Interim Report and Accounts

Six months ended 30 September 2011

BTG

Because people depend on us

Financial Highlights

- Revenue 140% higher at £110.6m (H1 10/11: £46.1m)
- Gross profit 131% higher at £79.4m (H1 10/11: £34.4m)
- Underlying operating profit[1] of £41.1m (H1 10/11: £3.1m)
- Profit after tax for the period of £12.7m (H1 10/11: £2.4m)
- Underlying basic earnings per share[2] of 7.7p (H1 10/11: 2.3p)
- Cash and cash equivalents, together with cash on fixed term deposits, of £92.9m at 30 September 2011 (31 March 2011: £73.9m)

Significant Progress with Operational Goals

- **Specialty Pharmaceuticals**
  - Solid performance from CroFab® (crotalidae polyvalent immune fab (ovine)) in the first biting season under direct sales and strong performance from DigiFab® (digoxin immune fab (ovine))
  - Voraxaze® (glucarpidase) US regulatory application accepted for review by the FDA
  - US commercial rights acquired to uridine triacetate
- **Interventional Medicine**
  - Biocompatibles integration completed and performance on track
  - Recruitment completed ahead of schedule for Phase III trials of Varisolve® (polidocanol endovenous microfoam (PEM))
  - Recruitment of medical science liaisons and account managers completed - on track to commence direct sales of the LC Bead™ in the US from January 2012
- **Licensing & Biotechnology**
  - ZYTIGA® (abiraterone acetate) approved in the US and EU, delivering two milestones and first royalties
  - Positive Lemtrada™ (alemtuzumab) data reported from Phase III studies
  - AZD9773 (CytoFab™) Phase IIb study over 50% recruited

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[1] Operating profit before acquisition adjustments and reorganisation costs
[2] Earnings adjusted for acquisition adjustments and reorganisation costs

OVERVIEW

The Group has delivered strong financial results for the six months ended 30 September 2011 and has made significant progress towards achieving its key operational goals for the year.

Revenue increased by 140% to £110.6m (H1 10/11: £46.1m) reflecting the transition to direct sales of CroFab® and DigiFab®, the acquisition of Biocompatibles in January 2011 and a strong performance in the Group's Licensing & Biotechnology business segment.

Gross profit increased by 131% to £79.4m (H1 10/11: £34.4m). The Group's underlying operating profit, excluding acquisition adjustments and reorganisation costs of £24.2m, was £41.1m (H1 10/11: £3.1m, excluding adjustments and costs of £4.6m). The operating profit was £16.9m (H1 10/11: operating loss of £1.5m) and the profit before tax increased to £19.5m (H1 10/11: £1.6m). Cash and cash equivalents, together with cash on fixed term deposits, increased to £92.9m at 30 September 2011 (31 March 2011: £73.9m).

Good progress against operational goals included: completion of the integration of Biocompatibles; completion several months ahead of schedule of patient recruitment into the three Phase III trials of Varisolve® PEM; acceptance by the US FDA of the Biologics License Application (BLA) for Voraxaze® (glucarpidase); and the acquisition of US commercial rights to uridine triacetate (UTA), which is an excellent fit for BTG's Specialty Pharmaceuticals team.

Positive developments among partnered programmes included: US and EU approval of ZYTIGA® (abiraterone acetate), a treatment for men with advanced prostate cancer who have received docataxel; the publication of positive data from two Phase III trials of Lemtrada™ (alemtuzumab), which is under development as a treatment for multiple sclerosis; and good progress in recruitment of patients with severe sepsis into the Phase IIb study of AZD9773 (CytoFab™).

OPERATING REVIEW

Following the acquisition of Biocompatibles in January 2011 and subsequent business integration activities, BTG has from 1 April 2011 reorganised its commercial and manufacturing operations into three business areas: Specialty Pharmaceuticals, Interventional Medicine and Licensing & Biotechnology. Research and development activities continue to be managed on a Group-wide basis, with investment decisions being made centrally rather than within each business area. In the operating review, we include descriptions of the various R&D programmes within the relevant operating segments where revenues would be reported should the programmes be successful.

Specialty Pharmaceuticals

The transition to direct sales in the US of CroFab® and DigiFab® has been successfully accomplished. Unit sales and revenues were higher in the current period than in the prior period. CroFab® revenues of £41.2m (H1 10/11: £12.1m) reflected a typical season for snake bites and DigiFab® revenues of £8.9m (H1 10/11: £1.0m) reflected the discontinuation of Digibind®, the only other similar approved product, and a pleasing response to new promotional activities. When Nycomed was the distributor, revenue was recognised on product shipment with a royalty on sales; revenues were adversely impacted in the prior period as there were few shipments to Nycomed in the run-up to the end of the distribution agreement on 30 September 2010.

The BLA for glucarpidase was accepted by the FDA in September 2011 and a Priority Review was granted. The FDA's goal for completing the review is 17 January 2012. Glucarpidase is an experimental treatment to achieve the rapid and sustained reduction of toxic methotrexate levels caused by impaired renal function. High dose methotrexate is a chemotherapeutic agent used to treat breast, head, neck and other tumours. BTG intends to market glucarpidase directly in the US through its existing acute care sales force.

In July 2011, BTG acquired US commercial rights to Wellstat Therapeutics Corporation's product candidate UTA for use as a treatment for accidental overexposure to the chemotherapeutic 5-fluorouracil (5-FU). BTG will have exclusive rights to market, sell and distribute UTA for this indication in the US for up to 10 years from marketing approval. Wellstat is responsible for completing

development and regulatory filings and for product manufacture. 5-FU is a commonly used first-line or adjunctive treatment for colorectal, breast, head and neck tumours. Of approximately 275,000 US patients who receive 5-FU therapy annually, around 8,000 experience a dangerous toxic reaction and around 1,300 patients die. UTA reduces the incorporation of toxic 5-FU metabolites into non-cancerous cells. It is anticipated that the US regulatory submission will be made in H1 2013.

Interventional Medicine

Revenues from the embolisation beads and drug-eluting beads were £8.9m for the period and revenues from the brachytherapy products were £4.2m. Prior period comparative figures are not included as BTG acquired these products with Biocompatibles in January 2011.

In May 2011, BTG announced plans to commence selling the LC Bead™ directly in the US following expiry of the current distribution agreement with AngioDynamics, Inc. Recruitment of a new team of medical science liaisons and account managers has been completed, training is nearing completion and plans are on track to take over direct sales from January 2012.

