

BTG plc: Interim Results

Successfully executing growth strategy

Strong operating and financial performance across the business

London, UK, 11 November 2014: BTG plc (LSE: BTG), the specialist healthcare company, today announces its interim results for the six months ended 30 September 2014.

Financial summary

- 25% growth in reported revenue to £191.2m (H1 13/14: £153.0m)
- Operating profit increased to £42.8m (H1 13/14: £25.0m)
- Profit before tax £37.6m (H1 13/14: £32.7m)
- Basic EPS 10.8p (H1 13/14: 6.8p)
- Cash and equivalents at 30/9/14 of £78.0m (30/9/13: £39.8m)

Operating highlights

Interventional Medicine

- Controlled launch of Varithena[®] progressing as planned in the US reimbursed sector; first commercial patients treated in August 2014; positive physician feedback
- EkoSonic[®] Endovascular System cleared by the FDA to treat pulmonary embolism
- Direct sales force for TheraSphere[®] in Europe established; Beads to be sold direct using same sales force from April 2015
- Accelerating TheraSphere[®] Phase III trials
- DC Bead[®] approved in China for the treatment of malignant hypervascularised tumours
- Hub established in Hong Kong to support commercial, medical and regulatory activities in Asia

Specialty Pharmaceuticals

- Strong revenue growth reflecting further value creation in DigiFab[®] and Voraxaze[®]
- Consistent performance from CroFab[®]

Licensing

- Increase in royalty revenue driven by strong growth of Zytiga[®] (abiraterone acetate)
- FDA decision expected in Q4 2014 on regulatory application for Sanofi/Genzyme's Lemtrada[™] (alemtuzumab)

Louise Makin, BTG's CEO, commented: "We have delivered a strong operating and financial performance across the business during the first six months. The businesses we acquired last year are fully delivering and we are investing in multiple growth opportunities across the enlarged portfolio. The controlled US launch of Varithena[®] is progressing well and initial feedback from physicians is encouraging. Within Interventional Oncology we have established a European direct sales force and expanded our commercial, medical and regulatory activities in Asia. Overall, we are in a good position to deliver our organic growth plans and achieve our 2021 vision for the business while continuing to explore opportunities to expand our portfolio."

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About BTG

BTG is an international specialist healthcare company that is developing and commercialising products targeting acute care, cancer and vascular diseases. The company has diversified revenues from sales of its own marketed products and from royalties on partnered products, and is seeking to acquire new programmes and products to develop and market to specialist physicians. For further information about BTG, please visit our website at www.btgplc.com.

OPERATING REVIEW

We have delivered a strong operating and financial performance during the first six months of the year. The execution of our growth plans is on track and we have delivered double-digit growth in revenue and profitability.

Interventional Medicine

Ongoing advances in imaging technology means that doctors can now increasingly take treatments to the exact part of the body where they are needed most, resulting in faster treatment times and improved patient outcomes. Our role is to provide interventional radiologists and other specialist physicians with innovative image-guided products, backed by clinical data, which help them advance the treatment of their patients. With our current portfolio, we have the potential through organic growth activities to exceed \$1bn in sales by our 2020/21 financial year.

Our Interventional Medicine business currently has two areas of focus: Interventional Vascular and Interventional Oncology.

Interventional Vascular

Varithena[®]

Varithena[®] (polidocanol injectable foam) is a minimally invasive, patient-centric treatment to reduce symptoms and improve appearance of great saphenous vein incompetence (GSVI). It is the only comprehensive treatment for the GSV and associated visible varicosities.

We have initiated a controlled commercial launch strategy consisting of two phases: a build phase between 2014 and 2016, followed by a phase of accelerated growth from 2016. In the first phase, a US sales force of 24 account managers is engaging directly with vein specialists in order to equip, train and help embed Varithena[®] into their practices. Initially, the focus is on the US reimbursed market, in which we estimate that approximately 750,000 GSV procedures are conducted annually in circa 1,000 vein clinics.

Following the commencement of the controlled launch in the US reimbursed sector, the first commercial sales were recorded in August 2014. Feedback from physicians and patients has been positive. We continue to work alongside vein clinic physicians to progress training and patient evaluations, and we are on track to have 200 physicians in the programme by the end of this financial year. As Varithena[®] is a new product and procedure, we have established the Varithena Solutions Center[™], which provides ongoing reimbursement support to physicians, including helping them to submit appropriate paperwork to document the clinical benefit and enable the payer to process the claims. The Varithena Solutions Center[™] also provides payers with data to support the reimbursement claims.

In parallel with the controlled launch in the US reimbursed sector we are progressing plans to gain approvals in additional indications to address the cosmetic veins market and certain serious venous disorders. In addition, we are assessing other geographic markets and during the period our regulatory application was accepted for review by Health Canada.

EKOS

EKOS blood clot treatment devices are unique in that the ultrasound guided technology enables a smaller dose of thrombolytic drugs to penetrate deeper into the thrombus, resulting in complete clot dissolution and faster infusion time.

The use of interventional procedures to treat blood clots is a relatively new technique. Conservative measures in the form of anticoagulation therapy to help prevent further clots are the typical standard of care, but there is growing awareness of the potential benefits of also using interventional approaches to treat the existing thrombus driven by better outcomes, an improved safety profile, shorter hospital stays and lower chances of patients developing further clot complications.

We continue to invest in clinical studies to back our product's use. Following submission of data from studies showing that patients with a life-threatening pulmonary embolism can be successfully and safely treated with the EkoSonic[®] system, we received FDA clearance to treat patients with pulmonary embolism (PE) in May 2014. EkoSonic[®] is the only device on the market with this clearance, which gives

us significant competitive advantage in addressing the potentially large market opportunity resulting from approximately 300,000 cases of massive and sub-massive pulmonary embolisms that occur annually in the US.

Our dedicated US sales force of 54 reps currently calls on over 600 hospitals with a plan to increase this coverage to over 1,000 hospitals. EKOS customers are interventional radiologists, interventional cardiologists and vascular surgeons so we believe there is a significant educational and cross-selling opportunity with our Varithena[®] field force. In addition, 50% of blood clots present in the emergency room which is the primary call-point for our Specialty Pharmaceuticals field force.

Geographic expansion has begun in Europe with the creation of a small direct sales team in the UK and France to follow. We have also strengthened distribution agreements in a number of other European markets.

Interventional Oncology

Our diverse portfolio of embolic beads, drug-eluting beads and radiation beads means that BTG has built a strong franchise in the locoregional treatment of liver tumours. We are uniquely positioned to provide physicians with the two main locoregional treatments giving us a strong, patient-centric customer offering.

