biotech CAPITAL INVEST TO CREATE

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Biotech Capital Limited Annual Report

Year ended 30th June 2009

BioTech Capital Limited
ABN 45 091 979 172

Managed by Titan BioVentures
Management Pty Ltd
ABN 63 136 901 432

CHAIRMAN'S ADDRESS 2009

It is my pleasure to present to you the 2009 Annual Report for BioTech Capital Limited.

I am sure most of you do not need reminding that this time last year the world was gripped by a wave of fear as uncertainty over the full economic impacts of the global financial crisis were being felt. Twelve months on, the world is a much happier place with fear being replaced with relief and even some hints of optimism. Many of the world's stock-markets have staged meaningful rallies and signs of economic expansion are appearing. However, successful floats of new companies have not yet occurred as the existing listed companies tap investor appetite for billions of dollars to restore balance-sheet health soaking up any short term demand from investors.

The strong companies have become stronger as many of their competitors have been wiped out in sectors as diverse as car manufacturing to banking to aviation. These companies now have the potential to generate strong earnings growth as economic activity gathers pace largely accounting for the recent rally in equity markets. However, the "hangover" from unprecedented levels of government stimulus – through a massive increase in debt levels – is still to be felt providing reason to temper investor optimism.

The Australian economy appears to have emerged relatively unscathed underscoring the intrinsic strength in the local environment and leverage to strong growth in countries such as China and India. The recent signing of extremely large, long term gas supply contracts to these markets suggests the foundations for a second wave of economic expansion in Australia are being laid.

This provides a two-edged sword for the Australian life-sciences sector. On one hand, a recovery in equity markets suggests the capital raising environment may become more conducive to companies operating in risky sectors such as life-sciences. However, based on recent experience during the last bull market, this risk-capital is likely to flow initially at least to speculative mining projects ahead of life-sciences. The failure of several groups to raise funds for early stage investing in the technology sector underscores the difficulty even with the prospect of matching funds from the Federal Government.

This suggests a continuation of the very tough environment for development and expansion stage life-science companies in Australia.

As flagged around two years ago, the portfolio has been re-positioned away from early stage "venture" projects to more advanced companies. Many of these continue to demonstrate underlying progress. The current focus is to extract value from these investee companies and move towards exits for the fund.

The Board has continually discussed and reviewed whether shareholders' interests are best served by a continued focus on the Australia life-sciences sector given the difficult macro-conditions. As a result, we asked shareholders at the last Annual General Meeting to provide the Board with approval to drop the Pooled Development Fund (PDF) status should a sufficiently attractive investment opportunity present itself. We are requesting the same approval be given at the forthcoming AGM.

The Board is conducting a detailed review of the current investment strategy in light of other opportunities that may be available. We continue to review such opportunities and are open to considering any restructuring proposal, any project, in any sector that has the potential to add significant value for shareholders. In the interim, the focus remains on supporting existing portfolio companies rather than adding new opportunities to the fund. In addition, our on-market share buyback programme remains in force.

In conclusion, I thank you for your continued support and look forward to welcoming you to our forthcoming Annual General Meeting.

Kathryn Greiner
Chairman

INVESTMENT MANAGER REPORT

The past twelve months have been a watershed year for the Australian life science sector in two vastly different aspects. The impact of the global financial crisis was immediate and significant as equity markets completely closed for an extended period. This forced those companies with solid core technologies and high quality management to focus on lead programmes and conserve cash to maximise chances of achieving value-adding milestones. Companies that lacked the underlying technology and/or had management teams that did not respond fast enough have either run out of cash and are now in the hands of administrators or receivers, or are destined to do so as cash balances dwindle to unsustainably low levels.

A top-level review of the Australian sector over the past decade or so suggests that 2009 saw more life-science companies fail than in any previous year.

On the other hand, a much more positive achievement from the sector has seen an unprecedented number of companies now generating significant revenues from their activities or about to commence doing so over the next 12 months. This has resulted in sometimes very significant re-ratings to their share prices as investors become more comfortable with the diminishing risk profile as products become approved and are begun to be sold. Healthcare will always be viewed as a very defensive sector by investors but only those companies generating positive cash-flows will be rewarded.

Many of today's next generation of life-science companies have been moving towards this era for almost a decade highlighting the long-term nature of the industry. Investors today are being rewarded for the patience of past investors.