In development, a 40 patient registration study for the DC Bead® was completed in China by SciClone Pharmaceuticals, Inc. and it is anticipated that a regulatory submission will be made in H1 2012. Reimbursement was granted in South Korea; in Japan, where the DC Bead® is partnered with Eisai, regulatory review continued.

The results of the SPACE study (a Phase II study evaluating the efficacy and safety of Nexavar® (sorafenib) tablets compared to placebo in combination with transarterial chemoembolisation (TACE) performed with DC Bead® with doxorubicin for intermediate stage hepatocellular carcinoma) showed an improvement in the time to progression. The safety and tolerability for the treatment combinations were as expected and there were no new or unexpected toxicities observed. Data from this Phase II study are expected to be presented at an upcoming congress.

BTG has reviewed development options to expand the indicated uses of the bead products and plans to initiate a Phase II study of the DC Bead® to explore their use when loaded with the chemotherapeutic irinotecan to treat metastatic colorectal cancer tumours in the liver. In addition, BTG plans to explore the use of the beads pre-loaded with doxorubicin or irinotecan to treat orphan indications such as cholangiocarcinoma and metastatic ocular carcinoma.

Recruitment was completed several months ahead of schedule in August 2011 into three Phase III trials of Varisolve® PEM, an experimental treatment for great saphenous vein (GSV) incompetence. VANISH-1 and VANISH-2 have relief of symptoms as the primary endpoint and improvement in appearance as the secondary endpoint. Study VV017 is designed to support approval for Varisolve® PEM to be used alongside heat ablation of the GSV to treat those vein segments not dealt with by the ablation procedure. Data from the studies are expected to be available in H1 2012, leading to the submission of a New Drug Application in the US by the end of 2012.

Licensing & Biotechnology

A strong performance from BTG's licensed products was the main factor that led to the Group raising its revenue guidance for the year to £160m to £165m from previous market expectations of around £140m. Key contributors to royalty revenue were BeneFIX® (factor IX) at £16.0m (H1 10/11: £14.4m), the two-part hip cup at £5.7m (H1 10/11: £5.6m) and ZYTIGA®, which delivered first royalty revenues of £4.3m following US and EU approvals during the period.

The Group also received milestones of £9.8m (H1 10/11: £0.9m), which included two milestones relating to the US and EU approvals of ZYTIGA®.

The royalties on BeneFIX® principally related to product that was in the supply chain at the time of final patent expiry in March 2011. The Group is working with its licensee to determine the amount of any additional revenues that may still be due under this licence.

The development of BGC20-0134 (Pleneva™), a potential licensing candidate, was halted following a Phase II study in which it did not meet the primary or secondary endpoints in a study in multiple sclerosis patients.

In May 2011, AstraZeneca terminated the development and option agreement relating to CM-3, a GLP-1 analogue being developed by CellMed, a subsidiary acquired with Biocompatibles, for use in type 2 diabetes and obesity. In November 2011, notice was received from Merz that it wished to terminate the agreement relating to Novabel®, a dermal filler developed by CellMed, that was suspended from sale by Merz in June 2010 owing to adverse reactions in a few patients.

BTG is reviewing opportunities for CM-3 and for CellMed's biopolymer and cell encapsulation platforms, and related programmes such as the dermal filler products.

Among licensed programmes, positive data were published from the Phase III trials of alemtuzumab, which is under development by Sanofi and its subsidiary Genzyme in collaboration with Bayer HealthCare as a potential treatment for multiple sclerosis. The CARE-MS I trial met the first primary endpoint showing a 55% reduction in relapse rates compared with Rebif® (high dose subcutaneous interferon beta-1a); CARE-MS-II met both co-primary endpoints showing a 49% reduction in relapse rates and a 42% reduction in progression of disability compared with high dose subcutaneous interferon beta-1a.

AZD9773 (CytoFab™) (Tumour Necrosis Factor Alpha (TNF-α) Immune Fab (Ovine)), partnered with AstraZeneca, continues to progress through a global double-blind, placebo-controlled Phase IIb study. Recruitment of the targeted 300 patients with severe sepsis/septic shock is over 50% complete. The estimated study completion date is mid-2012.

FINANCIAL REVIEW

BTG's financial results for the six months ended 30 September 2011 are significantly ahead of the same period in the prior year. Revenue has increased from £46.1m to £110.6m as a result of direct selling of CroFab® and DigiFab®, the acquisition of Biocompatibles in January 2011 and a strong performance from the Group's royalty revenue streams. Gross margin, at 72%, is broadly in line with the prior year of 75%, delivering a gross profit of £79.4m in the period, £45.0m higher than H1 10/11.

An operating profit of £16.9m has been achieved in the period, compared to an operating loss of £1.5m in the prior period. The current half year result includes the adverse impact of £12.4m of impairment charges against acquired intangible assets and £3.0m of impairment charges against property, plant and equipment.

Cash and short term cash deposits increased to £92.9m (31 March 2011: £73.9m).

Specialty Pharmaceuticals

Revenue of £52.0m is significantly ahead of the £14.8m achieved in prior year. Revenue from the distribution agreement with Nycomed in the comparative period was recognised on shipment of product and as a royalty on sales made by Nycomed. In H1 10/11, shipments to Nycomed were low due to the transition to BTG direct sales, which was effective 1 October 2010.

The Specialty Pharmaceuticals operating segment is highly seasonal in nature due to the timing of the snake biting season. The highest concentration of snake bites is seen in the months March to October and demand for CroFab® is therefore at its strongest around this period.

Gross margin at 75% (H1 10/11: 76%) is representative of the anticipated average future gross margin expected of this operating segment. Selling, general and administrative expenses (SG&A) increased to £8.1m from £6.8m in the prior year, reflecting the full impact of having a direct sales force.

Interventional Medicine

The Interventional Medicine operating segment represents the portfolio of beads and brachytherapy products acquired with Biocompatibles. As this is the first six-month period of ownership of the Biocompatibles business there are no statutory comparatives to report against.

Gross profit of £8.0m was achieved on revenue of £13.1m in the period. This represents a gross margin of 61%, which was adversely affected by a £2.1m charge in relation to the sale of inventory that was held at fair value as at 31 March 2011 following the finalisation of acquisition accounting. Excluding this one-off non-cash charge, a gross margin of 77% was achieved.

SG&A expenses were £4.7m, which we expect to increase significantly in the second half following the recruitment of the account managers and associated support in anticipation of direct selling in the US from January 2012.

