

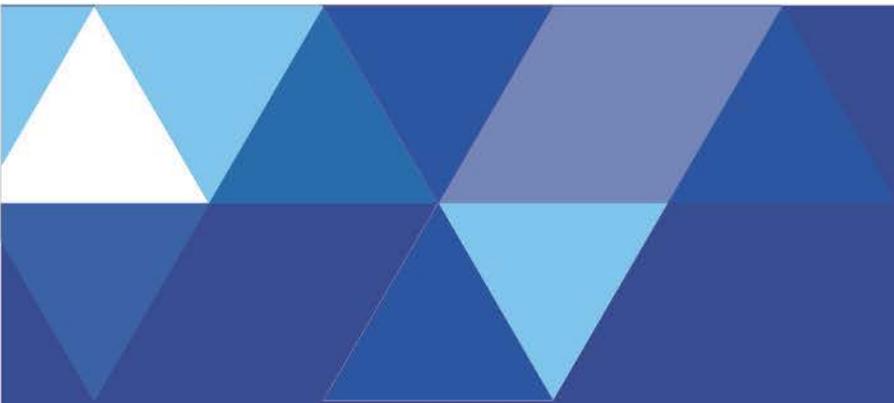
# ANNUAL REPORT

YEAR ENDING  
30 JUNE 2019



**BTC health.**

BTC HEALTH LIMITED | ASX: BTC  
[www.btchealth.com.au](http://www.btchealth.com.au)



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## Chairman's letter

Last year we changed the company name to BTC health in order to more effectively communicate the strategic intent of the group and to position the business as a provider of innovative pharmaceutical products and medical devices. We believe that the combined factors of an ageing population, increased healthcare expenditure, new technologies and the constant striving for better health outcomes makes this a particularly exciting and relevant space in which to invest and build.

BTC health has a vision to become a leading supplier of innovative medical products in Australia and New Zealand and our team is motivated by the opportunity to provide patients with greater access to some of the best specialised therapeutics and medical devices from around the world



I am pleased to report that in the last 12-months we have taken decisive steps toward building BTC health as a group of high-growth businesses in the healthcare space. On 31 May 2019, BTC Speciality Health acquired the hospital infusion business from Admedus Australia for a purchase price of \$6.3m. The acquisition included \$1.75m of working capital, the novation of an 8-year agreement for the exclusive distribution rights for the ambIT® infusion pumps in Australia and New Zealand, as well as the transfer of ten experienced hospital sales personnel and an established customer base. We recognised the ambIT® infusion pumps to be high quality devices with good growth potential in both the private and public hospitals throughout Australia and New Zealand. This business acquisition is in itself transformative, providing us a strong platform for growth and an infrastructure which will allow for a range of new product introductions in the hospital channel.

Since completion of the transaction we have moved quickly to integrate the people, operations, IT and administration into BTC health and the product distribution and customer service functions into Sigma. We have also taken this opportunity to invest in our quality and inventory control systems in anticipation of future growth. We are planning to launch episil® mouth spray later this year as a new treatment for oral pain in cancer patients and subject to TGA approval we will introduce Chlorasolv, a novel wound care product, in the second half of next year.

In May we raised \$9.2m of new equity capital in order to fund the hospital infusion acquisition. We received very strong support from existing shareholders, and we were furthermore pleased to welcome Sigma Healthcare as a new 10% shareholder. Our cash position at 30 June 2019 was \$3.9m and our investment plan remains fully compliant with the requirements of being a registered Pooled Development Fund (PDF). Given the potential value that the PDF status confers to shareholders, the Board will continue to take all reasonable steps to maintain this.

Our Bio101 business which provides accounting, tax and company administration services continued to grow its client base and service offering during the year. I am pleased to report that the business consistently performed ahead of expectations and as such we increased the fair value of this investment by 35% to \$375,000. We expect this positive trend will continue over the next 12 months.

In August 2019 we welcomed Bruce Hewett to the board as a non-executive Director. Bruce brings a wealth of relevant industry experience and insights and we look forward to him making a very positive contribution to our growth plans. Peter Mears, previously of Device Technologies has joined as an advisor on new business opportunities and we consider ourselves very fortunate to be able to benefit from his many years of industry expertise.

We have created a strong platform for growth, and we are optimistic about the company's prospects for the year ahead. Our focus will be on ensuring optimum operational effectiveness of the hospital business, while pursuing organic growth within the business and incremental growth from new products or new businesses.

Our goal is to deliver strong underlying growth and create a sustainable and profitable business within a compliant Pooled Development Fund.

On behalf of the Board, I wish to thank you for your continued support of BTC health.



**Dr. Richard S Treagus**  
**Chairman**

# Directors' Report

The directors of BTC health Limited present their report on the audited financial statements of BTC health Limited for the year ended 30 June 2019.

## Directors

The following persons were directors of BTC health Limited ("the Company") during the whole of the financial year and up to the date of this report, unless stated otherwise:

- Richard Spencer Treagus
- Peter John Jones
- Jonathan Charles Pilcher
- Bruce Alwyn Hewett (appointed 5 August 2019)

## Principal Activities

BTC health is a Pooled Development Fund, registered under the Pooled Development Funds Act 1992. The Company continues to actively seek investment opportunities in entities operating in the biotechnology / life-science sectors.

## Review of Operations and Results

BTC health's wholly owned investee company BTC Speciality Health acquired the Hospital Infusion Business from Admedus Limited during the financial year. The acquisition was funded via a two-tranche capital raise by BTC health to institutional and sophisticated investors along with a share purchase plan for existing shareholders. The acquisition gives the BTC health group an infrastructure and a strong platform for growth.

Revenue from continuing operations for the year increased to \$187,763 (2018: \$62,937). Operating loss after income tax decreased to \$692,742 (2018: \$1,467,834), mainly due to the 2018 loss on sale of Biointelect, partially offset by an increase of \$130,000 in the fair value of the investment in Bio101group Pty Ltd in 2019.

## Financial Position

At 30 June 2019, the company's net assets were \$11,341,485 compared with \$2,973,002 at 30 June 2018. The increase in net assets was mainly due to the capital raise and additional investment into BTC Speciality Health Pty Ltd. Cash reserves as at 30 June 2019 were \$3,942,921, compared with \$2,649,629 at 30 June 2018. The net tangible asset backing per share as at 30 June 2019 equated to 4.64 cents (2018: 2.27 cents).

## Dividends

No dividends have been declared in respect of the financial year ended 30 June 2019 (2018: nil).

## Business Strategies and Future Prospects

BTC health's investee company Bio101 provides a range of professional services to high-growth biotech, medtech and pharmaceutical companies. BioImpact invests in and holds intellectual property rights for pharmaceuticals and medical devices. BTC Speciality Health, which has recently expanded via the acquisition of the hospital infusion business, commercialises and distribute the BTC health group's in-licensed pharmaceuticals and medical devices in the Asia/Pacific region.

BTC health is committed to supporting its investee companies' business objectives in order that they grow their respective service offerings, client base, revenues and ultimately their profitability. BTC health will carefully evaluate additional investment opportunities in the life sciences sector, more specifically, technologies and companies that in the Board's view will benefit from greater access to management expertise and development capital.

## Information on Directors

Director	Experience	Special Responsibilities	Particulars of Directors' Interest as at 16 August 2019	
			Shares	Options
R S Treagus	BScMed, MBChB, MPharmMed, MBA, MAICD. Dr Treagus is a physician and entrepreneur with over 20 years' experience in all aspects of the international pharmaceutical and biotechnology industry. Currently a Director of Neuren Pharmaceuticals Limited.  Appointed 4 August 2014. Age 53.	Executive Chairman	23,050,198	-
P J Jones	Chartered Accountant. Mr Jones is a successful investor in public and private companies and has considerable investment experience in the biotechnology and life sciences sector. Currently a Director of Site International Limited.  Appointed 4 August 2014. Age 67.	Non-Executive Director	17,074,323	-
J C Pilcher	Chartered Accountant. Mr Pilcher holds a degree in biotechnology from the University of Reading in the UK. Currently the CFO and Company Secretary of Neuren Pharmaceuticals Limited.  Appointed 1 September 2015. Age 53.	Non-Executive Director	125,000	-
B A Hewett	Bruce graduated as a pharmacist and has had over 30 years' experience in all aspects of the pharmaceutical industry.  Appointed 5 August 2019. Age 65	Non-Executive Director	45,000	-

## Company Secretary

Mr Stuart Jones has over 10 years' financial management and administration experience within the accounting profession and commerce. He is a member of Chartered Accountants Australia and New Zealand.