The road is long, high risk and arduous and for the victor goes the spoils. Patience is a critical investor requirement and perhaps no more so than in life-science investing. There are many examples where shareholders have decided to move on only to see significant upward moves occur missing out on profit making opportunities.

That said, Australia is also facing an environment where early-stage projects are struggling to attract investor interest. This has the potential to result in a dearth of projects that could form the next group of success stories ten years from now and policy-makers need to be aware of the implications of this.

As investors, we have remained focussed on managing our investments actively. In most cases, we hold Board seats providing us the opportunity to have direct input into key decision making processes and ensuring the business is run appropriately given constraints with finances, personnel and other factors. Focus is the key priority. Many companies with good management and good technologies have numerous opportunities to explore but it is important to focus on the core lead program and ensure results are achieved. This provides investors with confidence and lays the foundations for other opportunities to be exploited at a future time.

To outside observers the gestation periods for these milestones to be achieved are punctuated by long periods of apparent inactivity followed by a string of achievements as technology reaches the next level again followed by lengthy periods where not much appears to happen. To insiders, navigating the regulatory pathway from initial discovery to registered product is an all-consuming process that typically spans over a decade.

Pleasingly, several of our portfolio companies are now at inflection points in their corporate development.

Alchemia has gone from a university research program with core expertise in manufacturing carbohydrates over a decade ago to being on the verge of releasing the world's first synthetic heparin product into the US market. It has been a very long journey that has seen changes in Boards, management and shareholders along the way. However, if analyst predictions prove correct, Alchemia could be generating revenues of around US$30 million per annum, commencing imminently, setting the company up as a successful Australian biotech. Investors now appear to be recognising this with the share-price now up over 500% from its recent 2008 lows in a very short period of time.

Starpharma is another example where it was a pioneer in the field of nanotechnology focused on the therapeutic and other uses of molecules known as dendrimers. The company has been very successful in securing a number of corporate partnerships with a large and diverse range of multi-national companies as well as being the recipient of very significant (non-diluting) funding from organisations such as the United States government. Again, investors now realise that these deals are likely to bear fruit and commercial revenues are now increasing. Consequently, the share price has moved upwards 300% from its 2008 lows.

Phylogica, whilst earlier in the corporate development process than the previous examples, has re-engineered its focus and is now successfully engaging with the global pharmaceutical and biotechnology industry. Its core asset is unique, protected and holds vast potential not only to help discover new protein-based drugs but also to help traditional drug developers identify targets of interest. This company has the potential to generate stellar returns over the next few years as investors begin to gain a deeper understanding of the company's asset and the potential it holds. As more and more commercial partnerships are established the risk profile of Phylogica will change. This remains one of our single largest holdings and we remain highly leveraged to any upside moves in the share price.

Neurodiscovery is our final public holding and in our opinion remains significantly under-valued. We joined the Board of this company in mid-2009 which was followed by a thorough review of the operations and staffing levels required to move the business to the next level. This has resulted in renewed focus on the very successful electrophysiology services business that continues to generate positive cash-flows and double-digit revenue growth. The equally as exciting clinical pipeline is partnered with Sosei Group of Japan and we continue to have a very strong relationship with that group who remain supportive and committed. The company hopes to be able to announce over coming months positive developments with the clinical programme that will inevitably lead to a re-rating of the company's share price.

Many of our holdings in private companies have obviously much less visibility than our listed portfolio and it is sometimes difficult to be disclosing too much information as it could affect the competitive positioning of the company in question.

One of the more high profile private companies we hold is **Sensear** which has developed an innovative hearing protection device that allows for normal speech in noisy environments without removal of hearing protection. This company has moved from having a prototype device the size of a bar fridge only a few years ago to now having sales around the world with customers in a diverse range of industries. Sensear clearly has the potential to be an Australian success story and we remain as supportive and committed shareholders in this business with the prospect of a significant return on our investment within a reasonable time-frame.

Further commentary on our portfolio follows below.