Licensing & Biotechnology

The Licensing & Biotechnology operating segment includes revenues from BTG's licensed portfolio of intellectual property as well as income from the acquired Biocompatibles business.

Revenue of £45.5m is £14.2m ahead of prior year. This represents recurring revenues of £35.7m (H1 10/11: £30.4m) and one-off milestone income of £9.8m (H1 10/11: £0.9m). Within recurring revenue the most significant contributor was BeneFIX®, a product which uses BTG's factor IX patents, with royalties of £16.0m (H1 10/11: £14.4m). The final factor IX patent expired in March and BTG has been receiving royalties on sales of inventory held by Pfizer at the patent expiry date.

Elsewhere in the portfolio, the approval of ZYTIGA®, marketed by the Janssen Pharmaceutical Companies of Johnson & Johnson, triggered two milestones payments and the first royalties have been accrued in the period (£4.3m revenue). Other royalty streams have performed broadly in line with expectations in the period, though a stronger US dollar has had a negative impact on revenue of ~£1m.

The gross margin of 72% (H1 10/11: 74%) reflects the mix of licences contributing to revenue, as each of the royalty streams has its own onwards obligation to the original inventors.

SG&A includes the overheads specific to the management of the royalty business but also some centrally managed support functions and corporate costs. This has shown an increase of £0.7m to £7.9m in the period, principally reflecting the addition of the CellMed business.

Research and development

Expenditure on research and development increased to £19.0m (H1 10/11: £13.3m), which principally reflects the addition of the Biocompatibles business. Other major components of expenditure in the period were the Varisolve® PEM Phase III trials, the Voraxaze® (glucarpidase) BLA submission and associated workstreams, the BGC20-0134 (Pleneva™) Phase IIa study and continued work in support of AZD9773 (CytoFab™).

Operating profit

Before acquisition adjustments and reorganisations costs, the Group achieved an operating profit of £41.1m (H1 10/11: £3.1m), reflecting the additional profit contributions from the three operating segments. Acquisition adjustments and reorganisation costs of £24.2m (H1 10/11: £4.6m) were recorded in the period, including amortisation and impairment of acquired intangible assets of £20.9m (H1 10/11: £4.6m). Impairment charges totalling £12.4m (H1 10/11: nil) are included in the total above. These were taken against the Group's carrying values of GLP-1 and Novabel® – two assets acquired with Biocompatibles. An impairment charge of £3.0m has also been taken against the tangible fixed assets associated with the Novabel® product.

Net financial income

Net financial income of £2.6m (H1 10/11: £3.1m) includes the write-back of two financial liabilities in the period. A loan of £2.8m from Merz in relation to Novabel® manufacturing fixed assets has been written back as the directors have no current expectation of repaying it based on an agreement

termination letter received from Merz. Also included within net financial income is £1.1m in relation to the Contingent Value Notes issued to certain Biocompatibles shareholders upon acquisition. This is included in the acquisition adjustments and reorganisation costs column. The termination by AstraZeneca of their interest in the GLP-1 asset means that the directors have no current expectation of this amount being paid.

The mark-to-market of foreign exchange forward contracts has resulted in a loss of £1.5m (H1 10/11: profit of £3.0m) being recorded in the period.

Profit before tax

The reported profit before tax has increased to £19.5m (H1 10/11: £1.6m). This broadly reflects an increased profit contribution from the Group's operating segments of £38.3m, offset by impairments of acquired intangible assets, investments and tangible assets of £15.5m, increased investment in research and development activities of £5.7m and other net positive changes of £0.8m.

Tax

A tax charge of £6.8m has been reflected in the half-year accounts (H1 10/11: £0.8m credit). This reflects the anticipated full year effective tax rate of 34%. Current tax of £4.8m (H1 10/11: nil) principally relates to the UK, where taxable profits are anticipated to arise in subsidiary companies that do not have brought forward tax losses. Deferred tax of £2.0m principally reflects the reduction of deferred tax assets as the Group utilises its brought forward US tax losses offset by a reduction in the deferred tax liability recognised on acquired intangible assets as these assets are amortised or impaired.

Earnings per share

Basic earnings per share were 3.9p (H1 10/11: 0.9p) on the profit after tax of £12.7m (H1 10/11: £2.4m). The basic underlying earnings per share excluding acquisition adjustments and reorganisation costs were 7.7p (H1 10/11: 2.3p).

Balance sheet

Non-current assets have reduced from £358.9m at 31 March 2011 to £345.9m at 30 September 2011. The principal movements are amortisation, impairments and depreciation of £26.3m, additions of £6.8m, including £5.4m in respect of distribution rights to Wellstat's UTA development asset of which £0.7m is contingent consideration, recognition of a pension asset of £2.8m and net foreign exchange gains arising on retranslation of foreign currency denominated assets of £3.7m.

The Group's defined benefit pension fund liability, as measured under IAS19 – *Employee Benefits*, has moved from a year end liability of £2.0m to an asset of £2.8m at 30 September 2011. The principal movements are cash contributions by the company of £3.1m and actuarial gains of £1.8m offset by an income statement charge of £0.1m. The actuarial deficit at 31 March 2010, the date of the last formal valuation and measured in accordance with guidelines set by the Pensions Regulator, was £13.9m.

Current assets have increased by £28.8m since 31 March 2011 to £158.4m at 30 September 2011. This increase includes a net £19.0m increase in cash and held to maturity financial assets (which represent fixed-term cash deposits). An increase of £13.3m in receivables is principally due to a timing difference on factor IX royalties which were received shortly after period end and additional accrued royalties for the first time on ZYTIGA®.

Current and non-current liabilities have reduced by £1.2m in the six month period. The principal movements are the write-back of the Merz loan of £2.8m, the movement in the pension fund position, removing a £2.0m liability, the utilisation of £0.9m of the Group's provisions and other working capital movements within trade payables of £3.5m, offset by the recognition of a current tax liability of an additional £4.7m and an increase in the deferred tax liability of £3.4m.

Cash flow

The Group's operating profit of £16.9m (H1 10/11: operating loss of £1.5m) was converted to net cash inflow from operating activities of £24.9m (H1 10/11: net cash outflow of £7.9m). Non-cash income

statement charges for depreciation, amortisation, impairments and share-based payments totalling £27.3m have been offset by additional cash contributions to the defined benefit pension fund of £3.0m and adverse working capital outflow of £16.2m. Of the working capital movements the most significant movement is within trade and other receivables which, as explained above, are higher at 30 September 2011 due to a timing difference on receipt of factor IX royalties and additional accrued royalties in respect of ZYTIGA®.

