



# INTERIM REPORT AND ACCOUNTS

Six Months Ended 30 September 2009

## FINANCIAL HIGHLIGHTS

- Revenue of £47.9m (H1 08/09: £30.2m)
  - Recurring royalties of £26.3m (H1 08/09: £24.2m)
  - Product sales of £16.1m (H1 08/09: nil)
  - Milestone/one-off revenues of £5.5m (H1 08/09: £6.0m)
- Gross profit of £32.3m (H1 08/09: £18.1m)
- Profit before tax of £2.4m (H1 08/09: £3.4m)
- Earnings per share (basic and diluted) of 1.6p (H1 08/09: 2.1p)
- Cash and cash equivalents at 30 September 2009 of £79.2m (31 March 2009: £78.2m)

Results for the H1 08/09 comparator year are for BTG prior to its acquisition of Protherics PLC

## OPERATING HIGHLIGHTS

- Key integration activities completed
- Planning advanced for establishment of US commercial operations
- Pipeline progressing
  - Varisolve<sup>®</sup> – positive US clinical end of Phase II meeting; SPA submitted for Phase III trials
  - Pleneva<sup>™</sup> (BGC20-0134) – to start Phase IIa multiple sclerosis study by the end of 2009
  - CytoFab<sup>™</sup> – being progressed by AstraZeneca into Phase IIb in early 2010
  - Campath<sup>®</sup> – Genzyme has completed enrolment into both pivotal Phase III multiple sclerosis trials
  - ONX 0801 – Phase I study initiated, \$7m milestone payment received from Onyx
- HySolv<sup>™</sup> drug delivery technology sold to Novartis
- Acadra<sup>™</sup> (acadesine) exclusive rights licensed back to Advancell post period end

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## OVERVIEW

BTG has made good progress during the first half of the year towards achieving its objectives for 2009/10. Integration of the Protherics business is progressing well, with key decisions made and implemented on sites, headcount, the pipeline and business processes.

The Group's financial performance during the first half has been strong. Revenues of £47.9m (H1 08/09: £30.2m) reflect royalties of £31.8m (H1 08/09: £30.2m), of which gross recurring royalties were £26.3m (H1 08/09: £24.2m) and milestone/one-off revenues were £5.5m (H1 08/09: £6.0m), and product sales of £16.1m (H1 08/09: nil). A profit before tax for the period was recorded of £2.4m (H1 08/09: £3.4m), which followed a loss before tax of £11.3m for the year ended 31 March 2009 after the acquisition of Protherics PLC. At period end, the Group had cash and cash equivalents of £79.2m (31 March 2009: £78.2m). The results demonstrate the underlying strength of the Group's finances and resilience to changes in the broader economic environment. Further details are given in the financial review.

Following its regular six-monthly pipeline review, BTG's internal pipeline now comprises six active development programmes. Varisolve<sup>®</sup> has made significant progress towards commencing US Phase III trials, and Voraxaze<sup>™</sup> continues to progress through its rolling Biologics Licence Application (BLA) in the US. The Phase IIb study of OncoGel<sup>™</sup> in oesophageal cancer continues to recruit patients. A Phase IIa study of Pleneva<sup>™</sup> (BGC20-0134) is about to start in patients with multiple sclerosis, and BGC20-1531 continues to progress towards a planned Phase IIa study in migraine patients. A Phase I dose-ranging study of our novel adjuvant CoVaccine HT<sup>™</sup> is anticipated to finish in H1 2010, with a new Phase IIa study of the Angiotensin Therapeutic Vaccine planned for the second half of 2010. In line with BTG's strategy to generate value from its current pipeline while seeking to acquire new products to sell through its own US sales force, the Company was pleased post period end to license the exclusive rights for Acadra<sup>™</sup> back to Advancell, who will continue its development for the treatment of B-cell chronic lymphocytic leukaemia.

Further details on these programmes are provided in the operating review, together with an update on the significant progress that has also been made by BTG's partners with licensed programmes.

Plans to establish a US sales force and associated commercial functions are at an advanced stage. Through a combination of additional internal appointments and relationships with outsourcing specialists, the Group is establishing a flexible sales and distribution operation that can rapidly be activated and scaled appropriately. This will enable BTG to be ready to start selling CroFab<sup>™</sup> and DigiFab<sup>™</sup> directly from October 2010, when the current distribution arrangements ends, and to be the main supplier to the market during the first six months when the current distributor has the right to sell off unsold inventory. The sales and distribution arrangements are also intended to accommodate any earlier product acquisitions that may be made.

Acquiring additional products to leverage the Group's planned US commercial operations remains a key part of BTG's strategy. Assessment of a number of opportunities is ongoing, with a focus on specialist products, already on market or in late-stage development that are prescribed or dispensed in the emergency rooms, pharmacies and other selected settings in US hospitals, or in specialist out-of-hospital settings such as poison control centres.

## OPERATING REVIEW

BTG's internal clinical development pipeline currently comprises six active development programmes. Programmes are formally assessed every six months against a range of technical and commercial criteria to determine whether to continue development or whether to seek an external development and commercial partner.

## Development pipeline

**Varisolve**<sup>®</sup> continues to progress towards US pivotal Phase III trials. A positive clinical end of Phase II meeting was held with the Food and Drug Administration (FDA) over the summer, in which the overall design of the proposed Phase III trials, the endpoints and desired indications were confirmed as broadly acceptable. In terms of safety, it was confirmed with the FDA that all patients including those with right-to-left cardiac shunts could be considered for future studies, and that deep vein thromboses no longer need to be classified as serious adverse events unless they are life-threatening or cause or prolong hospitalisation. A standard safety database of 1,500 patients was confirmed as acceptable, with 1,000 patients potentially being sufficient.

In late October 2009, BTG submitted a request to the FDA for a Special Protocol Assessment (SPA) of the Phase III trials, which seeks to agree on the design, endpoints and statistical analyses of the trials. A Patient Reported Outcomes (PRO) tool was also submitted for evaluation. The Phase III trials could start recruiting patients in Q1 2010, leading to a potential New Drug Application being filed in the US 2012 and potential approval in 2013.

