Press Release

BTG plc: Interim Results

Strong growth in underlying revenue and EPS
Strategic actions create platform for sustainable, profitable growth

London, UK, 12 November 2013: BTG plc (LSE: BTG), the specialist healthcare company, today announces its interim results for the six months ended 30 September 2013.

Financial summary

- Underlying[1] revenue 17% higher at £139.0m (H1 12/13: £119.3m). Reported revenue 7% higher at £153.0m (H1 12/13: £143.4m)
- Acquisitions have contributed revenue of £13.3m since completion in July 2013. Prior period included £24.1m of non-recurring revenue (BeneFIX®, brachytherapy, AZD9773)
- Operating profit of £25.0m (H1 12/13: £26.2m) reflects the higher revenues offset by royalty mix, preparations for Varisolve® PEM launch and the effect of acquisitions
- Profit before tax 18% higher at £32.7m (H1 12/13: £27.7m)
- Basic EPS 21% higher at 6.8p (H1 12/13: 5.6p)
- Cash and equivalents of £39.8m at 30/9/13 (£158.7m at 31/3/13) post acquisitions and equity issue

Operating highlights

Interventional Medicine

- PEM progressing towards potential US approval (4 December 2013 PDUFA goal date); commercial planning advanced for anticipated H1 2014 launch
- Acquisitions of TheraSphere® and EKOS completed; integrations progressing well
- Combined investment and clinical strategy for Beads and TheraSphere® announced today

Specialty Pharmaceuticals

- Performance in line with expectations following strong growth in prior period
- First European named-patient sale of uridine triacetate

Licensing

- Zytiga® (abiraterone acetate) royalty revenue grew 78% driven by indication expansion
- Sanofi/Genzyme's Lemtrada® (alemtuzumab) approved in the EU for multiple sclerosis

Louise Makin, BTG's CEO, commented: "BTG has delivered a strong performance during a transformational period for the business. The acquisitions of TheraSphere® and EKOS, together with our developing Beads business and advancing PEM opportunity, provide a powerful platform to deliver significant, sustainable and profitable growth. We are firmly on track to create a world leader in Interventional Medicine and to continue to deliver significant value to our shareholders."

[1]Excluding acquisitions from the current period and non-recurring revenue (BeneFIX®, brachytherapy, AZD9773) from both periods

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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

BTG has delivered a strong financial performance in the first half of the current year. We continue to execute our commercial strategy, which led to a 17% rise in underlying revenue and an 18% increase in profit before tax.

In July 2013, we strengthened our Interventional Medicine portfolio with the acquisition of two complementary businesses: TheraSphere® and EKOS Corporation. The performance and integration of both businesses is progressing in line with our expectations, helped by a strong cultural fit and shared core values.

Together with PEM, being developed as a comprehensive treatment for varicose veins, and the Beads embolisation and chemoembolisation products, we now have an Interventional Medicine business that we expect will deliver significant and sustainable long-term growth. The business targets large, under-served patient populations and has the opportunity to increase market penetration through technology leadership and investment in approved indications, product innovation and geographic expansion.

These planned investments in Interventional Medicine can be funded by the strong financial contributions from our Specialty Pharmaceuticals and Licensing businesses. In addition, we continue to seek new investment opportunities.

Interventional Medicine

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

Interventional Oncology

The portfolio now comprises LC Bead™ and DC Bead®, used for locoregional embolisation and chemoembolisation of liver tumours, and TheraSphere®, used for locoregional radiation therapy of liver tumours. The Beads are mainly used in patients with intermediate-stage primary liver cancer (hepatocellularcarcinoma, HCC) and TheraSphere® in patients with advanced HCC.

Globally, of approximately 1.2 million people with HCC or colorectal cancer metastases in the liver (mCRC), we estimate around 350,000 patients are amenable to treatment with locoregional therapies based on technical criteria. Approximately 147,000 of these patients have economic access to treatment, which we estimate represents a potential global market opportunity of around $1.3bn by 2021. Our vision is to build from a current revenue base of approximately $90m to $300m-$400m by 2021.

Following the acquisition of TheraSphere®, we have reviewed our investment and clinical strategy for the combined interventional oncology portfolio. We will invest in a combined development programme intended to optimise the potential of both technologies across a broad liver cancer patient population.

The strategy for the Beads is to focus development on product innovation and on a combination of investigator-initiated and registration studies to build upon their use in intermediate-stage HCC, to expand use into 3rd line mCRC and to support entry into Asian markets. For TheraSphere® the goal is to seek pre-market approval (PMA) in advanced HCC, and to expand use to special populations with early and intermediate HCC and to patients with mCRC.

We intend to accelerate the three current TheraSphere® Phase III trials in HCC and 2nd line mCRC, and to initiate additional studies to expand use into other populations. We no longer plan to seek Humanitarian Device Exemption for our pre-loaded products PRECISION Bead® and PARAGON Bead® for the rare orphan diseases uveal melanoma metastases and intrahepatic cholangiocarcinoma, but will instead focus development on other potentially higher-value opportunities including supporting entry into Asian markets and 3rd-line mCRC, respectively.

The Beads and TheraSphere® are established in the US and are used in several hundred hospitals, with some overlaps. The enlarged BTG field force and medical support team has completed cross-training, and detailing of both products by sales representatives has commenced. The combination of having versatile technologies, an active programme of studies and being able to offer patients and physicians

access to the two main locoregional modalities for treating liver tumours should enable us to expand use of both products into more US hospitals.

Both technologies are becoming more common in the EU, with only a fraction of the available patients currently being treated with TheraSphere®. In Asia, where the treatment of HCC is a major unmet need (with China accounting for 55% of total annual HCC incidence), neither technology is established. Through the planned commercial and development investments, we aim to expand the use of both products in the EU and to enter selected Asian markets through registration studies, working with local partners where appropriate.