In the US our combined Beads and TheraSphere[®] account managers have been promoting both products since late 2013. In Europe we have established a field force to cover Austria, Belgium, France, Germany, Ireland, Italy, Netherlands, Portugal, Switzerland, Spain and the UK. Initially this team was focused on selling TheraSphere[®]; in October we announced our intention to sell our Beads products directly through this sales channel from April 2015.

Asia represents an important strategic market for BTG. DC Bead[®] is currently approved in a number of territories, including Japan, where our licensee is Eisai, South Korea, where we have a distribution partner, and Taiwan, where we have recently created a direct BTG sales team. In August we received approval for DC Bead[®] in China for the embolisation of malignant hypervascularised tumours. Our commercial partner, SciClone Pharmaceuticals, Inc. is leading the launch preparations and this will be supported from our new regional centre of excellence for commercial, regulatory and medical affairs in Hong Kong.

As well as geographic expansion to drive growth, our development and innovation teams are working on a number of projects to enhance the current platform of products. This includes new features and new indications for our Bead products as well as a continuation of investigator led and registration studies to build upon their current use in intermediate stage primary liver cancer (hepatocellular carcinoma, HCC). For TheraSphere[®] we are accelerating three Phase III trials, two of which seek to gain pre-market approvals (PMAs) in the US for treating patients with unresectable HCC and as a second-line treatment for patients with metastatic tumours in the liver as a result of colorectal cancer (mCRC).

Specialty Pharmaceuticals

We have delivered a strong performance in our Specialty Pharmaceuticals business. This was reflected in the first half of the year by the ongoing growth of DigiFab[®], the digoxin overdose product, from geographic expansion and favourable pricing trends and of Voraxaze[®], which is used to treat high-dose methotrexate toxicity, and which has continued to build steadily in its third year on the market. CroFab[®], our snakebite antivenin, continues to deliver in line with our expectations.

In October we announced the settlement of an International Trade Commission (ITC) filing against Instituto Bioclon (Bioclon) of Mexico and Rare Disease Therapeutics, Inc. (RDT) of Tennessee. This is a positive step that removes uncertainty for our stakeholders.

Our products are well established and trusted by our customers. CroFab[®], DigiFab[®] and Voraxaze[®] are niche antidote products serving bounded markets. We believe that our understanding of the customer and strong relationships within relevant hospitals will enable us to continue to deliver mid-to-high single digit average annual growth potential across this business.

Our partner Wellstat Therapeutics Corporation continues to progress uridine triacetate, an antidote to overexposure to 5-fluorouracil, a chemotherapy agent, through US regulatory development. If approved, BTG will sell uridine triacetate through the same sales force as CroFab[®], DigiFab[®] and Voraxaze[®].

Licensing

Significant growth in Zytiga[®] (abiraterone acetate), Johnson & Johnson's treatment for advanced prostate cancer, which is currently tracking to over \$2bn in annual sales, has resulted in another good performance for our Licensing business. We also received modest royalties during the period from Sanofi/Genzyme's Lemtrada[™] (alemtuzumab), an approved product in the EU for the treatment of multiple sclerosis. Sanofi also re-submitted the US Biologics Licence Application to the FDA and they anticipate a response by the end of 2014.

FINANCIAL REVIEW

2014/15 is a year of investing to deliver growth and these interim financial results reflect the ongoing execution of this strategy. The acquisitions of TheraSphere[®] and EKOS made in the prior year have been fully integrated and are performing strongly. We are investing in our commercial capabilities and Innovation and Development portfolio to fully capture the range of commercial opportunities within Interventional medicine.

The results include the impact of a full six months of the acquisitions completed in July 2013 compared with approximately 3 months in the prior period results.

	H1 14/15 (£m)	H1 13/14 (£m)	Change
Revenue	191.2	153.0	25%
Contribution¹	80.1	66.7	20%
Operating Profit			
Underlying²	56.8	46.7	22%
Reported	42.8	25.0	71%
Profit before tax	37.6	32.7	15%
Basic EPS	10.8p	6.8p	59%
Closing cash and cash equivalents	78.0	39.8	96%

¹Gross profit less sales, general and administrative costs

²Excluding acquisition adjustments and reorganisation costs

Revenue

Reported revenues have grown 25% to £191.2m (H1 13/14: £153.0m). We have seen revenue growth across each of our operating segments on both a reported and adjusted basis. Adjusted revenue has been calculated by pro-rating the EKOS and TheraSphere[®] revenues from 3 to 6 months and rebasing to constant currency by taking into account the adverse impact of the US\$, which traded at an average of 1.68 in the period against 1.54 in the prior period. Adjusted Group revenues have increased 23% against the prior year.

Interventional Medicine saw a growth in recurring revenues of 78% on a reported basis to £51.8m (H1 13/14: £29.1m) and 24% on an adjusted basis. Embolic beads delivered 15% growth at constant currency; EKOS and TheraSphere[®] showed 28% and 25% growth respectively on an adjusted basis. We also reported our first revenues from Varithena[®] following the commencement of commercial treatments in August 2014. Overall, these strong results reflect the execution of our acquisition and commercial strategies as we continue to position the Group as a leader in Interventional Medicine.

Specialty Pharmaceuticals had a good first half with revenues growing 11% on a reported basis to £77.8m (H1 13/14: £69.8m); at constant currency revenue growth was 21%. Sales of CroFab[®] were consistent with the prior period. Both DigiFab[®] and Voraxaze[®] delivered good growth as we continue to raise physician awareness of them within the bounded markets in which they operate.

The Licensing segment continues to provide a strong financial underpin with revenue growing by 15% on a reported basis to £61.6m (H1 13/14: £53.4m) and by 24% at constant currency. This is driven by the ongoing growth in Zytiga[®] (abiraterone acetate) which generated £50.6m, with support from other established products within the portfolio.

