

Preliminary Financial Report - 30 June 2009

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This preliminary financial report covers BioTech Capital Limited.

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

BioTech Capital Limited
C/- Titan Bioventures Management
Level 9
1 William Street
PERTH WA 6000

Income Statement

For the year ended 30 June 2009

	Notes	2009 \$'000	2008 \$'000
Revenue from operations	2	303	513
Management fees	16(c)	(548)	(665)
Other expenses from operations		(263)	(321)
Provision for loss on unlisted investments		(2,720)	-
Impairment loss on listed investments reflecting current market value		(1,105)	(6,900)
		<u>(4,636)</u>	<u>(7,886)</u>
Profit (Loss) from operations before related income tax benefit		(4,333)	(7,373)
Income tax benefit (expense) relating to operations	3	<u>-</u>	<u>(13)</u>
Profit (Loss) from operations after related income tax benefit attributable to members of BioTech Capital Limited		<u>(4,333)</u>	<u>(7,386)</u>
Basic earnings / (loss) per share		(5.18) cents	(8.61) cents
Diluted earnings / (loss) per share		(5.18) cents	(8.61) cents

The above income statement should be read in conjunction with the accompanying notes.

Balance Sheet

As at 30 June 2009

	Notes	2009 \$'000	2008 \$'000
Current Assets			
Cash and cash equivalents	4	2,180	6,010
Trade and other receivables	5	11	12
Deferred tax assets	3	-	-
Held to maturity financial assets	6	851	-
Total Current Assets		<u>3,042</u>	<u>6,022</u>
Non-Current Assets			
Available for sale financial assets	7	20,409	22,117
Total Non-Current Assets		<u>20,409</u>	<u>22,117</u>
Total Assets		<u>23,451</u>	<u>28,139</u>
Current Liabilities			
Trade and other payables	8	77	78
Current tax liabilities	3	-	-
Total Current Liabilities		<u>77</u>	<u>78</u>
Non Current Liabilities			
Deferred tax liabilities	3	-	-
Total Non Current Liabilities		<u>-</u>	<u>-</u>
Total Liabilities		<u>77</u>	<u>78</u>
Net Assets		<u>23,374</u>	<u>28,061</u>
Equity			
Issued Capital	9	41,283	41,637
Accumulated Losses	10	(17,909)	(13,576)
Reserves	11	-	-
Total Equity		<u>23,374</u>	<u>28,061</u>

The above balance sheet should be read in conjunction with the accompanying notes.

Cash Flow Statement

For the year ended 30 June 2009

	Notes	2009 \$'000	2008 \$'000
Cash Flows from Operating Activities			
Interest received		303	513
Managers fees paid		(556)	(680)
Payments to suppliers		(255)	(326)
Net cash (outflow) from operating activities	12	<u>(508)</u>	<u>(493)</u>
Cash Flows from Investing Activities			
Payments for investments		(2,117)	(2,901)
Payments for term deposits		(851)	-
Net cash inflow (outflow) from investing activities		<u>(2,968)</u>	<u>(2,901)</u>
Cash Flows from Financing Activities			
Share Buy-Back payment		(354)	(493)
Net cash (outflow) from financing activities		<u>(354)</u>	<u>(493)</u>
Net increase (decrease) in Cash Held		(3,830)	(3,887)
Cash at the beginning of the financial year		6,010	9,897
Cash at the End of the Financial Year	4	<u>2,180</u>	<u>6,010</u>

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

Statement of Changes in Equity

For the year ended 30 June 2009

	Issued capital \$'000	Accumulated losses \$'000	Other reserves \$'000	Total \$'000
At 1 July 2007	42,130	(6,190)	1,459	37,399
Net unrealised gains on available for sale financial assets	-	-	(8,813)	(8,813)
Share buy-back program	(493)	-	-	(493)
Impairment loss on listed investments transferred to income statements	-	-	6,900	6,900
Income tax on items directly transferred to equity	-	-	454	454
Total income and expense for the period recognised directly in equity	(493)	-	(1,459)	(1,952)
Profit (loss) for the period	-	(7,386)	-	(7,386)
Total income (expense) for the period	(493)	(7,386)	(1,459)	(9,338)
At 30 June 2008	41,637	(13,576)	-	28,061
At 1 July 2008	41,637	(13,576)	-	28,061
Net unrealised gains on available for sale financial assets	-	-	-	-
Impairment loss on listed investments transferred to income statements	-	-	-	-
Share buy-back program	(354)	-	-	(354)
Income tax on items directly transferred to equity	-	-	-	-
Total income and expense for the period recognised directly in equity	(354)	-	-	(354)
Profit (loss) for the period	-	(4,333)	-	(4,333)
Total income (expense) for the period	(354)	(4,333)	-	(4,687)
At 30 June 2009	41,283	(17,909)	-	23,374