DC Bead® is approved in Japan (where it is partnered with Eisai) and reimbursement approval is awaited. Final reimbursement approval is also awaited in South Korea. A marketing authorisation has been sought in China based on a small registration study, with feedback awaited from the regulator. We intend to use current and planned clinical studies to seek marketing approvals for TheraSphere® in Asian markets, where the logistics of supplying radioactive materials mean that the product's dose versatility may provide competitive advantage.

On 1 November 2013, we completed the sale of our brachytherapy business based in Oxford, CT, USA to Eckert & Ziegler, for a consideration of $5m plus a royalty on sales for a period of 12 months from January 2014 or from recommencement of shipment of product. Earlier in the year, the Group had voluntarily ceased manufacture and shipment following receipt of a warning letter from the FDA citing certain deficiencies.

Interventional Vascular

PEM

PEM, which is under development to treat varicose veins, continues to make good progress towards potential US approval by the end of 2013 as a comprehensive treatment to reduce symptoms and improve appearance of the great saphenous vein (GSV) system.

In pivotal Phase III clinical trials, this minimally invasive, non-surgical, patient-friendly treatment was shown to reduce clinical symptoms and improve vein appearance caused by GSV incompetence. No patients were excluded from the studies based on vein diameter or anatomy.

An estimated 30 million people in the USA currently have varicose veins and every year approximately 2.5 million people develop symptomatic varicose veins. In 2012, of 1.4 million people who saw a vein specialist, some 500,000 people went on to have treatment eligible to be reimbursed. This is equivalent to 750,000 GSV procedures, as the average person has 1.5 legs treated. We believe that the opportunity for PEM in the US reimbursed sector is $250m in peak sales. This is based on less than 10% annual growth in the number of reimbursed GSV procedures to approximately 1.25 million by 2021.

Plans are in place for a potential H1 2014 launch in the US reimbursed sector. The senior commercial management team is in place (sales, medical and market access personnel) and field force recruitment and training is on track for launch. The launch plan has been developed and tested, and incorporates value propositions for key stakeholders, channel strategies, critical components of market access (pricing, interim coding and coverage) and medical communications.

The launch strategy will consist of two phases: a build phase between 2014 and 2016, followed by a phase of accelerated product sales from 2016. In the first phase, the objectives are to establish clinical utility for treating symptoms in all veins affected by GSV incompetence; to ensure clinical use is reflected in the intermediate drug and procedure reimbursement codes; to ensure a total quality experience for doctors and patients; to invest in Phase IV and additional pharmaceoeconomic studies; and to focus initially on high-volume, early-adopting physicians.

In the second phase from 2016, the objectives are to secure appropriate permanent product and procedure reimbursement codes; to invest in patient-awareness strategies; and to expand the number of treating physicians by targeting new specialties.

This phased approach to launch is designed to build appropriate systems and experience to ensure the long-term success of the product and is consequently expected to deliver modest revenues in year 1, growth in year 2 and strong growth from year 3.

Our vision for PEM is to build a $500m+ global business, primarily by expanding treatment to cosmetic veins and to other geographic markets. Outside the US, sequencing will be based on the ability to leverage the US filing, market readiness, market access, the existence of a private sector and overall commercial attractiveness.

EKOS

The main current use of EKOS's products is to treat acute deep vein thrombosis (DVT). Growth opportunities exist in extending the approved use to treat pulmonary embolism and chronic DVT.

Each year there are approximately 1 million blood clots that present in US hospital emergency rooms. Approximately 675,000 are candidates for interventional treatment because they have the potential to result in significant adverse medical consequences if left untreated.

Approximately 70,000 interventional procedures annually are currently used to treat blood clots in the US, with a total market value of approximately $95m. In 2012, EKOS sales were $28m, which grew 39% from the previous year.

Most clots are still treated conservatively using anticoagulation therapy. The increase in the use of interventional procedures to treat blood clots is being driven by improved treatments offering better outcomes, and the cost burden to hospitals whose patients are readmitted with clot complications if they were previously treated conservatively with anticoagulant therapy. As a differentiated product, EKOS has the opportunity to help drive market growth and to take a significant share of the growing market.

EKOS's customer base provides cross-selling opportunities with our Interventional Medicine and Specialty Pharmaceuticals field forces and with the planned PEM vein clinic field force. Around 50% of clots present in the emergency room, the call point for our Specialty Pharmaceuticals field force. EKOS's customers are interventional radiologists, interventional cardiologists and vascular surgeons; hence there are educational and cross-selling opportunities with our existing Interventional Medicine field force and with the planned PEM sales force. Approximately 80% of varicose vein procedures are conducted in private vein clinics, with the remaining 20% conducted in hospitals by physician groups who are EKOS's core customers. The EKOS commercial management team is involved in the launch planning for PEM.

We estimate that the global opportunity for EKOS is $100m-$200m per annum, which includes further US growth and the expansion of its indicated uses and use in the EU and other markets, where sales are currently at a low level.

Specialty Pharmaceuticals

CroFab®, DigiFab® and Voraxaze® are niche antidote products sold primarily into the emergency rooms of US hospitals. There are no competitive products but the markets for these products are bounded, resulting in mid-to-high single digit average annual growth potential across this business. Additional growth would result from new products being added to the portfolio and, to this end, we are seeking to expand our Specialty Pharmaceuticals business with additional antidote-type products or other specialist hospital products.

There is currently one pipeline product in this area, uridine triacetate, which is under development by Wellstat Therapeutics Corporation as a treatment for overexposure to 5-fluorouracil, with an NDA expected to be submitted towards the end of 2014. We have US distribution rights and EU named-patient sale rights and, during the first half year, the first EU named-patient sales were generated.

Licensing

Zytiga® (abiraterone acetate), Johnson & Johnson's treatment for advanced prostate cancer, continues to grow strongly. The product is now approved in more than 80 countries as a treatment for men whose cancer has progressed following chemotherapy, and in more than 60 countries for earlier stage patients who have not yet received standard chemotherapy.

