aerospatiale as to maintain its "healthy" financial management "and to make profits." But like his predecessor, he made no bones about the sombre short-term outlook.

The recession has hit three of Aerospatiale's four operating divisions particularly hard - aero-

■ Aircraft, which make up 38.6 per cent of group turnover with sales of FFf 7.77bn last year (up 38 per cent from 1981) is encountering difficulties from the slump in Airbus sales.

M Martre says the present Airbus production rate is down to five a month (against earlier plans of building up to eight by next year) and output would have to be cut further unless new orders came in. Airbus activities accounted for 72 per cent of the aircraft division's sales last year, against 66 per cent in 1981.

The division has also been affected by the downturn in sales and orders for the fighter aircraft and executive jets made by France's second national aircraft manufacturer, Avions Marcel Dassault-Breguet, for which Aerospatiale carries out subcontracting work.

AEROSPATIALE'S RECENT PERFORMANCE

	Sales FFf	Net profit or loss FFf
1976	9.0bn	621m*
1977	9.5bn	447m*
1978	9.5bn	87m*
1979	11.4bn	8m
1980	13.2bn	138m
1981	16.5bn	159m
1982	21.4bn	96m

* Loss

In particular, orders for the Mirage 2000 fighter made by Dassault-Breguet have been severely affected by French defence budget cuts, while Falcon executive jet output has had to be slashed because of the general business downturn. Aerospatiale, however, has had some compensation as a result of

plane, mostly from outside France and Italy. On the possibility of securing a deal to sell the aircraft to China, on which some in the aircraft industry are pinning high hopes, M Martre said negotiations with the Chinese were "always difficult."

On general prospects for the civil aircraft market, M Martre said there were already some signs of a recovery in world passenger traffic and in the financial situation of international airlines. But a general recovery would have to wait at least until the end of 1984 or the start of 1985.

■ Aerospatiale's helicopter division, which makes up 19.8 per cent of turnover (1982 sales were up 26 per cent at FFf 4.3bn), has been hard hit by the downturn in the important civil sector in the U.S., where Aerospatiale has 20 per cent of the market (especially for offshore oil installations). M Martre said there were "relatively fragile" signs of a recovery in this market, but no general upturn was expected before the end of 1983 or the middle of 1984.

He pointed out that orders for Aerospatiale's military helicopters, in operation in about 50 countries, were restrained by cutbacks in defence budgets in the West and the Third World.

■ Tactical missiles, which accounted for 25.8 per cent of turnover last year (sales of FFf 5.5bn, up 28 per cent), have also been affected by defence cuts and the division is "not particularly flourishing," according to M Martre. Its main product is the Exocet anti-ship weapon, of which 2,000 have been ordered for use by 27 navies around the world.

Aerospatiale also collaborates in building the French-German Milan

publicised use of the Exocet by the Argentine navy during last year's Falklands war. M Martre denied that the episode had prompted any "significant" increase in Exocet orders. He said the Falklands publicity had merely shown that the extent of public knowledge of the Exocet's effectiveness was lagging well behind already well-established professional opinion about the weapon around the world's navies.

■ Space and ballistic systems, Aerospatiale's fourth operating division, making up 17.8 per cent of sales (FFf 3.66bn last year, up 28 per cent from 1981), has also been affected by budgetary squeezes.

Around 71 per cent of the division's orders are from the military, and it plays a vital role in equipping France's independent nuclear force. M Martre confirmed that delays in French government programmes for a mobile SN nuclear missile and for a new generation of M 3 multi-payload warhead missiles for the country's nuclear submarines were "causing a problem."

These hold-ups have been only partly compensated for by the Government's decision to start development work on a new 350 km-range semiautonomous nuclear weapon, the Hades, to replace the Pluton rocket in the early 1990s.

Although Aerospatiale is going ahead at full steam with building current and future series of Europe's space rocket Ariane, satellite activities have been hit by international uncertainties over orders for television and other communications satellites. Eurosatellite, the mainly France-German satellite company in which Aerospatiale has an important stake, is still waiting

Heinz ahead in first quarter

By Our New York Staff

H. J. HEINZ, the U.S. processed foods manufacturer, raised its net earnings by 11.2 per cent in the first quarter to July while sales rose by 3.4 per cent to \$940m.

The increase in earnings, from \$55m to \$61m, was roughly in line with trading profits, which went up by 10.2 per cent to \$112.6m.

Non-trading profits declined from \$7m to \$4.7m, but this was more than offset by a reduction in interest payments of \$2.8m to \$10.3m. Net earnings per share emerged at \$1.30 against \$1.07 in the first quarter, following a higher tax charge of \$45.8m against \$40m.

The results underline Heinz's efforts to reduce costs and improve margins. Mr Anthony O'Reilly, president and chief executive, said unit volume in the domestic and overseas markets went up by approximately 3 per cent, but that lower currency exchange rates used to translate foreign sales this year had reduced the figure by approximately \$3m.

Mr O'Reilly sounded an optimistic note for the full year, saying that he expected the company to benefit from the improvement in the general economic environment both in the U.S. and overseas.

AT & T in video venture

By Louise Kehoe
In San Francisco

Financial Times Friday September 9 1983

BERMUDA V

British Colony is only 770 miles from America's eastern seaboard

Big U.S. influence on economy

TO MANY BUSINESSMEN here, Bermuda is a British colony in name only, and the argument is difficult to fault. Aside from such colonial hallmarks as the island's British bobbies and its British Governor, Bermuda is inextricably linked to the U.S. The evidence is everywhere.

Retailers' shelves groan under the weight of U.S.-made goods, which accounted for well over half Bermuda's 1981 visible imports of \$227.7m, compared to Britain's share of about 11 per cent—less than half what it was eight years ago. Supermarket cash tills hold dollars—U.S. and local—the shops are full of mostly American tourists, and U.S. corporations predominate among Bermuda's 5,600 offshore companies.

The strength of U.S. economic influence derives in large part from the island's close proximity to the eastern seaboard—a distance of about 770 miles. This factor alone accounts for the fact that Americans make up close on 90 per cent of the half million or so tourists who arrive here by the plane and boatload every year. It does not explain another important aspect of U.S. influence, namely the role of the mighty American dollar, which is allowed to circulate here alongside the Bermuda dollar.

Alternative

That phenomenon, by comparison, owes less to local geography than to Britain's decision to exclude Bermuda from the sterling area. The decision, which took effect on June 23, 1972, severed what were then considered to be essential currency links with the UK, and forced the colony to seek an alternative economic ally. It turned, not surprisingly, to the U.S.

The Bermuda Monetary

Authority, in its annual report for that year noted: "Overnight, Bermuda found that an exchange control fence had been erected between her and what remained of the sterling area... Bermuda's first reaction was to try to obtain remittance. It soon became clear, however, that the UK Government was not prepared to amend its decision to exclude Bermuda... although assurances were given that no rapid repatriation of funds would be called for by the UK authorities."

Compounding Bermuda's fears of being left out in the cold by her mother country was the island's decision to allow sterling to float. The island's dilemma was thus complete. If the Bermuda dollar, which was created in 1970, was to remain pegged to sterling, the colony would have to accept a move to a variable discount depending on the British pound's fluctuations.

So it was that on July 31, 1972, the Bermuda dollar was formally pegged to the U.S. currency and given a one-to-one exchange rate. Bermuda still had her fragile economy to protect. The island could no longer look to the rapidly-diminishing sterling area for exchange control protection. It therefore decided to set up its own controls—for an interim period.

The interim period was short-lived. The exchange control act came into force on May 1, 1983. Its liberal provisions did little to, and were not intended to, staunch the flow of much-needed U.S. tourist dollars which were allowed to circulate alongside the then devaluing local dollar. Monetary controls thus became, and still are, almost impossible to apply. The supply of Bermuda dollars alone reached \$21.5m in 1978.

By 1980 it had topped \$400m and 12 months later had risen almost 18 per cent to \$473m.

Last year it increased 15 per cent to \$546m, of which about \$400m was on deposit with the banks, \$100m with local deposit-taking companies and the rest in circulation.

The problem was and still is the U.S. dollar. Its parallel circulation makes total money supply statistics impossible to compile and the effect on the economy little more than a guessing game.

Bermuda has become a victim of its own success, according to the monetary authority's policy research specialist, Mr Bob Richards. He is careful to distinguish between imported and locally generated inflation, but argues that money supply growth has almost certainly pushed up the domestic components in Bermuda's retail price index. He describes the island's 6.5 per cent annual rate of inflation as "totally unacceptable" compared to the significantly lower levels achieved in the U.S. but points out that without the introduction of stiffer exchange controls "monetary management of the economy is not so much out of control as outside our control."

Mr Richards acknowledges Bermuda's close ties with North America, demonstrated not only in trade terms but in the presence of the U.S. naval air station and its two and a half thousand servicemen and dependents. He says he has yet to see firm statistical evidence of some economic links.

"Everybody talks about this correlation as if it were a matter of fact, but it doesn't always check out and we don't always see tourism decline when, for example, U.S. unemployment increases," he says. Even so, he admits that Bermuda's relationship with the U.S. is close to parasitic. It is not always cordial, though.

Regardless of White House intentions, the U.S. Internal

Revenue service has long had its revenue-hungry eye on Bermuda. Just two years ago the IRS prepared a 235-page report on the size of America's multi-billion dollar tax avoidance problem and recommended punitive options to "isolate abusive tax havens."

These included prohibiting U.S. airlines from flying to "designated" havens, slapping a 50 per cent tax on payments to have-based recipients and disallowing tax deductions claimed against haven activities. It was not so much these which annoyed many Bermudians, as the fact that the island was described as one of the world's "most important tax havens" and placed in the same category as the Bahamas, the Netherlands Antilles and the Cayman Islands.

Long fight

Bermuda has fought long and hard against the tax haven label which somehow persists in getting attached to the island despite its oft-repeated assertion that it is a legitimate international business centre. The colony did little to further its case when, in September 1981, it joined with the Bahamas in issuing a combined plea to the U.S. to lift tax restrictions imposed on corporations holding overseas conferences here.