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

Notes to the Financial Statements

30 June 2009

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Notes to the Financial Statements

30 June 2009

Note 1 Summary of Significant Accounting Policies**The Preliminary Financial Report of Biotech Capital Limited for the year ended 30 June 2009**

This general purpose financial report has been prepared in accordance with the requirements of Australian Accounting Standards and the Corporations Act 2001.

It is prepared in accordance with the historical cost convention, except for certain assets which, as noted, are at fair value. BioTech Capital Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian stock exchange. Both the functional currency and presentation currency of BioTech Capital Limited is Australian dollars (\$AUD).

Statement of Compliance

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and applicable Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report complies with Australian Accounting Standards and International Financial Report Standards ('IFRS').

New accounting standards and Interpretations not yet adopted***Changes to Accounting Standards***

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2009 reporting periods. The company's assessment of the impact of these new standards and interpretations is set out below.

New or revised requirement	Effective for annual reporting periods beginning/ending on or after	More information	Impact on Company
New and revised Standards			
<p><i>AASB 101 Presentation of Financial Statements (Revised September 2007), AASB 2007-8 Amendments to Australian Accounting Standards & Interpretations and AASB 2007-10 Further Amendments to AASBs arising from AASB 101</i></p> <p>The revised standard affects the presentation of changes in equity and comprehensive income. It does not change the recognition, measurement or disclosure of specific transactions and other events required by other AASB standards.</p>	Beginning 1 January 2009	This will be adopted for the year ended 30 June 2010	This is a disclosure standard therefore the adoption has no impact on amounts recognised in the financial statements.
<p><i>AASB 123 Borrowing Costs (Revised), AASB 2007-6 Amendments to Australian Accounting Standards 1, 101, 107, 111, 116, 138 and Interpretations 1 & 12</i></p> <p>This revision eliminates the option to expense borrowing costs on qualifying assets and requires that they be capitalised. The Amending Standard eliminates reference to the expensing option in various other pronouncements.</p>	Beginning 1 January 2009	This will be adopted for the year ended 30 June 2010	Unless the company engages in such transactions in future periods, there will be no impact to amounts recognised.

Notes to the Financial Statements

30 June 2009

New or revised requirement	Effective for annual reporting periods beginning/ending on or after	More information	Impact on Company
<p><i>AASB 3 Business Combinations (Revised), AASB 127 Consolidated and Separate Financial Statements (Amended), AASB 2008-3 Amendments to AASBs arising from AASB 3 and AASB 127</i></p> <p>This revision changes the application of acquisition accounting for business combinations and accounting for non-controlling interests. The revised and amended standards incorporate many changes which will have a significant impact on the profit and loss for entities entering into business combinations.</p>	Beginning 1 July 2009	This will be adopted for the year ended 30 June 2010	Unless the company engages in such transactions in future periods, there will be no impact to amounts recognised.
<p><i>AASB 8 Operating Segments, AASB 2007-3 Amendments to Australian Accounting Standards 5, 6, 102, 107, 119, 127, 134, 136, 1023 & 1038 arising from AASB 8</i></p> <p>This standard supersedes AASB 114 Segment Reporting introducing a US GAAP approach of management reporting as part of the convergence project with FASB.</p>	Beginning 1 January 2009	This will be adopted for the year ended 30 June 2010	This is a disclosure standard therefore the adoption has no impact on amounts recognised in the financial statements.
<p><i>AASB 2008- 1 – Amendments to Australian Accounting Standards: Share Based Payments: Vesting Conditions and Cancellations</i></p> <p>This clarifies that vesting conditions comprise service conditions and performance conditions only and that other features of a share-based payment transaction are not vesting conditions. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment.</p>	Beginning 1 January 2009	This will be adopted for the year ended 30 June 2010	Unless the company engages in such transactions in future periods, there will be no impact to amounts recognised.

(a) Income Tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for the 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 assets 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 assets 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 balance sheet date.