During the period, Sanofi/Genzyme's Lemtrada® (alemtuzumab) received EU approval as a treatment for patients with multiple sclerosis; a decision in the US is anticipated by the end of 2013.

FINANCIAL REVIEW

Our strategic and operational evolution is underpinned by a strong financial platform of growing revenues and profitability. Our underlying business continues to demonstrate sustained growth and we completed two acquisitions during the period, investing more than £250m in EKOS and TheraSphere®. The acquisitions were funded by balance sheet cash and £103m of net proceeds raised through an equity issue. Both acquisitions completed in July 2013, so the results for the period include nearly three months of post-acquisition trading contributing revenue of £13.3m and operating profit of £2.8m (before acquisition adjustments and reorganisation costs). The results also reflect a reduction in non-recurring licensing revenues and the disposal of our brachytherapy business.

Overall, revenue has grown by 7% to £153.0m (H1 12/13: £143.4m). Excluding the acquisitions and non-recurring items, the business has delivered 17% growth in underlying revenue and 10% growth in underlying operating profit.

		H1 13/14 (£m)	H1 12/13 (£m)	Change (%)
Revenue		**153.0**	143.4	+7
	Underlying	*139.0*	*119.3*	*+17*
	Acquisitions	*13.3*	-	
	Non-recurring	*0.7*	*24.1*	
Operating Profit[1]		**46.7**	59.5	-22
	Underlying	*46.7*	*42.4*	*+10*
	Acquisitions	*2.8*	-	
	Non-recurring	*(2.8)*	*17.1*	
Profit before tax		**32.7**	27.7	+18
Basic EPS		**6.8p**	5.6p	+21
Closing cash		**£39.8m**	£158.7m	

[1] *Excluding acquisition adjustments and reorganisation costs*

The key contributors to revenue were:

Business segment	Product	H1 13/14 (£m)	H1 12/13 (£m)	Change (%)
Interventional Medicine	Beads	15.8	13.7	+15
	Brachytherapy products	0.7	4.0	-83
	TheraSphere®	7.0	-	-
	EKOS	6.3	-	-
		29.8	**17.7**	**+68**
Specialty Pharmaceuticals	CroFab®	49.7	50.5	-2
	DigiFab®	15.3	11.5	+33
	Voraxaze®/other	4.8	5.5	-13
		69.8	**67.5**	**+3**
Licensing	Zytiga®	41.7	23.4	+78
	Two-part hip cup	6.3	6.1	+3
	Other recurring royalties	5.4	8.6	-37
	BeneFIX®	-	14.0	-
	Milestones/one-offs	-	6.1	-
		53.4	**58.2**	**-8**
Total revenue		**153.0**	**143.4**	**+7**

Interventional Medicine

Revenue of £29.8m is 68% higher than in the prior year and includes £13.3m from the EKOS and TheraSphere® acquisitions (H1 12/13: nil). Revenues from the Bead products grew by 15% to £15.8m (H1 12/13: £13.7m). The voluntary cessation of production and subsequent sale of the brachytherapy business resulted in £0.7m of revenue generated this period compared to £4.0m in the same period of the prior year.

Gross profit of £21.0m (H1 12/13: £14.5m) has increased 45% on the prior year. This represents a gross margin of 70% (H1 12/13: 82%). Included within gross profit is a £1.9m charge in relation to the release of a fair value uplift applied to inventory acquired in the EKOS and TheraSphere® businesses. Excluding this non-cash charge the gross margin was 77%.

Selling, general and administrative (SG&A) costs increased by £7.9m to £15.1m. The principal factors are the inclusion of the acquired businesses and the investment in commercial activities to support the US launch of PEM.

Specialty Pharmaceuticals

The Specialty Pharmaceuticals operating segment continued to deliver revenue growth, though 30% growth in the first half of the prior year set a tough comparator.

CroFab® revenues were broadly flat at £49.7m (H1 12/13: £50.5m), primarily indicating fewer bites than in the prior period. DigiFab®, however, grew at 33% to £15.3m (12/13: £11.5m), due to a combination of geographic expansion and pricing. Overall, segment revenue was 3% higher than in the prior period.

Gross margin was broadly flat at 76% (H1 12/13: 77%), resulting in a marginal increase in gross profit to £52.8m (H1 12:13: £52.3m). After deducting SG&A expenses of £10.0m (12/13: £9.2m), this segment generated a profit contribution of £42.8m (H1 12/13: £43.1m) reflecting a 61% operating margin (H1 12/13: 64%; 57% for FY 12/13).

Licensing

The Group's Licensing operating segment principally includes revenues from the portfolio of licensed intellectual property. Revenue is split between royalty income from products already being sold by licensees and one-off income from milestones.

Royalty revenues have increased in the period, principally reflecting the success of Johnson & Johnson's Zytiga®. Royalties from Zytiga® were £41.7m compared to £23.4m in the prior period. Other recurring royalties were £11.7m compared with £14.7m in the prior period.

Non-recurring revenue in the prior period included a final royalty payment from Pfizer of £14.0m relating to BeneFIX® and £6.1m representing the release of deferred income following termination of the AZD9773 licence by AstraZeneca. There were no milestone or one-off payments in the current period.

Gross margin at 52% was in line with expectations. It is below the prior period comparator of 66% due principally to there being no income from BeneFIX®, which had a 90% margin, and no milestones, which in the prior year had a 100% margin.

SG&A includes centrally managed support functions and corporate costs and the overheads related the royalty business.

The overall profit contribution of this business was £18.0m (H1 12/13: £27.4m), reflecting a margin of 34% (H1 12/13: 47%).

Operating profit

Operating profit of £25.0m compares to £26.2m in the prior period. Operating profit excluding acquisition and reorganisation costs has reduced to £46.7m from £59.5m, reflecting higher revenues offset by royalty mix, preparations for PEM launch and the effect of acquisitions.