Up until the late 1970s, U.S. companies staging conventions in Bermuda could offset conference expenses against their tax liabilities. That was before the U.S. Treasury blew the whistle.

It decided that only overseas conventions held in Canada, Mexico, and, more recently, Jamaica, would be eligible to qualify for tax deductions. The result was that many U.S. corporations stopped coming to Bermuda.

The island has complained bitterly ever since that it is

losing millions of dollars every year in lost business, a complaint that has become increasingly vehement the softer the island's tourism market gets. The issue has in consequence strained relations with the U.S.

There are signs that a solution is imminent. Bermuda has been included in President Reagan's controversial Caribbean Basin initiative. In addition to promoting greater trade links with several Caribbean states, the initiative proposed to exempt Bermuda from the convention tax restrictions.

There is, however, a catch. The initiative, which was recently approved by Congress, demands that the island should cooperate with the IRS investigations of American companies registered here. Bermuda's finance minister, David Gibbons this month wrote to the U.S. Treasury suggesting talks over this so far unacceptable condition.

Predictably, the *quid pro quo* idea has gained little support in Bermuda, but with more than 5,500 international companies registered here it would have been surprising if it had.

What is surprising though is that the U.S. Treasury has not seen fit to open an IRS office here, considering the importance it seems to attach to Bermuda. Instead, the IRS office in Nassau in the Bahamas periodically sends one of its officers to Bermuda. As one American official here, who has regular contact with the Treasury, puts it: "The IRS tends the nets that catch the most fish."

Roger Scotton



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bold block lettering

To the Registrar of Companies

For official use

For official use

Name of company

* HACKPLIMCO (NO. FOURTEEN) PUBLIC LIMITED COMPANY

* insert full
name of Company

I, HACKWOOD SECRETARIES LIMITED

of Barrington House

59-67 Gresham Street

LONDON EC2V 7JA

† date as
appropriate

do solemnly and sincerely declare that I am a ~~sole director or secretary of the company~~
[person named as ~~director or secretary~~ of the company in the statement delivered to the registrar under
section 10(2)]† and that all the requirements of the above Act in respect of the registration of the above
company and of matters precedent and incidental to it have been complied with,

And I make this solemn declaration conscientiously believing the same to be true and by virtue of the
provisions of the Statutory Declarations Act 1835

Declared at Barrington House

59-67 Gresham Street

LONDON EC2V 7JA

Declarant to sign below

the 21st day of January

One thousand nine hundred and ninety-four

before me

A Commissioner for Oaths or Notary Public or Justice of
the Peace or Solicitor having the powers conferred on a
Commissioner for Oaths.

For and on behalf of
Hackwood Secretaries
Limited

Presentor's name address and
reference (if any): (RJA)

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BARRINGTON HOUSE
59-67 GRESHAM STREET
LONDON EC2V 7JA
071-606 7080

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10

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Company name (in full)

CN

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Registered office of the company on
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RO

c/o Hackwood Secretaries Limited

Barrington House, 59-67 Gresham Street

Post town LONDON

County/Region

Postcode EC2V 7JA

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HACKWOOD SECRETARIES LIMITED

BARRINGTON HOUSE

59-67 GRESHAM STREET

LONDON EC2V 7JA

Telephone

071-606 7080

Postcode

Extension

3908

Company Secretary (See notes 1 - 5)

Name *Style/Title
 Forenames
 Surname
 *Honours etc
 Previous forenames
 Previous surname

Address

Usual residential address must be given.
 In the case of a corporation, give the
 registered or principal office address:

Consent signature

CS		
	HACKWOOD SECRETARIES LIMITED	
AD	Barrington House	
	59-67 Gresham Street	
	Post town	LONDON
	County/Region	
	Postcode	EC2V 7JA
	Country	
I consent to act as secretary of the company named on page 1		
Signed	For and on behalf of	Date
	Hackwood Secretaries Limited	23 1994

Directors (See notes 1 - 5)

Please list directors in alphabetical order.

Name *Style/Title
 Forenames
 Surname
 *Honours etc
 Previous forenames
 Previous surname

Address

Usual residential address must be given.
 In the case of a corporation, give the
 registered or principal office address.

Date of birth
 Business occupation
 Other directorships

* Voluntary details

Consent signature

CD		
	HACKWOOD DIRECTORS LIMITED	
AD	Barrington House	
	59-67 Gresham Street	
	Post town	LONDON
	County/Region	
	Postcode	EC2V 7JA
	Country	
DO		Nationality
		NA
OC		
OD	None other than in dormant companies being companies	
within the meaning of Sec.250(3) of the Companies Act 1985		
I consent to act as director of the company named on page 1		
Signed	For and on behalf of	Date
	Hackwood Directors Limited	23 1994

Directors (continued)

(See notes 1 - 5)


Name ***Style/Title****Forenames****Surname*****Honours etc****Previous forenames****Previous surname****Address**

Usual residential address must be given.
In the case of a corporation, give the
registered or principal office address.

Date of birth**Business occupation****Other directorships***** Voluntary details****Consent signature**

CD		
	HACKWOOD SECRETARIES LIMITED	
AD	Barrington House	
	59-67 Gresham Street	
	Post town	LONDON
	County/Region	
	Postcode	EC2V 7JA
	Country	
DO		Nationality NA
OC		
OD	None other than in dormant companies	
within the meaning of Sec.250(3) of the Companies Act 1985		
I consent to act as director of the company named on page 1		
Signed	For and on behalf of	Date
	Hackwood Secretaries Limited	

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is signed by the
subscribers.

 LINKLATERS & PAINES BARRINGTON HOUSE 59-67 GRESHAM STREET LONDON EC2V 7JA	
Signature of agent on behalf of all subscribers	Date

Delete if the form
is signed by an
agent on behalf of
all the subscribers.

All the subscribers
must sign either
personally or by a
person or persons
authorised to sign
for them.

Signed	Date
Signed	Date
Signed	Date
Signed	Date
Signed	Date
Signed	Date

2892872



THE COMPANIES ACTS 1985

C O M P A N Y L I M I T E D B Y S H A R E S

MEMORANDUM OF ASSOCIATION

OF

HACKPLIMCO (NO.FOURTEEN) PUBLIC LIMITED COMPANY

1 The Company's name is "HACKPLIMCO (NO.FOURTEEN) PUBLIC LIMITED COMPANY".

2 The Company is to be a public company.

3 The Company's registered office is to be situate in England and Wales.

4 The Company's objects are:-

4.1 (i) To carry on the business of a holding company in all its branches and for that purpose to acquire and hold either in the name of the Company, or in that of any nominee or trustee, shares, stocks, debentures, debenture stock, bonds, notes, obligations and securities issued or guaranteed by any company, corporation or undertaking wherever incorporated or carrying on business and to co-ordinate the policy management and administration of any companies, corporations or undertakings

in which the Company is a member or participant or which are controlled by or associated with the Company in any manner;

(ii) To carry on all or any of the businesses of general merchants and traders, cash and credit traders, manufacturers' agents and representatives, insurance brokers and consultants, estate and advertising agents, mortgage brokers, financial agents, advisers, managers and administrators, hire purchase and general financiers, brokers and agents, commission agents, importers and exporters, manufacturers, retailers, wholesalers, buyers, sellers, distributors and shippers of, and dealers in, all products, goods, wares, merchandise and produce of every description and to participate in, undertake, perform and carry on all kinds of commercial, industrial, trading and financial operations and enterprises.

4.2 To carry on any other business or activity of any nature whatsoever which may seem to the Directors to be capable of being conveniently or advantageously carried on in connection or conjunction with any business of the Company hereinbefore or hereinafter authorised or to be expedient with a view directly or indirectly to enhancing the value of or to rendering profitable or more profitable any of the Company's assets or utilising its skills, know-how or expertise.

4.3 To subscribe, underwrite, purchase, or otherwise acquire, and to hold, dispose of, and deal with, any shares or other securities or investments of any nature whatsoever, and any options or rights in respect thereof or interests therein, and to buy and sell foreign exchange.

4.4 To draw, make, accept, endorse, discount, negotiate, execute, and issue, and to buy, sell and deal with bills of exchange, promissory notes, and other negotiable or transferable instruments or securities.

4.5 To purchase, or otherwise acquire for any estate or interest, any property (real or personal) or assets or any concessions, licences, grants, patents, trade marks, copyrights or other exclusive or non-exclusive rights of any kind and to hold, develop and turn to account and deal with the same in such manner as may be thought fit and to make experiments and tests and to carry on all kinds of research work.

4.6 To build, construct, alter, remove, replace, equip, execute, carry out, improve, work, develop, administer, maintain, manage or control buildings, structures or facilities of all kinds, whether for the purposes of the Company or for sale, letting or hire to or in return for any consideration from any company, firm or person, and to contribute to or assist in or carry out any part of any such operation.

4.7 To amalgamate or enter into partnership or any joint venture or profit/loss-sharing arrangement or other association with any company, firm, person or body.

4.8 To purchase or otherwise acquire and undertake all or any part of the business, property and liabilities of any company, firm, person or body carrying on any business which the Company is authorised to carry on or possessed of any property suitable for the purposes of the Company.

4.9 To promote, or join in the promotion of, any company, whether or not having objects similar to those of the Company.

4.10 To borrow and raise money and to secure or discharge any debt or obligation of or binding on the Company in such manner as may be thought fit and in particular by mortgage and charges upon all or any part of the undertaking, property and assets (present and future) and the uncalled capital of the Company, or by the creation and issue of debentures, debenture stock or other securities of any description.

4.11 To advance, lend or deposit money or give credit to or with any company, firm or person on such terms as may be thought fit and with or without security.

4.12 To guarantee or give indemnities or provide security, whether by personal covenant or by mortgage or charge upon all or any part of the undertaking, property and assets (present and future) and the uncalled capital of the Company, or by all or any such methods, for the performance of any contracts or obligations, and the payment of capital or principal (together with any premium) and dividends or interest on any shares, debentures or other securities, of any person, firm or company including (without limiting the generality of the foregoing) any company which is for the time being a holding company of the Company or another subsidiary of any such holding company or is associated with the Company in business.