Notes to the Financial Statements

30 June 2009

(b) Recoverable Amounts of Assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(c) Revenue Recognition

Revenue 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) Investments and other Financial Assets

(i) Available-for-sale

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment. After initial recognition, investments, which are classified as available-for-sale, are measured at fair value. Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement. For investments that are actively traded in organised financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date. For investments that are unquoted, fair value cannot be reliably measured, as a result are reflected at cost.

(ii) Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the company has the positive intention and ability to hold to maturity. Investments that are intended to be held-to-maturity, such as term deposits, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount.

(e) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise 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 Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(f) Trade and other creditors

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(g) Earnings per share

(i) Basic earnings 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.

Notes to the Financial Statements

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(ii) Diluted earnings 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.

(h) 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 balance sheet are shown inclusive of GST. Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(i) Rounding of Amounts to Nearest Thousand Dollars

The company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

(j) Significant 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:

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

Classification of and valuation of investments

The Company has decided to classify investments in listed and unlisted securities as 'available -for-sale' investments and movements in fair value are recognised directly in equity. The fair value of listed shares has been determined by reference to published price quotations in an active market. The fair values of unlisted securities not traded in an active market are measured at cost.

Impairment of financial assets

The company assesses impairment of all assets at each reporting date by evaluating conditions specific to their investments and to the particular asset that may lead to impairment. If an impairment trigger exists the recoverable amount of the asset is determined. This involves impacts on estimated future cash flows which incorporate a number of key estimates and assumptions.

Note 2 Revenues from Ordinary Activities

	30 June 2009	30 June 2008
	\$'000	\$'000
Finance revenue - bank	303	511
Other	-	2
	<u>303</u>	<u>513</u>

Notes to the Financial Statements

30 June 2009

Note 3 Income Tax

Major components of income tax expense for the years ended 30 June 2009 and 2008 are:

	30 June 2009 \$'000	30 June 2008 \$'000
Income Statement		
<i>Current Income</i>		
Current income tax benefit	-	-
Adjustments in respect to current income tax of previous years	-	-
<i>Deferred Income Tax</i>		
Relating to origination and reversal of temporary differences	-	13
Income tax (benefit) expense reported in the income statement	<u>-</u>	<u>13</u>

Statement of changes in equity*Deferred Income Tax*

Unrealised gain on available for sale financial assets	-	454
Income tax benefit reported in equity	<u>-</u>	<u>454</u>

A reconciliation of income tax expense (benefit) applicable to accounting profit 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 2009 and 2008 is as follows:

Accounting profit (loss) before tax from continuing operations	(4,333)	(7,373)
Loss before tax from discontinued operations	-	-
Accounting profit (loss) before income tax	<u>(4,333)</u>	<u>(7,373)</u>
At the statutory income tax rate of 25% (2008: 25%)	(1,083)	(1,843)
Adjustments in respect of current income tax of previous years	-	-
Expenditure not allowable for income tax purposes	956	1,725
Temporary differences and tax losses not brought to account as a deferred tax asset	127	131
At effective income tax rate of (0%) (2008: (8.0%))	<u>-</u>	<u>13</u>
Income tax expense reported in income statement	-	13
Income tax attributable to discontinued operation	-	-
	<u>-</u>	<u>13</u>

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Fair value adjustments of investments	-	-	-	-	-	-
Capital raising costs	-	-	-	-	-	-
<i>Tax (assets) liabilities</i>	-	-	-	-	-	-
Set off of tax	-	-	-	-	-	-
Net tax (assets) liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Notes to the Financial Statements

30 June 2009

	30 June 2009	30 June 2008
	\$'000	\$'000
Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in respect of the following items:		
Tax Losses	1,904	1,777
Other	3	3
Investments	1,034	868
	<u>2,941</u>	<u>2,645</u>

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 against which the company can utilise the benefits from.

Movement in temporary differences during the year

	Balance	Recognised	Recognised	Balance
	1 July 2007	in Income	in Equity	30 June 2008
	\$'000	\$'000	\$'000	\$'000
Fair value adjustments of investments	454	-	(454)	-
Capital raising costs	(13)	13	-	-
	<u>441</u>	<u>13</u>	<u>(454)</u>	<u>-</u>
	Balance	Recognised	Recognised	Balance
	1 July 2008	in Income	in Equity	30 June 2009
	\$'000	\$'000	\$'000	\$'000
Fair value adjustments of investments	-	-	-	-
Capital raising costs	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Note 4 Cash and cash equivalents

	30 June 2009	30 June 2008
	\$'000	\$'000
Cash at bank and on hand	159	239
Term Deposits	2,021	5,771
	<u>2,180</u>	<u>6,010</u>

Cash at bank and on hand earns interest at floating rates based on daily bank deposit rates. Term deposits are made for varying periods; those deposits with a maturity date less than 3 months are classified as cash equivalents and earn interest at the respective term deposit rate.