## Remuneration Report (Audited)

This report outlines the remuneration arrangements in place for key management personnel of BTC health Limited - (the “company”).

[The following persons acted as directors and were also the key management personnel of the company during the financial year:](#)

Richard Spencer Treagus

Peter John Jones

Jonathan Charles Pilcher

### Remuneration Policy

The performance of the company depends upon the quality of its directors and executives. To prosper, the company must attract, motivate and retain highly skilled directors and executives. The fees for services provided by Directors have been determined contractually at arm’s length. The Board has not appointed a Remuneration Committee and this function is being undertaken by the Board.

Peter Jones was paid a fixed non-executive director fee of \$20,000 per annum. Jonathan Pilcher was paid a fixed non-executive director and audit committee chairman fee of \$40,000 per annum. The director fees are determined by the board.

Richard Treagus is an executive director and receives a monthly executive director fee of \$10,000, which totalled \$120,000 for the financial year. A service contract with PharmaConnect Pty Ltd (an entity associated with Richard Treagus) may be terminated with one day’s written notice.

No Directors are entitled to long service leave or annual leave.

### Company Performance and Link to Company Performance

Non-executive directors receive fixed rate remuneration, with no link to company performance.

The following table shows the revenue, the operating result and net assets of the company for the last 5 years as well as the share price and earnings per share at the end of the respective financial years.

	2015	2016	2017	2018	2019
Revenue from continuing operations	11,350	71,184	28,496	62,937	187,763
Investment fair value adjustment	-	-	-	144,900	130,000
Net Profit/ (Loss) after tax	(507,019)	(870,780)	(516,527)	(1,467,834)	(692,742)
Other Comprehensive Income (Loss)	-	-	-	-	-
Dividend Paid	-	-	-	-	-
Share Placement	277,143	2,318,124	1,973,346	347,628	8,849,798
Net Assets	1,036,015	2,489,135	3,978,873	2,973,002	11,341,485
Share price at Year end (in cents)	0.10	0.11	0.16	0.20	0.085
Basic earnings per Share (in cents)	(0.60)	(0.88)	(0.45)	(1.14)	(0.51)

[Remuneration of Directors:](#)

2019	SHORT TERM EMPLOYEE BENEFITS	POST- EMPLOYMENT BENEFITS	SHARE BASED PAYMENTS	OTHER LONG- TERM BENEFITS	TOTAL
	\$	\$	\$	\$	\$
	Salary and Fees	Superannuation			
R S Treagus (Chairman)	120,000	-	-	-	120,000
P J Jones (non-executive)	20,000	-	-	-	20,000
J C Pilcher (non-executive)	36,530	3,470	-	-	40,000
<b>Total Remuneration</b>	<b>176,530</b>	<b>3,470</b>	-	-	<b>180,000</b>

2018	SHORT TERM EMPLOYEE BENEFITS	POST- EMPLOYMENT BENEFITS	SHARE BASED PAYMENTS	OTHER LONG- TERM BENEFITS	TOTAL
	\$	\$	\$	\$	\$
	Salary and Fees	Superannuation			
R S Treagus (Chairman)	120,000	-	-	-	120,000
P J Jones (non-executive)	20,000	-	-	-	20,000
B A Hancox * (non-executive)	18,333	-	-	-	18,333
J C Pilcher (non-executive)	36,530	3,470	-	-	40,000
J R Herz # (non-executive)	-	-	(10,498)	-	(10,498)
<b>Total Remuneration</b>	<b>194,863</b>	<b>3,470</b>	<b>(10,498)</b>	-	<b>187,835</b>

\* Resigned 31 May 2018

# Resigned 20 April 2018

[Share based payments](#)

No directors of the Company received any share-based payments as part of their remuneration during the financial year ended 30 June 2019 or 2018.

## [Remuneration Practices](#)

No director appointed during the period received a payment as part of his or her consideration for agreeing to hold the position. The remuneration of each director has been established on the basis of a flat fee, inclusive of any superannuation benefit. Thus, there is no direct link between performance and the level of remuneration.

## [Share holdings](#)

The numbers of shares in the company held during the financial year by each director of BTC health Limited, including their personally-related entities, are set out below:

### [Year ended 30 June 2019](#)

NAME	BALANCE AT THE START OF THE YEAR	ADDITIONS	OTHER NET CHANGES DURING THE YEAR	BALANCE AT THE END OF THE YEAR
<b>Ordinary shares</b>				
R S Treagus	22,237,698	187,500	-	22,425,198
P J Jones	15,711,823	1,272,500	-	16,984,323
J C Pilcher	-	125,000	-	125,000

### [Year ended 30 June 2018](#)

NAME	BALANCE AT THE START OF THE YEAR	ADDITIONS	OTHER NET CHANGES DURING THE YEAR	BALANCE AT THE END OF THE YEAR
<b>Ordinary shares</b>				
R S Treagus	17,313,371	4,924,327	-	22,237,698
P J Jones	13,787,496	1,924,327	-	15,711,823
B A Hancox	-	-	-	-
J C Pilcher	-	-	-	-
J R Herz	10,100,000	924,327	(5,000,000)^ (6,024,327)*	-
<b>Unlisted Options</b>				
J R Herz	1,000,000	-	(1,000,000)#	-

*\*Net change relates to the balance of the shares held at the date of resignation of key management personnel.*

*^Sale of shares to facilitate the purchase of Biointelect Pty Ltd from BTC health.*

*# Options were forfeited as part of the Biointelect sale to a related party of Jennifer Herz*

## [Transactions with directors and director related entities](#)

The terms and conditions of transactions with directors and their director related entities were no more favourable than those available or which might reasonably be expected to be available, on similar transactions to non-director entities on an arm's length basis.

## [End of Remuneration Report](#)

## Directors Meetings

The number of meetings of the company's board of directors (including committees of directors) held for the year ended 30 June 2019, and the number of meetings attended by each director were:

	NUMBER OF DIRECTOR MEETINGS	NUMBER OF DIRECTOR MEETINGS ATTENDED	NUMBER OF AUDIT COMMITTEE MEETINGS	NUMBER OF MEETINGS ATTENDED
R S Treagus	8	8	-	-
P J Jones	8	8	2	2
J C Pilcher	8	8	2	2

## Auditor Independence Declaration to the Directors

The directors have received the auditors' independence declaration which is included on page 41 of this report.

## Insurance of Directors and Officers

During the financial year, the company paid a premium of \$24,795 (2018: \$18,595) including GST to insure the directors and officers of the company. The liabilities insured are costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the company or a related body corporate.

## Share Options

At the date of this report, BTC health Limited has 7,500,000 (2018: 3,000,000) unissued ordinary shares under option.

## Significant Events after the Balance Date

On 3 July 2019, 625,000 ordinary shares were issued to a related party of Richard Treagus as part of the capital raise, as approved at the company's extraordinary general meeting on the 21 June 2019. No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial years.



### Likely Developments and Expected Results of Operations

BTC health is committed to supporting the business objectives of its wholly owned investee companies in order that they grow their revenues and ultimately their profitability. BTC health also continues to seek and carefully evaluate additional investment opportunities in the life sciences sector, more specifically, technologies and companies that in the Board's view will benefit from greater access to management expertise and development capital.

### Environmental Regulation

The company is not subject to any significant environmental regulation in respect of its activities.

### Proceedings on Behalf of the Board

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

### Auditor & Non-Audit Services

Other than audit fees, Deloitte Touché Tohmatsu were paid a fee of \$85,736 for corporate finance assistance related to the business acquisition by BTC Speciality Health Pty Ltd from Admedus (2018: \$Nil).

This directors' report is signed in accordance with a resolution of directors made pursuant to s.298(2) of the Corporations Act 2001.

**R S Treagus, Chairman**

**Melbourne**

**16 August 2019**

# Corporate Governance Statement

BTC health's board of directors ("Board") aims to ensure that the company operates with a corporate governance framework and practices that promote an appropriate governance culture throughout the organisation and that are relevant, practical and cost-effective for the current size and stage of development of the business. The Board will continue to review the framework and practices as the business size and complexity changes. The corporate governance statement was adopted 16 August 2019.