Recent additional market research studies with physicians, patients and payers have confirmed BTG's view of the varicose veins treatment market and the opportunity for Varisolve<sup>®</sup> within this market, if approved. The research suggests that around 40 million Americans currently have varicose veins, though fewer than 1% currently seek treatment each year, in part because of lack of awareness and/or dissatisfaction with current treatment options. However, the treatment market is growing at around 25% per annum, largely driven by the adoption of endovenous heat ablation therapies which have facilitated the move to treating varicose veins in an office rather than hospital setting. Approximately 4,800 US physicians currently treat varicose veins in approximately 1,000 dedicated clinics.

The research confirms that as a comprehensive treatment, Varisolve<sup>®</sup> has the potential to offer significant benefits over current therapies. For patients, it is a rapid, virtually painless, minimally invasive non-surgical treatment that has a short recovery time. For physicians, it requires less dedicated physician time, fewer personnel (e.g. no anaesthetist required) and lower capital costs of adoption, and it may allow them to treat patients not suited to current therapies. For payers, Varisolve<sup>®</sup> potentially offers a lower overall treatment cost per leg. The market research concludes that the opportunity for Varisolve<sup>®</sup> in the US reimbursed sector alone could be in the range \$250m-\$500m per annum, and ongoing research is assessing the potential value of the self-pay market and the markets in the EU and rest of the world.

BTG is continuing to explore commercial options for Varisolve<sup>®</sup> while it progresses towards the pivotal US Phase III trials. Commercial options may involve different arrangements for the US reimbursed sector, the self-pay sector and ex-US markets. They include the potential for BTG to market Varisolve<sup>®</sup> in the US reimbursed sector, which could be served by a specialist sales force of around 60 people. Discussions are continuing with potential industry and financial partners and will be progressed following completion of the SPA process and ongoing pilot study, after which the Phase III trial design, patient numbers and costs can be finalised. BTG currently estimates that the costs to launch, including Phase III trials, regulatory development, supply chain and commercial infrastructure costs, are approximately \$70m.

**Voraxaze**<sup>™</sup> (glucarpidase) has been developed for patients experiencing or at risk of toxicity following administration of high doses of methotrexate, an established drug in cancer therapy which can cause serious and sometimes life-threatening toxicity if its elimination from the body is delayed. Voraxaze<sup>™</sup> is progressing through a rolling BLA in the US, the final component of which is anticipated to be submitted to the FDA in H2 2010. Recent progress includes the completion of a study to determine whether Voraxaze<sup>™</sup> interacts with leucovorin, a drug that is sometimes used as an antidote to certain chemotherapy drugs including methotrexate. The study met its primary endpoint and supports a lack of interaction between Voraxaze<sup>™</sup> and leucovorin. Data from the study form part of the total clinical submission to be reviewed by FDA under the rolling BLA. In addition,

the third of four process validation drug batches has been manufactured. If Voraxaze™ is approved, BTG intends to market the drug in the US.

**Angiotensin Therapeutic Vaccine (ATV)** is being developed as a potential treatment for high blood pressure (hypertension). The vaccine, which is administered with a novel, proprietary adjuvant, produces antibodies to angiotensin I, one of the hormones involved in the regulation of blood pressure. A Phase IIa study was stopped in April 2009 after several patients experienced injection site reactions and "flu-like" symptoms. Subsequent data review suggested that the adverse events were most likely related to the dose of the adjuvant rather than the vaccine. BTG has submitted a request to the MHRA, the UK's regulatory agency, to conduct a Phase I study of the adjuvant aimed at determining a suitable dose of the adjuvant to take forward into Phase II. Data from the Phase I study are anticipated in H1 2010, following which a new Phase IIa study of ATV is anticipated to start in H2 2010.

**OncoGel™** is a sustained-release formulation of paclitaxel, an established chemotherapeutic for the treatment of solid tumours. It is designed for local administration to a tumour, where it is able to deliver high concentrations of paclitaxel for up to six weeks. A controlled multinational Phase IIb study is continuing to evaluate OncoGel™ administered in combination with pre-operative chemo-radiotherapy compared to pre-operative chemo-radiotherapy alone, in up to 124 patients with oesophageal cancer. Preliminary tumour response and histopathology data are expected to be available towards the end of 2010, with survival data in 2011.

**Pleneva™** (BGC20-0134) is a novel structured lipid designed to restore the balance between pro-inflammatory (TNF $\alpha$ ) and anti-inflammatory (TGF $\beta$ 1) cytokines in patients with multiple sclerosis. As an oral therapy, Pleneva™ could provide a significant advantage over current treatments. Approvals to commence a Phase IIa study in patients with relapsing-remitting multiple sclerosis have been received in five European countries, with additional approvals anticipated in due course. The first patients are expected to be dosed before the end of 2009.

**BGC20-1531** is an orally available EP4 receptor antagonist that inhibits prostaglandin-induced vasodilatation of cerebral blood vessels implicated in migraine pain. BGC20-1531 has also been shown to be an effective analgesic in a human model of neurogenic and inflammatory pain. Following a recent bioequivalence study, additional formulation work is being undertaken to optimise the drug product prior to the commencement of the planned Phase IIa clinical study in migraine patients, which is now expected to commence in 2010.

In November 2009, BTG licensed its exclusive worldwide rights for **Acadra™** (acadesine) back to Advancell S.A., in exchange for an undisclosed potential future milestone payment and a royalty on any future sales of Acadra™. Acadra™ is progressing through a Phase I/II open label study in patients with B-cell chronic lymphocytic leukaemia (B-CLL) to assess the safety, tolerability, pharmacokinetics and the effects on B-cell and T-cell counts. This study is underway at sites in Belgium, France and Spain and will continue as planned under the sole responsibility of Advancell.

In its recent six-monthly portfolio review, BTG decided to stop the Phase IIa study of **Prolarix™** in primary liver cancer in order to seek a specialist oncology partner that can potentially increase the value of the programme by taking it forward in a number of cancer indications.

## Partnered programmes

There has also been significant progress in key partnered programmes.