The key contributors to revenue were:

Business segment	Product	H1 14/15 (£m)	H1 13/14 (£m)	Change	Change at constant currency [†]
Interventional Medicine	Beads	16.8	15.8	6%	15%
	TheraSphere [®]	20.0	7.0	186%	25%*
	Varithena [®]	0.4	-	-	-
	EKOS	14.6	6.3	132%	28%*
		51.8	29.1	78%	24%*
Specialty Pharmaceuticals	CroFab [®]	49.1	49.7	(1%)	8%
	DigiFab [®]	21.9	15.3	43%	54%
	Voraxaze [®] /other	6.8	4.8	42%	52%
		77.8	69.8	11%	21%
Licensing	Zytiga [®]	50.6	41.7	21%	31%
	Two-part hip cup	5.8	6.3	(8%)	-
	Other recurring royalties	5.2	5.4	(4%)	(2%)
		61.6	53.4	15%	24%
Total recurring revenue		191.2	152.3	26%	23%*
Non-recurring	Brachytherapy	-	0.7	-	-
Total		191.2	153.0	25%	23%*

[†]Constant currency USD vs GBP (\$1.68 vs \$1.54 in prior year)

*Based on pro-forma 6 month revenues for EKOS and TheraSphere[®]

Gross Profit

Reported gross margin for the Group increased from 66% to 71%. Specialty Pharmaceuticals gross margin increased to 85% reflecting higher revenues and the expiry of a royalty payment to a former distributor. In Interventional Medicine, gross margin increased to 73%. In the short term, the Interventional Medicine gross margin will be impacted by the launch of Varithena[®] offset by the growth of the interventional oncology products. Licensing gross margin held constant at just over 50%. Our ongoing guidance for the Group's gross margin remains at 70%.

Contribution

The Board uses segmental contribution defined as gross profit less sales, general & administrative ("SG&A") expenses as a key performance indicator. Group contribution has risen £13.4m to £80.1m (H1 13/14: £66.7m); the contribution margin has fallen from 44% to 42% in the period as a result of the planned commercial investments we are making in Interventional Medicine.

SG&A expenses increased from £34.9m to £55.2m. The majority of this increase has been incurred in the Interventional Medicine segment and reflects the ownership of EKOS and TheraSphere[®] for the full period, the establishment of the Varithena[®] US sales force, the investment in our commercial infrastructure for preparing for direct sales in the EU and investment in our Asia expansion. Within the Licensing segment we include one-off legal costs associated with CroFab[®] patent litigation of approximately £4m. We expect the total costs associated with this settlement to be approximately £8m.

The Interventional Medicine segmental contribution has increased to £8.8m (H1 13/14: £5.9m). This reflects the increased contributions from the combined Interventional Oncology sales force and growth in EKOS. Establishing the Varithena[®] sales force in the US and the EU sales force for TheraSphere[®] and the Beads has reduced the segmental contribution margin from 20% to 17%. We anticipate that the contribution margin will revert to closer to 40% in future years as we execute our growth plans.

In our Specialty Pharmaceuticals business the contribution has risen to £54.0m (H1 13/14: £42.8m) and the contribution margin from 61% to 69%. This is principally a function of increasing gross margin in the business and higher revenues. As this business segment is weighted towards greater first half sales of CroFab[®] as a result of the snake bite season which runs from March through to October, we anticipate the contribution margin being around 65% over the full year.

In Licensing, the incremental gross profit from Zytiga[®] revenues offset by the one-off costs associated with the settlement of the CroFab[®] patent litigation resulted in the contribution margin reducing to 28%.

Operating profit

Reported operating profit¹ has increased by £17.8m to £42.8m (H1 13/14: £25.0m) driven by an increased contribution of £13.4m as discussed above and reflecting the absence of EKOS and TheraSphere[®] acquisition costs. These increases have been partially offset by increased research and development investment.

Investment in research and development has increased by £10.9m to £27.2m (H1 13/14: £16.3m). The figure includes a full 6 months of investment associated with the ownership of EKOS and TheraSphere[®] when compared with 3 months last period. The investment reflects the indication expansion activities for our Interventional Medicine portfolio and product innovation and lifecycle management across the full portfolio of products. Key areas of investment this period have been the ongoing acceleration of the TheraSphere[®] Phase III trials, studies and innovation projects associated with the Beads platform, investigator initiated studies for EkoSonic[®] and geographic and indication expansion activities associated with Varithena[®].

Amortisation and impairments of acquired intangible assets increased in the period to £13.1m (H1 13/14: £10.0m). This reflects the additional 3 months of ownership of EKOS and TheraSphere[®] in the current period and is an approximate run rate for the business moving forwards. There were no impairments in the period.

The \$/£ exchange rate moved from \$1.67/£ at the start of the period to \$1.62/£ at the end of the period (H1 13/14: \$1.52/£ at the start of the period moving to \$1.62 at the end of the period). The Group's exposure to the US\$ revenues and costs has resulted in the recognition of foreign exchange gains of £3.6m (H1 13/14: £5.6m loss).

Acquisition costs were £0.9m in the period (H1 13/14: £9.8m). These relate to the acquisition of a site and certain assets and processes associated with Varithena[®] manufacture from a contract manufacturing organisation. The charges in the prior year related to the acquisitions of EKOS and TheraSphere[®].

Financial income and expense

Net financial expense of £5.2m in the period is a movement of £12.9m when compared to a net financial income of £7.7m in the prior period. The Group incurred a loss on mark-to-market of foreign exchange forward contracts of £3.4m (H1 13/14: gain of £7.5m). Also included within financial expense is an adjustment of £1.3m (H1 13/14: £nil) related to the contingent milestones for the acquisition of EKOS.

Profit before tax and tax

Profit before tax for the Group's interim period is £37.6m (H1 13/14: £32.7m). Increased revenues and related gross profit have been offset by higher planned spending on SG&A and research and development, resulting in a £4.9m increase in profit before tax.

The Group's profits arise in the UK, the United States and certain other overseas territories. As a consequence, the effective tax rate is a combination of blending the varying tax rates in these jurisdictions. Additionally, the Group has benefited in the UK from Patent Box legislation which allows for a lower tax charge on qualifying assets.

¹ Operating profit is calculated as contribution less: amortisation and impairments of acquired intangible assets; foreign exchange gains/losses; research and development; profit on disposal of intangible assets and property, plant and equipment; and acquisition and reorganisation costs.

In the period the Group has recognised a tax credit of £1.6m (H1 13/14: charge of £9.1m). This is made up of a current tax charge of £14.8m (H1 13/14: £12.4m) offset by a deferred tax credit of £16.4m (H1 13/14: £3.3m). The deferred tax credit has arisen from the ongoing profitable growth of the business, resulting in previously unrecognised tax losses being recognised on the balance sheet as a deferred tax asset, with a corresponding credit to the income statement.

Earnings per share

Basic earnings per share increased to 10.8p (H1 13/14: 6.8p) on profit after tax of £39.2m (H1 13/14: £23.6m). Adjusted earnings per share, excluding acquisition adjustments and restructuring costs, increased to 13.9p from 11.8p in the prior period.