Gross margin of 66% is below the prior period of 73% due principally to a greater proportion of lower margin royalty income in the current period and the effect of non-cash acquisition adjustments. The

Interventional Medicine and Specialty Pharmaceuticals businesses continue to deliver gross margins in excess of 70%.

The Group's investment in research and development activities in the period was £16.3m, slightly less than the prior period of £17.0m. The principal focus has been completing the PEM manufacturing and regulatory activities in advance of a potential approval in December 2013, together with on-going post-marketing commitments for Voraxaze® and the evolution of the Beads R&D strategy following the acquisition of TheraSphere®. The expectation is that expenditure in the second half will be higher than the first half as there will be a full contribution from the on-going TheraSphere® Phase III trials.

Operating profit performance was also adversely affected by exchange losses, which arise on settlement of forward contracts and retranslation of foreign currency balances. Foreign exchange losses of £5.6m were recorded compared to gains of £0.5m in the prior period. Mark-to-market gains of £7.5m (H1 12/13: £0.8m) were recorded in net financial income in relation to the Group's forward contracts.

Acquisition adjustments and reorganisation costs in the period were £21.7m (H1 12/13: £33.3m). The total charge includes £9.8m in relation to transaction and subsequent business reorganisation and integration costs (H1 12/13: credit of £0.5m), amortisation of acquired intangible assets of £10.0m (H1 12/13: £33.8m including a £22.5m impairment charge in relation to AZD9773) and the release of a fair value adjustment applied to acquired inventory of £1.9m (H1 12/13: nil).

Net financial income

Net financial income of £7.7m (H1 12/13: £1.5m) principally reflects gains recognised as a result of fair value measurements applied to the Group's forward foreign exchange contracts of £7.5m (H1 12/13: £0.8m). Interest receivable on cash deposits fell in the period from £0.6m in the prior period to £0.2m as a result of the use of cash to fund acquisitions and a general fall in interest rates.

Profit before tax

The Group's profit before tax was £32.7m (H1 12/13: £27.7m). Included within this are acquisition adjustments and reorganisation costs of £21.7m (H1 12/13: £33.3m including a £22.5m impairment charge in relation to AZD9773).

Tax

The tax charge for the period was £9.1m (H1 12/13: £9.4m) based on the forecast full year effective tax rate of 28% (H1 12/13: 34%). The forecast effective tax rate for the current year is lower than that in the prior year (full year effective tax rate 32%) because the jurisdiction in which profits are earned is more heavily weighted to the UK and this year the Group will benefit from the introduction of the Patent Box.

Earnings per share

Basic earnings per share was 6.8p (H1 12/13: 5.6p) on profit after tax of £23.6m (H1 12/13: £18.3m). Adjusted earnings per share, excluding acquisition adjustments and restructuring costs, increased to 11.8p from 11.2p in the prior period.

Balance sheet

Non-current assets have increased from £308.0m at 31 March 2013 to £582.3m at 30 September 2013. The principal movements relate to the recognition of intangible assets and goodwill of £316.5m in relation to the acquisitions of EKOS and TheraSphere® in July 2013, partially offset by amortisation of intangible assets and foreign exchange movements.

A change in accounting policy following the introduction of amendments to *IAS19 – Employee Benefits* has resulted in the comparative figures for 31 March 2013 and 30 September 2012 being restated. In each case, the defined benefit asset recognised on the balance sheet has increased (by £5.0m as at 30 September 2012 and £5.6m as at 31 March 2013). At 30 September 2013, the Group has recognised an asset of £6.2m on the balance sheet in accordance with IAS19.

The actuarial deficit at 31 March 2010, the date of the last formal actuarial valuation and measured in accordance with guidelines set by the Pensions Regulator, was £13.9m. The next formal independent actuarial valuation will be measured as at 31 March 2013. The results of this valuation exercise, undertaken by the Trustees of the scheme, are expected in 2014.

Current assets have reduced from £236.9m at 31 March 2013 to £139.8m at 30 September 2013. The principal movement was within cash, as a result of the corporate acquisitions. The Group signed a £60m multi-currency revolving credit facility in April 2013, 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 inclusion of EKOS and TheraSphere®. The Group's derivative financial instruments (foreign exchange forward contracts) were marked to market as an asset of £5.3m at 30 September 2013 compared to a liability of £2.2m at 31 March 2013. Also included in current assets is £2.5m of assets held for sale, representing the brachytherapy assets. The sale of this business completed on 1 November 2013.

Total liabilities have increased by £74.8m since 31 March 2013 to £185.1m. Of this increase, £47.7m relates to an increase in the Group's deferred tax liabilities. This represents the recognition of deferred tax liabilities in relation to the acquisitions of EKOS and TheraSphere® offset by movements in the underlying balance in the period.

Also included in liabilities at 30 September 2013 is £16.2m (H1 12/13: nil), in relation to the fair value of contingent consideration potentially payable under the terms of the EKOS acquisition over the period to 31 December 2015.

A current tax liability of £8.3m (H1 12/13: £1.2m) has also been recognised at 30 September 2013.

Cash flow

The Group's cash position reduced from £158.7m at 31 March 2013 to £39.8m at 30 September 2013. In broad terms, this represents underlying net cash generation by the business of £39.2m offset by the net cash outflow from corporate activities in the period.

Cash from operations of £37.9m (H1 12/13: £46.9m) was generated on operating profit of £25.0m (H1 12/13: £26.2m). The principal reconciling items between profit and cash flow are: non-cash charges to profit of £16.4m (H1 12/13: £40.1m) and negative working capital movements of £2.1m (H1 12/13: £17.4m), offset by contributions to the Group's defined benefit pension fund of £1.4m (H1 12/13: £2.0m).

Tax payments of £5.4m (H1 12/13: £2.2m) have been made in the UK and 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 £4.3m in the period is in line with the prior year and principally represents on-going improvements to our manufacturing facilities. In addition, we have opened a new office facility in Camberley during the period.