Genzyme Corporation recently announced that a randomised Phase III clinical trial, investigating **Campath®** (alemtuzumab) in combination with Fludara® (fludarabine phosphate) in relapsed or refractory chronic lymphocytic leukaemia (CLL) patients, met its primary endpoint by demonstrating a significant improvement in progression-free survival. Campath® is also under development as a treatment for MS, and two Phase III trials in patients with relapsing-remitting MS are now fully recruited. These are comparing Campath® against Rebit® (interferon beta-1a) and targeting

treatment naïve patients and those who have relapsed while taking other therapies. Data are anticipated in 2011, with potential approval in 2012.

**CytoFab™** (Tumour Necrosis Factor Alpha (TNF- $\alpha$ ) Immune Fab (Ovine)) is out-licensed to AstraZeneca for global development and commercialisation for severe sepsis, a condition that affects about 750,000 people per year in the US and which has a mortality rate of around 30%. BTG manufactures CytoFab™ using the same polyclonal antibody platform used for the production of its approved products, CroFab™ and DigiFab™. Having successfully completed a Phase IIa study, AstraZeneca announced in July 2009 its intention to progress CytoFab™ into a Phase IIb study. This study, in approximately 300 patients, is expected to start recruiting in early 2010.

**CB7630** (abiraterone acetate) is licensed to Cougar Biotechnology, Inc., which was acquired in July 2009 by Johnson & Johnson. Encouraging Phase I and II data have been published from studies of CB7630 in patients with advanced prostate cancer. Two Phase III trials of CB7630 are underway, one in patients with metastatic, castration-resistant prostate cancer who have failed docetaxel based chemotherapy and the second in patients with castration-resistant, chemotherapy naïve prostate cancer.

**TRX4** (otelixizumab) is a monoclonal antibody licensed to Tolerx, Inc. which has an agreement with GlaxoSmithKline to develop TRX4 in type 1 diabetes and a range of other inflammatory conditions. TRX4 is currently in Phase III development for the treatment of type 1 diabetes with patient enrolment due to complete at the end of 2009. In August, Tolerx announced a protocol amendment to this study to expand the patient age range to include adolescents.

**ONX 0801** is a thymidylate synthase inhibitor licensed to Onyx Pharmaceuticals, Inc. ONX 0801 is selectively taken up into cells via the alpha-folate receptor, which is over-expressed on certain tumour cells. Onyx initiated a Phase I clinical study of ONX 0801 in September 2009, the approval of which triggered a \$7m milestone payment to BTG.

In August, BTG sold its HySolv™ drug delivery technology to Novartis Pharma AG for an initial payment of \$0.75m and potential additional future milestone payments of up to \$9.25m.

## FINANCIAL REVIEW

In the first full six month reporting period of the enlarged Group following the acquisition of Protherics PLC, BTG's financial performance has been robust against a backdrop of broader economic uncertainty demonstrating the underlying strength of the Group's finances. A profit before tax for the period of £2.4m (H1 08/09: £3.4m) was underpinned by a broad spread of recurring royalties, milestone/one-off revenues and product sales. Whilst certain products experienced slightly lower levels of sales compared to the prior year, this was offset by increased sales levels in other products, price rises, revenues from milestones and foreign currency translation. Cost control remained a key focus throughout the period with the completion of a number of integration activities resulting in lower levels of underlying operating costs than in the prior year pro forma results. The Group generated £1m of cash in the period and at 30 September 2009 had £79.2m in cash and cash equivalents.

The financial results for the prior year do not include any contribution from the results of Protherics PLC, which was acquired on 4 December 2008. For comparative purposes only, an unaudited pro forma condensed consolidated income statement is included as an appendix to the accounts. This contains extracts from the books and records of BTG plc and Protherics PLC, combining the results for the six months ended 30 September 2008. Where relevant, further analysis is provided in the financial commentary on the reported results against the pro forma results for the six month period to 30 September 2008.

## Revenue

Revenue of £47.9m (H1 08/09: £30.2m) included royalties of £31.8m (H1 08/09: £30.2m) and product sales of £16.1m (H1 08/09: nil). Gross recurring royalties were £26.3m (H1 08/09: £24.2m) and milestone/one-off revenues were £5.5m (H1 08/09: £6.0m).

Individual royalty revenues varied year on year. US\$ royalties received from BeneFIX<sup>®</sup>, the haemophilia B treatment marketed by Wyeth, were 2.6% higher, and royalties from the MRC humanisation IP continued to show good growth, up 42%. These were offset by an 8.7% reduction in US\$ royalties received from the two-part hip cup, reflecting a general reduction in elective hip replacement procedures, and an overall 33% reduction in royalties from the three-part knee, primarily owing to expiry of the European patent. Campath<sup>®</sup> US\$ royalties were 30% lower, impacted by the transfer of direct sales to Genzyme Corporation in March 2009. Overall, recurring royalties showed an 8.7% increase over the prior year though the increase was principally due to a favourable movement in the US\$ exchange rate, from an average of \$1.82 in the prior year to \$1.64 in the current year.

Product sales of £16.1m (H1 08/09: nil) compares to £16.1m in the pro forma prior year. Underlying US\$ revenues from CroFab<sup>™</sup> were down 9.2% and from DigiFab<sup>™</sup> were down 33%, principally due to product shipments being lower than expected owing to technical issues at a third party supplier which disrupted the manufacturing process. These issues have now been resolved and it is anticipated that these shortfalls will be recovered in the second half of the year. End market sales volumes for both products were also down on the prior year, although for CroFab<sup>™</sup> this was largely offset by price increases. Reported revenues have benefited from foreign exchange with CroFab<sup>™</sup> sales of £11.5m (£10.9m in pro forma prior year) and DigiFab<sup>™</sup> sales of £2.7m (£3.0m in pro forma prior year).

Milestone/one-off revenues consisted primarily of a \$7m milestone payment from Onyx Pharmaceuticals, Inc. in August on approval by the UK's regulatory agency for a Phase I clinical study of ONX 0801, a targeted oncology drug. Also included in the results is £1.2m in revenue recognition of milestones received in prior periods under the CytoFab<sup>™</sup> contract with AstraZeneca.