The Group's investing activities include the purchase of US commercial rights to Wellstat's UTA for an initial payment of US$7.5m, capital expenditure around the Group's manufacturing sites of £1.2m and an inflow of £7.5m from short-term cash deposits upon maturity of one of the fixed term deposits acquired with Biocompatibles.

Overall, with a net cash inflow for the period of £26.6m, resulting in a closing cash balance of £90.2m, this leaves the Group in a strong financial position. The seasonality of the business, with a concentration of income from CroFab® in the first half of the year, means that management does not expect to be able to match this first half cash inflow in the second half of the year.

SUMMARY AND OUTLOOK

The Group has had a strong first half with a robust financial performance and good commercial and pipeline progress.

The Specialty Pharmaceuticals business is performing well, with a solid performance from CroFab® in the first biting season under direct sales and DigiFab® sales benefitting from the withdrawal of Digibind® and responding positively to promotional activities. Filing the glucarpidase BLA was a major achievement, and the product pipeline was strengthened with the acquisition of US commercial rights to UTA.

In the Interventional Medicine business, plans are on track to commence direct sales of the LC Bead™ from January 2012. There is momentum in the geographic expansion of the bead products and good progress with current clinical studies, and a clear strategy to drive growth through expanding their indicated uses.

The Licensing & Biotechnology business has also had a strong first half, with a major contribution from post-patent-expiry revenues on BeneFIX® and milestones and a new royalty stream from ZYTIGA®.

The Group's revenues are currently heavily first-half weighted owing to the seasonality of CroFab® and this period has also been boosted by BeneFIX® royalties and two one-off milestones from ZYTIGA®. The Group therefore reiterates its guidance of full year revenues in the range £160m to £165m. Discussions with Pfizer are continuing to determine the level of any royalties that may be due on the factor IX patents in the second half of the year, which would be additional to current full-year guidance.

Overall, BTG has had an excellent first half and the Group anticipates continued progress and significant news flow in the coming months.

Principal risks and uncertainties

The principal risks and uncertainties faced by the Group for the remaining six months of the year have not changed from those set out on pages 25 to 29 of the BTG plc Annual Report and Accounts 2011, available from the Group's website at www.btgplc.com. These include but are not limited to: interruption of product supply including reliance on third-party contractors for the supply of key manufacturing materials and services; patent validity and infringement challenges and the inherent risks of managing an intellectual property portfolio; product liability; competition for new programmes and projects; general market competition affecting product sales or royalty income; pricing and reimbursement issues; the inherent uncertainty of drug development; the highly regulated nature of the pharmaceuticals industry; and movements in foreign exchange rates.

CONDENSED CONSOLIDATED INCOME STATEMENT
for the six months ended 30 September 2011

	Note	Six months ended 30 September 2011 Results before acquisition adjustments and reorganisation costs £m	Acquisition adjustments and reorganisation costs £m	Total £m	Six months ended 30 September 2010 Results before acquisition adjustments and reorganisation costs £m	Acquisition adjustments and reorganisation costs £m	Total £m
Revenue	2	**110.7**	**(0.1)**	**110.6**	46.1	-	46.1
Cost of sales	2	**(29.1)**	**(2.1)**	**(31.2)**	(11.7)	-	(11.7)
Gross profit	2	**81.6**	**(2.2)**	**79.4**	34.4	-	34.4
Operating Expenses:							
Amortisation and impairment of acquired intangible assets	8	**-**	**(20.9)**	**(20.9)**	-	(4.6)	(4.6)
Foreign exchange gains/(losses)	3	**2.3**	**-**	**2.3**	(2.6)	-	(2.6)
Selling, general and administrative expenses	2	**(20.7)**	**-**	**(20.7)**	(14.0)	-	(14.0)
Operating expenses: total		**(18.4)**	**(20.9)**	**(39.3)**	(16.6)	(4.6)	(21.2)
Research and development		**(19.0)**	**-**	**(19.0)**	(13.3)	-	(13.3)
Amounts written off property, plant and equipment	8	**(3.0)**	**-**	**(3.0)**	-	-	-
Acquisition and reorganisation costs		-	**(1.1)**	**(1.1)**	-	-	-
Amounts written off investments	4	**(0.1)**	**-**	**(0.1)**	(1.4)	-	(1.4)
Operating profit/(loss)		**41.1**	**(24.2)**	**16.9**	3.1	(4.6)	(1.5)
Financial income	5	**3.1**	**1.1**	**4.2**	3.2	-	3.2
Financial expense	5	**(1.6)**	**-**	**(1.6)**	(0.1)	-	(0.1)
Profit before tax		**42.6**	**(23.1)**	**19.5**	6.2	(4.6)	1.6
Tax	6			**(6.8)**			0.8
Profit for the period				**12.7**			2.4
Basic and diluted earnings per share	7			**3.9p**			0.9p

All activity arose from continuing operations

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the six months ended 30 September 2011

	Note	Six months ended 30 September 2011 £m	Six months ended 30 September 2010 £m
Profit for the period		**12.7**	2.4
Other comprehensive income			
Foreign exchange translation differences		**2.0**	(2.5)
Actuarial gain/(loss) on defined benefit pension scheme	9	**1.8**	(0.7)
Deferred tax on defined benefit pension scheme asset		**(0.6)**	-
Change in fair value of equity securities available-for-sale		**-**	(0.2)
Other comprehensive income for the period		**3.2**	(3.4)
Total comprehensive income for the period		**15.9**	(1.0)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 September 2011