SUMMARY AND OUTLOOK

The Group continues to make rapid progress. The highly cash-generative Specialty Pharmaceuticals and Licensing businesses provide a strong financial underpin, enabling investment in the existing portfolio of Interventional Medicine products while in parallel continuing to seek complementary product acquisition opportunities.

The Group is on track to deliver revenue of £275m to £285m for the full financial year. In anticipation of the potential approval of PEM, the second half of the year will include additional commercial investment ahead of anticipated US launch in the first half of 2014. We have a clear strategy for investing to drive growth, with progress expected during the second half of the year and in the coming years.

Overall, the business is in a strong position to continue to deliver significant and sustainable long-term growth and the Board continues to look to the future with confidence.

CONDENSED CONSOLIDATED INCOME STATEMENT
for the six months ended 30 September 2013

	Note	Six months ended 30 September 2013 Results before acquisition adjustments and reorganisation costs £m	Acquisition adjustments and reorganisation costs £m	Total £m	Six months ended 30 September 2012 Results before acquisition adjustments and reorganisation costs[1] £m	Acquisition adjustments and reorganisation costs £m	Total[1] £m
Revenue	2	**153.0**	**-**	**153.0**	143.4	-	143.4
Cost of sales	2	**(49.5)**	**(1.9)**	**(51.4)**	(38.1)	-	(38.1)
Gross profit	2	**103.5**	**(1.9)**	**101.6**	105.3	-	105.3
Operating Expenses:							
Amortisation and impairment of acquired intangible assets	7,10	**-**	**(10.0)**	**(10.0)**	-	(33.8)	(33.8)
Foreign exchange (losses)/gains	3	**(5.6)**	**-**	**(5.6)**	0.5	-	0.5
Selling, general and administrative expenses	2	**(34.9)**	**-**	**(34.9)**	(27.5)	-	(27.5)
Operating expenses: total		**(40.5)**	**(10.0)**	**(50.5)**	(27.0)	(33.8)	(60.8)
Research and development		**(16.3)**	**-**	**(16.3)**	(17.0)	-	(17.0)
Amounts written off property, plant and equipment		**-**	**-**	**-**	(1.8)	-	(1.8)
Acquisition and reorganisation costs		**-**	**(9.8)**	**(9.8)**	-	0.5	0.5
Operating profit		**46.7**	**(21.7)**	**25.0**	59.5	(33.3)	26.2
Financial income	4	**8.2**	**-**	**8.2**	1.5	-	1.5
Financial expense	4	**(0.5)**	**-**	**(0.5)**	**-**	-	-
Profit before tax		**54.4**	**(21.7)**	**32.7**	61.0	(33.3)	27.7
Tax	5			**(9.1)**			(9.4)
Profit for the period				**23.6**			18.3
Earnings per share							
Basic earnings per share	6			6.8p			5.6p
Diluted earnings per share	6			6.7p			5.5p

1) The six months ended 30 September 2012 has been restated following the adoption of IAS 19 Revised. See accounting policies in note 1 and defined benefit pension fund in note 8 for further detail.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the six months ended 30 September 2013

	Note	Six months ended 30 September 2013 £m	Six months ended 30 September 2012[1] £m
Profit for the period		**23.6**	18.3
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign exchange translation differences		**(22.4)**	(1.3)
Items that will not be reclassified subsequently to profit or loss			
Actuarial (loss)/gain on defined benefit pension scheme	8	**(5.9)**	1.7
Deferred tax on defined benefit pension scheme asset		**1.6**	(3.2)
Other comprehensive income for the period		**(26.7)**	(2.8)
Total comprehensive income for the period		**(3.1)**	15.5

1) The six months ended 30 September 2012 has been restated following the adoption of IAS 19 Revised. See accounting policies in note 1 and defined benefit pension fund in note 8 for further detail.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 September 2013

	Note	30 September 2013 £m	31 March 2013[1] £m	30 September 2012[1] £m
ASSETS				
Non-current assets				
Goodwill	7,11	**125.3**	59.2	59.2
Intangible assets	7,11	**420.0**	209.2	212.7
Property, plant and equipment		**26.8**	25.4	22.7
Other investments		**3.0**	3.0	3.0
Deferred tax assets		**1.0**	0.9	1.2
Employee benefits	8	**6.2**	10.3	9.0
Biological assets		**-**	-	0.1
		582.3	308.0	307.9
Current assets				
Inventories		**23.4**	23.3	19.9
Trade and other receivables		**68.8**	54.5	51.4
Corporation tax receivable		**-**	0.4	-
Derivative financial instruments		**5.3**	-	1.2
Held to maturity financial assets		**-**	-	5.0
Cash and cash equivalents		**39.8**	158.7	145.7
Assets held for sale	9	**2.5**	-	-
		139.8	236.9	223.2
Total assets		**722.1**	544.9	531.1
EQUITY				
Share capital	12	**36.1**	32.8	32.8
Share premium account	12	**288.5**	188.6	188.3
Merger reserve		**317.8**	317.8	317.8
Other reserves		**(22.2)**	0.2	(5.3)
Retained earnings		**(83.2)**	(104.8)	(103.7)
Total equity attributable to equity holders of the parent		**537.0**	434.6	429.9
LIABILITIES				
Non-current liabilities				
Trade and other payables		**5.5**	0.5	1.0
Deferred tax liabilities		**91.5**	43.8	44.0
Provisions		**0.5**	0.4	1.0
		97.5	44.7	46.0
Current liabilities				
Trade and other payables		**78.7**	61.6	51.2
Derivative financial instruments		**-**	2.2	-
Corporation tax payable		**8.3**	1.2	3.3
Provisions		**0.6**	0.6	0.7
		87.6	65.6	55.2
Total liabilities		**185.1**	110.3	101.2
Total equity and liabilities		**722.1**	544.9	531.1