Balance sheet

Non-current assets have increased to £567.3m from £565.5m as at 31 March 2014. The principal movements relate to capital expenditure of £3.7m and positive foreign exchange movements on US\$ denominated assets offset by amortisation of intangible assets of £13.7m and depreciation of property, plant and equipment of £2.5m. The Group has also recognised additional deferred tax assets in the period which have increased from £0.8m to £6.4m from the year end.

The defined benefit pension asset recognised on the balance sheet has decreased by £0.4m to £7.6m (31 March 2014: £8.0m). The actuarial deficit at 31 March 2013, the date of the last formal actuarial valuation and measured in accordance with guidelines set by the Pensions Regulator, was £9.8m. The Group committed to deficit repair payments of £6.0m in aggregate over the three years ending 31 March 2017. In the period to 30 September 2014, deficit repair payments of £1.2m have been made (H1 13/14: payment of £1.4m).

Current assets have increased to £192.0m from £146.2m at 31 March 2014. The principal movement is within cash and cash equivalents which increased from £38.2m to £78.0m at the period end as a result of strong trading results. The Group maintains its £60m multi-currency revolving credit facility providing access to funds for a period of three years to April 2016. This has not been utilised in the period.

Movements in inventory and receivables balances reflect the underlying growth of the Group. Inventory has increased to £30.5m from £27.0m as at 31 March 2014 whilst receivables have increased to £80.0m from £75.1m as at 31 March 2014.

Total liabilities have decreased to £178.3m from £181.3m as at 31 March 2014. Of this movement, £8.4m relates to a decrease in the Group's deferred tax liabilities. This predominantly reflects the Group recognising deferred tax assets in those jurisdictions which are in a net deferred tax liability position.

Also included in liabilities at 30 September 2014 is £6.6m (H1 13/14: £16.2m) in relation to the fair value of the contingent consideration potentially payable under the terms of the EKOS acquisition over the period to 31 December 2015. During the year ended 31 March 2014, BTG paid the contingent payment of \$20.0m (£11.9m) in respect of 2013.

A current tax liability of £10.8m (31 March 2014: £7.4m) has also been recognised at 30 September 2014.

Cash flow

The Group's cash and cash equivalents increased from £38.2m to £78.0m. Cash from operations of £54.3m (H1 13/14: £37.9m) reflects the strong trading performance of the Group in the period and was generated on operating profit of £42.8m (H1 13/14: £25.0m). The Group continues to reinvest its operational cash flow in its commercial and research and development activities, and the increase in working capital of £6.3m reflects the growth of the business.

Tax payments of £11.3m (H1 13/14: £5.4m) have predominantly been made in the US. While the Group does have tax losses, profits accruing over the period have partly arisen in statutory entities where tax losses do not fully offset profits.

Capital expenditure of £3.7m in the period is in line with the prior year and principally represents on-going improvements to our manufacturing facilities.

SUMMARY AND OUTLOOK

BTG has performed strongly during the first six months of the financial year. We are successfully executing our growth strategy across the business. As a result of this strong operating and financial performance, we expect full year Group revenues to be around the top end of our guidance range of £330m to £345m, despite adverse foreign exchange impacts.

Our goal of achieving over \$1bn in sales in Interventional Medicine by 2021 is supported by our highly cash-generative Specialty Pharmaceuticals and Licensing businesses, which provide a strong financial underpin. This enables us to invest simultaneously in our commercial capabilities and geographic footprint, and in innovation and development activities to expand our product pipeline.

We expect the momentum from the first half of the year to continue into the second as we deliver on our growth strategy. In addition to this organic growth, we continue to review external acquisition opportunities both in Interventional Medicine and Specialty Pharmaceuticals. We are in an excellent position to deliver sustainable long-term growth and we look to the future with confidence.

CONDENSED CONSOLIDATED INCOME STATEMENT for the six months ended 30 September 2014

	Note	Six months ended 30 September 2014			Six months ended 30 September 2013		
		Results before acquisition adjustments and reorganisation costs £m	Acquisition adjustments and reorganisation costs £m	Total £m	Results before acquisition adjustments and reorganisation costs £m	Acquisition adjustments and reorganisation costs £m	Total £m
Revenue	2	191.2	-	191.2	153.0	-	153.0
Cost of sales	2	(55.9)	-	(55.9)	(49.5)	(1.9)	(51.4)
Gross profit	2	135.3	-	135.3	103.5	(1.9)	101.6
Operating Expenses:							
Amortisation and impairment of acquired intangible assets		-	(13.1)	(13.1)	-	(10.0)	(10.0)
Foreign exchange gains/(losses)	3	3.6	-	3.6	(5.6)	-	(5.6)
Selling, general and administrative expenses	2	(55.2)	-	(55.2)	(34.9)	-	(34.9)
Operating expenses: total		(51.6)	(13.1)	(64.7)	(40.5)	(10.0)	(50.5)
Research and development		(27.2)	-	(27.2)	(16.3)	-	(16.3)
Profit on disposal of property, plant and equipment and intangible assets		0.3	-	0.3	-	-	-
Acquisition and reorganisation costs	10	-	(0.9)	(0.9)	-	(9.8)	(9.8)
Operating profit		56.8	(14.0)	42.8	46.7	(21.7)	25.0
Financial income	4	-	-	-	8.2	-	8.2
Financial expense	4	(3.9)	(1.3)	(5.2)	(0.5)	-	(0.5)
Profit before tax		52.9	(15.3)	37.6	54.4	(21.7)	32.7
Tax credit/(charge)	5	-	-	1.6	-	-	(9.1)
Profit for the period				39.2			23.6
Earnings per share							
Basic earnings per share	6			10.8p			6.8p
Diluted earnings per share	6			10.7p			6.7p

All activities arose from continuing operations.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the six months ended 30 September 2014

	Note	Six months ended 30 September 2014 £m	Six months ended 30 September 2013 £m
Profit for the period		39.2	23.6
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign exchange translation differences		8.6	(22.4)
Items that will not be reclassified subsequently to profit or loss			
Actuarial loss on defined benefit pension scheme	8	(1.8)	(5.9)
Deferred tax on defined benefit pension scheme asset		0.1	1.6
Other comprehensive income for the period		6.9	(26.7)
Total comprehensive income for the period		46.1	(3.1)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 September 2014