## Gross profit

Gross profit was £32.3m (H1 08/09: £18.1m), delivering a gross margin of 67% (H1 08/09: 60%). This compares to £27.4m (58%) in the pro forma prior year. Revenue sharing was £8.6m (H1 08/09: £12.1m). Cost of goods sold was £6.8m (pro forma H1 08/09: £7.9m). A non-cash fair value adjustment of £0.2m has increased the cost of sales in the period.

## Operating expenses

Reported operating expenses were £23.4m (H1 08/09: £7.4m). Included in operating expenses was a £4.2m amortisation charge relating to the intangible assets acquired with Protherics. Research and development costs were £14.9m (H1 08/09: £8.1m). Reorganisation costs of £0.3m (H1 08/09: profit of £0.1m) related to continued integration activities. A profit of £0.4m was recorded from the sale of the HySolv<sup>™</sup> drug delivery platform to Novartis Pharma AG for an initial payment of \$0.75m and potential additional future milestone payments of up to \$9.25m.

Compared to the pro forma prior year period, underlying general and administrative expenditure has reduced to £12.1m (H1 08/09: £14.2m). Research and development has reduced to £14.9m (H1 08/09: £17.8m). The benefits of the decisions made to rationalise sites and reduce headcount following the acquisition of Protherics are starting to show through in the financial results, delivering combined integration savings of £5m for the six month period and the Group remains on track to reduce both G&A and R&D expenses by £10m per annum by the end of the 2010/11 financial year.

Included within operating expenses are significant costs associated with transaction and translation foreign exchange differences. Net foreign exchange gains of £0.9m are included in the profit before tax. This comprises £7.1m of translation and transaction losses within operating profit and £8.0m of

gains arising on the movement of the mark-to-market value of forward contracts included within financial income. The weakening of the US\$ from \$1.43 at the beginning of the year to \$1.60 at 30 September 2009 has resulted in foreign exchange losses on the retranslation of \$ denominated intercompany trading balances and the settlement of trading debtors and creditors during the first six months. In total these translation and transaction losses amount to £4.1m. In addition, the settlement of forward contracts taken out during 2008 has resulted in losses of £3.0m. This has resulted in a combined foreign exchange loss of £7.1m (H1 08/09: gain of £0.4m).

### **Operating profit/loss**

Before acquisition adjustments and reorganisation costs but including foreign exchange losses, BTG's operating loss was £1.2m (H1 08/09: profit of £4.1m). The loss from operations after acquisition adjustments and reorganisation costs was £5.9m (H1 08/09: profit of £4.2m).

### **Financial income and costs**

Forward contracts taken out in 2008 were marked to market at 31 March 2009 at \$1.43. By 30 September 2009, those contracts had either settled or were revalued at the \$ rate of \$1.60. BTG also took out new forward contracts in the period to 30 September 2009. The movement in the fair value of all forward contracts of £8.0m is included in financial income.

### **Taxation**

A tax credit of £1.7m has been recognised in the period, principally due to an unwinding of the deferred tax liability recognised in the year ended 31 March 2009 on the acquisition of Protherics PLC. The unwinding of the deferred tax liability is associated with the amortisation of the intangibles recognised on acquisition.

### **Profit after tax**

The profit for the period was £4.1m (H1 08/09: £3.2m) resulting in earnings per share of 1.6p (H1 08/09: 2.1p).

### **Non-current assets, current assets, current and non-current liabilities**

Non-current assets decreased from £211.1m at 31 March 2009 to £196.3m at 30 September 2009, the majority of the decrease reflecting amortisation of intangible assets acquired with Protherics and the effect of retranslating US-based assets to the closing exchange rate at 30 September 2009. Non-current assets include intangible assets of £150.6m, goodwill of £30.3m, property, plant and equipment of £10.9m, and investments in associates and other investments totalling £3.8m.

Current assets have decreased from £118.3m at 31 March 2009 to £112.5m at 30 September 2009. Inventories of £10.7m represent raw material, work in progress and finished goods of CroFab™ and DigiFab™ held at the Group's facilities in Australia and Wales. Trade and other receivables have reduced from £29.6m to £21.6m principally as a result of returned margin deposits held on forward contracts and the receipt of a \$2m payment from Toshiba in April 2009.

Current liabilities have decreased from £69.7m at 31 March 2009 to £51.8m at 30 September 2009. The £6.6m reduction in trade and other payables relates primarily to the payment of accrued revenue sharing and bonus amounts from the year end. The reduction in derivative instruments of £7.1m relates to the mark to market of forward foreign exchange contracts. The reduction of £3.9m in provisions principally reflects the payment of reorganisation costs during the period.

Non-current liabilities have increased from £47.1m at 31 March 2009 to £53.0m at 30 September 2009. The major movement relates to accounting for the pension deficit on the defined benefit scheme. Based on actuarial advice this has increased to a £10.4m deficit being recognised at 30 September 2009 compared to a nil position at 31 March 2009. The increase is principally due to a

fall in bond yields over the period. This increase has been partially offset by a reduction in the deferred tax liability relating to the intangible assets acquired with Protherics.

### **Cash**

Net cash inflow from operations of £2.1m for the six months to 30 September 2009 compared to a £3.2m outflow in the corresponding period to 30 September 2008. The net increase in cash of £1.0m (H1 08/09: £0.5m) resulted in a closing cash balance at 30 September 2009 of £79.2m.

### **Principal risks and uncertainties**

The principal risks and uncertainties faced by the Group for the remaining six months of the year have not changed from those set out on page 35 of the BTG plc Annual Report and Accounts 2009, available from the Group's website at [www.btgplc.com](http://www.btgplc.com). These include: 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; reliance on third-party contractors for the supply of key manufacturing materials and services; the highly regulated nature of the pharmaceuticals industry; the inherent risks of managing an intellectual property portfolio; and movements in foreign exchange rates.