Note 5 Trade and other receivables

	30 June 2009	30 June 2008
	\$'000	\$'000
Interest receivable	-	-
GST recoverable	11	12
	<u>11</u>	<u>12</u>

Trade and other receivables are non-interest bearing and are generally on a 60 day term.

Notes to the Financial Statements

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Note 6 Held to maturity financial assets

	30 June 2009 \$'000	30 June 2008 \$'000
Term deposits	851	-
	<u>851</u>	<u>-</u>

Term deposits are made for varying periods; those deposits with a maturity greater than 3 months are classified as held to maturity financial assets and earn interest at the respective term deposit rate.

Note 7 Available for Sale Financial Assets

	30 June 2009 \$'000	30 June 2008 \$'000
Non Current		
Investment in listed companies – at market value		
Alchemia Limited	459	397
Neurodiscovery Limited	283	737
Starpharma Holdings Limited	933	791
Phylogica Limited	1,362	1,961
Stem Cell Sciences Limited	-	718
	<u>3,037</u>	<u>4,604</u>
Investment in Convertible Notes – listed company		
Phylogica Limited	1,167	-
	<u>1,167</u>	<u>-</u>
Investment in unlisted Companies – at cost		
Pacific Knowledge Systems Pty Ltd	2,198	2,198
XRT Ltd	4,125	4,125
Continance Control Systems	4,000	4,000
Sensear Pty Ltd	3,117	2,000
Generic Health Pty Ltd	2,200	2,200
Stem Cell Sciences Limited	295	-
Biocomm Services Pty Limited	1,001	1,001
	<u>16,936</u>	<u>15,524</u>
Investments in Convertible Notes – unlisted companies		
Biocomm Services Pty Limited	235	235
Pacific Knowledge Systems Pty Ltd	254	254
XRT Ltd	1,500	1,500
	<u>1,989</u>	<u>1,989</u>
Less provision for loss on unlisted investments	(2,720)	-
Total Available for sale Financial Assets	<u><u>20,409</u></u>	<u><u>22,117</u></u>

Available for sale financial assets consist of investments in ordinary shares or convertible notes into ordinary shares and therefore have no fixed maturity or coupon rate.

Listed shares

The fair value of listed available-for-sale investments has been determined directly by reference to published price quotations in an active market.

Unlisted shares

The fair value of unlisted available for sale investments cannot be reliably measured as they are not supported by observable market prices or rates. As a result, all unlisted investments are reflected at cost.

Convertible Note – Listed entity

The convertible note in Phylogica Limited relates to the conversion of a maximum of 25,000,000 shares, the fair value has been determined similar to investments in listed shares.

Notes to the Financial Statements

30 June 2009

Summary of changes in investments available for sale	30 June 2009 \$'000	30 June 2008 \$'000
Opening	22,117	28,029
Acquisitions	2,117	2,901
Provision for loss on unlisted investments	(2,720)	-
Revaluations	(1,105)	(8,813)
Closing	<u>20,409</u>	<u>22,117</u>

Biotech Capital Limited (BTC) is not equity accounting investments it has greater than a 20% interest in because the characteristics of the investments confirm it does not exert significant influence. The investments concerned are Continnence Control Systems, Pacific Knowledge Systems Pty Ltd, XRT Ltd, Sensear Pty Ltd and Phylogica Limited. The reasons significant influence is not exerted include that BTC has no significant participation in policy making processes, the investee entities have no economic dependency on BTC, other investors hold a similar percentage interest in the entities, the Board representation in the entities by BTC is only one in each case and there is no interchange of managerial personnel between the entities and BTC.

Note 8 Trade and other payables

	30 June 2009 \$'000	30 June 2008 \$'000
Managers fees payable – director related entity	47	54
Director fees payable	-	5
Trade Creditors	17	7
Audit fees payable	13	12
GST payable	-	-
	<u>77</u>	<u>78</u>

Trade and other payables are non-interest bearing and are generally settled on 60 day terms.