	Note	30 September 2011 £m	31 March 2011 £m	30 September 2010 £m
ASSETS				
Non-current assets				
Goodwill	8	**59.2**	59.2	30.3
Intangible assets	8	**258.5**	271.0	152.6
Property, plant and equipment		**21.3**	24.8	19.5
Other investments		**2.9**	2.7	2.2
Deferred tax asset		**0.9**	0.9	0.4
Employee benefits	9	**2.8**	-	-
Biological assets		**0.3**	0.3	0.3
		345.9	358.9	205.3
Current assets				
Inventories		**17.6**	20.0	13.9
Trade and other receivables		**46.0**	32.7	18.5
Taxation		**1.0**	1.0	0.5
Derivative instruments		**0.9**	2.0	2.2
Held to maturity financial assets		**2.7**	10.2	-
Cash and cash equivalents		**90.2**	63.7	63.9
		158.4	129.6	99.0
Total assets		**504.3**	488.5	304.3
EQUITY				
Share capital		**32.7**	32.7	25.8
Share premium account		**188.3**	188.2	188.1
Merger reserve		**317.8**	317.8	158.1
Other reserves		**(1.7)**	(3.7)	(3.6)
Retained earnings		**(127.8)**	(142.7)	(154.3)
Total equity attributable to equity holders of the parent		**409.3**	392.3	214.1
LIABILITIES				
Non-current liabilities				
Trade and other payables		**6.1**	6.9	5.4
Borrowings		**-**	2.9	-
Obligations under finance leases		**0.1**	0.2	0.3
Employee benefits		**-**	2.0	8.2
Deferred taxation		**34.1**	30.7	31.2
Provisions		**1.0**	1.2	0.6
		41.3	43.9	45.7
Current liabilities				
Trade and other payables		**47.1**	49.8	43.1
Obligations under finance leases		**0.2**	0.4	0.6
Derivative instruments		**0.3**	-	-
Taxation		**5.0**	0.3	-
Provisions		**1.1**	1.8	0.8
		53.7	52.3	44.5
Total liabilities		**95.0**	96.2	90.2
Total equity and liabilities		**504.3**	488.5	304.3

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the six months ended 30 September 2011

	Six months ended 30 September 2011 £m	Six months ended 30 September 2010 £m
Profit after tax for the period	**12.7**	2.4
Tax	**6.8**	(0.8)
Financial income	**(4.2)**	(3.2)
Financial expense	**1.6**	0.1
Operating profit/(loss)	**16.9**	(1.5)
Adjustments for:		
Amounts written off property, plant and equipment	**3.0**	-
Amounts written off associates and investments	**0.1**	1.4
Amortisation and impairment of intangible assets	**21.7**	4.9
Depreciation on property, plant and equipment	**1.5**	1.1
Share-based payments	**1.0**	0.4
Pension scheme funding	**(3.0)**	(1.7)
Cash from operations before movements in working capital	**41.2**	4.6
Decrease/(increase) in inventories	**0.5**	(4.2)
(Increase)/decrease in trade and other receivables	**(13.2)**	2.4
Decrease in trade and other payables	**(2.7)**	(10.2)
Decrease in provisions	**(0.8)**	(0.5)
Cash from operations	**25.0**	(7.9)
Taxation paid	**(0.1)**	-
Net cash inflow/(outflow) from operating activities	**24.9**	(7.9)
Investing activities		
Interest received	**0.3**	0.2
Purchases of intangible assets	**(4.7)**	(0.4)
Purchases of property, plant & equipment	**(1.2)**	(9.9)
Expenditure on investments	**(0.1)**	-
Proceeds on held to maturity financial assets	**7.5**	-
Net cash inflow/(outflow) from investing activities	**1.8**	(10.1)
Cash flows from financing activities		
Repayment of finance leases	**(0.2)**	(0.4)
Proceeds of share issues	**0.1**	-
Net cash outflow from financing activities	**(0.1)**	(0.4)
Increase/(decrease) in cash and cash equivalents	**26.6**	(18.4)
Cash and cash equivalents at start of period	**63.7**	82.6
Effect of exchange rate fluctuations on cash held	**(0.1)**	(0.3)
Cash and cash equivalents at end of period	**90.2**	63.9

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 September 2011

	Share capital £m	Share premium £m	Merger reserve £m	Other reserves £m	Retained earnings £m	Total equity £m
At 1 April 2010	25.8	188.1	158.1	(0.9)	(155.9)	215.2
Profit for the period	-	-	-	-	2.4	2.4
Other comprehensive income	-	-	-	(2.7)	(0.7)	(3.4)
Total comprehensive income for the period	-	-	-	(2.7)	1.7	(1.0)
Transactions with owners:						
Movement in shares held by the Trust	-	-	-	-	(0.5)	(0.5)
Share-based payments	-	-	-	-	0.4	0.4
At 30 September 2010	25.8	188.1	158.1	(3.6)	(154.3)	214.1

	Share capital £m	Share premium £m	Merger reserve £m	Other reserves £m	Retained earnings £m	Total equity £m
At 1 April 2011	32.7	188.2	317.8	(3.7)	(142.7)	392.3
Profit for the period	-	-	-	-	12.7	12.7
Other comprehensive income	-	-	-	2.0	1.2	3.2
Total comprehensive income for the period	-	-	-	2.0	13.9	15.9
Transactions with owners:						
Issue of BTG plc ordinary shares	-	0.1	-	-	-	0.1
Share-based payments	-	-	-	-	1.0	1.0
At 30 September 2011	**32.7**	**188.3**	**317.8**	**(1.7)**	**(127.8)**	**409.3**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Basis of preparation

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting.* They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 March 2011.

These condensed unaudited consolidated interim financial statements were approved by the Board of Directors on 16 November 2011.

Comparative financial information

The comparative figures for the year ended 31 March 2011 do not constitute the Group's statutory accounts for that financial year. Statutory accounts for the year ended 31 March 2011, prepared in accordance with International Financial Reporting Standards as adopted by the EU ('Adopted IFRSs'), have been reported on by the Group's auditors and delivered to the Registrar of Companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

Accounting policies

Except as described below, the accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 31 March 2011.

The following amendments and standards have also been adopted, but have had no significant effect on the reported results or financial position of the Group:

- IAS24 (revised) – clarification of the definition of a related party and revised related party disclosure requirements for government related entities.
- Amendments to IFRIC14 – Prepayments of a minimum funding requirement.

Acquisition adjustments and reorganisation costs

The Condensed Consolidated Income Statement includes a separate column to disclose significant acquisition adjustments and reorganisation costs arising on corporate acquisitions. Adjustments relate to the acquisitions of:

- Biocompatibles International plc in January 2011; and
- Protherics PLC in December 2008.

The costs relate to the following:

- The release of the fair value uplift of inventory acquired;
- Amortisation and impairment arising on intangible assets acquired;
- Transaction costs incurred with professional advisors in relation to the completion of corporate acquisitions; and
- Reorganisation costs comprising acquisition related redundancy programmes, property costs and asset impairments.

Going concern and liquidity

After making reasonable enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue to in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Interim Financial Statements

This conclusion has been reached having considered the effect of liquidity risk on the Group's ability to operate effectively. Currently, liquidity risk is not considered a significant business risk to the Group given its level of net cash and cash flow projections. The Group does not currently require significant levels of debt financing to operate its business. The key liquidity risks faced by the Group are considered to be the failure of banks where funds are deposited and the failure of key licensees, distributors or insurers.