1) The financial position as at 31 March 2013 and 30 September 2012 has been restated following the adoption of IAS 19 Revised. See accounting policies in note 1 and defined benefit pension fund in note 8 for further detail.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the six months ended 30 September 2013

		Six months ended 30 September 2013 £m	Six months ended 30 September 2012[1] £m
Profit after tax for the period		**23.6**	18.3
Tax	5	**9.1**	9.4
Financial income	4	**(8.2)**	(1.5)
Financial expense	4	**0.5**	-
Operating profit		**25.0**	26.2
Adjustments for:			
Amounts written off property, plant and equipment		**-**	1.8
Amortisation and impairment of intangible assets		**10.9**	34.7
Depreciation on property, plant and equipment		**1.7**	1.4
Share-based payments		**1.9**	2.2
Pension scheme funding		**(1.4)**	(2.0)
Fair value adjustments		**1.9**	-
Cash from operations before movements in working capital		**40.0**	64.3
Decrease in inventories		**2.8**	2.0
Increase in trade and other receivables		**(5.3)**	(11.2)
Increase/(decrease) in trade and other payables		**0.4**	(8.1)
Decrease in provisions		**-**	(0.1)
Cash generated from operations		**37.9**	46.9
Taxation paid		**(5.4)**	(2.2)
Net cash inflow from operating activities		**32.5**	44.7
Investing activities			
Interest received		**0.2**	0.6
Purchases of intangible assets		**(0.3)**	(2.1)
Purchases of property, plant & equipment		**(4.3)**	(4.3)
Acquisition of businesses net of cash acquired	11	**(248.4)**	-
Other		**-**	0.1
Net cash outflow from investing activities		**(252.8)**	(5.7)
Cash flows from financing activities			
Repayment of obligations under finance leases		**-**	(0.1)
Proceeds from issue of shares	12	**103.2**	0.1
Other financing activities		**(0.7)**	-
Net cash inflow from financing activities		**102.5**	-
(Decrease)/increase in cash and cash equivalents		**(117.8)**	39.0
Cash and cash equivalents at start of period		**158.7**	106.9
Effect of exchange rate fluctuations on cash held		**(1.1)**	(0.2)
Cash and cash equivalents at end of period		**39.8**	145.7

1) The six months ended 30 September 2012 has been restated following the adoption of IAS 19 Revised. See accounting policies in note 1 and defined benefit pension fund in note 8 for further detail.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 September 2013

	Share capital £m	Share premium £m	Merger reserve £m	Other reserves £m	Retained earnings[1] £m	Total equity[1] £m
At 1 April 2012 (previously reported)	32.7	188.3	317.8	(4.0)	(128.6)	406.2
Impact of changes in accounting policies	-	-	-	-	5.3	5.3
At 1 April 2012 (restated)	32.7	188.3	317.8	(4.0)	(123.3)	411.5
Profit for the period	-	-	-	-	18.3	18.3
Other comprehensive income	-	-	-	(1.3)	(1.5)	(2.8)
Total comprehensive income for the period	-	-	-	(1.3)	16.8	15.5
Transactions with owners:						
Issue of ordinary shares	0.1	-	-	-	-	0.1
Movement in shares held by the Trust	-	-	-	-	0.6	0.6
Share-based payments	-	-	-	-	2.2	2.2
At 30 September 2012	32.8	188.3	317.8	(5.3)	(103.7)	429.9

1) The six months ended 30 September 2012 has been restated following the adoption of IAS 19 Revised. See accounting policies in note 1 and defined benefit pension fund in note 8 for further detail.

	Share capital £m	Share premium £m	Merger reserve £m	Other reserves £m	Retained earnings[2] £m	Total equity[2] £m
At 1 April 2013	32.8	188.6	317.8	0.2	(108.4)	431.0
Impact of changes in accounting policies	-	-	-	-	3.6	3.6
At 1 April 2013 (restated)	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	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**

2) The year ended 31 March 2013 has been restated following the adoption of IAS 19 Revised. See accounting policies in note 1 and defined benefit pension fund in note 8 for further detail.

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 2013.

These condensed unaudited consolidated interim financial statements were approved by the Board of Directors on 11 November 2013.

Comparative financial information

The comparative figures for the financial year ended 31 March 2013 do not constitute the Group's statutory accounts for that financial year. Statutory accounts for the year ended 31 March 2013, 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 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 2013.

Presentation of items of other comprehensive income

As a result of amendments to IAS 1 'Presentation of Financial Statements', the Group has modified the presentation of items of other comprehensive income in its condensed consolidated statement of comprehensive income, to present separately items that may be reclassified to profit or loss in the future from those that would not be. Comparative information has also been re-presented accordingly.

The adoption of the amendment to IAS 1 has no impact on the recognised assets, liabilities and comprehensive income of the Group.

Employee Benefits

As a result of the changes to IAS 19 'Employee Benefits', the Group has changed its accounting policy with respect to the basis for determining the income or expense related to defined benefit pension schemes.

The change requires interest cost and the expected returns on pension plan assets, previously calculated based on management's estimate of expected returns, to be replaced by a net interest measure calculated at the discount rate. The change has resulted in a decrease in finance income on pension scheme assets, recognised in the income statement, and an equal and opposite increase in the actual returns less expected returns on pension scheme assets credited to other comprehensive income. The change has not impacted the Group's net assets. The amendment also removes the option to include an expense reserve in pension scheme liabilities. This change results in a one-off credit to other comprehensive income, a one-off credit to opening reserves and a corresponding increase in net assets in 2013 comparatives for the period ended 30 September 2013, to release the expense reserve previously recognised within pension scheme liabilities. All past service costs are recognised immediately in the income statement. The impact of the restatements to prior year comparatives is shown in note 8.

All other standards and interpretations recently adopted by the EU not discussed above did not have or are not 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 significant acquisition adjustments and reorganisation costs arising on corporate acquisitions. 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:

- 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 integration costs, redundancy programmes, property costs and asset impairments.