A description of the framework and practices is set out below, laid out under the structure of the ASX Listing Rules and the Corporate Governance Principles (the "Principles") and Recommendations (the "Recommendations") 3rd Edition issued by the ASX Corporate Governance Council in March 2014.

## **Principle 1. Lay solid foundations for management and oversight:**

The Board is responsible for the overall corporate governance of the company. The Board acts on behalf of and is accountable to the shareholders. The Board seeks to identify the expectations of shareholders as well as other regulatory and ethical expectations and obligations. The Board is responsible for identifying areas of significant business risk and ensuring mechanisms are in place to manage those risks adequately. In addition, the Board sets the overall strategic goals and objectives, and monitors achievement of goals.

The Board has delegated the responsibility for the operation and administration of the company to the Executive Chairman and the Company Secretary. The Board will ensure that management is appropriately qualified to discharge its responsibilities.

The Board will ensure management's objectives and activities are aligned with the expectations and risks identified by the Board through a number of mechanisms including the following:

- establishment of the overall strategic direction and leadership of the company;
- approving and monitoring the implementation by management of the company's strategic plan to achieve those objectives;
- reviewing performance against its stated objectives, by receiving regular management reports on business situation, opportunities and risks;
- monitoring and review of the companies controls and systems including those concerned with regulatory matters to ensure statutory compliance and the highest ethical standards; and
- review and adoption of budgets and forecasts and monitoring the results against stated targets.

The Board sets the corporate strategy and financial targets with the aim of creating long-term value for shareholders. In accordance with Recommendation 1.2, the Board undertakes appropriate checks before appointing a new director or putting forward to shareholders a candidate for election and provides shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director. The company has written agreements with each director of the company in accordance with Recommendation 1.3. The Company Secretary is accountable directly to the Board on all matters to do with the proper functioning of the Board, in accordance with Recommendation 1.4.

At this stage of the company's development, considering the very small size of the workforce, the Board has chosen not to establish a formal diversity policy or formal objectives for gender diversity, as described in Recommendation 1.5. The company does not discriminate on the basis of age, ethnicity or gender and when a position becomes vacant the company seeks to employ the best candidate available for the position. Currently all directors are male.

Given the size and nature of the company a formal process for evaluating the performance of the Board and the directors in accordance with Recommendation 1.6 has not been developed. The company currently has no senior executives other than the Chairman and therefore does not have a process for evaluating their performance, as described in Recommendation 1.7.

## **Principle 2. Structure the Board to add value**

The Board has not considered it necessary or value-adding to establish a separate Nomination Committee (Recommendation 2.1). The selection, appointment and retirement of directors is considered by the full Board, within the framework of the skills required. The Board may also engage an external consultant where appropriate to identify and assess suitable candidates who meet the Board's specifications. The composition of the board is discussed regularly, and each director may propose changes for discussion.

The company does not currently have a skills matrix setting out the mix of skills that the Board seeks to achieve in its membership (recommendation 2.2), due to the current structure and size of the company.

The current Board consists of 3 non-executive directors and 1 executive director. The skills and experience of each of the directors are detailed in the Directors' Report. Each of the current directors has held office continuously since their date of appointment and these details are:

### Current Directors

R S Treagus appointed 4 August 2014\*

P J Jones appointed 4 August 2014\*

J C Pilcher appointed 1 September 2015 (independent director)

B A Hewett appointed 5 August 2019 (independent director)

\* R S Treagus and P J Jones are not considered to be independent as they are a related person to substantial shareholders in BTC health.

The directors believe that the current structure, small size and membership profile of the Board provides the maximum value to the business at this stage of its development, notwithstanding that they do not follow Recommendations 2.4 and 2.5. The Board currently does not have a majority of independent directors (Recommendation 2.4) and the chair is not independent (Recommendation 2.5). The Board will continue to assess whether this is the optimum membership and structure for the business as it grows and develops.

The company currently does not have a formal program for inducting new directors (Recommendation 2.6), due to the current structure and size of the company.

### Principle 3. Promote ethical and responsible decision-making

The Board established a formal Code of Conduct on 19 of October 2016, which requires that Board members and executives:

- will act honestly, in good faith and in the best interests of the whole company
- owe a fiduciary duty to the company as a whole
- have a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office
- will undertake diligent analysis of all proposals placed before the Board
- will act with a level of skill expected from Directors and key executives of a publicly listed company
- will use the powers of office for a proper purpose, in the best interests of the company as a whole
- will demonstrate commercial reasonableness in decision-making
- will not make improper use of information acquired as Directors and key executives
- will not disclose non-public information except where disclosure is authorised or legally mandated
- will keep confidential information received in the course of the exercise of their duties and such information remains the property of the company from which it was obtained and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by the person from whom the information is provided, or required by law
- will not take improper advantage of the position of Director or use the position for personal gain or to compete with the company
- will not take advantage of company property or use such property for personal gain or to compete with the company
- will protect and ensure the efficient use of the company's assets for legitimate business purposes
- will not allow personal interests, or the interest of any associated person, to conflict with the interests of the company
- have an obligation to be independent in judgement and actions and Directors will take all reasonable steps to be satisfied as to the soundness of all decisions of the Board
- will make reasonable enquiries to ensure that the company is operating efficiently, effectively and legally, towards achieving its goals
- will not engage in conduct likely to bring discredit upon the company
- will encourage fair dealing by all employees with the company's customers, suppliers, competitors and other employees
- will encourage the reporting of unlawful/unethical behaviour and actively promote ethical behaviour and protection for those who report violations in good faith
- will give their specific expertise generously to the company
- have an obligation, at all times, to comply with the spirit, as well as the letter of the law and with the principles of this Code of Conduct

### Principle 4. Safeguard integrity in financial reporting

With regards to Recommendation 4.1, The Board has established an Audit Committee, which currently consists of two non-executive directors, Jon Pilcher and Peter Jones, both of whom have financial qualifications and experience. The independent director Jon Pilcher chairs the Committee. The Audit Committee currently does not have three members or have a majority of independent directors. The Audit Committee met two times during 2019 and these meetings were attended by all members.

The current Committee operates under a charter approved by the Board on the 19 October 2016, a summary of which is available on the BTC health website.

It is responsible for undertaking a broad review of, ensuring compliance with, and making recommendations in respect of, the company's internal financial controls and legal compliance obligations. It is also responsible for:

- review of audit assessment of the adequacy and effectiveness of internal controls over the company's accounting and financial reporting systems, including controls over computerised systems;
- review of the audit plans and recommendations of the external auditors;
- evaluating the extent to which the planned scope of the audit can be relied upon to detect weaknesses in internal control, fraud and other illegal acts;
- review of the results of audits, any changes in accounting practices or policies and subsequent effects on the financial statements and make recommendations to management where necessary and appropriate;
- review of the performance and fees of the external auditor;
- oversight of legal compliance including trade practices, corporations law, occupational health and safety and environmental statutory compliance, and compliance with the Listing Rules of the ASX;
- supervision of special investigations when requested by the Board;

In undertaking these tasks, the Audit Committee meets separately with management and external auditors where required.

In accordance with Recommendation 4.2, the Board sought assurances in writing from the Executive Chairman and the Company Secretary that in their opinion the financial records of the company for the financial year 30 June 2019 were;

- (a) properly maintained in accordance with section 286 of the Corporations Act 2001; and
- (b) the financial statements, and the notes to the financial statements, of the entity, for the financial year ended 30 June 2019:
  - a. comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - b. give a true and fair view of the entity's financial position as at 30 June 2019 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date.

The Board received those assurances on 16 August 2019.

In accordance with Recommendation 4.3, the Board ensures that its external auditor attends the AGM and is available to answer questions from security holders relevant to the audit.

#### **Principle 5. Make timely and balanced disclosure**

In accordance with ASX Listing rules, the company will notify ASX of any information which the Board considers would be likely to have a material effect on the price or value of the company's securities, or which could influence a person to buy, sell or hold its securities.

Due to the size and stage of development of the business, the company does not have a formal written policy for complying with its continuous disclosure obligations (Recommendation 5.1). However, the Board employs review and approval processes that ensure timely, and balanced disclosure of material information concerning the company, to shareholders and the general public.

The company also has a policy of ensuring that all media comment is provided by the Chairman only.

## Principle 6. Respect the rights of shareholders

The Board strives to communicate effectively with shareholders, give them ready access to balanced and understandable information about the business and make it easy for them to participate in shareholder meetings.