	Note	30 September 2014 £m	31 March 2014 £m	30 September 2013 £m
ASSETS				
Non-current assets				
Goodwill	7,10	125.5	123.6	125.3
Intangible assets	7,10	392.3	397.9	420.0
Property, plant and equipment		32.5	31.3	26.8
Other investments		3.0	3.0	3.0
Deferred tax assets		6.4	0.8	1.0
Employee benefits	8	7.6	8.0	6.2
Derivative financial instruments		-	0.9	-
		567.3	565.5	582.3
Current assets				
Inventories		30.5	27.0	23.4
Trade and other receivables		80.0	75.1	68.8
Corporation tax receivable		1.5	1.5	-
Derivative financial instruments		2.0	4.4	5.3
Cash and cash equivalents		78.0	38.2	39.8
Assets held for sale	9	-	-	2.5
		192.0	146.2	139.8
Total assets		759.3	711.7	722.1
EQUITY				
Share capital	12	36.3	36.1	36.1
Share premium account	12	289.7	288.7	288.5
Merger reserve		317.8	317.8	317.8
Other reserves		(23.6)	(32.2)	(22.2)
Retained earnings		(39.2)	(80.0)	(83.2)
Total equity attributable to equity holders of the parent		581.0	530.4	537.0
LIABILITIES				
Non-current liabilities				
Trade and other payables		3.0	2.6	5.5
Deferred tax liabilities		82.0	90.4	91.5
Provisions		0.7	0.5	0.5
		85.7	93.5	97.5
Current liabilities				
Trade and other payables		81.2	79.9	78.7
Derivative financial instruments		0.1	-	-
Corporation tax payable		10.8	7.4	8.3
Provisions		0.5	0.5	0.6
		92.6	87.8	87.6
Total liabilities		178.3	181.3	185.1
Total equity and liabilities		759.3	711.7	722.1

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the six months ended 30 September 2014

	Note	Six months ended 30 September 2014 £m	Six months ended 30 September 2013 £m
Profit after tax for the period		39.2	23.6
Tax (credit)/charge	5	(1.6)	9.1
Financial income	4	-	(8.2)
Financial expense	4	5.2	0.5
Operating profit		42.8	25.0
Adjustments for:			
Profit on disposal of property, plant and equipment and intangible assets		(0.3)	-
Amortisation and impairment of intangible assets		13.7	10.9
Depreciation on property, plant and equipment		2.5	1.7
Share-based payments		3.1	1.9
Pension scheme funding	8	(1.2)	(1.4)
Fair value adjustments		-	1.9
Cash flows from operations before movements in working capital		60.6	40.0
(Increase)/decrease in inventories		(3.4)	2.8
Increase in trade and other receivables		(4.9)	(5.3)
Increase in trade and other payables		1.8	0.4
Increase in provisions		0.2	-
Cash generated from operations		54.3	37.9
Taxation paid		(11.3)	(5.4)
Net cash inflow from operating activities		43.0	32.5
Cash flows from investing activities			
Interest received		-	0.2
Purchases of intangible assets		(0.1)	(0.3)
Purchases of property, plant and equipment		(3.6)	(4.3)
Acquisition of businesses net of cash acquired	10	(1.5)	(248.4)
Net cash outflow from investing activities		(5.2)	(252.8)
Cash flows from financing activities			
Proceeds from issue of shares	12	1.2	103.2
Other financing activities		0.1	(0.7)
Net cash inflow from financing activities		1.3	102.5
Increase/(decrease) in cash and cash equivalents		39.1	(117.8)
Cash and cash equivalents at start of period		38.2	158.7
Effect of exchange rate fluctuations on cash held		0.7	(1.1)
Cash and cash equivalents at end of period		78.0	39.8

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 September 2014

	Share capital £m	Share premium £m	Merger reserve £m	Other reserves £m	Retained earnings £m	Total equity £m
At 1 April 2014	36.1	288.7	317.8	(32.2)	(80.0)	530.4
Profit for the period	-	-	-	-	39.2	39.2
Other comprehensive income	-	-	-	8.6	(1.7)	6.9
Total comprehensive income for the period	-	-	-	8.6	37.5	46.1
Transactions with owners:						
Issue of ordinary shares	0.2	1.0	-	-	-	1.2
Movement in shares held by the Trust	-	-	-	-	0.2	0.2
Share-based payments	-	-	-	-	3.1	3.1
At 30 September 2014	36.3	289.7	317.8	(23.6)	(39.2)	581.0

	Note	Share capital £m	Share premium £m	Merger reserve £m	Other reserves £m	Retained earnings £m	Total equity £m
At 1 April 2013		32.8	188.6	317.8	0.2	(104.8)	434.6
Profit for the period		-	-	-	-	23.6	23.6
Other comprehensive income		-	-	-	(22.4)	(4.3)	(26.7)
Total comprehensive income for the period		-	-	-	(22.4)	19.3	(3.1)
Transactions with owners:							
Issue of ordinary shares	12	3.3	99.9	-	-	-	103.2
Movement in shares held by the Trust		-	-	-	-	0.4	0.4
Share-based payments		-	-	-	-	1.9	1.9
At 30 September 2013		36.1	288.5	317.8	(22.2)	(83.2)	537.0

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 contain all of the information which International Financial Reporting Standards (IFRS) would require for a complete set of annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 March 2014.

These condensed unaudited consolidated interim financial statements were approved by the Board of Directors on 10 November 2014.

Comparative financial information

The comparative figures for the financial year ended 31 March 2014 do not constitute the Group's statutory accounts for that financial year. Statutory accounts for the year ended 31 March 2014, prepared in accordance with International Financial Reporting Standards as adopted by the EU ('Adopted IFRSs') and as issued by the International Accounting Standards Board, have been reported on by the Group's auditor and delivered to the Registrar of Companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditor 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

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 2014.

No standard and interpretations recently adopted by the EU have a significant impact on the Group.

No standard and interpretations issued by the EU but not yet effective are expected to have a significant impact on the Group.

Acquisition adjustments and reorganisation costs

The condensed consolidated income statement includes a separate column to disclose acquisition adjustments and reorganisation costs arising on corporate acquisitions. Material adjustments relate to the acquisitions of:

- EKOS Corporation in July 2013;
- Targeted Therapies Division of Nordion Inc. in July 2013;
- Biocompatibles International plc in January 2011; and
- Protherics PLC in December 2008.

The costs relate to the following:

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

Going concern and liquidity

After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue 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, distribution partners, wholesalers 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 licensees;
- Many of the Group’s sales products are life-saving in nature, providing some protection against the current uncertain economic outlook; and
- In April 2013, the Group signed a £60m multi-currency revolving credit facility providing access to funds for a period of three years to April 2016. This facility remains undrawn.

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 in the US, when the product is in highest demand, runs from March to October.

2. Operating segments

The Group is aligned behind three reportable segments, being Specialty Pharmaceuticals, Interventional Medicine and Licensing.

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 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.

The acquisitions in the prior period of EKOS Corporation on 5th July 2013 and the Targeted Therapies division from Nordion Inc. on 13th July 2013 are included within the Interventional Medicine operating segment.