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, 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;
- The Group does not have a significant exposure to the Eurozone;
- 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, 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

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

The acquisition 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.

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.

	Six months ended 30 September 2013			
	Specialty Pharmaceuticals	**Interventional Medicine[1]**	**Licensing**	**Total**
	£m	**£m**	**£m**	**£m**
Revenue	**69.8**	**29.8**	**53.4**	**153.0**
Cost of Sales[1]	**(17.0)**	**(8.8)**	**(25.6)**	**(51.4)**
Gross Profit	**52.8**	**21.0**	**27.8**	**101.6**
Selling, general and administrative expenses	**(10.0)**	**(15.1)**	**(9.8)**	**(34.9)**
Contribution	**42.8**	**5.9**	**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.

	Six months ended 30 September 2012			
	Specialty Pharmaceuticals[2]	Interventional Medicine[2]	Licensing[2]	Total[2]
	£m	£m	£m	£m
Revenue	67.5	17.7	58.2	143.4
Cost of Sales	(15.2)	(3.2)	(19.7)	(38.1)
Gross Profit	52.3	14.5	38.5	105.3
Selling, general and administrative expenses	(9.2)	(7.2)	(11.1)	(27.5)
Contribution	43.1	7.3	27.4	77.8
Amortisation and impairment of acquired intangibles				(33.8)
Foreign exchange gains				0.5
Research and development				(17.0)
Amounts written off property, plant and equipment				(1.8)
Acquisition and reorganisation costs				0.5
Operating profit				26.2
Financial income				1.5
Financial expense				-
Profit before tax				27.7
Tax				(9.4)
Profit for the period				18.3
Unallocated assets				531.1

2) The six months ended 30 September 2012 has been restated following the adoption of IAS 19 Revised. See accounting policies in note 1 and defined benefit pension fund in note 8 for further detail.

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 2013 £m	Six months ended 30 September 2012 £m
USA	**138.3**	128.6
UK	**7.1**	6.5
Europe (excluding UK)	**4.4**	6.3
Other regions	**3.2**	2.0
	153.0	143.4

Revenue from major products and services	Six months ended 30 September 2013 £m	Six months ended 30 September 2012 £m
Product sales	**99.6**	85.7
Royalties	**53.4**	51.6
Other	**-**	6.1
	153.0	143.4

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 of £19.1m and £17.9m respectively (H1 12/13: two customers individually generated product income of £17.3m and £15.6m respectively).

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 of £41.7m (H1 12/13: one licence individually generated £23.4m).

3. Foreign exchange gains and losses in the income statement

During the six months ended 30 September 2013 the Group recognised foreign exchange losses of £5.6m (H1 12/13: gains of £0.5m) 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 income" of £8.2m (H1 12/13: included within "Financial income": £1.5m) is £7.5m (H1 12/13: £0.8m) which represents the movement in the fair value of the Group's foreign exchange forward contracts.

4. Financial income and expense

	Six months ended 30 September 2013 £m	Six months ended 30 September 2012 £m
Interest receivable on money market and bank deposits	**0.2**	0.6
Fair value movement on foreign exchange forward contracts	**7.5**	0.8
Other	**0.5**	0.1
Financial income	**8.2**	1.5
Other financial expense	**0.5**	-
Financial expense	**0.5**	-

5. Tax

	Six months ended 30 September 2013 £m	Six months ended 30 September 2012 £m
Current tax		
Current tax charge	**12.4**	3.7
Deferred tax		
(Decrease)/Increase in net deferred tax liability	**(3.3)**	5.7
	9.1	9.4

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 £12.4m (H1 12/13: £3.7m) principally relates to UK corporation tax and US federal and state taxes.

The deferred tax credit of £3.3m (H1 12/13: £5.7m charge) principally reflects the reduction in the deferred tax liability recognised on acquired intangible assets as these assets are amortised or impaired.

6. Earnings per share

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

	Six months ended 30 September 2013	Six months ended 30 September 2012[1]
Profit for the period (£m)	**23.6**	18.3
Earnings per share (p)		
Basic	**6.8**	5.6
Diluted	**6.7**	5.5
Number of shares (m)		
Weighted average number of shares – basic	**349.6**	326.7
Effect of share options in issue	**4.4**	4.1
Weighted average number of shares – diluted	**354.0**	330.8

1) The six months ended 30 September 2012 has been restated following the adoption of IAS 19 Revised. See accounting policies in note 1 and defined benefit pension fund in note 8 for further detail.

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

	Six months ended 30 September 2013	Six months ended 30 September 2012[1]
Profit for the period from operations (£m)	**23.6**	18.3
Add back:		
Fair value adjustment on acquired inventory	**1.2**	-
Amortisation of acquired intangible fixed assets	**7.1**	18.8
Acquisition and reorganisation costs	**9.3**	(0.5)
Underlying earnings	**41.2**	36.6
Profit per share (p)		
Basic	**11.8**	11.2
Diluted	**11.6**	11.1

1) The six months ended 30 September 2012 has been restated following the adoption of IAS 19 Revised. See accounting policies in note 1 and defined benefit pension fund in note 8 for further detail.

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

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 £125.3m relates to the acquisitions of EKOS Corporation in July 2013 (see note 11), the Targeted Therapies Division of Nordion Inc. in July 2013 (see note 11), Biocompatibles International plc in January 2011 and Protherics PLC in December 2008 (H1 12/13: £59.2m in relation to Biocompatibles International plc and Protherics PLC).

(b) ***Intangible assets***

Net book value	**30 September 2013 £m**	31 March 2013 £m	30 September 2012 £m
Developed technology (i)	**392.6**	197.5	197.7
Contractual relationships (i)	**0.6**	0.9	1.8
In-process research and development (i)	**16.4**	-	3.0
Computer software	**0.5**	0.6	0.2
Patents	**2.5**	2.4	2.6
Purchase of contractual rights	**7.4**	7.8	7.4
	420.0	209.2	212.7

(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 2013 and 30 September 2013 are predominately driven by (1) amortisation charges and (2) foreign exchange retranslation of the assets denominated in foreign currencies at the closing exchange rate at 30 September 2013.