In accordance with Recommendation 6.1, comprehensive information about the company and its governance is provided via the website [www.btchealth.com.au](http://www.btchealth.com.au). This includes information about the Board, as well as corporate governance policies. All announcements, presentations, financial information and meetings materials disclosed to the ASX are placed on the website, so that current and historical information can be accessed readily.

The company's investor relations program facilitates effective two-way communication with investors (Recommendation 6.2). The Chairman interacts with institutional investors, private investors, analysts and media on an ad hoc basis, conducting meetings in person or by teleconference and responding personally to enquiries. The Board seeks practical and cost-effective ways to promote informed participation at shareholder meetings (Recommendation 6.3). This includes providing access to clear and comprehensive meeting materials and electronic proxy voting. In accordance with Recommendation 6.4, shareholders are provided with and encouraged to use electronic methods to communicate with the company and with the share registry.

## Principle 7. Recognise and manage risk

The Directors have not considered it necessary to form a separate Risk Committee. The Board thus retains direct responsibility, oversight and management for material business risks. (Recommendation 7.1)

The multiple risks inherent in operating the company and managing its investments are managed by a number of means designed to avoid or minimise any adverse material financial impact. These include:

- reviews by the Board of the scope, practical application and thoroughness of the system of internal control and the company's means of recognising and protecting itself against material business risk;
- reports from the company's insurance broker concerning the adequacy of insurance cover.
- reports and recommendations received from the external auditor during the process of reviewing the accounts and internal controls.

Given that the company's business focus is upon providing patient equity capital to new Australian enterprises endeavouring to exploit commercial opportunities in the life-sciences field, the major financial risk is that the company's investment will be lost or will materially lose value. This could occur under a variety of circumstances including where the underlying enterprise subsequently fails, or commercially suffers in a significant way, e.g. due to marketing difficulties or delays, product failure, serious management or funding problems, etc. The innovative nature of the investee enterprises also tends to increase the investment risk involved.

The Board endeavours to reduce investment risk by a number of means, including:

- requiring all investments to be made in full compliance with the Pooled Development Funds Act 1992 and the general rationale of the PDF Program;
- ensuring proper evaluation of new investment opportunities by means of a thorough due diligence assessment;
- ensuring investees have taken proper steps to secure their intellectual property rights;
- ensuring each investee has a proper business plan, financial budgets and has established clear, achievable, commercial goals;
- diversifying investment over a number of different companies, each aiming at a different potential market area or niche;
- appointing a director to the board of an investee company when possible.

The Board reviewed the company's risk management framework and satisfied itself that it continues to be sound on 16 August 2019. (Recommendation 7.2)

The Board considers that it is not necessary to have an internal audit function. The Board processes described above are adequate, given the size and complexity of the business (Recommendation 7.3).

The company does not have a material exposure to economic, environmental or social sustainability risks. (Recommendation 7.4)

#### **Principle 8. Remunerate fairly and responsibly**

Due to the current size and structure of the company, the Board has not considered it necessary to form a Remuneration Committee (Recommendation 8.1) and any remuneration matters are dealt with by the Board. Particulars concerning Directors' remuneration are set out in the Directors' Report. The company's current policy is that non-executive directors receive only fixed cash remuneration.

The total remuneration pool for non-executive directors is approved by shareholders. There is currently only one executive director and his executive fee has been determined and agreed upon by the board. The level of the fee was determined by the directors based on professional experience, market forces and the amount of time required to execute the role.

In accordance with Recommendation 8.3, any participants in an equity-based remuneration scheme are not permitted to enter into any transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme.

# Financial Report - 30 June 2019

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BTC health Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

BTC health Limited  
Suite 201  
697 Burke Road,  
Camberwell VIC 3124

## Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2019

	Notes	2019 \$	2018 \$
<b>Revenue from continuing operations</b>	2	187,763	62,937
Investment fair value adjustment	6	130,000	144,900
Loss on disposal of unlisted investments	6	-	(721,815)
Loan write-off		-	(280,000)
Accounting and Company Secretarial expenses		(97,344)	(61,875)
Executive Directors fees		(120,000)	(120,000)
Non-Executive Directors fees		(60,000)	(78,333)
Employment expenses		(4,810)	(82,686)
Due Diligence expenses		(113,949)	-
Listing and Chess Fees		(38,057)	(30,855)
Legal Fees		(145,048)	(17,156)
Share based payments	10	(211,427)	(114,335)
Share registry fees		(27,326)	(23,319)
Other expenses from operations		(192,544)	(145,297)
<b>Loss before income tax</b>		<b>(692,742)</b>	<b>(1,467,834)</b>
<b>Income tax benefit</b>	3	-	-
<b>Loss after income tax attributable to members of BTC health Limited</b>		<b>(692,742)</b>	<b>(1,467,834)</b>
<b>Total comprehensive loss for the year</b>		<b>(692,742)</b>	<b>(1,467,834)</b>
<b>Loss per share</b>			
Basic and diluted loss per share	19	(0.51) cents	(1.14) cents

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.*

## Statement of Financial Position

As at 30 June 2019

	Notes	2019 \$	2018 \$
<b>Current Assets</b>			
Cash and cash equivalents	4	3,942,921	2,649,629
Other Assets	5	163,639	83,719
<b>Total Current Assets</b>		<b>4,106,560</b>	<b>2,733,348</b>
<b>Non-Current Assets</b>			
Financial assets	6	6,375,100	245,200
Loans to investee companies	7	1,237,691	336,885
<b>Total Non-Current Assets</b>		<b>7,612,791</b>	<b>582,085</b>
<b>Total Assets</b>		<b>11,719,351</b>	<b>3,315,433</b>
<b>Current Liabilities</b>			
Trade and other payables	8	158,032	90,479
Unclaimed monies		219,834	251,952
<b>Total Current Liabilities</b>		<b>377,866</b>	<b>342,431</b>
<b>Total Liabilities</b>		<b>377,866</b>	<b>342,431</b>
<b>Net Assets</b>		<b>11,341,485</b>	<b>2,973,002</b>
<b>Equity</b>			
Issued capital	9	53,104,855	44,255,057
Other reserves	10	346,914	158,455
Accumulated losses	11	(42,110,284)	(41,440,510)
<b>Total Equity</b>		<b>11,341,485</b>	<b>2,973,002</b>

The above statement of financial position should be read in conjunction with the accompanying notes.

## Statement of Cash Flows

For the year ended 30 June 2019

	Notes	2019 \$	2018 \$
<b>Cash Flows from Operating Activities</b>			
Receipts from customers		90,080	-
Interest received		17,763	22,937
Payments to suppliers and directors		(731,525)	(578,461)
<b>Net cash used in operating activities</b>	12	<b>(632,682)</b>	<b>(555,524)</b>
<b>Cash Flows from Investing Activities</b>			
Transfer from unclaimed monies account		(32,118)	(964)
Payments for investments	6	(5,999,900)	(100)
Proceeds from the sale of investments		-	700,000
Loans to investee companies		(900,806)	(579,996)
<b>Net cash (used in)/ generated by investing activities</b>		<b>(6,932,824)</b>	<b>118,940</b>
<b>Cash Flows from Financing Activities</b>			
Share placement (net of capital raising costs)		8,849,798	-
Proceeds from borrowings	6	4,000,000	-
Repayment of borrowings	6	(4,000,000)	-
<b>Net cash generated by financing activities</b>		<b>8,849,798</b>	<b>-</b>
<b>Net increase/ (decrease) in cash and cash equivalents held</b>		<b>1,293,292</b>	<b>(436,584)</b>
Cash and cash equivalents at the beginning of the financial year		2,649,629	3,086,213
<b>Cash and cash equivalents at the end of the Financial Year</b>	4	<b>3,942,921</b>	<b>2,649,629</b>

The above statement of cash flows should be read in conjunction with the accompanying notes.