## CONDENSED CONSOLIDATED INCOME STATEMENT

### For the six months ended 30 September 2009

	Note	Six months ended 30 September 2009			Six months ended 30 September 2008		
		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
<b>Revenue</b>	2	<b>47.9</b>	-	<b>47.9</b>	30.2	-	30.2
Cost of Sales	2	(15.4)	(0.2)	(15.6)	(12.1)	-	(12.1)
<b>Gross Profit</b>	2	<b>32.5</b>	(0.2)	<b>32.3</b>	18.1	-	18.1
Operating expenses: amortisation of acquired intangibles		-	(4.2)	(4.2)	-	-	-
Operating expenses: foreign exchange (losses)/gains	4	(7.1)	-	(7.1)	0.4	-	0.4
Operating expenses: other		(12.1)	-	(12.1)	(7.8)	-	(7.8)
Operating expenses: total		(19.2)	(4.2)	(23.4)	(7.4)	-	(7.4)
Research and development		(14.9)	-	(14.9)	(8.1)	-	(8.1)
Profit on disposal of intangible assets and investments		0.4	-	0.4	1.6	-	1.6
Reorganisation costs	3	-	(0.3)	(0.3)	-	0.1	0.1
Amounts written off investments		-	-	-	(0.1)	-	(0.1)
<b>Operating (loss)/profit</b>		<b>(1.2)</b>	<b>(4.7)</b>	<b>(5.9)</b>	4.1	0.1	4.2
Financial income	4			8.4			1.4
Financial expense				(0.1)			(2.2)
<b>Profit before tax</b>				<b>2.4</b>			<b>3.4</b>
Tax	5			1.7			(0.2)
<b>Profit for the period</b>				<b>4.1</b>			<b>3.2</b>
<b>Basic and diluted earnings per share</b>	6			<b>1.6p</b>			<b>2.1p</b>

All activity arose from continuing operations

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

### For the six months ended 30 September 2009

	Note	Six months ended 30 September 2009 £m	Six months ended 30 September 2008 £m
<b>Profit for the period</b>		<b>4.1</b>	3.2
<b>Other comprehensive income</b>			
Foreign exchange translation differences		(4.4)	0.4
Actuarial loss on pension liabilities	8	(11.7)	(0.4)
Change in fair value of equity securities available-for-sale		-	0.2
<b>Other comprehensive income for the period</b>		<b>(16.1)</b>	0.2
<b>Total comprehensive income for the period</b>		<b>(12.0)</b>	3.4

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION****As at 30 September 2009**

	Note	30 September 2009 £m	30 September 2008 £m	31 March 2009 £m
<b>ASSETS</b>				
<b>Non-current assets</b>				
Goodwill	7	30.3	-	30.0
Intangible assets	7	150.6	5.8	165.8
Property, plant and equipment		10.9	0.7	11.1
Investments in associates		0.2	0.4	0.3
Other investments		3.6	5.2	3.2
Deferred tax asset		0.7	-	0.7
		<b>196.3</b>	<b>12.1</b>	<b>211.1</b>
<b>Current assets</b>				
Inventories		10.7	-	10.5
Trade and other receivables		21.6	23.2	29.6
Derivative instruments		1.0	-	-
Cash and cash equivalents		79.2	57.5	78.2
		<b>112.5</b>	<b>80.7</b>	<b>118.3</b>
<b>Total assets</b>		<b>308.8</b>	<b>92.8</b>	<b>329.4</b>
<b>EQUITY</b>				
Share capital		25.7	15.1	25.5
Share premium account		187.8	187.3	187.3
Merger reserve		158.3	-	156.5
Other reserves		(4.5)	(0.8)	(0.1)
Retained earnings		(163.3)	(142.5)	(156.6)
<b>Total equity attributable to equity holders of the parent</b>		<b>204.0</b>	<b>59.1</b>	<b>212.6</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Trade and other payables		8.9	1.9	8.4
Obligations under finance leases		1.0	-	1.3
Employee benefits	8	10.4	2.7	-
Deferred taxation		31.2	-	35.2
Provisions	3	1.5	0.1	2.2
		<b>53.0</b>	<b>4.7</b>	<b>47.1</b>
<b>Current liabilities</b>				
Trade and other payables		45.4	27.7	52.0
Borrowings		-	-	0.2
Obligations under finance leases		0.7	-	0.8
Derivative instruments		0.2	-	7.3
Taxation		3.3	0.7	3.3
Provisions	3	2.2	0.6	6.1
		<b>51.8</b>	<b>29.0</b>	<b>69.7</b>
<b>Total liabilities</b>		<b>104.8</b>	<b>33.7</b>	<b>116.8</b>
<b>Total equity and liabilities</b>		<b>308.8</b>	<b>92.8</b>	<b>329.4</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

### For the six months ended 30 September 2009

	Six months ended 30 September 2009	Six months ended 30 September 2008
	£m	£m
<b>Profit after tax for the year</b>	<b>4.1</b>	3.2
Tax	<b>(1.7)</b>	0.2
Financial income	<b>(8.4)</b>	(1.4)
Financial expense	<b>0.1</b>	2.2
Operating (loss)/profit	<b>(5.9)</b>	4.2
Adjustments for:		
Profit on disposal of intangible assets and investments	<b>(0.4)</b>	(1.6)
Amounts written off associates and investments	-	0.1
Amortisation and impairment of intangible assets	<b>4.5</b>	1.5
Depreciation on property, plant and equipment	<b>1.2</b>	0.3
Share-based payments	<b>0.6</b>	0.4
Pension scheme funding	<b>(1.3)</b>	(2.6)
Other	<b>0.2</b>	(0.3)
Share of associates' losses	<b>0.2</b>	0.2
Cash from operations before movements in working capital	<b>(0.9)</b>	2.2
Increase in inventories	<b>(0.3)</b>	-
Decrease/(increase) in trade and other receivables	<b>8.9</b>	(8.0)
(Decrease)/increase in trade and other payables	<b>(1.7)</b>	3.2
Decrease in provisions	<b>(4.1)</b>	(0.6)
<b>Cash from operations</b>	<b>1.9</b>	(3.2)
Interest expense	<b>(0.1)</b>	-
Taxation paid	<b>0.3</b>	-
<b>Net cash inflow/(outflow) from operating activities</b>	<b>2.1</b>	(3.2)
<b>Investing activities</b>		
Interest received	<b>0.4</b>	1.4
Purchases of intangible assets	<b>(0.8)</b>	(0.4)
Purchases of property, plant and equipment	<b>(0.6)</b>	(0.2)
Proceeds on disposal of intangible assets	-	0.2
Payments made in relation to disposal of intangible assets	-	(0.2)
Expenditure on investments	<b>(0.4)</b>	-
Proceeds on disposal of investments	<b>0.2</b>	2.5
Capital repayment	-	-
<b>Net cash (outflow)/inflow from investing activities</b>	<b>(1.2)</b>	3.3
<b>Cash flows from financing activities</b>		
Repayment of borrowings	<b>(0.2)</b>	-
Repayment of finance leases	<b>(0.3)</b>	-
Proceeds of share issues	<b>2.2</b>	0.3
<b>Net cash from financing activities</b>	<b>1.7</b>	0.3
Increase in cash and cash equivalents	<b>2.6</b>	0.4
Cash and cash equivalents at start of period	<b>78.2</b>	57.0
Effect of exchange rate fluctuations on cash held	<b>(1.6)</b>	0.1
<b>Cash and cash equivalents at end of period</b>	<b>79.2</b>	57.5