In addition to the liquidity risk considered above, the directors have also considered the following factors when reaching the conclusion to continue to adopt the going concern basis:

- The Group's principal licensees are global industry leaders in their respective fields and the Group's royalty-generating intellectual property covers a broad portfolio of both licensees and industries; and
- The Group's sales products are life-saving in nature, providing some protection against the current uncertain economic outlook.

Seasonality of the business

Revenues from the Group's marketed products are dependent on both the timing of shipments of product to the Group's distributors and the underlying demand for the products. CroFab®, in particular, demonstrates seasonality since the main snake biting season, when the product is in highest demand, runs from March to October.

The Group's royalty income is derived from a number of different licensees and underlying products and markets. Typically it does not demonstrate a highly cyclical pattern but is dependent on the timing of milestones due from licensees upon completion of certain contractual development or sales milestones. These, by their very nature, are not predictable.

2. Operating segments

Following the acquisition of Biocompatibles International plc in January 2011, subsequent integration activities have resulted in a change to the Group's reportable segments, effective from 1 April 2011. Following the completion of business integration activities, the Group has aligned behind three reportable segments, being Specialty Pharmaceuticals, Interventional Medicine and Licensing & Biotechnology.

In assessing performance and making resource allocation decisions, the Leadership Team (which is BTG's chief operating decision-making body) reviews contribution by segment. Contribution is defined as being gross profit less directly attributable selling, general and administrative costs (SG&A). The Licensing & Biotechnology operating segment includes SG&A relating to the Group's centrally managed support functions and corporate overheads. This reflects the management structure and stewardship of the business. No allocation of central overheads is made across the Specialty Pharmaceuticals or Interventional Medicine operating segments. Research and development continues to be managed on a global basis, with investment decisions being made by the Leadership Team as a whole. It is not managed by reference to the Group's operating segments, though each programme within the pipeline would ultimately provide revenues for one of the operating segments if successful.

Prior period comparative numbers are presented in accordance with the new segmental reporting.

	Six months ended 30 September 2011			
	Specialty Pharmaceuticals	**Interventional Medicine**	**Licensing & Biotechnology**	**Total**
	£m	**£m**	**£m**	**£m**
Revenue	**52.0**	**13.1**	**45.5**	**110.6**
Cost of Sales*	**(13.2)**	**(5.1)**	**(12.9)**	**(31.2)**
Gross Profit	**38.8**	**8.0**	**32.6**	**79.4**
Selling, general and administrative expenses	**(8.1)**	**(4.7)**	**(7.9)**	**(20.7)**
Contribution	**30.7**	**3.3**	**24.7**	**58.7**
Amortisation and impairment of acquired intangibles				**(20.9)**
Foreign exchange gains				**2.3**
Research and development				**(19.0)**
Amounts written off property, plant and equipment				**(3.0)**
Acquisition and reorganisation costs				**(1.1)**
Amounts written off investments				**(0.1)**
Operating profit				**16.9**
Financial income				**4.2**
Financial expense				**(1.6)**
Profit before tax				**19.5**
Tax				**(6.8)**
Profit for the period				**12.7**
Unallocated assets				**504.3**

	Six months ended 30 September 2010			
	Specialty Pharmaceuticals	Interventional Medicine	Licensing & Biotechnology	Total
	£m	£m	£m	£m
Revenue	14.8	-	31.3	46.1
Cost of Sales	(3.5)	-	(8.2)	(11.7)
Gross Profit	11.3	-	23.1	34.4
Selling, general and administrative expenses	(6.8)	-	(7.2)	(14.0)
Contribution	4.5	-	15.9	20.4
Amortisation and impairment of acquired intangibles				(4.6)
Foreign exchange losses				(2.6)
Research and development				(13.3)
Amounts written off investments				(1.4)
Operating loss				(1.5)
Financial income				3.2
Financial expense				(0.1)
Profit before tax				1.6
Tax				0.8
Profit for the period				2.4
Unallocated assets				304.3

*Six months ended 30 September 2011 includes a £2.1m release of the fair value uplift of inventory purchased on the acquisition of Biocompatibles International plc in January 2011 (2010: £nil) within the Interventional Medicine segment.

Geographical revenue analysis

Geographical analysis of revenue, based on the geographical location of customers:

	Six months ended 30 September 2011 £m	Six months ended 30 September 2010 £m
USA	**95.2**	39.4
UK	**4.4**	4.8
Europe (excluding UK)	**9.2**	1.6
Other regions	**1.8**	0.3
	110.6	46.1

Major customers

The Group's marketed products are sold both directly and also through several distribution agreements in the US, Europe and Asia Pacific. Two customers individually generated product income in excess of 10% of Group revenue, being £16.7m and £14.9m respectively. In the prior year period under review the majority of the Group's marketed products were sold through a distribution agreement with one distributor in the US. Revenues in the period ended 30 September 2010 generated from that distribution agreement of £12.4m represented more than 10% of Group revenue.

Products that utilise the Group's Intellectual Property Rights are sold by licensees. Royalty income is derived from over 70 licences. One licence individually generated royalty income in excess of 10% of Group revenue, being £16.0m (H1 10/11: two licences individually generated royalty income in excess of 10% of Group revenue, being £14.4m and £5.6m respectively).

3. Foreign exchange gains and losses in the income statement

During the six months ended 30 September 2011 the Group recognised foreign exchange gains of £2.3m (H1 10/11: losses of £2.6m) within operating profit. These arose from the retranslation of foreign currency balance sheet amounts, transactional exchange gains and losses in the period and the settlement of the Group's foreign exchange forward contracts during the period.

Included within "Financial expense" of £1.6m (H1 10/11: included within "Financial income": £3.2m) is £1.5m (H1 10/11: included within "Financial income": £3.0m) which represents the movement in the fair value of the Group's foreign exchange forward contracts.

4. Amounts written off investments

An impairment charge of £0.1m (H1 10/11: £1.4m) has been recognised in the Condensed Consolidated Income Statement in relation to the Group's equity investments in unlisted companies.