## Statement of Changes in Equity

For the year ended 30 June 2019

	Issued capital \$	Accumulated losses \$	Other reserves \$	Total \$
<b>At 1 July 2017</b>	<b>43,907,429</b>	<b>(40,018,133)</b>	<b>89,577</b>	<b>3,978,873</b>
Loss for the year	-	(1,467,834)	-	(1,467,834)
Other comprehensive income	-	-	-	-
Total comprehensive (loss) for the year	-	(1,467,834)	-	(1,467,834)
Transaction with owners in their capacity as owners:				
Share placement (net of capital raising costs)	347,628	-	-	347,628
Share based payments	-	-	114,335	114,335
Forfeiture of share options	-	45,457	(45,457)	-
<b>At 30 June 2018</b>	<b>44,255,057</b>	<b>(41,440,510)</b>	<b>158,455</b>	<b>2,973,002</b>
<b>At 1 July 2018</b>	<b>44,255,057</b>	<b>(41,440,510)</b>	<b>158,455</b>	<b>2,973,002</b>
Loss for the year	-	(692,742)	-	(692,742)
Other comprehensive income	-	-	-	-
Total comprehensive (loss) for the year	-	(692,742)	-	(692,742)
Transaction with owners in their capacity as owners:				
Share placement (net of capital raising costs)	8,849,798	-	-	8,849,798
Share based payments	-	-	211,427	211,427
Expiry of share options	-	22,968	(22,968)	-
<b>At 30 June 2019</b>	<b>53,104,855</b>	<b>(42,110,284)</b>	<b>346,914</b>	<b>11,341,485</b>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

## Note 1 Summary of Significant Accounting Policies

### The Financial Report of BTC health Limited for the year ended 30 June 2019

This general purpose financial report has been prepared in accordance with the requirements of Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Act 2001. The financial report was authorised for issue in accordance with a resolution of the directors on 16 August 2019

BTC health Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

### Basis of Preparation

The financial statements are prepared in accordance with the historical cost convention, except for certain assets which, as noted, are at fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Both the functional currency and presentation currency of BTC health Limited is Australian dollars (\$AUD).

For the purpose of preparing the financial statements, the Company is a for-profit entity.

### Statement of Compliance

Compliance with Australian Accounting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards ('IFRS').

### Adoption of New and Revised Accounting Standards

#### New and amended Australian Accounting Standards that are effective for the current year

#### Impact of initial application of AASB 9 - Financial Instruments

This standard replaces AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculation of impairment on financial assets and new general hedge accounting requirements. It also carries forward guidance on recognition and derecognition of financial instruments from AASB 139.

#### *Loans to investee companies and trade receivables – expected credit losses*

The implementation of AASB 9 has resulted in a change to the methodology by which the Company has assessed the provision for doubtful debts from the incurred loss model to the expected credit loss model. The Company has adopted the simplified approach to measuring expected credit losses, which uses lifetime expected loss allowance for all loans to investee companies and trade receivables.

The expected credit loss model requires the Company to determine the lifetime expected credit losses for groups of financial assets with shared credit risk characteristics. An expected credit loss rate is then determined for each group, based on the historic credit loss rates for each group, adjusted for any other current observable data that may materially impact the group's future credit risk.

The requirements of AASB 9 were adopted on 1 July 2018 and applied to the Company's loans to investee companies and trade receivables at that time.

The application of this policy did not result in changes to the amounts previously reported.

#### **Impact of AASB 15 - Revenue from Contracts with Customers**

The requirements of AASB 15 replace AASB 118 Revenue. AASB 15 establishes a single comprehensive five-step model for entities to use in accounting for all revenue streams arising from contracts with customers with two separate approaches for recognising revenue: at a point in time or over time.

The company's only revenue stream is management fees earned through the provision of advisory and consulting services to investee companies.

Management fee revenue is recognised over time as the customer simultaneously receives the benefits provided by the entity's performance.

The company adopted AASB 15 using the modified retrospective method of adoption. The application of this policy did not result in changes to the amounts previously reported.

#### **New and revised Australian Accounting Standards in issue but not yet effective**

At the date of authorisation of the financial statements, the Company has not applied the following new and revised Australian Accounting Standards that have been issued but are not yet effective:

##### **AASB 16 - Leases**

AASB 16 Leases is effective for annual reporting periods beginning on or after 1 January 2019 and for reporting by the Company in the 30 June 2020 financial year.

The standard will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases has been removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low-value leases. The accounting for lessors will not significantly change.

The directors do not anticipate that the application of the new standard will have a material impact on the Company's financial statements as the Company does not presently have any long-term lease commitments.

## Significant Accounting Policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial report.

### (a) Investment Entity

The company meets the definition of investment entities which are exempt from consolidation under AASB10 Consolidated Financial Statements. Instead of consolidating controlled investments the company measures its investments at fair value in the Statement of Financial Position and recognises changes in the fair value through the profit or loss.

### (b) Revenue Recognition

The company recognises revenue from management fees for services rendered to investee companies.

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. Management fee revenue is recognised over time as the customer simultaneously receives the benefits provided by the entity's performance.

### (c) Interest Income

Interest income is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

### (d) Income Tax

Current tax payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax is provided on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Deferred income tax assets and liabilities are measured at the tax rates expected to apply to the year when the asset is realised, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

## (e) Financial Instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

### Financial Assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

### Classification of financial assets

The company classifies its financial assets as debt instruments measured subsequently at amortised cost only if both the following criteria are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

### Impairment of financial assets

The Company recognises a loss allowance for expected credit losses (ECL) on investments in debt instruments that are measured at amortised cost and trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

### Financial liabilities and equity

#### *Classification as debt or equity*

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

#### *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

#### *Financial liabilities*

All the Company's financial liabilities are measured subsequently at amortised cost using the effective interest method.

### **(f) Cash and cash equivalents**

Cash and short-term deposits in the statement of financial position comprises of cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value. For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

### **(g) Share-based payments**

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of the number of equity instruments that will eventually vest. At each reporting date, the Company revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

### **(h) Earnings / (Loss) per share**

#### *(i) Basic earnings / (loss) per share*

Basic earnings per share is determined by dividing net profit after income tax attributable to members of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

#### *(ii) Diluted earnings / (loss) per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(i) **Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. Cash flows are presented in the statement of cash flows on a net basis.

(j) **Critical accounting judgments, estimates and assumptions**

In applying the Company's accounting policies, management continually evaluates judgments, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Company. All judgments, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgments, estimates and assumptions. Significant judgments, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

*Valuation of investments*

The fair values of unlisted securities not traded in an active market are determined in accordance with the directors' valuations which are based on their experience in the industry.

The directors have used assumptions, such as estimated cash flows, project business growth plans and other market data available in determining their valuation of the unlisted investments. Should these assumptions change in subsequent periods the fair value may be impacted and accounted for through the profit or loss. The directors have used a number of different valuation tools together to determine the fair value of the investee companies, including projected discounted cash flows and multiples of projected revenues and profits.

**Note 2 Revenues from Ordinary Activities**

	30 June 2019 \$	30 June 2018 \$
Interest income	17,763	22,937
Management Fee	170,000	40,000
	<u>187,763</u>	<u>62,937</u>

### Note 3 Income Tax

Major components of income tax expense for the years ended 30 June 2019 and 2018 are:

	30 June 2019 \$	30 June 2018 \$
<b>Statement of Profit or Loss and other Comprehensive Income</b>		
<i>Current Income</i>		
Current income tax benefit	-	-
<i>Deferred Income Tax</i>		
Relating to origination and reversal of temporary differences	-	-
Income tax expense reported in the statement of profit or loss and other comprehensive income	-	-

A reconciliation of income tax expense / (benefit) applicable to accounting profit / (loss) before income tax at the statutory income tax rate to income tax expense at the company's effective income tax rate for the years ended 30 June 2019 and 2018 is as follows:

Accounting profit / (loss) before tax from continuing operations	(692,742)	(1,467,834)
At the statutory income tax rate of 25% (2018: 25%)	(173,186)	(366,959)
Temporary differences and tax losses not brought to account as a deferred tax asset	205,686	222,730
Permanent differences	(32,500)	144,229
Temporary differences and tax losses not brought to account as a deferred tax asset to retained earnings	-	-
At effective income tax rate of (0%) (2018: (0%))	-	-
Income tax expense reported in statement of profit or loss	-	-

The Company is a Pooled Development Fund (PDF) and is taxed at 15% on income and gains from investments in small to medium enterprises and taxed at 25% on all other income.

	30 June 2019 \$	30 June 2018 \$
<b>Unrecognised deferred tax assets</b>		
Deferred tax assets have not been recognised in respect of the following items:		
Tax Losses – Revenue	6,555,944	6,434,138
Temporary differences	191,935	23,688
Tax Losses – Capital	225,000	225,000
	6,972,879	6,682,826

The tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of this item because it is not probable that future taxable profit will be available in the immediate future against which the company can utilise the benefits from.