OUTLOOK

Positive sentiment has clearly returned to capital markets with increasing signs the global economy may be pulling out of recessionary conditions. The blue-chip end of the market has wasted little time in restoring balance sheet health by raising billions of dollars. The smaller end of the market is still struggling to gain investor interest and IPOs have yet to re-emerge. The prospect of obtaining exits via IPO for life science companies is expected to remain challenging with investor interest focused on those groups generating revenues with solid growth prospects. Fortunately, many of our holdings fall in this category and we remain focused on building these businesses into valuable enterprises and seeking to generate exits at appropriate times as and when opportunities arise. Hindsight has shown what a wonderful buying opportunity existed over the past 6-9 months and we look forward to more positive environments going forward.

Last year we made reference to the growing disconnect between the "underlying value" of the company and the "market value" ascribed to them and how this disconnect would not be expected to be sustainable. Recent market moves show that discerning investors are recognising this disconnect with re-ratings underway. We would expect this trend to continue over the next 12 months and look forward to an increasing flow of positive news from our companies and from the sector in general.

PORTFOLIO COMPANIES:

Alchemia Ltd (ASX:ACL)

Alchemia, a biotechnology company specializing in the synthesis and manipulation of carbohydrates, remains on target to launch its lead product in the short term once US regulatory approval has been obtained.

Its antithrombotic drug, generic fondaparinux, is the company's near term opportunity that targets the multi-billion dollar heparin-drug market and is expected to be generating significant revenues for the company over the next 12 months. Fondaparinux has a superior safety and efficacy profile to the market leading drug Lovenox® and the brand-name fondaparinux drug Arixtra® continues to gain market share.

The company's share price has recently begun its long awaited re-rating as greater certainty over the timing and quantum of cash-flows begins to emerge.

Alchemia is poised to become the next commercially successful Australian biotechnology company.

BioComm Services Pty Ltd

Biocomm provides BioTech Capital exposure to three underlying businesses. One of these, Hatchtech, has now commenced Phase II trials for the treatment of head lice in humans (and animals) after receiving approval from the important US regulator the Food & Drug Administration (FDA).

Biocomm also has shareholdings in CNSBio and Cryptopharma – both early stage companies focused on developing novel therapeutic agents.

The impact of the financial crisis on Biocomm has meant that the Board and shareholders of Cryptopharma have resolved to wind this company up due to the inability to raise additional funding.

On a more positive note, CNSBio is currently in the process of re-organising into a US-domiciled entity to facilitate its next funding round after a successful Phase II trial. CNSBio has focussed primarily on the development of its lead program CNSB015, an adjunct therapy of flupirtine and opioid, for the treatment of neuropathic pain. CBNSBio has recently completed a placebo controlled, double blind Phase IIa trial using CNSB015 for the treatment of HIV related neuropathic pain. CNSBio is currently conducting an open label extension trial of CNSB015 for the treatment of HIV related neuropathic pain and these results continue to support the successful results of the placebo controlled trial.

The company now intends to complete a phase 2b trial in oncology related opioid resistant cancer pain. The trial will be conducted in Germany and has received regulatory approval.

Biocomm has no other operating activities and as such has no reliance on on-going funding from its shareholders. The Board of Biocomm have resolved to carry out a distribution of assets upon a liquidity event – which is obviously contingent upon market conditions

Continence Control Systems Pty Ltd

Continence Control Systems has two product/technology lines focused on the treatment of both urinary and faecal incontinence:

- A novel neuro-stimulation technology for the treatment of severe urinary incontinence. This utilises core technology developed by Cochlear Ltd - the world's largest bionic hearing company.
- A novel Faecal Management System, which irrigates the bowel through the stoma providing a next generation system for patients to better manage their bowel movements offering greater speed as well as less direct handling of waste material.

The company has re-worked the business plan to provide a path to reasonable revenues in the medium term whilst still preserving the considerable blue-sky upside of the implantable technology. Costs have been cut from the business including changes to senior management ensuring that the available cash resources provides sufficient runway to achieve key milestones. In addition, the company was successful in being awarded a COMET grant from the Federal Government providing additional financial resources.

Generic Health Pty Ltd

Generic Health has a focus on becoming a sustainable low cost supplier of key pharmaceutical products undergoing patent expiry. The company has since established a number of exclusive supply agreements for the Australian market and now has a product portfolio in excess of 20 molecules with an additional 33 molecules in the development or registration process across the hospital and retail divisions.