	Six months ended 30 September 2014			Total £m
	Interventional Medicine £m	Specialty Pharmaceuticals £m	Licensing £m	
Revenue	51.8	77.8	61.6	191.2
Cost of Sales	(14.2)	(11.8)	(29.9)	(55.9)
Gross Profit	37.6	66.0	31.7	135.3
Selling, general and administrative expenses	(28.8)	(12.0)	(14.4)	(55.2)
Contribution	8.8	54.0	17.3	80.1
Amortisation and impairment of acquired intangibles				(13.1)
Foreign exchange gains				3.6
Research and development				(27.2)
Profit on disposal of property, plant and equipment and intangible assets				0.3
Acquisition and reorganisation costs				(0.9)
Operating profit				42.8
Financial income				-
Financial expense				(5.2)
Profit before tax				37.6
Tax				1.6
Profit for the period				39.2
Unallocated assets				759.3

Six months ended 30 September 2013

	Interventional Medicine ¹	Specialty Pharmaceuticals	Licensing	Total
	£m	£m	£m	£m
Revenue	29.8	69.8	53.4	153.0
Cost of Sales ¹	(8.8)	(17.0)	(25.6)	(51.4)
Gross Profit	21.0	52.8	27.8	101.6
Selling, general and administrative expenses	(15.1)	(10.0)	(9.8)	(34.9)
Contribution	5.9	42.8	18.0	66.7
Amortisation and impairment of acquired intangibles				(10.0)
Foreign exchange losses				(5.6)
Research and development				(16.3)
Acquisition and reorganisation costs				(9.8)
Operating profit				25.0
Financial income				8.2
Financial expense				(0.5)
Profit before tax				32.7
Tax				(9.1)
Profit for the period				23.6
Unallocated assets				722.1

1) 2013 Cost of Sales includes a £1.9m release of a fair value adjustment to inventory purchased on the acquisition of EKOS on the 5th July 2013 within the Interventional Medicine segment. This release represents the reversal of a fair value uplift applied to inventory purchased on acquisition recognised through the income statement as the product is sold.

Revenue analysis

An analysis of revenue, based on the geographical location of customers and the source of revenue is provided below:

Geographical analysis	Six months ended 30 September 2014 £m	Six months ended 30 September 2013 £m
USA	171.2	138.3
Europe	14.2	11.5
Other regions	5.8	3.2
	191.2	153.0

Revenue from major products and services	Six months ended 30 September 2014 £m	Six months ended 30 September 2013 £m
Product sales	129.6	99.6
Royalties	61.6	53.4
	191.2	153.0

Major customers

The Group's marketed products are sold both directly and also through several distribution agreements in the US, Europe and Asia Pacific. One customer individually generated product income in excess of 10% of Group revenue of £20.6m (H1 13/14: two customers individually generated product income of £19.1m and £17.9m respectively).

Products that utilise the Group's Intellectual Property Rights are sold by licensees. Royalty income is derived from over 60 licences. One licence individually generated royalty income in excess of 10% of Group revenue of £50.6m (H1 13/14: one licence individually generated £41.7m).

3. Foreign exchange gains and losses in the income statement

During the six months ended 30 September 2014 the Group recognised foreign exchange gains of £3.6m (H1 13/14: losses of £5.6m) 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 £5.2m (H1 13/14: included within "Financial income" of £8.2m) is £3.4m (H1 13/14: £7.5m) which represents the movement in the fair value of the Group's foreign exchange forward contracts.

4. Financial income and expense

Note	Six months ended 30 September 2014 £m	Six months ended 30 September 2013 £m
Interest receivable on money market and bank deposits	-	0.2
Fair value movement on foreign exchange forward contracts	-	7.5
Other	-	0.5
Financial income	-	8.2
Fair value movement on foreign exchange forward contracts	3.4	-
Fair value changes on contingent consideration	1.3	-
Other financial expense	0.5	0.5
Financial expense	5.2	0.5

5. Tax

	Six months ended 30 September 2014 £m	Six months ended 30 September 2013 £m
Current tax		
Current tax charge	14.8	12.4
Deferred tax		
Decrease in net deferred tax liability	(16.4)	(3.3)
Total tax (credit)/charge for the period	(1.6)	9.1

Tax for each six month period has been provided on the basis of the anticipated tax (credit)/charge for the full year. The current tax charge of £14.8m (H1 13/14: £12.4m) principally relates to US federal and state taxes.

The deferred tax credit of £16.4m (H1 13/14: £3.3m credit) principally reflects the reduction in the deferred tax liability recognised on acquired intangible assets as these assets are amortised or impaired (£6.4m) and the recognition of deferred tax assets (£10.2m). £33.0m of previously unrecognised tax losses have now been recognised due to the expectation that there will be taxable profits in the future against which they can be utilised.

6. Earnings per share

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

	Six months ended 30 September 2014	Six months ended 30 September 2013
Profit for the period (£m)	39.2	23.6
Earnings per share (p)		
Basic	10.8	6.8
Diluted	10.7	6.7
Number of shares (m)		
Weighted average number of shares – basic	361.6	349.6
Effect of share options in issue	5.3	4.4
Weighted average number of shares – diluted	366.9	354.0

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

	Six months ended 30 September 2014	Six months ended 30 September 2013
Profit for the period from operations (£m)	39.2	23.6
Add back:		
Fair value adjustment on acquired inventory ⁽ⁱ⁾	-	1.2
Amortisation of acquired intangible fixed assets ⁽ⁱⁱ⁾	9.1	7.1
Acquisition and reorganisation costs ⁽ⁱⁱⁱ⁾	0.7	9.3
Fair value changes on contingent consideration ^(iv)	1.3	-
Underlying earnings	50.3	41.2
Profit per share (p)		
Basic	13.9	11.8
Diluted	13.7	11.6

Adjustments to profit are shown after taking into account the tax effect of such adjustments on the results as shown in the condensed consolidated income statement as follows:

- (i) In the period ended 30 September 2013 there was £0.7m tax impact on fair value adjustment of inventory acquired of £1.9m.
- (ii) The release of deferred tax liability of £4.0m (H1 13/14: £2.9m) has been deducted from the amortisation and impairment of acquired intangible assets of £13.1m (H1 13/14: £10.0m) as shown in the condensed consolidated income statement.
- (iii) In the period ended 30 September 2014 there was £0.2m (H1 13/14: £0.5m) tax impact on acquisition and reorganisation costs of £0.9m (H1 13/14: £9.8m).
- (iv) No tax adjustment was required on the fair value changes on the contingent consideration.