4.13 To issue any securities which the Company has power to issue for any other purpose by way of security or indemnity or in satisfaction of any liability undertaken or agreed to be undertaken by the Company.

4.14 To sell, lease, grant licences, easements and other rights over, and in any other manner deal with or dispose of, the undertaking, property, assets, rights and effects of the Company or any part thereof for such consideration as may be thought fit, and in particular for shares or other securities, whether fully or partly paid up.

4.15 To procure the registration, recognition or incorporation of the Company in or under the laws of any territory outside England.

4.16 To subscribe or guarantee money for any national, charitable, benevolent, public, general or useful object or for any purpose which may be considered likely directly or indirectly to further the interests of the Company or of its members.

4.17 To establish and maintain or contribute to any pension or superannuation funds for the benefit of, and to give or procure the giving of donations, gratuities, pensions, allowances or emoluments to, any individuals who are or were at any time in the employment or service of the Company or of any company which is its holding company or is a subsidiary of the Company or any such holding company or otherwise is allied to or associated with the Company or any of the predecessors of the Company or any other such company as aforesaid, or who are or were at any time directors or officers of the Company or of any such other company, and the wives, widows, families and dependants of any such individuals; to establish and subsidise or subscribe to any institutions, associations, clubs or funds which may be considered likely to benefit any such persons or to further the interests of the Company or of any such other company; and to make payments for or towards the insurance of any such persons.

4.18 To establish and maintain, and to contribute to, any scheme for encouraging or facilitating the holding of shares or debentures in the Company by or for the benefit of its employees or former employees, or those of its subsidiary or holding company or subsidiary of its holding company, or by or for the benefit of such other persons as may for the time being be permitted by law, or any scheme for sharing profits with its employees or those of its subsidiary and/or associated companies, and (so far as for the time being permitted by law) to lend money to employees of the Company or of any company which is its holding company or is a subsidiary of the Company or any such holding company or otherwise is allied to or associated with the Company with a view to enabling them to acquire shares in the Company or its holding company.

4.19 (i) To purchase and maintain insurance for or for the benefit of any persons who are or were at any time directors, officers or employees or auditors of the Company, or of any other company which is its holding company or in which the Company or such holding company or any of the predecessors of the Company or of such holding

company has any interest whether direct or indirect or which is in any way allied to or associated with the Company, or of any subsidiary undertaking of the Company or of any such other company, or who are or were at any time trustees of any pension fund in which any employees of the Company or of any such other company or subsidiary undertaking are interested, including (without prejudice to the generality of the foregoing) insurance against any liability incurred by such persons in respect of any act or omission in the actual or purported execution and/or discharge of their duties and/or in the exercise or purported exercise of their powers and/or otherwise in relation to the Company or any such other company, subsidiary undertaking or pension fund and (ii) to such extent as may be permitted by law otherwise to indemnify or to exempt any such person against or from any such liability; for the purposes of this clause "holding company" and "subsidiary undertaking" shall have the same meanings as in the Companies Act 1985 as amended by the Companies Act 1989.

4.20 To distribute among members of the Company in specie or otherwise, by way of dividend or bonus or by way of reduction of capital, all or any of the property or assets of the Company, or any proceeds of sale or other disposal of any property or assets of the Company, with and subject to any incident authorised, and consent required, by law.

4.21 To do all or any of the things and matters aforesaid in any part of the world, and either as principals, agents, contractors, trustees or otherwise, and by or through trustees, agents, subsidiary companies or otherwise, and either alone or in conjunction with others.

4.22 To do all such other things as may be considered to be incidental or conducive to any of the above objects.

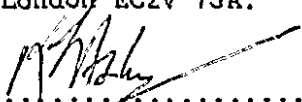
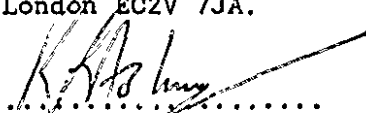
And it is hereby declared that the objects of the Company as specified in each of the foregoing paragraphs of this Clause (except only if and so

far as otherwise expressly provided in any paragraph) shall be separate and distinct objects of the Company and shall not be in any way limited by reference to any other paragraph or the order in which the same occur or the name of the Company.

5 The liability of the members is limited.

6 The Company's share capital is £50,000 divided into 50,000 ordinary shares of £1 each.

WE, the Subscribers to this Memorandum of Association wish to be formed into a Company pursuant to this Memorandum; and we agree to take the number of Shares shown opposite our respective names.

NAMES AND ADDRESSES OF SUBSCRIBERS	Number of Shares taken by each Subscriber
<p>1 Hackwood Directors Limited Barrington House, 59-67 Gresham Street, London EC2V 7JA.</p> <p> For and on behalf of Hackwood Directors Limited</p>	One
<p>2 Hackwood Secretaries Limited Barrington House, 59-67 Gresham Street, London EC2V 7JA.</p> <p> For and on behalf of Hackwood Secretaries Limited</p>	One
Total Shares taken:	Two

DATED 21 January 1994

WITNESS to the above Signatures:-

C F Perry

Barrington House,
59-67 Gresham Street,
London EC2V 7JA.

THE COMPANIES ACTS 1985

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

HACKPLIMCO (NO.FOURTEEN) PUBLIC LIMITED COMPANY

PRELIMINARY

1 The regulations contained in Table A in The Companies (Tables A to F) Regulations 1985 (as amended so as to affect companies first registered on the date of incorporation of the Company) shall, except as hereinafter provided and so far as not inconsistent with the provisions of these Articles, apply to the Company to the exclusion of all other regulations or Articles of Association. References herein to regulations are to regulations in the said Table A unless otherwise stated.

SHARE CAPITAL

2 The share capital of the Company is £50,000 divided into 50,000 Ordinary Shares of £1 each.

3 (A) Subject to the provisions of the Act relating to authority, pre-emption rights and otherwise and of any resolution of the Company in General Meeting passed pursuant thereto, all unissued shares shall be at the disposal of the Directors and they may allot, grant options over or otherwise dispose of them to such persons, at such times and on such terms as they think proper.

(B) (i) Pursuant to and in accordance with Section 80 of the Companies Act 1985 the Directors shall be generally and unconditionally authorised to exercise during the period of five years from the date of incorporation of the Company all the powers of the Company to allot relevant securities up to an aggregate nominal amount of £50,000 and any allotment made pursuant to this authority shall be made as if section 89(1) of the Act did not apply;

(ii) by such authority the Directors may make offers or agreements which would or might require the allotment of relevant securities after the expiry of such period;

(iii) words and expressions defined in or for the purposes of the said Section 80 shall bear the same meanings in this Article.

PROCEEDINGS AT GENERAL MEETINGS

4 In the case of a corporation a resolution in writing may be signed on its behalf by a Director or the Secretary thereof or by its duly appointed attorney or duly authorised representative. Regulation 53 shall be extended accordingly. Regulation 53 (as extended) shall apply mutatis mutandis to resolutions in writing of any class of members of the Company.

5 An instrument appointing a proxy (and, where it is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof) must either be delivered at such place or one of such places (if any) as may be specified for that purpose in or by way of note to the notice convening the meeting (or, if no place is so specified, at the registered office) before the time appointed for holding the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used or be delivered to the Secretary (or the chairman of the meeting) on the day and at the place of, but in any event before the time appointed for holding, the meeting or adjourned meeting or poll. The instrument shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates. An instrument of proxy

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relating to more than one meeting (including any adjournment thereof) having once been so delivered for the purposes of any meeting shall not require again to be delivered for the purposes of any subsequent meeting to which it relates. Regulation 62 shall not apply.

DELEGATION OF DIRECTORS' POWERS

6 In addition to the powers to delegate contained in Regulation 72, the Directors may delegate any of their powers or discretions (including without prejudice to the generality of the foregoing all powers and discretions whose exercise involves or may involve the payment of remuneration to or the conferring of any other benefit on all or any of the Directors) to committees consisting of one or more Directors and (if thought fit) one or more other named persons or persons to be co-opted as hereinafter provided. Insofar as any such power or discretion is delegated to a committee, any reference in these Articles to the exercise by the Directors of the power or discretion so delegated shall be read and construed as if it were a reference to the exercise thereof by such committee. Any committee so formed shall in the exercise of the powers so delegated conform to any regulations which may from time to time be imposed by the Directors. Any such regulations may provide for or authorise the co-option to the committee of persons other than Directors and may provide for members who are not Directors to have voting rights as members of the committee but so that (a) the number of members who are not Directors shall be less than one-half of the total number of members of the committee and (b) no resolution of the committee shall be effective unless passed by a majority including at least one member of the committee who is a Director. Regulation 72 shall be modified accordingly.

APPOINTMENT AND RETIREMENT OF DIRECTORS

7 The Directors shall not be subject to retirement by rotation. Regulations 73 to 75 and the second and third sentences of Regulation 79 shall not apply, and other references in the said Table A to retirement by rotation shall be disregarded.

INDEMNITY

12 (A) Subject to the provisions of and so far as may be permitted by law, every Director, Auditor, Secretary or other officer of the Company shall be indemnified by the Company out of its own funds against and/or exempted by the Company from all costs, charges, losses, expenses and liabilities incurred by him in the actual or purported execution and/or discharge of his duties and/or the exercise or purported exercise of his powers and/or otherwise in relation to or in connection with his duties, powers or office including (without prejudice to the generality of the foregoing) any liability incurred by him in defending any proceedings, civil or criminal, which relate to anything done or omitted or alleged to have been done or omitted by him as an officer or employee of the Company and in which judgment is given in his favour (or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part) or in which he is acquitted or in connection with any application under any statute for relief from liability in respect of any such act or omission in which relief is granted to him by the Court. Regulation 118 shall not apply.

(B) Without prejudice to the provisions of Regulation 87 or paragraph (A) of this Article, the Directors shall have the power to purchase and maintain insurance for or for the benefit of any persons who are or were at any time Directors, officers, employees or auditors of any Relevant Company (as defined in paragraph (C) of this Article) or who are or were at any time trustees of any pension fund or employees' share scheme in which employees of any Relevant Company are interested, including (without prejudice to the generality of the foregoing) insurance against any liability incurred by such persons in respect of any act or omission in the actual or purported execution and/or discharge of their duties and/or in the exercise or purported exercise of their powers and/or otherwise in relation to their duties, powers or offices in relation to any Relevant Company, or any such pension fund or employees' share scheme.