In August 2008 the company announced that it had secured a strategic partnership with Lupin Ltd – a top 5 Indian pharmaceutical company that also includes a significant equity investment in the company.

Revenues continue to grow strongly with triple-digit growth achieved over the year with overheads remaining flat.

The major strategic initiative during the course of the year involved the acquisition of Max Pharma providing established infrastructure to access the hospital generic market. This follows on from the formation of an exclusive distribution agreement for a number of hospital products with Actavis, the world's 5th largest generic pharmaceutical company. Six injectable oncology products have now been approved by regulators.

The company is also growing the level of sales to third parties where Generic Health has the ability to source products cheaper than some of the major players in the Australian market.

The company has achieved good market penetration in the first two years of trading navigating reduced mandatory pricing from PBS reforms, heightened market competition and discounting due to multiple new entrants.

The generics industry remains attractive as many more key molecules will come off patent over the next five years and Generic Health is positioned well to benefit from this industry growth.

Neurodiscovery Ltd (ASX:NDL)

Neurodiscovery is a global company focused on the commercialisation and development of new treatments for neuropathic pain. The company's 100% owned UK-based subsidiary Neurosolutions Ltd is a leading provider of electrophysiology services to the biopharmaceutical industry and is developing a pipeline of drug candidates for the treatment of pain.

The company is focused on the continued clinical development of its lead compound NSL-043 for the treatment of neuropathic pain. The global financial crisis has forced the company to remain focused and preserve its cash reserves for as long as possible. To that end, the company has maintained productive and constructive discussions with its joint-venture partner for NSL-043 such that there has been agreement to maintain the 50/50 ownership split of the project for the time being. Several third party groups have expressed interest in this programme providing potential sources of funding for the next stage of clinical development.

The contract-services business also continues to experience strong revenue growth contributing to the underlying value of the business generating record revenues over the year. This growth is expected to continue providing core underlying value to the company.

Most recently there have been a number of changes at Board and management level reflecting the continued focus on appropriate management and overhead structures to ensure the company maximises its ability to monetise its underlying assets.

We remain of the view that the company remains significantly undervalued and is likely to be re-rated as greater clarity over the status of the lead clinical programme emerges in coming months.

Pacific Knowledge Systems Pty Ltd

Pacific Knowledge Systems continues to grow revenues through the successful commercialisation of its underlying decision support software to the pathology industry and related sectors. The company has now been operating on a cash-flow positive basis for some time. Over the past 12 months there has been considerable growth in offshore derived-revenues as customer acceptance of the technology continues to grow.

The company's main product, LabWizard™, is a tool for leveraging clinical pathologists' expertise in today's highly demanding lab environment. The product integrates into the lab's reporting workflow to append clinically relevant and helpful narrative interpretations of pathology results.

Other applications continue to be developed in partnership with global companies that see the benefit of incorporating PKS technology in their product lines. This also includes several activities outside of the health-care space.

The Board is focused on continuing to grow revenues through expansion of the geographic footprint as well as developing applications for new markets. The revenue model is very attractive providing considerable recurring revenue streams that can be very valuable. Discussions continue with regard to potential trade sale activities which remains the most likely exit strategy for shareholders.

Phylogica Ltd (ASX:PYC)

Phylogica owns a novel suite of intellectual property around its proprietary Phylomer® technology which can be used to not only discover peptide-based drugs but also as a tool for the pharmaceutical industry to validate cellular targets of interest and in several other applications.

Phylogica has demonstrated that its technology has the ability to generate potential drug leads at far higher efficiencies than traditional techniques. In addition, it has also demonstrated the ability to find potential drugs that can bind to targets of interest whether they are located outside or inside of the cell. This is a core differentiating factor of the technology.

The Company has successfully progressed from conducting experiments to complete its data pack to engaging with industry via commercially attractive partnerships.

Over the past 12 months the company has gained significant traction with a large number of the world's leading pharmaceutical and biotechnology companies. Whilst the gestation period to move these discussions along to a successful commercial outcome can appear extremely lengthy to outside observers, it is obvious to the company that the level of interest from industry is significant. The challenge for the company over the next 12 months is to successfully conclude a number of these relationships and clearly demonstrate the utility of our technology in solving real industry problems.

We remain confident that success in these activities will ultimately result in Phylogica joining some of its peers and being acquired by a major player prepared to pay a significant premium for strategic reasons.