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Share capital £m	Share premium £m	Merger reserve £m	Other reserves £m	Retained earnings £m	Total equity £m
At 1 April 2008	15.1	187.0	-	(1.4)	(145.5)	55.2
Profit for the period	-	-	-	-	3.2	3.2
Other comprehensive income	-	-	-	0.6	(0.4)	0.2
Total comprehensive income for the period	-	-	-	0.6	2.8	3.4
<b>Transactions with owners:</b>						
Issue of BTG plc ordinary shares	-	0.3	-	-	-	0.3
Movement in shares held by the Trust	-	-	-	-	(0.2)	(0.2)
Share-based payments	-	-	-	-	0.4	0.4
<b>At 30 September 2008</b>	<b>15.1</b>	<b>187.3</b>	<b>-</b>	<b>(0.8)</b>	<b>(142.5)</b>	<b>59.1</b>

	Share capital £m	Share premium £m	Merger reserve £m	Other reserves £m	Retained earnings £m	Total equity £m
At 1 April 2009	25.5	187.3	156.5	(0.1)	(156.6)	212.6
Profit for the period	-	-	-	-	4.1	4.1
Other comprehensive income	-	-	-	(4.4)	(11.7)	(16.1)
Total comprehensive income for the period	-	-	-	(4.4)	(7.6)	(12.0)
<b>Transactions with owners:</b>						
Issue of BTG plc ordinary shares	0.2	0.5	1.8	-	-	2.5
Movement in shares held by the Trust	-	-	-	-	0.3	0.3
Share-based payments	-	-	-	-	0.6	0.6
<b>At 30 September 2009</b>	<b>25.7</b>	<b>187.8</b>	<b>158.3</b>	<b>(4.5)</b>	<b>(163.3)</b>	<b>204.0</b>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 1. Basis of preparation

#### Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 March 2009.

These condensed unaudited consolidated interim financial statements were approved by the Board of Directors on 4 November 2009.

#### Comparative financial information

The comparative figures for the year ended 31 March 2009 do not constitute the Group's statutory accounts for that financial year. Statutory accounts for the year ended 31 March 2009, prepared in accordance with International Financial Reporting Standards as adopted by the EU ('Adopted IFRSs'), have been reported on by the Group's auditors and delivered to the Registrar of Companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 237 of the Companies Act 1985.

#### 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 2009.

The Group has adopted IFRS 8 *Operating Segments*. The Group has two reportable segments, being Marketed Products and Royalties. In assessing performance and making resource allocation decisions, the Leadership Team (which is BTG's chief operating decision-making body) reviews Gross Profit by segment, reflecting the two distinct routes available to it in realising commercial value from its assets, but all other financial information is presented on a consolidated basis for the Group as a whole.

The business is managed on a largely integrated basis. Major decisions are taken through cross-functional committees. Research and development is an essential upstream activity without which there could be no licensing or marketed product revenues. Research and development activities are managed on a consolidated basis and are not managed by reference to the Group's operating segments. The manufacturing, business development, research and development and support functions are managed and operate on a global basis and are not dedicated to individual product, marketing or therapy areas.

In addition, the Group has adopted IAS1 – *Presentation of Financial Statements (revised 2007)* which has not changed the reported results or financial position of the Group but has introduced a number of terminology and presentational changes. The following amendments and standards have also been adopted, but have had no significant effect on the reported results or financial position of the Group:

- IFRS2 – *Amendment regarding Vesting Conditions and Cancellations*
- IAS23 – *Borrowing Costs (revised 2007)*
- Amendments to IAS32 – *Financial Instruments: Presentation*

#### Acquisition adjustments and reorganisation costs

The Condensed Consolidated Income Statement includes a separate column to disclose the significant acquisition adjustments and reorganisation costs arising from the acquisition of Protherics PLC and from other decisions to rationalise operating sites and business operations. The costs relate to the following: the release of the fair value uplift of inventory acquired; amortisation arising on intangible assets acquired; and reorganisation costs principally comprising redundancy and property costs.

#### Going concern and liquidity

The Group has considerable cash resources and does not require significant debt financing to operate its business. 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. In addition, the Group's sales products are life-saving in nature, providing some protection against the current uncertain

economic outlook. Accordingly the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and they continue to adopt the going concern basis in preparing these Interim Financial Statements.

### Seasonality of the business

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. Revenues from Marketed Products are dependent on both the timing of shipments of product to the Group's distributors and the underlying markets 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.

## 2. Segmental disclosures

The Group has two operating segments (see note 1). Under IAS14, the Group previously reported its results within two operating segments, being "Life Sciences" and "Technology Commercialisation". Following the acquisition of Protherics PLC and the subsequent finalisation of the reorganisation of the management of the Group during the current financial year, these segments were no longer deemed representative of the way in which the Group manages its operations.