8 Any provision of the Statutes which, subject to the provisions of these Articles, would have the effect of rendering any person ineligible for appointment or election as a Director or liable to vacate office as a Director on account of his having reached any specified age or of requiring special notice or any other special formality in connection with the appointment or election of any Director over a specified age, shall not apply to the Company.

DISQUALIFICATION AND REMOVAL OF DIRECTORS

9 The office of a Director shall be vacated in any of the events specified in Regulation 81 and also if he shall in writing offer to resign and the Directors shall resolve to accept such offer or if he shall have served upon him a notice in writing signed by all his co-Directors (being at least two in number) but so that if he holds an appointment to an executive office which thereby automatically determines such removal shall be deemed an act of the Company and shall have effect without prejudice to any claim for damages for breach of any contract of service between him and the Company.

REMUNERATION OF DIRECTORS

10 Any Director who serves on any committee, or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, commission or otherwise or may receive such other benefits as the Directors may determine. Regulation 82 shall be extended accordingly.

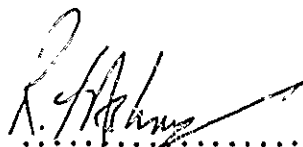
PROCEEDINGS OF DIRECTORS

11 On any matter in which a Director is in any way interested he may nevertheless vote and be taken into account for the purposes of a quorum and (save as otherwise agreed) may retain for his own absolute use and benefit all profits and advantages directly or indirectly accruing to him thereunder or in consequence thereof. Regulations 94 to 98 shall not apply.

(C) For the purpose of paragraph (B) of this Article, "Relevant Company" shall mean the Company, any holding company of the Company or any other body, whether or not incorporated, in which the Company or such holding company or any of the predecessors of the Company or of such holding company has or had any interest whether direct or indirect or which is in any way allied to or associated with the Company, or any subsidiary undertaking of the Company or of any such other body.

NAMES AND ADDRESSES OF SUBSCRIBERS

Hackwood Directors Limited
Barrington House,
59-67 Gresham Street,
London EC2V 7JA.



.....
For and on behalf of
Hackwood Directors Limited


Hackwood Secretaries Limited
Barrington House,
59-67 Gresham Street,
London EC2V 7JA.



.....
For and on behalf of
Hackwood Secretaries Limited

DATED 21 January 1994.

WITNESS to the above Signatures:-



Barrington House,
59-67 Gresham Street,
London EC2V 7JA.

FILE COPY



CERTIFICATE OF INCORPORATION OF A PUBLIC LIMITED COMPANY

No. 2892872

I hereby certify that

HACKPLIMCO (NO. FOURTEEN) PUBLIC LIMITED
COMPANY

is this day incorporated under the Companies Act 1985
as a public company and that the Company is limited.

Given under my hand at the Companies Registration Office,
Cardiff the 31 JANUARY 1994

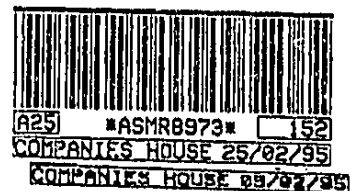
P. Bevan
P. BEVAN

an authorised officer

28912872

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Salient figures and Financial diary

Salient figures

Period to 31st August 1994

	£
Revenue	576,402
Expenses	300,649
Net revenue from ordinary activities before taxation	275,753
Tax on net revenue from ordinary activities	84,867
Profit attributable to shareholders	190,886
Value of investments held	6,533,843
Basic earnings per ordinary share	0.51p
Net asset value per ordinary share	96.24p

Financial diary

Annual General Meeting	1 February 1995
Half year results	Announced 26 April 1995

Board of Directors

John McDonald Green-Armytage Aged 49 (Chairman)

Joined N M Rothschild & Sons in 1970 and became an executive director in 1977. From 1982 until 1988 he was Managing Director of The Guthrie Corporation plc. He is Chief Executive Designate of William Baird PLC, non-executive Chairman of Merzanne Capital & Income Trust 2001 plc and a non-executive director of NORWEB plc, Rothschild Asset Management Limited, N M Rothschild & Sons Limited and a number of other companies.

Donald Cecil Aged 67 (Deputy Chairman)

Founder in 1970 of Cumberland Associates, a private investment management firm, and Managing Partner until 1982. He is a Director of various domestic and international Merrill Lynch Mutual Funds, Chairman of the Biotechnology Investments Limited Valuation Advisory Board and a member of the Institute of Chartered Financial Analysts. Previously he was President of the Shearson Hamill Asset Management Company and was a non-executive Director of a number of public and private companies.

Gary Michael Brass Aged 49

A Managing Director of Consulta Limited, a private investment advisory company, and a non-executive Director of Merzanne Capital & Income Trust 2001 plc and a number of other companies. He is a Chartered Accountant and was formerly with KPMG Peat Marwick and J Henry Schroder Wagg & Co Limited.

Peter Barrie Collacott Aged 50

A Managing Director of Rothschild Asset Management Limited with responsibility for finance and development of Rothschild Group collective investment schemes. He is a Chartered Accountant with over 16 years' experience within the Rothschild Group.

Jeremy Laurence Curnock Cook Aged 45

Founder of International Biochemicals Group in 1975 which he subsequently sold to Royal Dutch Shell Group in 1985, remaining as Managing Director until 1987 when he joined Rothschild Asset Management Limited. He has a degree in microbiology from Trinity College, Dublin. He is a director of Rothschild Asset Management Limited and a non-executive director of Cantab Pharmaceuticals plc, Theraxis

Limited, Vanguard Medical Limited, Cingene Inc, Syncor Holdings Limited, International Biotech Limited and Biocompatibles International plc, of which he is Chairman.

Stephen Andrew Duzan Aged 53

Founder and retired Chairman and Chief Executive of Immunex Corporation, a Seattle-based biopharmaceutical company. He is a former Chairman of the Board of the Industrial Biotechnology Association, the principal trade association of the biotechnology industry. He is also a non-executive director of Targeted Genetics Corporation and Numerix Inc.

James Deneale Grant Aged 62

Chairman and former Chief Executive Officer of Cell Sciences Inc of Cambridge, Massachusetts. He was Vice President of CPC International Inc from 1972 to 1986. He also served as Deputy Commissioner of the Food and Drug Administration of the US in Washington DC from 1969 to 1972 and was Vice Chairman of the Advisory Committee on the Food and Drug Administration of the US ('Edwards Committee') from 1990 to 1991. He is non-executive director of Cingene Corporation and Targeted Genetics Corporation.

Howard Edward Greene Aged 51

Founder, Chairman and Chief Executive Officer of Amlyn Pharmaceuticals Inc. He was Chief Executive Officer of Hybritech Incorporated, now a division of Eli Lilly & Company. He is Chairman of Cytel Corporation and a director of Allergan Inc and a number of other companies.

Dennis Michael John Turner Aged 51

Chief Executive Officer of Pharmaceutical Marketing Services Inc and of Walsh International Inc and a director of Walsh Mander Limited. He is a former Joint Managing Director of SMS International NV and former Senior Vice-President of IMS International Inc. He is also a non-executive director of Informed Management Limited.

(All Directors are non-executive Directors)

Advisers to the company

Investment Manager and Secretary

Rothschild Asset Management Limited, Five Arrows House, St Swithin's Lane, London EC4N 8NR. Telephone 071 280 5000.

Banker

N M Rothschild & Sons Limited, New Court, St Swithin's Lane, London EC4P 4DU.

Solicitor

Linklaters & Paines, Barrington House, 59-67 Gresham Street, London EC2V 7JA.

Auditor

KPMG Peat Marwick, 1 Puddle Dock, Blackfriars, London EC4V 3PD.

Merchant Banker and Stockbroker

Robert Fleming & Co Limited, 25 Copthall Avenue, London EC2R 7DR.

Registrar

The Royal Bank of Scotland plc, PO Box 435, Owen House, 8 Bankhead Crossway North, Edinburgh EH11 4BR.

Registered Office

Five Arrows House, St Swithin's Lane, London EC4N 8NR. (Registered Number 2892872, England).

Chairman's statement

As this is the first Annual Report published by International Biotechnology Trust plc I would like to welcome shareholders to the company.

I am pleased to report that your company ended the period to 31 August 1994 with a total net asset value of £36.3 million, equivalent to 96.24 pence per share.

Following a difficult period for investment in quoted biotechnology stocks shortly after the closing of the offer at the end of April, the sector now shows signs of recovery. The Manager was cautious of acquiring quoted securities prior to seeing evidence of some stability in the market. As a consequence the Company had invested approximately only 18 per cent of its assets in quoted US biotechnology and pharmaceutical companies as at 31 August 1994. Positions were initiated in Amgen, Biochem Pharma, Centocor, Chiron, Genzia, Genetics Institute, Genentech and Incyte Pharmaceuticals.

Whilst investors have been somewhat reluctant to support listed biotechnology stocks in the period since the launch of your Company, pharmaceutical companies have continued to establish numerous corporate collaborations with their smaller biotechnology counterparts. At a time when the pricing of pharmaceuticals is coming under increasing pressure from developments within the marketplace and governments around the world, pharmaceutical companies realise the value inherent in the innovative research and development programmes being conducted within biotechnology companies. This a trend which I expect to continue as pharmaceutical companies seek to supplement their research and development pipelines.

The Directors consider that the sector currently offers investment opportunities for long-term capital appreciation which are unmatched by many other industry groups, and further investments will be made as suitable opportunities are identified.

The Manager is making good progress towards establishing a portfolio of target companies and has under review a number of potential investments which meet the Company's long-term investment criteria. The Manager has reviewed over 32 investment proposals and expects these efforts to yield 2-3 new investments in the course of the current quarter. Fully invested, the portfolio will contain 10-12 active investments. To enhance the investment process, the Manager has added further personnel to consolidate the global coverage of the sector.