Sensear Pty Ltd

Sensear provides innovative technology that enables speech communication to be heard in high noise environments, without the need to remove hearing protection. The Sensear technology has numerous applications in industrial, commercial and social environments.

The company continues to roll out its innovative suite of products to a diverse range of markets around the world. Importantly, existing customers now see the benefit of utilising the technology in their work-places and are re-ordering increasing numbers of units.

New distributor arrangements continue to be signed up laying the foundation for continued solid growth in numerous geographic and industry markets over the medium term.

Product line extension is also underway with the release of variants of the original product. An example is the inclusion of an FM transmitter/receiver providing the ability to communicate over distances up to 50 metres in a noisy work environment.

The successful conclusion of a capital raising during the year provides expansion capital for the business at a critical point in its development.

Starpharma Holdings Ltd (ASX:SPL; USOTC:SPHRY)

Starpharma is a world leader in the development of dendrimer nanotechnology for pharmaceutical, life-science and other applications. Products based on Starpharma's dendrimer technology are already on the market in the form of diagnostic elements and laboratory reagents.

Starpharma has had a very productive year achieving numerous milestones across a range of activities. These include:

- A successful $7.1m capital raising
- Establishing a partnership with Elanco – the animal health unit of Eli Lilly & Co (one of the world's largest pharmaceutical companies)
- Growing licensing revenues from the company's range of dendrimer-based products resulting in its 100% owned subsidiary, Dendritic Nanotechnologies Inc., becoming cash-flow positive
- SSL International (Starpharma's partner for VivaGel-coated condoms) continued to grow market share via strategic acquisitions. Starpharma is well placed to benefit from SSL's continued growth and focus on growing market share and earnings through a range of initiatives including novel products.
- Continued progress in the clinical development of its lead therapeutic programme (VivaGel) for the prevention of transmission of sexual diseases such as HIV and Herpes. The key recent achievement is demonstration that VivaGel retains activity after vaginal administration in women with no adverse activity and being well tolerated.

Stem Cell Sciences plc
(name now changed to Asset Realisation Company plc)

Despite promising progress in the company's licensing activities and key breakthroughs in commercially attractive areas, the company simply ran out of time and resources to continue to develop as an independent company. Overlaying the extremely difficult market conditions prevailing at the time prevented any capital raising from being a realistic option.

Consequently, the Board decided a trade sale would deliver shareholders the best financial outcome and during the year, Stem Cell Sciences plc was acquired by NASDAQ-listed company Stem Cells Inc. The acquisition was via the disposal of the assets of the company in exchange for shares in Stem Cells Inc. These shares were issued in two tranches and subject to the disposal of these shares, Stem Cell Sciences (now known as Asset Realisation Company plc) will be wound up and cash proceeds distributed to shareholders. This process is expected to be completed during the 2009/10 financial year.

XRT Ltd

XRT leads the world in the practical application of laboratory scale X-ray phase contrast imaging. XRT was founded to commercialise unique X-ray phase contrast imaging technology developed by the Commonwealth Scientific and Industrial Research Organisation (CSIRO) in Melbourne. XRT has continued to develop its products and services.

The Company's product range includes software to assist users to extract and manage phase data; attachments to the scanning electron microscope market to enable detection of phase images as well as stand alone instruments that are particularly useful in the non-destructive industrial testing market.

The Company continues to work closely with numerous groups around the world to showcase the technology and develop new applications. During the year, the company significantly expanded its range of distributors in key markets. In line with many other companies supplying key items of capital equipment, the general cutback in expenditure by industry has impacted the pace of rollout of the company's products. The group continues to operate on a very low overhead basis.

The directors of BioTech Capital Limited present their report on the audited financial statements of BioTech Capital Limited for the year ended 30 June 2009.

Directors

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

Kathryn Therese Greiner
Harry Karelis
Anthony Basten
Alastair John Davidson
Lisa Margaret McIntyre (resigned 19 November 2008)

Principal Activities

The principal continuing activities of the Company consist of investing in entities operating in the biotechnology / life-science sectors. The Company is registered under the Pooled Development Funds Act 1992.