5. Financial income and expense

	Six months ended 30 September 2011 £m	Six months ended 30 September 2010 £m
Interest receivable on money market and bank deposits	**0.3**	0.2
Fair value movement on Contingent Value Notes (i)	**1.1**	-
Fair value movement on borrowings (ii)	**2.8**	-
Fair value movement on foreign exchange forward contracts	**-**	3.0
Financial income	**4.2**	3.2
Interest payable on finance lease and hire purchase agreements	**0.1**	0.1
Fair value movement on foreign exchange forward contracts	**1.5**	-
Financial expense	**1.6**	0.1

(i) Contingent Value Notes

As part of BTG's acquisition of Biocompatibles in January 2011, 487 Biocompatibles shareholders elected to receive in aggregate 10,722,465 Contingent Value Notes (CVNs) providing a right to a payment of the Sterling equivalent of €0.56 per Biocompatibles share if AstraZeneca exercised its option to enter a licence agreement relating to CM-3 on the pre-agreed terms. As a result of AstraZeneca's decision to terminate the development and option agreement (see note 8), it is highly unlikely that any payment will be made in relation to the CVNs. The payment obligation would only now arise if BTG enters into another form of licence, sale or other disposal of the GLP-1 asset to AstraZeneca prior to 31 December 2012. The BTG Board does not believe that there is any realistic possibility that this will occur. Accordingly, the Group has derecognised a liability of £1.1m in relation to the CVN through the Income Statement in Financial Income in the acquisition adjustments and reorganisation costs column.

(ii) Borrowings

Following the withdrawal of the Novabel® product from the market and subsequent impairments recognised within tangible and intangible assets, the Group has derecognised a £2.8m loan from Merz as there is no expectation that this will now be repaid. The loan was received to fund the purchase of tangible assets for use in the manufacture of Novabel® and was repayable out of revenues.

6. Tax

	Six months ended 30 September 2011 £m	Six months ended 30 September 2010 £m
Current tax		
Current tax charge	**4.8**	-
Deferred tax		
Increase in net deferred tax liability	**2.0**	(0.8)
	6.8	(0.8)

Tax for each six-month period has been provided on the basis of the anticipated effective rate for the full year. The current tax charge of £4.8m (H1 10/11: £nil) principally relates to UK corporation tax.

The deferred tax charge of £2.0m (H1 10/11 credit: £0.8m) principally reflects the reduction of deferred tax assets as the Group utilises its brought forward US tax losses against forecast taxable profits, offset by a reduction in the deferred tax liability recognised on acquired intangible assets as these assets are amortised or impaired.

7. Earnings per share

The calculation of basic and diluted earnings per share is based on the following data:

	Six months ended 30 September 2011	Six months ended 30 September 2010
Profit for the period (£m)	**12.7**	2.4
Earnings per share (p)		
Basic & diluted	**3.9**	0.9
Number of shares (m)		
Weighted average number of shares – basic	**325.8**	256.6
Effect of share options in issue	**3.4**	2.6
Weighted average number of shares – diluted	**329.2**	259.2

The calculation of basic and diluted earnings per share from underlying earnings is based on the following data:

	Six months ended 30 September 2011	Six months ended 30 September 2010
Profit for the period (£m)	**12.7**	2.4
Add back:		
Fair value adjustment on acquired inventory	**2.1**	-
Fair value adjustment on royalty income	**0.1**	
Amortisation of acquired intangible fixed assets	**10.2**	3.6
Acquisition and reorganisation costs including CVN writeback	**-**	-
Underlying earnings	**25.1**	6.0
Profit per share (p)		
Basic	**7.7**	2.3
Diluted	**7.6**	2.3

Adjustments to profit are shown after taking into account the anticipated tax effect of such adjustments.

8. Goodwill and intangible assets

(a) Goodwill

Goodwill of £59.2m relates to the acquisitions of Biocompatibles International plc in January 2011 and Protherics PLC in December 2008.

(b) Intangible assets

Net book value	30 September 2011 £m	31 March 2011 £m	30 September 2010 £m
Developed technology (i)	**211.3**	218.2	104.7
Contractual relationships (i)	**29.5**	31.2	26.5
In-process research and development (i)	**9.0**	17.9	6.9
Computer Software	**0.2**	0.3	-
Patents	**3.1**	3.4	4.8
Purchase of contractual rights (ii)	**5.4**	-	9.7
	258.5	271.0	152.6

(i) Developed technology, Contractual relationships and In-process research and development

Intangible assets comprising developed technology, contractual relationships and in-process research and development relate to assets acquired on the purchase of Biocompatibles International plc in January 2011 and Protherics PLC in December 2008. Movements in these categories of intangible assets between 31 March 2011 and 30 September 2011 are predominately driven by (1) amortisation and impairment charges and (2) foreign exchange retranslation of the assets denominated in foreign currencies at the closing exchange rate at 30 September 2011.

Impairment charges have been made within the acquisition adjustments and reorganisation costs column against two acquired intangible assets in the period:

- On 13 May 2011 the Group announced that they had been informed by AstraZeneca that AstraZeneca had terminated the development and option agreement relating to CM-3, a GLP-1 analogue being developed by BTG's CellMed subsidiary for use in type 2 diabetes and other indications. The carrying value of the intangible asset associated with the GLP-1 asset was £8.8m which has been fully impaired in the period and sits in in-process research and development.
- A further £3.6m impairment charge has been made in the period against the Group's carrying value of the Novabel® intangible asset and sits in developed technologies. The product has been withdrawn from the market since June 2010 and the Group has received a termination notice from Merz.
- In addition, an impairment charge of £3.0m has been made against tangible fixed assets that would have been used exclusively for this product. An associated loan of £2.8m from Merz to fund the purchase of the tangible fixed assets has been written back through financial income (note 5) as the Group has no expectation of repaying this amount. These adjustments have not been reflected in acquisition adjustments and reorganisation costs.

(ii) Purchase of contractual rights

On 6 July 2011 BTG signed an agreement with Wellstat Therapeutics Corporation to acquire the US commercial rights product candidate UTA for use as a treatment for accidental overexposure to the chemotherapeutic 5-fluorouracil (5-FU). Under the terms of the agreement, BTG will have exclusive rights to market, sell and distribute UTA for this indication in the US for up to 10 years from marketing approval. Wellstat will be responsible for completing development and regulatory filings and for product manufacture. BTG paid Wellstat an upfront fee of $7.5 million and will make milestone payments upon NDA acceptance and approval and transfer pricing payments based on manufacturing costs and a significant percentage of net sales. The purchase price was capitalised at 6 July 2011 and will be amortised over the 10 year period starting from marketing approval representing the length of the exclusive period and point at which BTG will begin to generate economic returns from the product.