In view of the nature of income received in the short period since trading commenced and the fact that the Directors do not believe it to be in the best interest of shareholders to recommend the payment of a dividend, the Company did not seek to obtain investment trust status for the period from incorporation to the 31 August 1994. As no material realisations were made during this period there was no significant effect on the overall tax burden of the Company. The Directors will conduct the affairs of the Company so that it satisfies the conditions for approval as an investment trust for the current and future periods.

John Green-Armytage
19 December 1994

Report of the Directors

Accounts

Your Directors present the accounts of the Company for the period ended 31 August 1994.

The Company was incorporated on 31 January 1994 and floated on 6 May 1994 with a share capital of £9,431,250.

Company's Business

The Company's investment policy is to focus on biotechnology companies which are either approaching flotation or which have recently been floated. These are companies in need of additional capital and which are likely to benefit from the advice and support which the Manager can provide. The Manager will use the expertise and experience of its investment team and its specialist consultant to select companies whose products appear to have good prospects of successful commercialisation. The Company will also provide scientific and strategic support to the companies in which it invests, applying the benefits of its experience of the issues facing biotechnology companies at the relevant stages of their development and the expert resources at its disposal to contribute towards the success of the Company's investments.

A review of the development of the business during the period, and likely future developments, is contained in the Chairman's statement on page 9.

The close company provisions of the Income and Corporation Taxes Act 1988 do not apply to the Company and there has been no change in this respect since the end of the financial year.

Revenue

	£
Total revenue for the period amounts to	576,402
Expenses amount to	300,649
Leaving net revenue,	
before providing for taxation, of	275,753
Taxation takes	84,867
Net revenue after taxation thus amount to	190,886

Substantial Shareholdings

So far as the Directors are aware, the only substantial shareholdings at 31 October 1994 were as follows:

	Ordinary Shares 25p
Barclays Nominees Limited	1,200,000
Commercial Union	
Life Assurance Company Limited	2,000,000
Co-operative Insurance Society Limited	3,000,000
Midland Bank Trust Company Limited	1,290,000
NC Lombard Street Nominees Limited	3,000,000
RIAM (Nominees) Limited	2,500,000
Vidacos Nominees Limited	2,437,500
Zeneca Limited	5,000,000

Directors

A list of the present Directors of the Company who all served throughout the period under review is to be found on page 7 and constitutes part of this report.

All Directors are required to retire at the first Annual General Meeting and they offer themselves for re-election to the Board.

The following beneficial interests of Directors in the share capital of the Company at 31 August 1994 are shown in the Register of Directors' Interests; this Register will be available for inspection during normal business hours at the registered office.

	Ordinary Shares 25p	Warrants
	31 August 1994	31 August 1994
John Green-Armytage	10,000	2,000
Donald Cecil	40,000	8,000
Clary Brass	10,000	2,000
Jeremy Curnock Cook	5,000	1,000
Peter Collacont	1,500	300
Stephen Duzan	10,000	2,000
James Grant	5,000	1,000
Howard Greene	35,000	7,000

Since 31 August 1994 there has been no change in this position.

During the period cover has been maintained for the Directors under a directors' and officers' liability insurance policy as permitted by Section 137 of the Companies Act 1989.

There are no Directors' service contracts.

Except as mentioned below no Director had any material interest in any contract with the Company, being a contract of significance in relation to the Company's business.

Management Agreement

The Company has an agreement with Rothschild Asset Management Limited of which Mr John Green-Armytage, Mr Peter Collacott and Mr Jeremy Curnock Cook are directors. Under the terms of this agreement, Rothschild Asset Management Limited manages the investments of the Company for a quarterly fee based on the value of the investments and liquid funds under management on each 31st August, 30th November, 28th February and 31st May. The fee during the period under review was calculated on the basis of 1.375 per cent per annum of the value of investments and liquid funds and is terminable on 31st March 1997 and thereafter by either party giving not less than one year's notice.

Going Concern Basis

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements

Corporate Governance

In December 1992, the Cadbury Committee published its report on the financial aspects of corporate governance and recommended that listed companies comply with a Code of Best Practice (the Code). The Code recommends that companies reporting in respect of years ending after 30th June 1993 should make a Statement in their report and accounts about their compliance with the Code

subsequent to that date.

It is the considered opinion of your Board that although the Code may be appropriate for many companies much of what it contains is inappropriate for a company of the nature of International Biotechnology Trust plc. The Company does not comply with the following paragraphs of the Code:

- 1.4 The Board believes that a formal schedule of reserved matters is unnecessary as it has overall responsibility for the management of the Company and takes the decisions on all material matters and thereby exercises full direction and control.
- 1.5 While there is no agreed procedure for Directors to take independent professional advice members of the Board are encouraged to seek advice if required.
- 2.3 There is no formal procedure for selection and appointment of the Directors apart from their re-election by the shareholders.
- 3.3, 3.4 The Board believes that decisions regarding the directors' remuneration and the audit of the financial statements should be matters for the Board as a whole rather than for a committee of the Board.

The auditors, KPMG Peat Marwick, have confirmed to the Directors that they are satisfied that this statement appropriately reflects the company's compliance with the Code of Best Practice.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the reappointment of KPMG Peat Marwick as auditors of the Company is to be proposed at the Annual General Meeting.

By order of the Board

ROTHSCHILD ASSET MANAGEMENT LIMITED
Secretary,

Five Arrows House
St Swithin's Lane,
London, EC4N 8NR

19 December 1994

Statement of Directors' responsibilities

Company law requires Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the net revenue for that period. In preparing those financial statements, the Directors are required to:

- ❖ select suitable accounting policies and then apply them consistently;
- ❖ make judgements and estimates that are reasonable and prudent;
- ❖ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- ❖ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The Directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

Report of the Auditors

Auditors' report to the members of International Biotechnology Trust plc.

We have audited the financial statements on pages 14 to 20.

Respective responsibilities of Directors and Auditors

As described on page 12 the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company as at 31 August 1994 and of the net revenue of the Company for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Peat Marwick
KPMG Peat Marwick
Chartered Accountants
Registered Auditors

London
19 December 1994

Financial Statements

Revenue account

for the period ended 31 August 1994

	Notes	£	£
<i>Income</i>	1(d)		
Deposit interest		408,828	
Interest from short term investments		<u>167,574</u>	
<i>Total revenue</i>			576,402
<i>Expenses and interest</i>			
Administrative expenses	2		<u>300,649</u>
Net revenue from ordinary activities before taxation			275,753
Tax on net revenue from ordinary activities	3		84,867
<i>Retained net revenue from ordinary activities after taxation for the period</i>			<u>190,886</u>
<i>Basic earnings per share</i>	4		Net 0.51p

The notes on pages 18 to 20 form part of these financial statements.

Financial Statements

Balance sheet

as at 31 August 1994

	Notes	£	£
<i>Fixed Assets</i>			
Investments	1(b) & 5		6,533,843
<i>Current Assets</i>			
Debtors			
Accrued income		126,898	
VAT recoverable		14,297	
		141,195	
Cash at bank		34,528,578	
		<u>34,669,773</u>	
<i>Creditors: amounts falling due within one year</i>			
Purchases for future settlement		4,553,333	
Accruals		255,357	
Corporation tax payable		47,201	
		<u>4,855,892</u>	
<i>Net current assets</i>			29,813,881
<i>Total assets less current liabilities</i>			<u>36,347,724</u>
<i>Provisions for liabilities and charges</i>	8		(41,876)
<i>Net assets</i>			<u>36,305,848</u>
<i>Capital and Reserves</i>			
Called up share capital	9		9,431,250
Share premium	10		23,870,592
Warrant reserve	11		2,699,524
Capital reserves	1c & 12		10,367
Unrealised appreciation on investments	1b & 13		103,229
Revenue reserves			<u>190,886</u>
			<u>36,305,848</u>

John Green-Armytage, Director

Donald Cecil, Director

Approved by the Board of Directors on 19 December 1994

The notes on pages 18 to 20 form part of these financial statements.

Financial Statements

Cash Flow Statement

for the period ended 31 August 1994

	Notes	£	£
<i>Operating Activities</i>			
Income received from securities		167,574	
Interest received		281,930	
Other cash payments		(59,589)	
<i>Net cash inflow from operating activities</i>	14		389,915
<i>Investing activities</i>			
Purchase of investments		(2,285,148)	
Sale of investments		422,445	
<i>Net cash (outflow) from investing activities</i>			(1,862,703)
<i>Net cash (outflow) before financing</i>			<u>(1,472,788)</u>
<i>Financing</i>			
Issue of ordinary shares of 25p		(37,725,000)	
Expenses paid in respect of the issue		1,723,634	
<i>Net cash inflow from financing</i>	15		(36,001,366)
<i>Increase in cash</i>	16		<u>34,528,578</u> <u>(1,472,788)</u>

The notes on pages 18 to 20 form part of these financial statements.

Financial Statements

Cash Flow Statement

for the period ended 31 August 1994

	Notes	£	£
<i>Operating Activities</i>			
Income received from securities		167,574	
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Other cash payments		(59,589)	
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<i>Increase in cash</i>	16		<u>34,528,578</u> <u>(1,472,788)</u>

The notes on pages 18 to 20 form part of these financial statements.

Financial Statements

Statement of Total Recognised Gains and Losses

for the period ended 31 August 1994

<i>Capital profit on investments</i>	£
Realised gains	14,577
Tax on realised gains	(4,210)
	10,367
Unrealised gains	<u>103,229</u>
	113,596
 <i>Revenue profit available for distribution</i>	 190,886
 <i>Total recognised gains for the period</i>	 <u>304,482</u>
 <i>Distributable profits</i>	
Revenue profit available for distribution	190,886
Appropriations	-
Revenue profit transferred to distributable reserves	190,886
 <i>Non-distributable profits</i>	
Capital gains transferred to non-distributable reserves	113,596
	<u>304,482</u>

Reconciliation of Movements in Shareholders' Funds

for the period ended 31 August 1994

	£
Net proceeds from issue of shares	36,001,366
Revenue profit for the period	190,886
Net recognised capital gains for the year	113,596
Net additions to shareholders' funds	36,305,848
Shareholders' funds at start of period	Nil
Shareholders' funds at 31 August 1994	<u>36,305,848</u>

The notes on pages 18 to 20 form part of these financial statements.