#### Note 4 Cash and cash equivalents

	30 June 2019 \$	30 June 2018 \$
Cash at bank and on hand	3,942,921	2,649,629
	<u>3,942,921</u>	<u>2,649,629</u>

Cash at bank and on hand earns interest at floating rates based on daily bank deposit rates.

#### Note 5 Other assets

	30 June 2019 \$	30 June 2018 \$
Office bond	14,795	14,795
Prepayments	28,100	23,742
Trade debtors	120,744	45,182
	<u>163,639</u>	<u>83,719</u>

Trade debtors as at 30 June 2019 are all related party transactions from BTC health's subsidiaries. The estimated loss allowance for trade debtors at 30 June 2019 is \$nil (2018: \$nil).

#### Note 6 Financial assets

	30 June 2019 \$	30 June 2018 \$
<b>Non - Current</b>		
<b>Financial assets carried at fair value through profit or loss</b>		
Bio101group Pty Ltd	375,000	245,000
BioImpact Pty Ltd	100	100
BTC Speciality Health Pty Ltd	6,000,000	100
Total Financial assets carried at fair value through profit or loss	<u>6,375,100</u>	<u>245,200</u>
Total Non-Current Financial Assets	<u>6,375,100</u>	<u>245,200</u>

BTC health Limited, as an investment entity, has applied the exception to consolidation and instead accounts for its investments in its subsidiaries at fair value through profit or loss in accordance with AASB 10.

Bio101group Pty Ltd is 100% owned by BTC health Limited. Bio101 provides a range of finance and administration services to private, public and listed companies in the Australian life sciences sector. These services include accounting, company secretarial, taxation, grant applications, payroll administration, business development, royalty and partner management.

BioImpact Pty Ltd is 100% owned by BTC health Limited. BioImpact invests in and holds intellectual property rights for pharmaceuticals and medical devices for the development and commercialisation in the Asia/Pacific region. Technologies and products are sourced from a range of global third parties.

BTC Speciality Health Pty Ltd is 100% owned by BTC health Limited. BTC Speciality Health commercialises and distributes the BTC health group's in-licensed pharmaceuticals and medical devices in the Asia/Pacific region.

Bio101group, BioImpact and BTC Speciality Health's principal place of business is 201/ 697 Burke Road, Camberwell VIC 3124.

#### Unlisted shares

The fair value of each unlisted investment is determined by directors' valuation, which is based on their experience in the industry. The directors have used assumptions, such as estimated cash flows, project plans and other market data available in determining their valuation of the unlisted investments. Should these assumptions change in subsequent periods the fair value may be impacted and accounted for through the profit or loss. The directors have used several different valuation tools to determine the fair value of the investee companies, including discounted cash flows and multiples of revenues and profits.

Summary of changes in investments in financial assets	30 June 2019 \$	30 June 2018 \$
Opening	245,200	1,522,015
Loss on disposal of unlisted investment	-	(721,815)
Disposal of unlisted investment	-	(700,000)
Revaluation of unlisted investment	130,000	144,900
Additions	5,999,900	100
Closing	<u>6,375,100</u>	<u>245,200</u>

Bio101group Pty Ltd.'s valuation was increased in the period by \$130,000 to \$375,000.

Additions of \$5,999,900 relate to an increased investment in the ordinary share capital of BTC Speciality Health Pty Ltd. The cash advanced through this investment provided BTC Speciality Health with the necessary funds to acquire the hospital infusion business from Admedus Limited in the year.

The investment was financed in part through a short term loan of \$4,000,000 which was settled on 27 June 2019 with proceeds from the share placement (refer to note 9).

#### Note 7 Loans to investee companies

	30 June 2019 \$	30 June 2018 \$
<b>Non- Current</b>		
<b>Loans to investee companies</b>		
BioImpact Pty Ltd	347,691	161,885
BTC Speciality Health Pty Ltd	890,000	175,000
	<u>1,237,691</u>	<u>336,885</u>

The loans issued to BioImpact Pty Ltd and BTC Speciality Health Pty Ltd are non-interest bearing and have no fixed terms of repayment. The estimated loss allowance for loans to investee companies at 30 June 2019 is \$nil (2018: \$nil).

## Note 8 Trade and other payables

	30 June 2019 \$	30 June 2018 \$
<b>Current</b>		
Trade creditors	142,832	76,479
Accruals	15,200	14,000
	<u>158,032</u>	<u>90,479</u>

Trade and other payables are non-interest bearing and are generally settled on 30-day terms.

## Note 9 Issued Capital

	2019 Shares	2019 \$	2018 Shares	2018 \$
(a) <b>Ordinary Shares</b>				
Issued and fully paid – Opening Balance	130,296,532	44,255,057	127,107,604	43,907,429
Share Placement 28 November 2017	-	-	3,188,928	350,783
Capital raising costs	-	-	-	(3,155)
Share Placement 22 May 2019	31,841,127	2,547,290	-	-
Capital raising costs	-	(90,707)	-	-
Share Placement 13 June 2019	14,871,250	1,189,700	-	-
Capital raising costs	-	(17,850)	-	-
Share Placement 27 June 2019	67,533,874	5,402,710	-	-
Capital raising costs	-	(181,345)	-	-
Closing Balance	<u>244,542,783</u>	<u>53,104,855</u>	<u>130,296,532</u>	<u>44,255,057</u>

### (b) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. The company does not have authorised capital or par value in respect of its issued capital.

## Note 10

### Share options Reserve

	30 June 2019 \$	30 June 2018 \$
Opening balance	158,455	89,577
Amortisation of unlisted share options	211,427	114,335
Forfeiture of options	-	(45,457)
Expiry of options	(22,968)	-
Closing balance	<u>346,914</u>	<u>158,455</u>

Unlisted options are valued using the Black-Scholes valuation model and are amortised over the vesting period of the options. At the date of the report, there are 7,500,000 unlisted ordinary shares under option (2018: 3,000,000). 7,000,000 of the 7,500,000 options granted have vested.

The following share-based payment arrangements in the form of share options were in existence during the current reporting period:

#### 2017 Financial Year Grant

Options Granted	Grant Date	Grant date fair value \$	Exercise Price \$	Expiry Date	Vesting Date
500,000	20 April 2017	0.046	0.169	5 May 2019	5 May 2017
500,000	20 April 2017	0.076	0.169	20 April 2022 or 2 years after vesting	25 February 2018*

\*The options vested on receipt of marketing approval in Australia of the first licensed drug or device resulting in an accelerated vesting charge in the year ended 30 June 2018 of \$36,390.

#### 2018 Financial Year Grant

Options Granted	Grant Date	Grant date fair value \$	Exercise Price \$	Expiry Date	Vesting Date
1,000,000	28 November 2017	0.061	0.24375	28 November 2019	28 November 2017
500,000	28 November 2017	0.079	0.24375	28 November 2020	28 November 2018
500,000	28 November 2017	0.093	0.24375	28 November 2021	28 November 2019

The above options will only vest if the eligible recipients are employed or contracted by the BTC health Group of companies on the date of vesting.

#### 2019 Financial Year Grant

Options Granted	Grant Date	Grant date fair value \$	Exercise Price \$	Expiry Date	Vesting Date
5,000,000	21 June 2019	0.03	0.10	21 June 2022	21 June 2019

The above options were granted in relation to the settlement of a short term loan that was issued and repaid in the year.

There has been no alteration of the terms and conditions of the above share-based payment arrangements since the grant date.

### Fair value of share options granted in the year

The weighted average fair value of the share options granted during the 2019 financial year is \$0.034 (2018: \$0.073). Options were priced using a Black Scholes option pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability and exercise restrictions, including the probability of meeting market and service conditions attached to the option. Expected volatility was based on the historical share price volatility in the 3 year period leading up to the grant date.