Note 9 Issued Capital

	2009 Shares	2009 \$'000	2008 Shares	2008 \$'000
(a) Ordinary Shares Issued and fully paid	<u>81,909,505</u>	<u>41,283</u>	<u>84,039,505</u>	<u>41,637</u>

(b) Movements in ordinary shares on issue:

Date	Details	2009 No. of Shares	2009 Issue Price	2009 \$'000	2008 No. of Shares	2008 Issue Price	2008 \$'000
30/06/2008	Opening Equity	84,039,505		41,637	86,309,505		42,130
February to June 2009	Share Buy- Back/Cancellation	(2,130,000)		(354)	(2,270,000)		(493)
		<u>(2,130,000)</u>		<u>(354)</u>	<u>(2,270,000)</u>		<u>(493)</u>
30/06/2009	Closing Equity	<u>81,909,505</u>		<u>41,283</u>	<u>84,039,505</u>		<u>41,637</u>

(c) 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.

Notes to the Financial Statements

30 June 2009

Note 10 Retained Profits/(Accumulated Losses)

	30 June 2009 \$'000	30 June 2008 \$'000
Retained profits/(Accumulated losses) at the beginning of the financial year	(13,576)	(6,190)
Net Profit (Loss)	(4,333)	(7,386)
Retained profits/(Accumulated losses) at the end of the financial year	<u>(17,909)</u>	<u>(13,576)</u>

Note 11 Reserves

	30 June 2009 \$'000	30 June 2008 \$'000
Net Unrealised Gains Reserve	-	-
	<u>-</u>	<u>-</u>

Net Unrealised Gains Reserve Movements During the Year

Opening Balance	-	1,459
Net revaluation (decrement) on listed investments, net of 15% tax	-	(8,813)
Net income tax effect of revaluation of listed investments	-	454
Unrealised impairment loss on listed investments	-	6,900
Closing Balance	<u>-</u>	<u>-</u>

This reserve records the movement for available for sale financial assets to fair value. Unrealised gains and unrealised losses are arrived at by comparing the balance date value of each investment, as determined in accordance with the company's declared valuation policy, with the investment's cost price. The above unrealised impairment loss on listed investments reflects market value at 30 June 2008.

These calculations do not take into account incentive fees which might be payable to the Manager, or other persons, relating to gains realised on disposal of any investments.

The balance of this reserve does not represent funds available for distribution to shareholders in specie, because of the unrealised nature of the net gain involved.

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

	30 June 2009 \$'000	30 June 2008 \$'000
Operating profit (loss) after income tax	(4,333)	(7,386)
<i>Adjustment for:</i>		
Provision for Loss on Unlisted Investments	2,719	-
Unrealised Impairment Loss on Listed Investments	1,105	6,900
<i>Changes in assets and liabilities:</i>		
(Increase) / Decrease in trade and other debtors	-	-
(Increase) / Decrease in deferred tax assets	-	13
(Decrease) / Increase in trade and other payables	-	(20)
Net cash flow from operating activities	<u>(509)</u>	<u>(493)</u>

Note 13 Events Occurring After Balance Date

No 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 economic entity in future financial years.

Notes to the Financial Statements

30 June 2009

Note 14 Key Management Personnel

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

(i) Directors

K T Greiner – Chairman (non executive)

A.Basten – non executive

A.J.Davidson – non executive

H.Karelis – Managing Director

L.McIntyre – non executive

(ii) Executives

None noted.

(b) Remuneration of each key management personnel during the year (see also notes below)

2009	Salary & Fees	Super-annuation	Post Employment Benefits	Equity Options	Other Benefits	Total \$'000
(i) Directors						
K.T.Greiner Chairman (non-executive)	20	-	-	-	-	20
A.Basten (non-executive)	-	20	-	-	-	20
A.J.Davidson (non-executive)	5	15	-	-	-	20
H.Karelis Managing Director (see note below)	-	-	-	-	-	-
L.McIntyre (non-executive)	7	1	-	-	-	8
Total Remuneration	32	36	-	-	-	68
2008	Salary & Fees	Super-annuation	Post Employment Benefits	Equity Options	Other Benefits	Total \$'000
(i) Directors						
K.T.Greiner Chairman (non-executive)	20	-	-	-	-	20
A.Basten (non-executive)	4	16	-	-	-	20
A.J.Davidson (non-executive)	20	-	-	-	-	20
H.Karelis Managing Director (see note below)	-	-	-	-	-	-
L.McIntyre (non-executive)	18	2	-	-	-	20
Total Remuneration	62	18	-	-	-	80

Note: None of the above directors fees are performance based.