Financial Statements

Notes

forming part of the financial statement

1. Accounting Policies

(a) The accounts have been prepared under the historical cost convention subject to note (b) below and in accordance with applicable accounting standards

(b) Quoted investments are shown at mid-market values at the balance sheet date, the net surplus over cost being reflected in the accounts as unrealised appreciation on investments

(c) In accordance with the normal practice for investment trust companies, gains less losses on the realisation of investments have been dealt with through capital reserves.

(d) Income from investments and deposit interest have been included in revenue on a receivable basis

(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 profit for the period 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.

2. Administrative Expenses

	£
Management and general expenses	290,699
Auditors' remuneration:	
audit	6,750
other services	3,200
	<u>300,649</u>

Management and general expenses include management fees of £167,645 payable to Rothschild Asset Management Limited, in which three Directors of the Company have an interest as detailed in the Directors' Report on page 10, and Directors' fees of £32,500. Directors' fees due to Mr Peter Collacott and Mr Jeremy Curnock Cook are payable to Rothschild Asset Management Limited. The Chairman, who is also the highest paid Director, receives an annual fee of £15,000 and therefore receives £5,000 in respect of the period.

The emoluments, which consists solely of Directors' fees (including those of the Chairman), are within the following ranges.

Number	£
9	0 - 5,000

3. Taxation

	£
UK Corporation Tax for the year at 33%	42,991
Deferred tax	41,876
	<u>84,867</u>

Financial Statements

Notes continued

4. Earnings per Share

The calculation of basic net earnings per share is based on net revenue after taxation of £190,886 and 37,725,000 ordinary shares of 25p each in issue throughout the period ended 31 August 1994

5. Investments

£

(a) Investments comprise:

Quoted on the NASDAQ Exchange	5,132,606
Quoted on the New York Stock Exchange	1,136,837
Quoted on the American Stock Exchange	264,400
	<u>6,533,843</u>

(b) Movements on investments:

Additions at cost	6,838,482
Disposals at cost	(407,868)

Cost of investments at 31 August 1994	6,430,614
Unrealised appreciation at 31 August 1994	103,229
Valuation of investments at 31 August 1994	<u>6,533,843</u>

8. Provisions for liabilities and charges

£

Deferred taxation

Provision at beginning of period	Nil
Provision made during period	41,876
Provision at end of period	<u>41,876</u>

This provision relates to accrued interest at the period end.

9. Called up Share Capital

£

Authorised

100,000,000 ordinary shares of 25p each	25,000,000
---	------------

Allotted, called up and fully paid

Number

£

Balance at beginning of period	Nil	Nil
Issued during the period	37,725,000	9,431,250
Balance at end of period	<u>37,725,000</u>	<u>9,431,250</u>

37,725,000 ordinary shares of 25p each were allotted during the period for the purpose of launching the Company

The net consideration received after all issue expenses and commissions was £36,001,366.

10. Share Premium

£

Balance at beginning of period

Nil

Premium on issue of shares	25,419,105
Less launch costs	(1,548,513)
Balance at end of period	<u>23,870,592</u>

Financial Statements

Notes continued

11. Warrant Reserve				£
Balance at beginning of period				Nil
Premium on issue of warrants				2,874,645
Less launch costs				(175,121)
Balance at end of period				<u>2,699,524</u>
12. Capital Reserves				£
Balance at beginning of period				Nil
Realised gains on sales of investments during the period				14,577
Tax on realised gains				(4,210)
Balance at end of period				<u>10,367</u>
13. Unrealised Appreciation on Investments				£
Balance at beginning of period				Nil
Unrealised appreciation during the period				103,229
Balance at end of period				<u>103,229</u>
14. Reconciliation of net revenue to net cash inflow from operating activities				£
Net revenue from ordinary activities before taxation				275,753
Increase in accrued income				(126,898)
Increase in other debtors				(14,297)
Increase in creditors				<u>255,357</u>
				<u>389,915</u>
15. Analysis of changes in financing during the period				
	Shares Capital including Premium	Warrants	Total	
Balance at beginning of period	Nil	Nil	Nil	
Issue during the period	<u>33,301,842</u>	<u>2,699,524</u>	<u>36,001,366</u>	
Balance at end of period	<u>33,301,842</u>	<u>2,699,524</u>	<u>36,001,366</u>	
16. Analysis of changes in cash and cash equivalents during the period				£
Balance at beginning of period				-
Net cash inflow				<u>34,528,578</u>
				<u>34,528,578</u>
17. Cash and cash equivalents				£
Cash at bank				34,528,578
18. Net Asset Value per share				
The basic net asset value per share at 31 August 1994 was:				96.24p

Financial Statements

Shares and Warrants

Prices at 6 May 1994 for Capital Gains Tax purposes

Dealings in the shares and warrants commenced on Friday, 6 May 1994. The mid-market prices, as derived from the London Stock Exchange Daily Official List, were:

Ordinary Shares of 25p each	94.5p
Warrants to subscribe for one share	39p

The issue price was 100p per ordinary share; the warrants to subscribe for ordinary shares were issued on the basis of one warrant for every five ordinary shares. Therefore the pro rata valuation is calculated as follows:

Value ascribed to an ordinary share	=	$\frac{94.5}{(94.5 + 39 \times 0.2)} \times 100p$
	=	92.38p
Value ascribed to a warrant	=	$\frac{(39 \times 0.2)}{(94.5 + 39 \times 0.2)} \times 100p$
	=	7.62p

Financial Statements

Investments by value

at 31 August 1994

	£
Chiron Corporation	1,361,861
Genetics Institute	1,342,336
Amgen	1,201,595
Genentech Inc	1,136,837
Centocor Incorporated	919,297
Biochem Pharma Inc	307,517
Incyte Pharmaceuticals	264,400

Classification of Investments (by value)

at 31 August 1994

Equities - USA	%
Quoted:	
Pharmaceuticals	79
Other services & businesses	21
Total	100
Number of individual holdings	7

Investee companies

A brief description of International Biotechnology Trust plc's investee companies at 31 August 1994 is given below.

Amgen Inc

Amgen develops, manufactures and markets drugs based on advanced cellular and molecular biology. The company's two principal drugs are Epogen, which stimulates the production of red blood cells, and Neupogen, an agent which stimulates the production of certain white blood cells. The company generated revenues of \$1373.8 million and pretax profit of \$570 million in 1993. Amgen is the world's largest independent biotechnology company (based on market capitalisation).

Biochem Pharma

Biochem Pharma is a Canadian pharmaceutical company specialising in the research, development, manufacturing and marketing of products for the prevention, treatment and detection of human diseases. Research efforts have focused on the development of tests for detecting infectious diseases, new vaccines and compounds for treating immune system diseases. The company's lead product is an anti-viral agent which is currently in two separate human clinical trials to investigate its efficacy in the treatment of patients with HIV and also patients with hepatitis B. The company is developing both indications in conjunction with Glaxo Inc, its corporate partner.

Centocor Inc

Centocor utilises biotechnology, principally monoclonal antibody technology, in the development of human healthcare products focusing on cancer, cardio-vascular, auto-immune and infectious diseases. The company's drug, Centoxin, is used for the treatment of gram negative sepsis and is sold throughout Europe and Australia.

Chiron Corporation

Chiron is developing healthcare products to treat, prevent and diagnose disease. The company targets four markets: infectious disease diagnostics, adult vaccines, specialty pharmaceuticals and ophthalmics. Chiron services companies such as Johnson & Johnson, Daiichi Pure

Chemicals and CIBA-GEIGY. The company has several products on the market, including Betaseron for the treatment of Multiple sclerosis, revenues were \$217 million in 1993.

Genentech Inc

Genentech manufactures pharmaceuticals using recombinant DNA technology. The company has several products on the market, Actavase, a blood clot dissolver, Protropin, a human growth hormone, Activated Gamma Interferon, used to manage chronic granulomatous disease and Pulmozyme, a treatment for cystic fibrosis. Revenues were \$608 million in 1993.

Genetics Institute Inc

Genetics Institute develops, manufactures and commercialises protein-based pharmaceutical products using recombinant DNA and other technologies. The company has focused its scientific efforts in four complementary areas, immunology, hematopoiesis, blood coagulation and tissue growth and repair. The company has three products generating either sales or royalties and four products in development. Revenues were \$102m in 1993.

Incyte Pharmaceuticals Inc

Incyte Pharmaceuticals uses computer aided gene sequencing techniques to identify genes and evaluate their potential use or to predict their biological and therapeutic functions. Incyte plans to form collaborations with other biotechnology and pharmaceutical companies to apply information derived in this manner to the development of new drugs and treatments.

Notice of Meeting

NOTICE IS HEREBY GIVEN that the FIRST ANNUAL GENERAL MEETING of International Biotechnology Trust plc will be held at Five Arrows House, St Swithun's Lane, London EC4N 8NR, on 1 February 1995 at 11.00am to:

1. receive the Accounts for the period ended 31 August 1994 together with the Directors' and Auditors' Reports thereon (Resolution 1)
2. re-elect Mr John Green-Armytage as a Director (Resolution 2)
3. re-elect Mr Donald Cecil as a Director (Resolution 3)
4. re-elect Mr Gary Brass as a Director (Resolution 4)
5. re-elect Mr Peter Collacott as a Director (Resolution 5)
6. re-elect Mr Jeremy Curnock Cook as a Director (Resolution 6)
7. re-elect Mr Stephen Duzan as a Director (Resolution 7)
8. re-elect Mr James Grant as a Director (Resolution 8)
9. re-elect Mr Dennis Turner as a Director (Resolution 9)
10. re-appoint Messrs KPMG Peat Marwick as Auditors and authorise the Directors to fix their remuneration (Resolution 10)

By order of the Board
ROTHSCHILD ASSET MANAGEMENT LIMITED
Secretary

Five Arrows House
St Swithun's Lane
London
EC4N 8NR
19 December 1994

The following notes form part of and should be read in conjunction with the Notice of Meeting:

A member entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend and, on a poll, to vote in his stead; such proxies need not be members of the Company. A form of proxy for the use of members is enclosed with this Report.