### Inputs into the model

	2019 Tranche
Grant date share price	0.08
Exercise price	0.10
Options Granted	5,000,000
Volatility	73.95%
Dividend Yield	0.00%
Risk free rate	1.25%

### Note 11

### Accumulated Losses

	30 June 2019 \$	30 June 2018 \$
Accumulated losses at the beginning of the year	(41,440,510)	(40,018,133)
Forfeiture of share options	-	45,457
Expiry of share options	22,968	-
Total comprehensive loss for the year	(692,742)	(1,467,834)
Accumulated losses at the end of the year	<u>(42,110,284)</u>	<u>(41,440,510)</u>

### Note 12 Reconciliation of Operating Loss after Income Tax to the Net Cash Flow from Operating Activities

	30 June 2019 \$	30 June 2018 \$
Loss after income tax	(692,742)	(1,467,834)
<i>Adjustment for:</i>		
Increase in valuation of unlisted investment	(130,000)	(144,900)
Loan write-off	-	280,000
Loss on disposal of unlisted investment	-	721,815
Capital raising costs	-	(3,155)
Share based payments	211,427	114,335
Increase / (Decrease) in trade and other payables	67,553	5,741
(Increase) / Decrease in other assets	(79,920)	(61,526)
Net cash used in operating activities	<u>(623,682)</u>	<u>(555,524)</u>

### Note 13 Subsequent Events

On 3 July 2019, 625,000 ordinary shares were issued to a related party of Richard Treagus as part of the capital raise, as approved at the company's extraordinary general meeting on the 21 June 2019. No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial years.

### Note 14 Key Management Personnel

Name and position of key management personnel of the company in office at any time during the financial year:

Directors and Executives

R Treagus – Executive Chairman

P Jones – Non-executive

J Pilcher – Non-executive

#### Remuneration of key management personnel

Information on remuneration of key management personnel is set out in the Remuneration Report in the Directors Report.

	30 June 2019 \$	30 June 2018 \$
Short term benefits	176,530	194,863
Post-employment benefits	3,470	3,470
Share based payments	-	(10,498)
	<u>180,000</u>	<u>187,835</u>

### Note 15 Remuneration of Auditors

	30 June 2019 \$	30 June 2018 \$
Deloitte Touché Tohmatsu		
Remuneration for audit or review of the financial statements	38,325	36,500
Remuneration for non-audit - corporate finance assistance related to the business acquisition by BTC Speciality Health Pty Ltd	85,736	-
	<u>124,061</u>	<u>36,500</u>

### Note 16 Related Party Disclosures

BTC health received management fee income from consulting services to Bio101group Pty Ltd during the year of \$170,000 (2018: \$40,000). The trade debtors balance receivable from Bio101 group Pty Ltd at 30 June 2019 amounted to \$105,632 (2018: \$45,182). These debtors have been received since year end.

Mr. Stuart Jones (Company Secretary) is a related party of Mr Peter Jones (non-executive director) as he is his son. Stuart is paid by the hour for his services to BTC health. Stuart reports to and has all invoices approved by Dr. Richard Treagus (Chairman). Remuneration received in 2019 was \$97,344 (2018: \$65,750).

Mr. Cameron Jones the Managing Director of Bio101group Pty Ltd (a wholly owned subsidiary of BTC health), is also a related party of Mr. Peter Jones (non-executive director) as he is his son. Cameron's remuneration was determined by, and he reports to, Dr. Richard Treagus (Chairman). Remuneration received from Bio101group Pty Ltd in 2019 was \$130,000 (2018: \$109,600).

## Note 17 Operating Segments

Operating segments have been identified on the basis of internal reports of the Company that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. The chief operating decision maker has been identified as the Executive Chairman. BTC health has a single operating segment, being the making and managing of investments in biotechnology and pharmaceutical ventures.

## Note 18 Financial Risk Management Objectives and Policies

### Financial Risk Management

#### Overview

The company has exposure to the following risks from their use of financial instruments – interest rate risk, credit risk, liquidity risk and market price risk. This note presents information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The board reviews regularly the adequacy of the risk management framework in relation to the risks faced by the company. The company's principal financial instruments comprise cash and short-term deposits and financial assets. The company has other financial instruments such as trade debtors and trade creditors that arise directly from its operations. The company's policy in relation to the valuation of investments traded on organised markets, and unlisted investments has been described in Note 1(e).

#### Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from fluctuations in interest bearing financial assets and liabilities that the company uses. The company's financial assets which are affected by interest rate risk are the company's cash and cash equivalents and term deposits held. The company manages its interest risk by using a mix of fixed and variable rates and trades only with recognised credit worthy third parties.

The following table sets out the carrying amount, by maturity, of the financial instruments that are exposed to interest rate risk:

	Balance \$	Interest Rate	Weighted Average Effective Interest Rate
<b>30 June 2019</b>			
Financial Assets			
Cash	<u>3,942,921</u>	Floating	0.26%
Total financial assets	<u>3,942,921</u>		
Financial liabilities -			
Trade and other payables	<u>158,032</u>	N/A	-
Total financial liabilities	<u>158,032</u>		
Net Financial Assets	<u><u>3,784,889</u></u>		

	Balance \$	Interest Rate	Weighted Average Effective Interest Rate
<b>30 June 2018</b>			
Financial Assets			
Cash	2,649,629	Floating	0.98%
Total financial assets	2,649,629		
Financial liabilities -			
Trade and other payables	90,479	N/A	-
Total financial liabilities	90,479		
Net Financial Assets	2,559,150		

### Fair value sensitivity analysis for fixed rate instruments

The company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

### Cash flow sensitivity analysis for variable rate instruments

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the company's:

- Loss for the year ended 30 June 2019 would decrease/increase by \$34,200 (2018: decrease/increase by \$11,646). This is mainly attributable to the company's exposure to interest rates on its variable rate savings.

### Credit Risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the company's cash and cash equivalents, other assets and loans to investee companies. The company's maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount of these assets.

### Liquidity Risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities:

	Carrying amount	Contractual cash flows	6 months or less	Greater than 6 months, less than 1 year	Greater than 1 year
<b>30 June 2019</b>					
Trade and other payables	\$	\$	\$	\$	\$
	(158,032)	(158,032)	(158,032)	-	-
Unclaimed monies	(219,834)	(219,834)	(219,834)	-	-
	(377,866)	(377,866)	(377,866)	-	-
<b>30 June 2018</b>					
Trade and other payables	(90,479)	(90,479)	(90,479)	-	-
Unclaimed monies	(251,952)	(251,952)	(251,952)	-	-
	(342,431)	(342,431)	(342,431)	-	-

## Fair Value of Financial Assets and Liabilities

There is no difference between the fair values and the carrying amounts of the company's financial instruments. The company has no unrecognised financial instruments at balance date.

## Market Price Risk

Equity price risk arises from financial assets held at fair value through profit or loss held as a part of the company's operations. Investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board of Directors. The primary goal of the Company's investment strategy is to maximise investment returns on sale of investments. Unlisted investments are designated as a financial asset held at fair value through profit or loss their performances are actively monitored, and they are managed on a fair value basis.

## Sensitivity analysis on changes in market equity prices

A change of 20% (based on the Board's assessment of similar movements in the life sciences industry) in equity prices at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. The analysis is performed on the same basis for 2018.

	Carrying Value	Profit or loss		Equity	
		20% increase	20% decrease	20% increase	20% decrease
<b>30 June 2019</b>	\$	\$	\$	\$	\$
Financial assets carried at fair value through profit or loss:					
Unlisted investments	6,375,100	1,275,020	(1,275,020)	1,275,020	(1,275,020)
		1,275,020	(1,275,020)	1,275,020	(1,275,020)
<b>30 June 2018</b>					
Financial assets carried at fair value through profit or loss:					
Unlisted investments	245,200	49,040	(49,040)	49,040	(49,040)
		49,040	(49,040)	49,040	(49,040)

## Fair value of financial instruments: Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of unlisted investments are determined in accordance by directors' valuations, which are based on their experience in the industry. Directors have used assumptions, such as estimated cash flows, project plans and other market data available in determining their valuation of unlisted investments. Directors have reviewed discounted cash flows and multiple of revenue and profit calculations to determine the fair value holding costs of the investments.

Name of Investment	Core Activity	Basis of Valuation
<b>Bio101group Pty Ltd</b>	Finance and administration for life science clients	<ul style="list-style-type: none"> <li>Multiple of revenue based on actual results for the year ended 30 June 2019</li> </ul>
<b>BioImpact Pty Ltd</b>	In licence speciality pharmaceuticals and medical devices	<ul style="list-style-type: none"> <li>Investment valuation on cost incurred basis</li> </ul>
<b>BTC Speciality Health Pty Ltd</b>	Commercialisation and distribution of pharmaceuticals and medical devices	<ul style="list-style-type: none"> <li>Investment valuation on cost incurred basis</li> </ul>

*Fair value measurements recognised in the statement of financial position:*

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
<b>30 June 2019</b>	\$	\$	\$	\$
Financial assets				
Unlisted investments– Financial assets carried at fair value through profit or loss	-	-	6,375,100	6,375,100
	-	-	6,375,100	6,375,100
<b>30 June 2018</b>				
Financial assets				
Unlisted investments– Financial assets carried at fair value through profit or loss	-	-	245,200	245,200
	-	-	245,200	245,200

There were no transfers between levels during the year.