In the prior year, an impairment charge of £22.5m within 'contractual relationships' was recognised within the acquisition adjustments and reorganisation costs column in the Income Statement in relation to AZD9773 (see note 10).

8. Defined benefit pension fund

The Group has recognised a net defined benefit asset of £6.2m on the Group's balance sheet in accordance with IAS19 – *Employee benefits* in relation to the BTG Pension Fund (31 March 2013 restated: asset of £10.3m; 30 September 2012 restated: asset of £9.0m). The £4.1m decrease since 31 March 2013 relates principally to lower than expected investment return and changes in post-retirement mortality assumptions offset by cash contributions made by the Group and 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 2013, deficit repair payments of £1.4m have been made (H1 12/13: payment of £1.9m).

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. The Group is currently finalising the 31 March 2013 triennial actuarial valuation and has agreed to roll over the Escrow amount until this valuation has been completed.

As described in Note 1, the group has adopted IAS 19 Revised. The impacts are shown below:

Restatements to Condensed Consolidated Income Statement

There is no material impact on the consolidated income statement for the six months ending 30 September 2012.

Restatements to Consolidated Other Comprehensive Income

Six months ended 30 September 2012	Previously Published £m	Impact of IAS19 Revised £m	Restated £m
Foreign Exchange Differences	(1.3)	-	(1.3)
Actuarial gain on defined benefit pension scheme	2.0	(0.3)	1.7
Deferred tax on defined benefit pension scheme asset	(1.0)	(2.2)	(3.2)
Other comprehensive income for the year	**(0.3)**	**(2.5)**	**(2.8)**

Restatements to Consolidated Statement of Financial Position

30 September 2012	Previously Published £m	Impact of IAS19 Revised £m	Restated £m
Assets			
Employee Benefits	4.0	5.0	9.0
Equity			
Retained Earnings	(106.5)	2.8	(103.7)
Liabilities			
Deferred Taxation	41.8	2.2	44.0
Total equity and liabilities	**526.1**		531.1

31 March 2013	Previously Published £m	Impact of IAS19 Revised £m	Restated £m
Assets			
Employee Benefits	4.7	5.6	10.3
Equity			
Retained Earnings	(108.4)	3.6	(104.8)
Liabilities			
Deferred Taxation	41.8	2.0	43.8
Total equity and liabilities	**539.3**		544.9

9. Disposal group held for Sale

In September 2013, BTG announced the sale of its Brachytherapy business to Eckert & Ziegler Group, based in Berlin, Germany for a payment of US$5.0m on closing plus a 30% share of revenues from the transferring products for a period of 12 months commencing either with the start of production by Eckert & Ziegler or on January 2014, whichever is first. The deal completed on 1 November 2013.

As at 30 September 2013, the disposal group comprised net assets of £2.5m, detailed in the table below. No goodwill is 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. AZD9773

In the prior year, on 8 August 2012, BTG announced the top-line data from a global Phase IIb study of AZD9773 in patients with severe sepsis and/or septic shock, conducted by AstraZeneca. The study failed to meet primary or secondary endpoints. AstraZeneca terminated its licence agreement and associated arrangements with BTG. BTG does not anticipate conducting any further development of AZD9773. Consequently the following transactions were recognised in the 6 months ended 30 September 2012.

- The release of deferred income associated with previously received milestones from AstraZeneca in relation to AZD9773 work streams of £5.4m to the income statement within the Licensing segment;
- An impairment charge of £22.5m was recognised in amortisation and impairment of acquired intangibles in the acquisition adjustments and reorganisation costs column;
- Property, plant and equipment write-downs associated with assets used in the development of AZD9773 of £1.8m were recognised in amounts written off property, plant and equipment; and
- Committed costs associated with the development programme of £0.4m were recognised within research and development.

11. Business Combinations

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 has 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 preliminary pending final determination of the fair values of certain assets acquired and liabilities assumed. The final determination of these fair values will be completed as soon as possible but no later than one year from the acquisition date.

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.

Intangible assets principally comprise £123.2m relating to EkoSonic® developed technology. The fair value of this asset has been estimated using an income approach, using the excess earnings method. The estimated useful life of the technology is 15 years, and amortisation expense will be recorded on a straight-line basis. Goodwill arising of £47.8m, which is not deductible for tax purposes, has been 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.

BTG will make further contingent payments dependent upon on the achievement of revenue targets. This will comprise 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. This is considered by management to be a level 3 financial instrument.

	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 the 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 preliminary pending final determination of the fair values of certain assets acquired and liabilities assumed. The final determination of these fair values will be completed as soon as possible but no later than one year from the acquisition date.

Targeted Therapies is a high growth business that is focused in 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.

Intangible assets comprise £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 has been estimated using an income approach, using the excess earnings method. The estimated useful life of the technology is 15 years, and amortization expense will be recorded on a straight-line basis. Goodwill arising of £23.3m, which is not deductible for tax purposes, has been 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

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.

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 £103.1 million 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. There were no payments in the six months to 30 September 2013 (H1 12/13: £1.5m) under these agreements and there were no amounts outstanding and payable at 30 September 2013 (H1 12/13: £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

The sale of the Brachytherapy business to Eckert & Ziegler Group completed on 1 November 2013.

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 32 to 35 of the BTG plc Annual Report and Accounts 2013, 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 2013 and their respective responsibilities can be found on pages 42 to 43 of the BTG plc Annual Report and Accounts 2013.

By order of the Board

Dr Louise Makin	Chief Executive Officer
Rolf Soderstrom	Chief Financial Officer

11 November 2013

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 2013 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 2013 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FSA.

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

11 November 2013

Shareholder information

Financial calendar

Interim management statement	January 2014
Announcement of annual results for year ended 31 March 2014	May 2014

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.