Significant Changes in the State of Affairs

The following activities occurred during the year:

From July 2008 to June 2009, the company invested in a further 2,233,523 shares in Sensear Pty Ltd. This brought the company's investment in Sensear Pty Ltd as at 30 June 2009 to $3,116,761 representing 6,677,967 shares (2008: $2,000,000 representing 4,444,444 shares).

In April 2009, the company invested a further $1,000,000 through a convertible note issue in Phylogica Limited.

Review of Operations and Results

Revenue from continuing operations for the year was down 40.98% to $302,828 on the same period last year (2008: $513,114). Operating loss after income tax for the same period decreased 41.33% to a loss of $4,333,491 (2008: $7,386,443 loss). This was after recording an impairment loss on listed investments reflecting current market values of $1,105,496 (2008: $6,900,696 loss) and a provision for loss on unlisted investments of $2,719,506 (2008: Nil). The net tangible asset backing per share as at 30 June 2009 equated to 28.54 cents (2008: 33.4 cents). Further information on the review of operations and results is available in the Investment Manager's Report.

Financial Position

During the period, the company's net assets have decreased by $4,687,472 to $23,373,238. This is largely due to recording an impairment loss on listed investments to reflect current market values of $1,105,496 and an impairment loss on unlisted investments of $2,719,506.

Dividends

No dividends were paid or declared during the year (2008: Nil)

Rounding of amounts to nearest thousand dollars

The Company is of a kind referred to in Class Order 98/100 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

Business strategies and future prospects

Further information on the company's business strategies and review of current investments is available in the Investment Manager's Report.

Information on Directors

Director	Experience	Special Responsibilities	Particulars of Directors' Interest at the date of this report	
			Ordinary Shares	Options
K T Greiner	Well known in the Australian business and not-for-profit community. Kathryn has a Bachelor of Social Work from the University of New South Wales. Other directorships include Chair of Australian Hearing, Deputy Chancellor of Bond University Council and the National Capital Authority. Appointed October 2005. Age 62.	Non Executive Director and Chairman.	12,700	-

A J Davidson	B.Ec(Hons) ACA. Has held executive positions in banking and financial services for almost 25 years in the UK, USA and Australia. Managing Director, Aurora Funds Management. He is also Treasurer of the Centenary Institute of Cancer Medicine & Cell Biology. Appointed 2000. Age 51.	Non Executive Director	120,000	-
H Karelis	B.Sc(Hons), MBA, F.Fin, FAICD, CFA. Has a background in financial analysis and funds management both in Australia and overseas. Directorships also held in Phylogica Limited (since 2005) and Neurodiscovery Limited (since 2009). Appointed 2000. Age 39.	Executive Director	800,000	-
A Basten	Professor, AO, Fellowship of Australian Academies of Science and Technological Sciences and Engineering. He is a highly distinguished clinician/scientist. Appointed 2002. Age 70.	Non Executive Director	10,000	-
L M McIntyre	Dr Lisa McIntyre has over 15 years consulting experience for the life sciences and biopharmaceutical industries, and has advised many of the world's leading biotech companies. As a director of L.E.K. Consulting, she leads the Asia Pacific Life Sciences practice and is an advisor to groups including the New Zealand Government, CSIRO, Mayne Pharmaceuticals and many local biotech companies, on strategic and commercial issues. Dr McIntyre is a director of the Garvan Institute of Medical Research and a regular presenter at AusBiotech Conferences. She is also a director of Atcor Medical Limited. Appointed 2004 and resigned 19 November 2008. Age 43.	Non Executive Director	13,000	-

Company Secretary

Mr Baden Bowen was appointed as Company Secretary on 1 July 2006. Mr Bowen has over 27 years administration and financial management experience within the accounting profession and commerce. He is an Associate of the Institute of Chartered Accountants.

Remuneration Report (Audited)

This report outlines the remuneration arrangements in place for directors and executives of BioTech Capital Limited - (the "company").

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 Company has no employees, and fees for services provided by Directors and the Company Secretary have been determined contractually, at arm's length. For these reasons, the Board has not appointed a Remuneration Committee.

With the exception of the Managing Director, Harry Karelis, who receives no fees in view of the payment of management fees to Titan Bioventures Management Pty Ltd, of which he is a director and in which he holds a financial interest, the non-executive Directors are each paid a fee at a rate determined by the Board and which ensures that the aggregate sum of directors' fees is within any limitation imposed by the Company's constitution.