Form of Proxy

International Biotechnology Investment Trust plc

For the use of ordinary shareholders of International Biotechnology Trust plc at the Annual General Meeting to be held on Tuesday 1 February 1995 at 11.00am and at any adjournment thereof

Please insert full
name(s) and address(es)
in block letters

I/we _____
of _____

being (a) member(s) of International Biotechnology Trust plc, hereby appoint Mr John Green-Armytage, the Chairman of the Company, or failing him, the Chairman of the Meeting, (see note 1) _____

as my/our Proxy to vote for me/us and on my/our behalf at the first Annual General Meeting of the Company to be held on 1 February 1995 at 11.00am and at any adjournment thereof.

Please indicate with an 'X' in the appropriate spaces below how you wish your votes to be cast

Ordinary resolutions	For	Against
1. To adopt the Accounts for the period ended 31 August 1994 together with the Directors' and Auditors' Reports thereon.		
2. To re-elect Mr John Green-Armytage as a Director		
3. To re-elect Mr Donald Cecil as a Director		
4. To re-elect Mr Gary Brass as a Director		
5. To re-elect Mr Peter Collacott as a Director		
6. To re-elect Mr Jeremy Curnock Cook as a Director		
7. To re-elect Mr Stephen Duzan as a Director		
8. To re-elect Mr James Grant as a Director		
9. To re-elect Mr Dennis Turner as a Director		
10. To re-appoint Messrs KPMG Peat Marwick as Auditors and authorise the Directors to fix their remuneration.		

On receipt of this form duly signed, but without any specific directions as to how you wish your votes to be cast, your proxy will vote or abstain at his or her discretion.

Signed this _____ day of _____ 1991
Signature _____

Notes

1. If you wish to appoint another person to be your proxy instead of the Chairman of the Meeting, you should delete the words "Mr John Green-Armytage, the Chairman of the Company, or failing him, the Chairman of the Meeting," and write the name of your proxy in the space provided and initial the alteration. The person appointed need not be a member of the Company.

2. This proxy, to be valid, must be completed, signed and lodged with the Registrars of the Company, the Royal Bank of Scotland PLC, Registrars Department, PO Box 457, Owen House, 8 Bankhead Crossway North, Edinburgh EH11 0XG, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting or for taking a poll at which the person named therein proposes to vote.

3. If the appointer is a corporation this proxy must be under its Common Seal or under the hand of an officer or attorney duly authorised.

4. In the case of joint holders, the votes of the senior who tenders the votes, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members.

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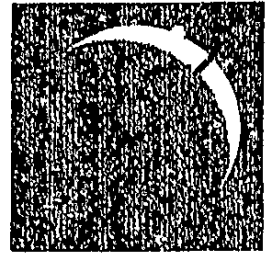
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The Royal Bank of Scotland PLC
Registrar's Department
PO Box 457
Owen House
8 Bankhead Crossway North
Edinburgh EH11 0XG

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INTERNATIONAL

BIOTECHNOLOGY

TRUST PLC

Report of the Directors
and Financial Statements 1994

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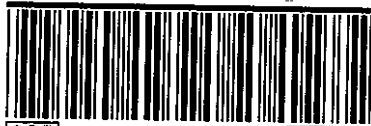
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Annual Return

THE REGISTRAR OF COMPANIES
COMPANIES HOUSE
CROWN WAY
CARDIFF
CF4 3UZ



A02 *AIQAETQP* 552
COMPANIES HOUSE 05/03/97

COMPANIES HOUSE 25/02/97

of company number 02892872

B

company name

INTERNATIONAL BIOTECHNOLOGY TRUST PLC

company type

PUBLIC LIMITED COMPANY

This form should be completed in black.

The information printed below is taken from Companies House records as at 16/01/97

If this information requires amendment use the spaces opposite.

Date of this return *(See note 1)*

The information in this return should be made up to a date not later than

Day	Month	Year
31	01	97

If you are making the return up to an earlier date, show the date here. Please note that the form must be delivered to Companies House within 28 days of this earlier date.

Day	Month	Year

Date of next return *(See note 2)*

If you wish to make your next return to a date earlier than the anniversary of this return please show the date here. Companies House will then send a form at the appropriate time.

Day	Month	Year

Registered Office *(See note 3)*

This is the address registered by Companies House.

FIVE ARROWS HOUSE
ST SWITHINS LANE
LONDON
EC4N 8NR

.....
.....
.....

Principal business activities *(See note 4)*

Trade classification is
6523 OTHER FINANCIAL INTERMEDIATION

--	--	--	--

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If the code cannot be determined from the notes, give a brief description of principal activity.

If the information shown needs amendment, give details below and, for secretary and director particulars, the date of any change.

Register of members *(See note 5)*

The register is kept at

REGISTRARS DEPARTMENT
THE ROYAL BANK OF SCOTLAND PLC
PO BOX 633, 5/10 GREAT TOWER
STREET LONDON EC3R 5ER

Register of debenture holders *(See note 6)*

Any register of debenture holders (or duplicate) is kept at

Company Secretary *(See note 7)*

Particulars of a new secretary **must** be notified on form 288.

ROTHSCHILD ASSET MANAGEMENT LIMITED
FIVE ARROWS HOUSE ST SWITHINS LANE
LONDON
EC4N 8NR

Day Month Year

--	--	--

Date of any change.

If this person has ceased to be secretary, please state when.

Day Month Year

--	--	--

Date of resignation.

Directors *(See note 7)*

Particulars of a new director **must** be notified on form 288.

GARY MICHAEL
BRASS
43 TREGUNTER ROAD
LONDON
SW10 9LG

Day Month Year

--	--	--

Date of any change.

Date of Birth:- 08/12/45
Nat: BRITISH
Occ: INVESTMENT ADVISER

If this person has ceased to be director, please state when.

Day Month Year

--	--	--

Date of resignation.

Show any relevant current and previous directorships.

SEE ATTACHED

If the information shown needs amendment, give details below and the date of any change.

Directors - continued

Particulars.

DONALD
CECIL
3 STRATFORD ROAD
HARRISON
NY 10528
USA

Date of Birth:- 03/01/27

Nat:US

Occ:DIRECTOR

If this person has ceased to be director, please state when.

Show any relevant current and previous directorships.

Day Month Year

Day	Month	Year
-----	-------	------

Date of any change.

Day Month Year

Day	Month	Year
-----	-------	------

Date of resignation.

No Other Directorships

Particulars.

PETER BARRIE
COLLACOTT
FIVE ARROWS HOUSE ST SWITHINS LANE
LONDON
EC4N 8NR

Date of Birth:- 19/06/44

Nat:BRITISH

Occ:COMPANY DIRECTOR

If this person has ceased to be director, please state when.

Show any relevant current and previous directorships.

Day Month Year

Day	Month	Year
-----	-------	------

Date of any change.

Day Month Year

Day	Month	Year
-----	-------	------

Date of resignation.

SEE ATTACHED

Particulars.

JEREMY LAURENCE
CURNOCK COOK
FIVE ARROWS HOUSE
ST SWITHINS LANE
LONDON
EC4N 8NR

Date of Birth:- 03/09/49

Nat:BRITISH

Occ:DIRECTOR

If this person has ceased to be director, please state when.

Show any relevant current and previous directorships.

Day Month Year

Day	Month	Year
-----	-------	------

Date of any change.

Day Month Year

Day	Month	Year
-----	-------	------

Date of resignation.

SEE ATTACHED

If the information shown needs amendment, give details below and the date of any change.

Directors - continued

Particulars.

STEPHEN ANDREW
DUZAN
1711 WALLING ROAD
FRIDAY HARBOUR WA
WASHINGTON
WA 98250 USA

Date of Birth:- 09/05/41
Nat:USA
Occ:COMPANY DIRECTOR

If this person has ceased to be director, please state when.

Show any relevant current and previous directorships.

Day Month Year

Day	Month	Year
-----	-------	------

Date of any change.

Day Month Year

Day	Month	Year
-----	-------	------

Date of resignation.

No Other Directorships

Particulars.

JAMES DENEALE
GRANT
860 FIFTH AVENUE
NEW YORK
NY10021 USA

Date of Birth:- 09/07/32
Nat:USA
Occ:BUSINESS CONSULTANT

If this person has ceased to be director, please state when.

Show any relevant current and previous directorships.

Day Month Year

Day	Month	Year
-----	-------	------

Date of any change.

Day Month Year

Day	Month	Year
-----	-------	------

Date of resignation.

SEE ATTACHED

Particulars.

JOHN MCDONALD
GREEN-ARMYTAGE
NO 19 ST SWITHINS LANE
LONDON
EC4P 4DU

Date of Birth:- 06/06/45
Nat:CANADIAN
Occ:CONSULTANT

If this person has ceased to be director, please state when.

Show any relevant current and previous directorships.

Day Month Year

Day	Month	Year
-----	-------	------

Date of any change.

Day Month Year

Day	Month	Year
-----	-------	------

Date of resignation.

SEE ATTACHED

If the information shown needs amendment, give details below and the date of any change.

Directors - continued

Particulars.

HOWARD EDWARD
GREENE
PO BOX 8984
RANCHO
SANTA FE
CA92067 USA

Date of Birth:- 03/01/43
Nat:USA
Occ:CHAIRMAN AND CEO

If this person has ceased to be director, please state when.

Show any relevant current and previous directorships.

Day Month Year

Day	Month	Year

Date of any change.

Day Month Year

Day	Month	Year

Date of resignation.

SEE ATTACHED

Particulars.

DENNIS MICHAEL JOHN
TURNER
8 ORMONDE GATE
LONDON
SW3

Date of Birth:- 04/10/42
Nat:CANADIAN
Occ:COMPANY DIRECTOR

If this person has ceased to be director, please state when.

Show any relevant current and previous directorships.