	Six months ended 30 September 2009			Six months ended 30 September 2008		
	Marketed products £m	Royalties £m	Total £m	Marketed products £m	Royalties £m	Total £m
<b>Revenue</b>	<b>16.1</b>	<b>31.8</b>	<b>47.9</b>	-	30.2	30.2
Cost of Sales*	(7.0)	(8.6)	(15.6)	-	(12.1)	(12.1)
<b>Gross Profit</b>	<b>9.1</b>	<b>23.2</b>	<b>32.3</b>	-	18.1	18.1
Operating expenses:						
Amortisation of acquired intangibles			(4.2)			-
Foreign exchange (losses)/gains			(7.1)			0.4
Other			(12.1)			(7.8)
Total operating expenses			(23.4)			(7.4)
Research and development			(14.9)			(8.1)
Profit on disposal of investments			0.4			1.6
Reorganisation costs			(0.3)			0.1
Amounts written off investments			-			(0.1)
<b>Operating profit</b>			<b>(5.9)</b>			4.2
Financial income			8.4			1.4
Financial expense			(0.1)			(2.2)
<b>Profit before tax</b>			<b>2.4</b>			3.4
Tax			1.7			(0.2)
<b>Profit for the period</b>			<b>4.1</b>			3.2
<b>Unallocated assets</b>			<b>308.8</b>			92.8

\*Includes a £0.2m release of the fair value uplift of inventory purchased on acquisition of Protherics PLC on 4 December 2008.

### Geographical revenue analysis

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

	Six months ended 30 September 2009		Six months ended 30 September 2008	
		£m		£m
USA		39.8		24.8
UK		4.8		4.1
Europe (excluding UK)		2.6		1.0
Other regions		0.7		0.3
		<b>47.9</b>		30.2

### Major customers

Products that utilise the Group's Intellectual Property Rights are sold by licensees. Royalty income is derived from over 70 licences. One licence individually generated royalty income in excess of 10% of Group revenue, being £13.0m (2008: 3 licensees generated £10.6m, £3.9m and £3.5m of revenue respectively, each representing more than 10% of Group revenue).

The Group's marketed products are sold through a distribution agreement with one distributor in the USA. Revenues in the period generated from that distribution agreement of £13.0m represent more than 10% of Group revenue (2008: £nil).

### 3. Reorganisation costs and provisions

	Six months ended 30 September 2009	Six months ended 30 September 2008
	£m	£m
BTG plc and Protherics reorganisation costs (a)	0.3	-
Costs of Wrexham facility (b)	-	(0.1)
	<b>0.3</b>	<b>(0.1)</b>

The Group considers reorganisation costs to be those resulting from decisions to rationalise both operating sites and business operations.

- (a) Following the acquisition of Protherics PLC on 4 December 2008, the Group is continuing with its restructuring and alignment of the two businesses. In the six months ended 30 September 2009 a further £0.3m has been expensed, principally relating to corporate restructuring and benefits harmonisation, offset by the release of a surplus lease provision following settlement of obligations provided for at 31 March 2009.
- (b) For the period ended 30 September 2008 a credit of £0.1m was reflected following the Group's settlement of certain lease provisions made in respect of its former facility in Wrexham at less than the amount provided.

The table below sets out the Group's provisions, which include amounts provided for reorganisation costs and onerous leases.

	2009			2008	
	Leases £m	Reorganisation £m	Total £m	Leases £m	Total £m
At 1 April	4.3	4.0	8.3	1.3	1.3
Provisions utilised during period	(1.3)	(2.8)	(4.1)	(0.5)	(0.5)
Provisions made during period	-	0.4	0.4	-	-
Provisions released during period	(0.8)	-	(0.8)	(0.1)	(0.1)
Difference on exchange	-	(0.1)	(0.1)	-	-
At 30 September	<b>2.2</b>	<b>1.5</b>	<b>3.7</b>	<b>0.7</b>	<b>0.7</b>
Balance due within one year	0.7	1.5	2.2	0.6	0.6
Balance due after more than one year	1.5	-	1.5	0.1	0.1
	<b>2.2</b>	<b>1.5</b>	<b>3.7</b>	<b>0.7</b>	<b>0.7</b>

### 4. Foreign exchange gains and losses in the income statement

During the six months ended 30 September 2009 the Group recognised foreign exchange losses of £7.1m (2008: gains of £0.4m) within operating profit. These arise 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 £8.4m is £8.0m which represents the movement in the fair value of the Group's foreign exchange forward contracts. In the period to September 2008 £2.2m is included within "Financial expense" in relation to the movement in the fair value of the Group's foreign exchange forward contracts in that period.

## 5. Tax

	Six months ended 30 September 2009	Six months ended 30 September 2008
	£m	£m
<b>Current tax</b>		
Overseas tax on royalties	-	0.2
Total current tax	-	0.2
<b>Deferred tax</b>		
Release of deferred tax liability recognised on acquisition of Protherics PLC	(1.8)	-
Decrease in estimate of recoverable deferred tax asset	0.1	-
	(1.7)	0.2

Tax for each six-month period has been provided on the basis of the anticipated effective rate for the full year.

The tax credit of £1.8m (H1 08/09: nil) relates to the unwinding of the deferred tax liability recognised in the year ended 31 March 2009 in line with the amortisation charged in the period relating to the acquired intangible assets of Protherics PLC.

## 6. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders of £4.1m (H1 08/09: £3.2m) by the weighted average of ordinary shares outstanding during the period of 255.3m (H1 08/09: 149.7m). Diluted earnings per share is calculated using a weighted average of ordinary shares outstanding during the period, adjusted for outstanding share options, of 257.2m (H1 08/09: 150.9m).

The weighted average number of ordinary shares outstanding used in the calculations excludes the shares held by the BTG Employee Share Trust.

	Six months ended 30 September 2009	Six months ended 30 September 2008
Profit attributable to ordinary shareholders (£m)	4.1	3.2
Earnings per share (p)		
Basic and diluted	1.6	2.1
Number of shares (m)		
Weighted average number of shares – basic	255.3	149.7
Effect of share options in issue	1.9	1.2
Weighted average number of shares – diluted	257.2	150.9

## 7. Goodwill and intangible assets

Goodwill of £30.3m relates to the acquisition of Protherics PLC on 4 December 2008.

Intangible assets of £150.6m (31 March 2009: £165.8m) comprise £145.5m (31 March 2009: £161.1m) in relation to assets acquired on purchase of Protherics on 4 December 2008. Amortisation of £4.2m has been charged in relation to these assets during the period. The balance of the movement relates to the retranslation of the US-based assets at the closing exchange rate at 30 September 2009. The balance of intangible assets of £5.1m (31 March 2009: £4.7m) comprises computer software, patents and other Intellectual Property Rights.