The denominators used are the same as those above for both basic and diluted earnings per share.

7. Goodwill and intangible assets

(a) Goodwill

Goodwill of £125.5m (H1 13/14: £125.3m) relates to the acquisitions of EKOS Corporation in July 2013 (see note 10), the Targeted Therapies Division of Nordion Inc. in July 2013 (see note 10), Biocompatibles International plc in January 2011 and Protherics PLC in December 2008. The movements in the period relate to the foreign exchange retranslation of goodwill denominated in foreign currencies at the closing exchange rate at 30 September 2014.

(b) Intangible assets

	30 September 2014 £m	31 March 2014 £m	30 September 2013 £m
Net book value			
Developed technology (i)	366.1	371.1	392.6
Contractual relationships (i)	0.1	0.3	0.6
In-process research and development (i)	16.6	16.5	16.4
Computer software	0.6	0.7	0.5
Patents	1.9	2.3	2.5
Purchase of contractual rights	7.0	7.0	7.4
	392.3	397.9	420.0

(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 EKOS Corporation in July 2013, the Targeted Therapies Division of Nordion Inc. in July 2013, Biocompatibles International plc in January 2011 and Protherics PLC in December 2008. Movements in these categories of intangible assets between 31 March 2014 and 30 September 2014 are predominately driven by amortisation charges and foreign exchange retranslation of the assets denominated in foreign currencies at the closing exchange rate at 30 September 2014.

8. Defined benefit pension fund

The Group has recognised a net defined benefit asset of £7.6m on the Group's balance sheet in accordance with IAS19 – *Employee benefits* in relation to the BTG Pension Fund (31 March 2014: asset of £8.0m; 30 September 2013: asset of £6.2m). The £0.4m decrease since 31 March 2014 relates principally to a decrease in the discount rate used to value the defined benefit obligation, partially offset by higher than expected investment returns, a reduction in the inflation assumption used to value the defined benefit obligation and contributions paid being

higher than the cost of benefits accruing over the period. Actuarial gains/losses are recognised in the condensed consolidated statement of comprehensive income.

In July 2014, the Group finalised the triennial actuarial valuation of the BTG Pension Fund as at 31 March 2013. The valuation showed a deficit of £9.8m and the Group committed to deficit repair payments of £6.0m in aggregate over the three years ending 31 March 2017. In the period to 30 September 2014, deficit repair payments of £1.2m (H1 13/14: £1.4m) have been made.

9. Disposal group held for sale

In September 2013, BTG announced the sale of its Brachytherapy business to Eckert & Ziegler Group. The deal completed on 1 November 2013. As at 30 September 2013, BTG held the Brachytherapy business as a disposal group that comprised net assets of £2.5m, detailed in the table below. No goodwill was allocated to the disposal group.

Disposal group held for sale on the financial position of the Group

	30 September 2013 £m
Intangible assets	1.5
Property, plant and equipment	0.5
Inventories	0.5
Net assets and liabilities	2.5

10. Business Combinations

On 6 August 2014, the Group acquired the site and certain assets and processes associated with PEM manufacture from its existing contract manufacturing organisation, SCM Pharma Limited, for a consideration of approximately £0.5m plus transaction fees. The Company expects to increase throughput through these assets to support the growth of the recently approved and launched Varithena[®].

In July 2013, BTG completed the acquisitions of EKOS Corporation (EKOS) and the Targeted Therapies division from Nordion Inc.

a) EKOS Corporation (EKOS)

BTG completed the acquisition of 100% of EKOS on 5 July 2013 for an initial cash consideration of £118.7m (\$178.8m) and up to \$40m in contingent consideration based upon future performance milestones. The contingent consideration was recognised at a carrying value equal to its fair value of £17.5m using acquisition date trading assumptions and forecasts to assess the likelihood of payments to be made. The purchase price allocation is deemed final and there have been no adjustments to the preliminary assessment of the fair values of assets acquired and liabilities assumed.

EKOS owns, manufactures and distributes the EkoSonic[®] Endovascular System (EkoSonic[®]), a differentiated interventional medicine product using a locoregional approach in the treatment of severe blood clots. EkoSonic[®] is cleared for use in the US and the EU. The acquisition is a complementary transaction in line with BTG's existing strategy of growing its Interventional Medicine business, following its acquisition of Biocompatibles International plc in 2011.

The intangible assets recognised principally comprised £123.2m relating to EkoSonic[®] developed technology. The fair value of this asset was estimated using an income approach, using the excess earnings method. The estimated useful life of the technology was 15 years, and amortisation expense is recorded on a straight-line basis. Goodwill arising of £47.8m, which is not deductible for tax purposes, was assigned to the Interventional Medicine operating segment. Goodwill includes the values of tax impacts, assembled workforce and future potential indications for EkoSonic[®] which at the time of acquisition did not meet the criteria for recognition as separate intangible assets.

Under the terms of the acquisition agreement BTG may be due to make further contingent payments dependent upon EKOS achieving certain revenue targets. This comprised up to \$20m payable in respect of 2013 and up to \$20m payable in respect of 2014 and 2015 in aggregate. Total contingent payments will not exceed \$40m. During the year ended 31 March 2014 BTG paid the contingent payment in respect of 2013 of \$20.0m (£11.9m). The remaining contingent payment on the Statement of Financial Position is considered by management to be a level 3 financial instrument (see note 11).

	Book Value £m	Fair Value Adjustment £m	Fair Value £m
ASSETS			
Non-current assets:			
Intangible assets	0.1	123.2	123.3
Property, plant & equipment	1.4	-	1.4
Current assets:			
Inventories	2.7	1.9	4.6
Trade and other receivables	3.0	-	3.0
Cash and cash equivalents	3.1	-	3.1
LIABILITIES			
Current liabilities:			
Trade and other payables	(4.8)	-	(4.8)
Non-current liabilities:			
Trade and other payables	(0.4)	-	(0.4)
Deferred tax liabilities	-	(41.8)	(41.8)
Assets acquired	5.1	83.3	88.4
Goodwill			47.8
Total assets acquired			136.2
Cash consideration paid			118.7
Contingent consideration			17.5
Total Consideration			136.2
Cash and cash equivalents included in undertaking acquired			3.1
Cash consideration paid			(118.7)
Net cash outflow arising on acquisition and in cash flow statement			(115.6)

b) Targeted Therapies division of Nordion Inc.

On 13 July 2013, BTG completed the acquisition of the Targeted Therapies Division of Nordion Inc. for a total cash consideration of £132.8m (US\$200.8m). The purchase price allocation is deemed final and there have been no adjustments to the preliminary assessment of the fair values of assets acquired and liabilities assumed.