Day Month Year

Day	Month	Year

Date of any change.

Day Month Year

Day	Month	Year

Date of resignation.

SEE ATTACHED

Particulars.

NO MORE DIRECTORS - ADDITIONAL SECRETARIES
OR DIRECTORS MUST BE NOTIFIED ON FORM 288a.

Day Month Year

Day	Month	Year

Date of any change.

Day Month Year

Day	Month	Year

Date of resignation.

If this person has ceased to be director, please state when.

Show any relevant current and previous directorships.

02892872

Enter details of all shares in issue at the date of this return.

Class
(eg Ordinary/
Preference etc.)

Number of
shares issued

Aggregate
nominal value

(ie Number of 'shares
issued multiplied by
nominal value per share)

ORDINARY

63,390,365

15,847,591.25

Totals

63,390,365

15,847,591.25

List of past and present members

(See note 9)

(Use attached schedule where appropriate)

A full list is required if one was not included with either of the last two returns.

Please mark the appropriate box.

The last full members list was at 31/01/96

There were no changes in the period

on paper	not on paper
<p>1. <i>the</i> <i>best</i> <i>way</i> <i>to</i> <i>learn</i> <i>is</i> <i>to</i> <i>read</i> <i>books</i></p> <p>2. <i>the</i> <i>best</i> <i>way</i> <i>to</i> <i>learn</i> <i>is</i> <i>to</i> <i>read</i> <i>books</i></p> <p>3. <i>the</i> <i>best</i> <i>way</i> <i>to</i> <i>learn</i> <i>is</i> <i>to</i> <i>read</i> <i>books</i></p> <p>4. <i>the</i> <i>best</i> <i>way</i> <i>to</i> <i>learn</i> <i>is</i> <i>to</i> <i>read</i> <i>books</i></p> <p>5. <i>the</i> <i>best</i> <i>way</i> <i>to</i> <i>learn</i> <i>is</i> <i>to</i> <i>read</i> <i>books</i></p> <p>6. <i>the</i> <i>best</i> <i>way</i> <i>to</i> <i>learn</i> <i>is</i> <i>to</i> <i>read</i> <i>books</i></p> <p>7. <i>the</i> <i>best</i> <i>way</i> <i>to</i> <i>learn</i> <i>is</i> <i>to</i> <i>read</i> <i>books</i></p> <p>8. <i>the</i> <i>best</i> <i>way</i> <i>to</i> <i>learn</i> <i>is</i> <i>to</i> <i>read</i> <i>books</i></p> <p>9. <i>the</i> <i>best</i> <i>way</i> <i>to</i> <i>learn</i> <i>is</i> <i>to</i> <i>read</i> <i>books</i></p> <p>10. <i>the</i> <i>best</i> <i>way</i> <i>to</i> <i>learn</i> <i>is</i> <i>to</i> <i>read</i> <i>books</i></p>	<p>1. <i>the</i> <i>best</i> <i>way</i> <i>to</i> <i>learn</i> <i>is</i> <i>to</i> <i>read</i> <i>books</i></p> <p>2. <i>the</i> <i>best</i> <i>way</i> <i>to</i> <i>learn</i> <i>is</i> <i>to</i> <i>read</i> <i>books</i></p> <p>3. <i>the</i> <i>best</i> <i>way</i> <i>to</i> <i>learn</i> <i>is</i> <i>to</i> <i>read</i> <i>books</i></p> <p>4. <i>the</i> <i>best</i> <i>way</i> <i>to</i> <i>learn</i> <i>is</i> <i>to</i> <i>read</i> <i>books</i></p> <p>5. <i>the</i> <i>best</i> <i>way</i> <i>to</i> <i>learn</i> <i>is</i> <i>to</i> <i>read</i> <i>books</i></p> <p>6. <i>the</i> <i>best</i> <i>way</i> <i>to</i> <i>learn</i> <i>is</i> <i>to</i> <i>read</i> <i>books</i></p> <p>7. <i>the</i> <i>best</i> <i>way</i> <i>to</i> <i>learn</i> <i>is</i> <i>to</i> <i>read</i> <i>books</i></p> <p>8. <i>the</i> <i>best</i> <i>way</i> <i>to</i> <i>learn</i> <i>is</i> <i>to</i> <i>read</i> <i>books</i></p> <p>9. <i>the</i> <i>best</i> <i>way</i> <i>to</i> <i>learn</i> <i>is</i> <i>to</i> <i>read</i> <i>books</i></p> <p>10. <i>the</i> <i>best</i> <i>way</i> <i>to</i> <i>learn</i> <i>is</i> <i>to</i> <i>read</i> <i>books</i></p>

A list of changes is enclosed

A full list of members is enclosed

Certificate

I certify that the information given in this return is true to the best of my knowledge and belief.

I enclose the fee of £ 15.

Cheques should be made payable to **Companies House**.

Signed

~~Secretary/Director~~ *

**(delete as appropriate)*

Date 24 February 1957

This return includes continuation sheets.

Please ensure that you have completed
all sections on this page.

To whom should Companies House direct any enquiries about the information shown in this return?

ROBERT PIGOT

ROTHSCHILD ASSET MANAGEMENT LIMITED

FIVE ARROWS HOUSE, ST. SMITHIN'S LANE

LONDON

Postcode *EC4N 8NR*

Telephone 0171 623 1000

Ext 2853

International Biotechnology Trust plc
Reg. No: 02892872

Gary Brass

List of Directorships

	Date Appointed	Date Resigned
AlphaBlox Corporation Limited	17.08.95	
Consulta Limited	22.12.87	
Consulta Emerging Markets Debt Fund	01.01.97	
Consulta Smaller Companies Fund Limited	01.01.97	
Consulta Canadian Energy Fund Limited	01.01.97	
Consulta International Limited	08.11.91	
Consulta (Channel Islands) Limited	08.11.91	
European Software Publishing Limited	1989	
London and Devonshire Trust Limited	15.08.96	
MCIT plc	10.12.86	
MCIT (Existing Pool) Limited	17.05.95	
MCIT (New Pool) Limited	22.02.93	
Trilateral Communications Limited	1986	

International Biotechnology Trust plc
Reg. No: 02892872

Peter Collacott

List of Directorships

	Date Appointed	Date Resigned
Rotrust Nominees Limited	31-Aug-83	
Rothschild Asset Management Limited	01-Apr-85	
Rothschild Fund Management Limited	16-Dec-86	
Rothschild Asset Management (CI) Limited	15-Jul-87	
Five Arrows House Investments Limited	09-Mar-88	
FAHIL Finance Limited	30-Apr-88	
I. Diag E. Limited	26-Nov-94	
Rothschild International Asset Management Limited	21-Mar-96	
Five Arrows Fund Management S.A. <i>(overseas company)</i>	23-Oct-96	

International Biotechnology Trust plc
Reg. No: 02892872

Jeremy Curnock Cook

List of Directorships

	Date Appointed	Date Resigned
Mercia Diagnostics Limited	29-Mar-88	29/01/92
Rothschild Asset Management Limited	26-Jul-88	
MedIT Limited	21-Sep-89	End 1993
Canatab Pharmaceuticals plc	30-Apr-90	
Biocompatibles Limited	25-Oct-90	
Biocompatibles International plc	03-Apr-92	
Rothschild International Asset Management Limited	01-May-92	
Therexsys Limited	01-Jul-92	
Vanguard Medica Limited	01-Apr-93	
Healthcare Ventures Limited	01-Feb-95	
Rothschild International Asset Management Limited	21-Mar-96	

International Biotechnology Trust plc
Reg. No: 02892872

James Grant

List of Directorships

	Date Appointed	Date Resigned
Biocompatibles International Plc	6.4.95	

International Biotechnology Trust plc
Reg. No: 02892872

John McDonald Green-Armytage

List of Directorships

	Date Appointed	Date Resigned
REA Holdings plc	01-Jan-84	31/12/94
MCIT plc (formerly Mezzanine Capital and Income Trust 2001 plc)	17-Dec-86	
Mace Investments Limited	01-Jul-88	
Mace Management Services Limited	01-Jul-88	
NM Rothschild & Sons Limited	01-Oct-88	
International Investment Trust Company of Jersey Limited	06-Oct-88	27/09/96
Rowe Evans Investments Limited	01-Jan-89	31/12/94
Ventura Investments Limited (formerly Fransworth and Hastings Limited (Bermuda))	13-Mar-89	30/06/92
English & Scottish Investors plc	18-Oct-89	31/01/95
Williams Evans Limited	14-Dec-89	06/12/94
Guards Polo Promotions Limited	23-Feb-90	06/12/94
Norweb plc	08-Mar-90	13/11/95
Rothschild Asset Management Limited	07-May-91	31/12/94
Williams Evans Holdings Limited	31-Jul-91	06/12/94
Guards Polo Club Limited	31-Jul-91	06/12/94
William Baird plc	28-May-92	31/12/96
New Court Lottery Company Limited	25-Jan-94	01/07/94

Equity Consort Investment Trust plc	21-Mar-94	12/12/94
Micropore Limited	12-Jan-95	15/11/96
Loram International Limited (Bermuda)	12-Nov-95	
AMEC plc	05-Jun-96	
The Aim Trust plc	27-Jan-97	

International Biotechnology Trust plc
Reg. No: 02892872

Howard Greene

List of Directorships

	Date Appointed	Date Resigned
Amylin Europe Limited	27.7.87	

International Biotechnology Trust plc
Reg. No: 02892872

Dennis Turner

List of Directorships

	Date Appointed	Date Resigned
Infomed Management Limited	1986	
Posmark UK Limited	Nov 1993	March 1996
Walsh UK Limited	Nov 1991	
Walsh Mander Limited		Nov 1991



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FORM ML8

BULK LIST OF SHAREHOLDERS OR MEMBERS

A bulk list (over 10 pages) of allotments for the company named below has been lodged but does not appear on this annual return microfiche.

If you wish to search the list, please enquire at the Search Control Counter.

Company Number 2892872

Company Name INTERNATIONAL BIOTECHNOLOGY TRUST
PLC

Made-up-date 31-1-97