## 8. Defined benefit pension fund liability

The liability recognised on the Group's balance sheet in accordance with IAS19 – *Employee benefits* in relation to the BTG Pension Fund is £10.4m (30 September 2008: £2.7m; 31 March 2009: £nil). The increase in the liability since 31 March 2009 relates principally to actuarial gains and losses, which are recognised in the Condensed Consolidated Statement of Comprehensive Income. The movement in the discount rate

applied to the fund liabilities from 6.9% to 5.5% has increased the deficit by £19.7m, offset by higher than expected returns on assets, which have reduced the deficit by £8.0m.

## 9. 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 have pre-existing licence agreements with Oxford University and Isis Innovations under which they are obliged to pay royalties on amounts received from commercialising certain Intellectual Property. Payments in the six months to 30 September under these agreements were £0.8m and amounts still outstanding and payable at 30 September 2009 were £0.6m.

## 10. Litigation

MLC Intellectual Property LLC has brought a claim in the California State court against BTG's wholly owned subsidiary BTG International Inc. for an alleged breach of a commercialisation contract between the parties. The claim is due to be heard in November 2009. BTG is robustly defending the claim in its entirety. The Group incurred £0.7m of legal fees during the six months ended 30 September 2009 in relation to this litigation.

## 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 half-yearly 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 2009 and their respective responsibilities can be found on page 41 of the BTG plc Annual Report and Accounts 2009.

By order of the Board

Dr Louise Makin	Chief Executive Officer
Rolf Soderstrom	Chief Financial Officer

4 November 2009

## 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 2009 which comprises the condensed consolidated statement of financial position, the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of cash flows, the condensed consolidated 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 2009 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FSA.

### David Bills

For and on behalf of KPMG Audit Plc

Chartered Accountants

8 Salisbury Square

London EC4Y 8BB

4 November 2009

## UNAUDITED PRO FORMA CONSOLIDATED INCOME STATEMENT

### For the six months ended 30 September 2009

	Six months ended 30 September 2009	Six months ended 30 September 2008	Year ended 31 March 2009
	£m	£m	£m
Royalties	31.8	31.3	74.0
Product sales	16.1	16.1	29.7
<b>Revenue</b>	<b>47.9</b>	<b>47.4</b>	<b>103.7</b>
Cost of sales: revenue sharing	(8.6)	(12.1)	(28.3)
Cost of sales: product manufacture	(6.8)	(7.9)	(14.7)
<b>Gross profit</b>	<b>32.5</b>	<b>27.4</b>	<b>60.7</b>
Operating expenses: foreign exchange (losses)/gains	(7.1)	2.0	4.4
Operating expense: other	(12.1)	(14.2)	(29.4)
Research and development expenses	(14.9)	(17.8)	(36.0)
<b>Operating loss prior to exceptional items</b>	<b>(1.6)</b>	<b>(2.6)</b>	<b>(0.3)</b>
Profit on disposal of assets and investments	0.4	1.6	2.6
Amounts written off associates and investments	-	(0.1)	(3.4)
<b>Operating loss</b>	<b>(1.2)</b>	<b>(1.1)</b>	<b>(1.1)</b>
Financial income	8.4	2.1	3.8
Financial expense	(0.1)	(2.2)	(7.0)
<b>Net financial income/(expense)</b>	<b>8.3</b>	<b>(0.1)</b>	<b>(3.2)</b>
<b>Profit/(loss) before tax</b>	<b>7.1</b>	<b>(1.2)</b>	<b>(4.3)</b>
Tax	(0.1)	-	0.1
<b>Profit/(loss) after tax for the period</b>	<b>7.0</b>	<b>(1.2)</b>	<b>(4.2)</b>
Basic and diluted underlying earnings per share	2.7p	(0.5p)	(1.6p)

All attributable to equity shareholders

All revenue and results arose from continuing operations

### Basis of preparation

The financial information contained in this appendix is pro forma and does not constitute full statutory accounts within the meaning of section 435 of the Companies Act 2006. The information has been extracted from the records of BTG plc and Protherics PLC combining the results for both companies for the six month periods ended 30 September 2009 and 30 September 2008 and for the year ended 31 March 2009. The information has been prepared using the accounting policies and basis of preparation set out in note 2 to the Group Annual Report and Accounts 2009, except that, for comparative purposes, the following items have been excluded from the pro forma information:

- Amortisation of business combination intangibles
- Effect of fair value adjustments on inventory arising from IFRS 3 – *Business Combinations*
- One-off transaction related expenses and reorganisation costs

## SHAREHOLDER INFORMATION

Financial calendar

Interim management statement

Preliminary announcement of annual results for year ended 31 March 2010

January 2010

May 2010

### 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](http://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](http://www.capitadeal.com).

### 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

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Fax: +44 (0)20 7575 0010

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#### Registrars

Capita Registrars

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HD8 0LA

Website: [www.btgplc.com](http://www.btgplc.com)

Tel (callers from the UK): 0871 664 0300

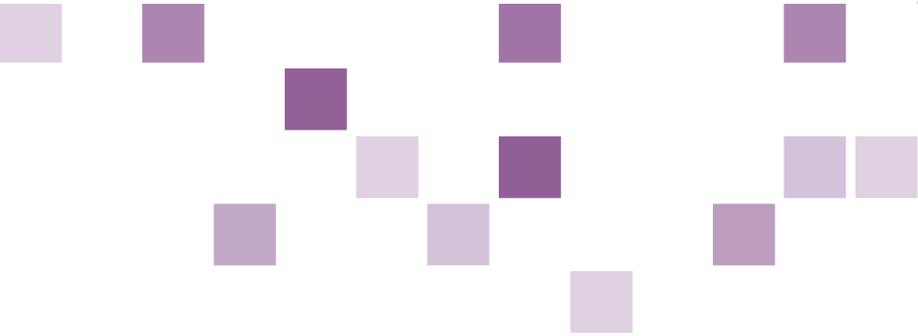
(please note that calls cost 10p per minute, plus network extras, lines are open 8.30am - 5.30pm Monday - Friday)

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

Registered number 2670500

### 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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