Targeted Therapies is a high growth business that is focused on utilising TheraSphere[®] for targeted interventional treatment of liver cancer. TheraSphere[®] is a product comprising radioactive glass beads which target the tumour from within the body with a high concentration of radiation, thereby limiting both damage to surrounding healthy tissue and side effects for the patient in comparison to externally delivered radiation. The acquisition is a complementary transaction in line with BTG's existing strategy of growing its Interventional Medicine business, following its acquisition of Biocompatibles International plc in 2011.

The intangible assets recognised comprised £104.6m relating to Targeted Therapies developed technology and £17.6m relating to in process research and development assets. The fair value of these assets was estimated using an income approach, using the excess earnings method. The estimated useful life of the technology was 15 years, and amortisation expense is recorded on a straight-line basis. Goodwill arising of £23.3m, which is not deductible for tax purposes, was assigned to the Interventional Medicine operating segment. Goodwill includes the values of tax impacts and assembled workforce.

	Book Value £m	Fair Value Adjustment £m	Fair Value £m
ASSETS			
Non-current assets:			
Intangible assets	-	122.2	122.2
Current assets:			
Inventories	0.6	-	0.6
Trade and other receivables	5.8	-	5.8
LIABILITIES			
Current liabilities:			
Trade and other payables	(1.7)	-	(1.7)
Non-current liabilities:			
Deferred tax liabilities	-	(17.4)	(17.4)
Assets acquired	4.7	104.8	109.5
Goodwill			23.3
Total consideration			132.8
Cash paid			(132.8)
Net cash outflow arising on acquisition and in cash flow statement			(132.8)

Revenue and profit impact of acquisitions

During the period ended 30 September 2013, EKOS contributed revenues of £6.3m and operating profit before acquisition adjustments and reorganisation costs of £0.7m in the period since acquisition. The Targeted Therapies Division of Nordion Inc. contributed revenues of £7.0m and operating profit before acquisition adjustments and reorganisation costs of £2.1m in the period since acquisition.

If both acquisitions had taken place on 1 April 2013, the first day of the reporting period under review, revenue and profit before tax and before acquisition adjustments and reorganisation costs of the combined group would have been £167.8m and £57.4m respectively.

11. Financial risk management

Financial instruments are classified into level 1, level 2 and level 3 financial instruments. The different levels are defined as follows:

Level 1 – quoted prices in active markets for identical assets and liabilities

Level 2 – observable inputs other than quoted prices in active markets for identical assets and liabilities

Level 3 – unobservable inputs

The Group's level 1 and level 2 financial instruments comprise cash, short- and medium-term deposits, foreign currency forward contracts, and various items such as trade receivables and payables which arise directly from operations. In addition, a number of debt and equity investments, both quoted and unquoted, are held in technology based companies along with borrowings including obligations under finance leases.

The carrying amount of the Group's Level 1 and Level 2 financial instruments is a reasonable approximation of the fair value.

There have been no transfers between the levels of financial instruments in the period.

The Group's level 3 financial instruments predominantly represent the contingent consideration payable on achievement of revenue targets by EKOS, following the acquisition of EKOS Corporation in July 2013 (see note 10), and the contingent consideration payable on the purchase of the US commercial rights of product candidate uridine triacetate, representing contingent milestone payments upon NDA acceptance by the US FDA and approval of the product candidate. The fair values are determined as the present value of the expected future contingent consideration payments.

The movement in the level 3 financial liabilities is shown below:

	2014	2013
	£m	£m
At 1 April	(5.5)	(0.8)
Acquisitions	-	(17.5)
Movements in fair value	(1.3)	0.5
Paid during the period	-	-
Currency movements	(0.2)	1.3
At 30 September	(7.0)	(16.5)

The Group recognised a fair value adjustment of £1.3m (H1 13/14: £nil) related to the contingent milestones for the acquisition of EKOS consideration within 'Financial expense'.

12. Share placement

In May 2013, BTG completed a share placing for a total of 32,208,030 new ordinary shares at a price of 330p per placing share, raising proceeds of £106.3m being £103.1m net of expenses.

13. 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 made by BTG to Oxford University and Isis Innovations Limited under the relevant licence agreements were £4,100 in the period ended 30 September 2014 (H1 13/14: £nil) and there were no amounts outstanding and payable at 30 September 2014 (H1 13/14: £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 safeguard through separation of duties.

14. Post balance sheet event

In October 2014, the Group settled its United States patent infringement complaint against Instituto Bioclon (Bioclon) of Mexico and Rare Disease Therapeutics, Inc. (RDT) of Nashville, Tennessee. The case was filed by the Group with the International Trade Commission in October 2013 based upon the unlawful and unauthorised importation and sale into the US of certain crotalid antivenom pharmaceutical compositions that infringe one or more claims of BTG's US Patent No. 8,048,414 ("the '414 patent").

Under the terms of the agreement, BTG would allow Bioclon to begin selling crotalid antivenom relying on BTG's 414 patent from October 2018, subject to Bioclon receiving regulatory approval for its antivenom product. BTG will receive a single-digit royalty on sales of any Bioclon product relying on the 414 patent until the end of the exclusivity period in 2028. In addition, Bioclon will withdraw its legal challenge to the validity of the 414 patent. BTG has agreed to reimburse Bioclon USD \$6.0 million for its legal fees and costs incurred.

Principal risks and uncertainties

We have considered the principal risks and uncertainties faced by the Group for the remaining six months of the year and do not consider them to have changed from those set out on pages 30 to 34 of the BTG plc Annual Report and Accounts 2014, 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.

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 2014 and their respective responsibilities can be found on pages 36 to 37 of the BTG plc Annual Report and Accounts 2014.

By order of the Board

Dr Louise Makin	Chief Executive Officer
Rolf Soderstrom	Chief Financial Officer

10 November 2014

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 2014 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 Conduct Authority ('the UK FCA'). 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 FCA.

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 2014 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FCA.

Richard Broadbelt
For and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London E14 5GL

10 November 2014

Shareholder information

Financial calendar

Interim management statement
Announcement of annual results for year ended 31 March 2015

January 2015
May 2015

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

Registered office and head office

BTG plc
5 Fleet Place
London
EC4M 7RD

Tel: +44 (0)20 7575 0000
Fax: +44 (0)20 7575 0010
Email: info@btgplc.com

Website: www.btgplc.com

Registered number 2670500

Registrars

Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent
BR2 4TU

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)
Tel (callers outside UK): +44 208 639 3399

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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