On 27 August 2010 BTG signed an agreement with Nycomed US Inc. concerning the accelerated transition to BTG on 1 October 2010 of marketing rights to CroFab® and DigiFab®. Under the terms of the agreement BTG purchased the exclusive rights to sell the products for which a consideration of £9.7m was paid on 15 October 2010. The purchase price was capitalised at 30 September 2010 and fully amortised over the six month period ending 31 March 2011 representing the length of the exclusive period.

9. Defined benefit pension fund

The Group has recognised an asset of £2.8m on the Group's balance sheet in accordance with IAS19 – *Employee benefits* in relation to the BTG Pension Fund (31 March 2011: liability of £2.0m; 30 September 2010: liability of £8.2m). The £4.8m movement since 31 March 2011 relates principally to cash contributions made by the Group and to actuarial gains, which are recognised in the condensed consolidated statement of comprehensive income.

In July 2011 the Group finalised the triennial actuarial valuation of the BTG Pension Fund as at 31 March 2010. The valuation showed a deficit of £13.9m and the Group committed to deficit repair payments of £12.1m in aggregate over the three years ending 31 March 2014. In the period to 30 September 2011, deficit repair payments of £2.8m have been made.

The Group also agreed to place a total of £1.5m into an escrow account, in three annual instalments of £0.5m commencing July 2011, to be used in the event of a wind-up of the BTG Pension Fund before 1 November 2013. If a wind-up has not commenced by 1 November 2013, the funds return to the Group.

10. Related parties

Giles Kerr, a non-executive director of BTG plc, is also the Director of Finance for Oxford University and a director of Isis Innovations Limited, a wholly-owned subsidiary of Oxford University. Wholly owned subsidiaries of BTG plc entered into revenue sharing agreements with these organisations prior to Giles Kerr joining the BTG Board. The BTG Group has licensed the intellectual property covered by these agreements to third party companies that are developing and/or selling the licensed products. Under these licence agreements, BTG is entitled to receive milestone payments and/or a royalty on sales of the products made by the third party licensees. Payments in the six months to 30 September under these agreements were £0.6m and amounts still outstanding and payable at 30 September 2011 were £nil.

Under the various revenue sharing agreements, the BTG Group pays a share of any income it receives to Oxford University and Isis Innovations, depending on the specific technology that generated the income. As the revenue sharing agreements do not permit these organisations to have any input over the commercialisation of the licensed products or the amount payable under the relevant revenue sharing agreement, Giles Kerr is not able to influence the amounts received in his position outside BTG. Because he has no influence over any aspect of these agreements in his role outside the BTG Group, the Company considers that his independence in relation to the BTG Group is not compromised.

Within the BTG Group, to avoid any possible conflict of interest, it has been agreed that Giles Kerr will not participate in any discussions concerning the relevant agreements either within the Board meetings of BTG plc or in any other discussions or meetings with the executives of BTG plc and its subsidiaries. The Board has considered, and is satisfied with, this separation of duties.

Responsibility statement of the directors in respect of the interim financial report

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the European Union;
- the interim management report includes a fair review of the information required by:

  (a) DTR 4.2.7R of the *Disclosure and Transparency Rules*, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

  (b) DTR 4.2.8R of the *Disclosure and Transparency Rules*, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

The Board

The Board of Directors that served during the six-month period to 30 September 2011 and their respective responsibilities can be found on pages 38 to 39 of the BTG plc Annual Report and Accounts 2011.

By order of the Board

Dr Louise Makin	Chief Executive Officer
Rolf Soderstrom	Chief Financial Officer

16 November 2011

Independent Review Report to BTG plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2011 which comprises the Group's condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of financial position, condensed consolidated statement of cash flows and the condensed statement of changes in equity and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure and Transparency Rules ('the DTR') of the UK's Financial Services Authority ('the UK FSA'). Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FSA.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2011 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FSA.

David Bills
For and on behalf of KPMG Audit Plc
Chartered Accountants
15 Canada Square
London E14 5GL

16 November 2011

Shareholder information

Financial calendar

Interim management statement	January 2012
Preliminary announcement of annual results for year ended 31 March 2012	May 2012

Capita share dealing services

A quick and easy share dealing service is available from Capita Registrars, to either buy or sell more shares. An online and telephone dealing facility is available providing shareholders with an easy-to-access and simple-to-use service. For further information on this service, or to buy and sell shares, please contact: www.capitadeal.com (online dealing) or +44 (0) 871 664 0446 (telephone dealing) – calls cost 10p per minute plus network extras, lines are open 8am - 4.30pm Monday - Friday. Full terms, conditions and risks apply and are available on request or by visiting www.capitadeal.com.

This is not a recommendation to buy or sell shares. The price of shares can go down as well as up, and you are not guaranteed to get back the amount that you originally invested.

Shareholder change of address

The Company offers the facility, in conjunction with Capita Registrars, our Registrars, to conduct a number of routine matters via the web including the ability to notify any change of address. If you are a shareholder and are either unable or would prefer not to use this facility, please do not send the notification to the Company's registered office. Please write direct to Capita Registrars, at their address shown below, where the register is held.

Relating to beneficial owners of shares with 'information rights'

Please note that beneficial owners of shares who have been nominated by the registered holder of those shares to receive information rights under section 146 of the Companies Act 2006 are required to direct all communications to the registered holder of their shares rather than to the Company's registrar, Capita Registrars, or to the Company directly.

Addresses for correspondence

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Website www.btgplc.com

Registered number 2670500

Registrars
Capita Registrars
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Tel (callers from the UK) 0871 664 0300
(please note that calls cost 10p per minute, plus network extras, lines are open 8.30am - 5.30pm Monday - Friday)
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Cautionary statement regarding forward-looking statements

This Interim Report and Accounts may contain certain projections and other forward-looking statements with respect to the financial condition, results of operations and businesses of BTG plc ("BTG"). These statements are based on current expectations and involve risk and uncertainty because they relate to events and depend upon circumstances that will occur in the future. There are a number of factors which could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements. Although BTG currently believes that the assumptions underlying these forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and therefore there can be no assurance that any results contemplated in the forward-looking statements will actually be achieved. Nothing contained in this Interim report should be construed as a profit forecast or profit estimate. Investors or other recipients are cautioned not to place undue reliance on any forward-looking statements contained herein. BTG undertakes no obligation to update or revise (publicly or otherwise) any forward-looking statement, whether as a result of new information, future events or other circumstances. This Interim Report and Accounts does not constitute an invitation or inducement to any person to subscribe for or otherwise acquire securities in BTG.

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