(c) Remuneration Options

No key management personnel of the company has received any options (listed or unlisted) as part of their remuneration during this financial year (2008 Nil).

Notes to the Financial Statements

30 June 2009

(d) Remuneration Practices

With the exception of the Managing Director, Mr Karelis, 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, as such, between performance and the level of remuneration.

Mr Karelis is a major shareholder and managing director of Titan Bioventures Management Pty Ltd, the company's investment manager. Mr Karelis has not been and is not being remunerated by the company, however during the year he has received and will receive benefits from his equity interest in and services provided to Titan Bioventures Management Pty Ltd ('Titan'). Details of management fees paid and payable during the year to Titan are shown in Note 16.

(e) Equity instrument disclosures relating to key management personnel

Share holdings

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

Year ended 30 June 2009

Name	Balance at the start of the year	Received during the year on the exercise of options	Other net changes during the year	Balance at the end of the year
Ordinary shares				
(i) Director				
K.T.Greiner	12,700	-	-	12,700
A.Basten	10,000	-	-	10,000
A.J.Davidson	120,000	-	-	120,000
H.Karelis	800,000	-	-	800,000
L.M.McIntyre	13,000	-	-	13,000

Year ended 30 June 2008

Name	Balance at the start of the year	Received during the year on the exercise of options	Other net changes during the year	Balance at the end of the year
Ordinary shares				
(i) Director				
K.T.Greiner	12,700	-	-	12,700
A.Basten	10,000	-	-	10,000
A.J.Davidson	120,000	-	-	120,000
H.Karelis	800,000	-	-	800,000
L.M.McIntyre	13,000	-	-	13,000

Note 15 Remuneration of Auditors

	30 June 2009 \$	30 June 2008 \$
PKF		
Remuneration for audit or review of the financial statements	<u>27,005</u>	<u>29,373</u>
Remuneration for taxation and other services	<u>13,900</u>	<u>3,300</u>

Notes to the Financial Statements

30 June 2009

Note 16 Related Party Disclosures

(a) Remuneration Benefits

Information on remuneration benefits of key management personnel is disclosed in note 14.

(b) Transactions of directors and director related entities concerning shares or share options.

Aggregate number of shares of Biotech Capital Limited acquired or disposed of by directors of the company or their director related entities.

	2009 Number	2008 Number
Ordinary shares acquired/(disposed of)	-	-
Aggregate number of shares of Biotech Capital Limited held directly, indirectly or beneficially by directors of the company or their director related entities at balance date.		
Ordinary Shares	955,700	955,700

(c) Transactions with directors and director related entities:

The terms and conditions of the transactions with directors and their director related entities were no 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.

Titan Bioventures Management Pty Ltd ('Titan'), a company in which Harry Karelis is a director and holds a financial interest, is the Manager of Biotech Capital Limited and commenced this role on 9 April 2004.

The Manager is entitled to be paid an annual management fee equal to 2.0% of the net value of the assets calculated on a quarterly basis. During the period to 30 June 2009 the management fees payable were \$548,170 (2008: \$664,862).

Performance Fee:

The Manager is also entitled to receive a performance fee of 10% of the difference between the realised value of an investment and the cost of the investment. This performance fee is to be reduced by any unrealised losses that may exist in the balance of the investment portfolio, and the Company is also entitled to a rebate of 30% on any performance fee payable. No performance fee was payable during the period. The balance date contingent liability relating to the performance fee is shown in Note 19.

Note 17 Segment Information

The company operates in one business segment where it invests in entities operating in the life-science/biotechnology sectors. The company operates in one geographical segment being Australia.

Note 18 Earnings/(Loss) Per Share

	30 June 2009	30 June 2008
Basic earnings/(loss) per share, based on the after tax benefit loss of (\$4,333,491) (2008: (\$7,386,443))	(5.18) cents per share	(8.61) cents per share
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	83,716,898 shares	85,772,581 shares

For the purposes of Diluted EPS there have been no diluting potential ordinary shares outstanding during the year. There have been no other transactions involving ordinary shares or potential ordinary share since the reporting date and before the completion of these financial statements.

Notes to the Financial Statements

30 June 2009

Note 19 Contingent Liability

Performance Fee

It has been assessed that if all investments were realised at their balance date book values, and after taking into account the company's rebate entitlement, the performance fee payable to the Manager would be nil (2008: nil). The basis of the performance fee calculation has been described in Note 16. No liability has been recognised in respect to this.