*Reconciliation of Level 3 fair value measurements of financial assets*

	2019 Total	2018 Total
<b>Opening balance</b>	\$ 245,000	\$ 1,522,015
Total gains or losses:		
- acquisitions	5,999,900	100
- disposals	-	(700,000)
- investment fair value adjustment	130,000	144,900
- loss on disposal of unlisted investments	-	(721,815)
<b>Closing balance</b>	<b>6,375,100</b>	<b>245,200</b>

*Significant assumptions used in determining fair value of financial assets and liabilities*

The fair value of unlisted investments are determined by directors' valuations and assumptions, such as impacts on estimated cash flows, project plans and market data available.

### Capital risk management

The Company objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The management of the Company's capital is performed by the Board. The company is not subject to externally imposed capital requirements. The Company's overall strategy remains unchanged from 2018.

The capital structure of the Company consists of cash and cash equivalents and equity attributable to equity holders, comprising issued capital, reserves and retained earnings. Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax and general administrative outgoings.

	30 June 2019	30 June 2018
	\$	\$
<b>Categories of financial instruments</b>		
<b>Financial assets</b>		
Cash and cash equivalents	3,942,921	2,649,629
Other assets	163,639	83,719
Loans to investee companies	1,237,691	336,885
Financial assets carried at fair value through profit or loss	6,375,100	245,200
<b>Financial liabilities</b>		
Trade and other payables	158,032	90,479
Unclaimed monies	219,834	251,952

### Note 19 Loss Per Share

	30 June 2019	30 June 2018
Basic and diluted loss per share, based on the after tax loss of \$692,742 (2018: (\$1,467,834)) *	(0.51) cents per share	(1.14) cents per share
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	134,946,441 shares	128,977,277 shares

\*The options issued are not included in the diluted EPS as they are anti-dilutive.

### Note 20 Contingent Liabilities

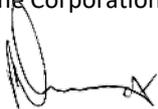
There were no contingencies of which the company is aware as at the date of this report.

## Directors' Declaration

The directors declare that,

- a) in the director's opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable,
- b) in the director's opinion, the attached financial statements are in compliance with International Financial Reporting Standards as disclosed in Note 1 to the financial statements,
- c) in the director's opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the entity, and
- d) the directors have been given the declarations required by s.295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the board of directors pursuant to section 295(5) of the Corporations Act 2001.



**R S Treagus**  
**Chairman**  
**Melbourne**  
**16 August 2019**

16 August 2019

The Board of Directors  
BTC health Limited  
Suite 201/697 Burke Road  
CAMBERWELL VIC 3124

Dear Board Members

### **Auditor's Independence Declaration to BTC health Limited**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of BTC health Limited.

As lead audit partner for the audit of the financial statements of BTC health Limited for the financial year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU



Anneke du Toit  
Partner  
Chartered Accountants

## **Independent Auditor's Report to the Members of BTC health Limited**

### **Report on the Audit of the Financial Report**

#### *Opinion*

We have audited the financial report of BTC health Limited (the "Company") which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### *Basis for Opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
<p><i>Unlisted shares held at fair value</i></p> <p>Refer Note 6</p> <p>The company invests in a portfolio of life science organisations.</p> <p>As at 30 June 2019, the company's investment portfolio consisted of three unlisted companies carried at a fair value of \$6,375,100.</p> <p>The valuation of these assets requires significant management judgement.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of the processes undertaken by management to determine the fair value of investments in the unlisted companies within their portfolio;</li> <li>• Assessing and challenging management's valuation methodology and assumptions applied, in conjunction with our valuation specialists;</li> <li>• Evaluating the actual financial performance of each of the investments by:               <ul style="list-style-type: none"> <li>○ Comparing the forecast financial information for the year and the plans included in the investment business case, to the actual financial and operational results;</li> <li>○ Agreeing key account balances to supporting reconciliations;</li> <li>○ Obtaining an understanding of key customers contracts in place;</li> <li>○ Performing analytical procedures to identify unusual trends or movements in account balances; and</li> <li>○ Discussing business performance and future business plans and forecasts, including the adequacy of existing funding, with management of the investment company to assess whether those forecasts are appropriate and are consistent with the investment business case.</li> </ul> </li> </ul> <p>We also assessed the appropriateness of the disclosures in note 6 to the financial statements.</p>

### *Other information*

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## *Responsibilities of the Directors for the Financial Report*

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

## *Auditor's Responsibilities for the Audit of the Financial Report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Report on the Remuneration Report**

### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included in pages 6 to 8 of the Directors' Report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of BTC health Limited, for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

### *Responsibilities*

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU



Anneke du Toit  
Partner  
Chartered Accountants  
Melbourne, 16 August 2019

# Shareholder Information

## As at 15 August 2019

### A. Spread of equity security holdings

Size of Holding	Ordinary Shareholders	Unlisted Option holders
1 – 1,000	23	-
1,001 – 5,000	305	-
5,001 – 10,000	194	-
10,001 – 100,000	393	-
100,001 and over	135	4
<b>Total</b>	<b>1,050</b>	<b>4</b>

### B. Substantial holders

Notices under Section 671B of the Corporations Act, disclosing a relevant interest in the company's shares, have been received from the following substantial holders as at the date of this report:

Name	Number of shares/votes	Voting power
NAOS ASSET MANAGEMENT LIMITED	48,165,801	19.65%
LHC CAPITAL PARTNERS PTY LTD	26,284,910	10.72%
SIGMA COMPANY LIMITED	25,000,000	10.22%
RICHARD AND KAREN TREAGUS	23,050,198	9.40%
PETER AND HELEN JONES	16,984,323	6.95%

### C. Equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

Rank	Name	A/C designation	Ordinary Shares held	Voting Percentage
1	NATIONAL NOMINEES LIMITED		60,687,968	24.75
2	UBS NOMINEES PTY LTD		28,134,910	11.48
3	MRS KAREN ELIZABETH TREAGUS	<TREAGUS FAMILY A/C>	23,050,198	9.40
4	SIGMA COMPANY LIMITED		16,856,467	6.88
5	STUART ANDREW PTY LTD	<CAMPASPE FAMILY A/C>	16,009,323	6.53
6	SIGMA COMPANY LIMITED		8,143,533	3.32
7	MR CAMPBELL DINWOODIE TAYLOR		4,448,805	1.81
8	MRS SUSAN MAREE WHITING		4,300,000	1.75
9	WINDARRI INVESTMENTS PTY LTD	<HERZ FAMILY A/C>	4,213,727	1.72
10	BNP PARIBAS NOMINEES PTY LTD	<IOOF INSMT MGMT LTD DRP>	3,500,000	1.43
11	MS DESPINA MAKRIS		3,078,363	1.26
12	LINWIERIK INVESTMENTS PTY LTD		2,473,102	1.01
13	NAMARONG INVESTMENTS PTY LTD	HANSEN INVESTMENT	2,107,058	0.86
14	PRITDOWN PTY LTD	<MCDONALD SUPER FUND A/C>	2,005,480	0.82
15	THIRTY SIXTH VILMAR PTY LTD		1,875,000	0.76
16	MR NICHOLAS DERMOTT MCDONALD		1,800,000	0.73

Rank	Name	A/C designation	Ordinary Shares held	Voting Percentage
17	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD DRP		1,780,600	0.73
18	GRAY LANE HOLDINGS PTY LTD	<VOIGT FAMILY A/C>	1,627,804	0.66
19	MR NICHOLAS DERMOTT MCDONALD		1,386,363	0.57
20	YORKSHIRE INVESTMENTS PTY LTD	<THE YORKSHIRE FAMILY A/C>	1,309,144	0.53
		<b>Total</b>	<b>188,787,845</b>	<b>77.00</b>

#### D. Less than marketable parcel holders

The number of holders holding less than a marketable parcel based on the market price was 286.

#### E. Voting rights

The voting rights attaching to each class of equity securities are set out below:

##### Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

##### Options

There are no voting rights attached to unlisted options until they are exercised.

# Corporate Directory

## Registered Office

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## Principal Contacts

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## Auditors

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**BTC health.**

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