Remuneration of Directors:

2009	Salary & Fees	Super-annuation	Post Employment Benefits	Equity Options	Other Benefits	Total $
K.T.Greiner Chairman (non-executive)	20,000	-	-	-	-	20,000
A.Basten (non-executive)	-	20,000	-	-	-	20,000
A.J.Davidson (non-executive)	5,000	15,000	-	-	-	20,000
H.Karelis Managing Director (see note 16(c))	548,170	-	-	-	-	548,170
L.McIntyre (non-executive)	7,026	695	-	-	-	7,721
Total Remuneration	580,196	35,695	-	-	-	615,891

2008	Salary & Fees	Super-annuation	Post Employment Benefits	Equity Options	Other Benefits	Total $
K.T.Greiner Chairman (non-executive)	20,000	-	-	-	-	20,000
A.Basten (non-executive)	4,000	16,000	-	-	-	20,000
A.J.Davidson (non-executive)	20,000	-	-	-	-	20,000
H.Karelis Managing Director (see note 16(c))	664,862	-	-	-	-	664,862
L.McIntyre (non-executive)	18,000	2,000	-	-	-	20,000
Total Remuneration	726,862	18,000	-	-	-	744,862

None of the above Directors' fees are performance based.

Remuneration Options

No director of the Company has received any options (listed or unlisted) as part of their remuneration during this financial year (2008: Nil).

Directors Meetings

The number of meetings of the company's board of directors held for the year ended 30 June 2009, and the number of meetings attended by each director were:

	Number of Director Meetings whilst person a Director	Number of Director meetings Attended	Number of Audit Committee meetings	Number of meetings Attended
K T Greiner	6	6	-	-
A J Davidson	6	5	2	2
H Karelis	6	6	-	-
A Basten	6	6	-	-
L McIntyre	3	3	-	-

Auditor Independence Declaration to the Directors

The directors have received the auditors' independence declaration which is included on page 19 of this report.

Insurance of Officers

During the financial year, the company paid a premium of $23,062 (2008: $24,814) to insure the directors and secretary 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, Biotech Capital Limited had nil unissued ordinary shares under option.

Significant Events After the Balance Date

Subsequent to 30 June 2009, the company has bought back a further 622,606 of its shares at a cost of $120,876. Stem Cell Sciences Limited changed from a listed to an unlisted company on 1 July 2009.

There are no other matters or circumstances that 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.

Likely Developments and Expected Results of Operations

Further information on likely developments in the operations of the company and the expected results of operations have not been incorporated in the Directors report because the directors believe it would be likely to result in unreasonable prejudice to the company.

Environmental Regulation

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

Auditor & Non-Audit Services

In addition to audit fees, PKF Chartered Accountants were paid a net fee of $13,900 (excluding GST) for the provision of taxation and accounting advice. Considering the nature of this professional advice and that the company had sought the advice, the Directors do not consider provision of these non-audit services impaired the independence of PKF as the company's auditor.

This report is made in accordance with a resolution of the directors.

K T Greiner Sydney
Chair

22 September 2009

PKF

Chartered Accountants
& Business Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of BioTech Capital Limited for the year ended 30 June 2009, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of BioTech Capital Limited during the year.

PKF
Chartered Accountants

Neil Smith
Partner

Dated at Perth, Western Australia this 22nd day of September 2009.

Tel: 61 8 9278 2222 | Fax: 61 8 9278 2200 | www.pkf.com.au
West Australian Partnership | ABN 39 542 778 278
Level 7, BGC Centre | 28 The Esplanade | Perth | Western Australia 6000 | Australia
PO Box Z5066 | St Georges Terrace | Perth | Western Australia 6831

CORPORATE GOVERNANCE REPORT

Commensurate with its commercial objectives as a Pooled Development Fund, and the scale of its resources, BioTech Capital Limited has in place corporate governance practices which pursue the corporate governance principles and recommendations (2nd edition) of the ASX Corporate Governance Council, unless otherwise stated.

The appropriateness and effectiveness of these practices are subject to periodic review by the Board of Directors.

A Foundation for Effective Management and Board Oversight of Management:

The Board's governance responsibilities include:

- setting down the Company's main commercial goals and strategies for achieving these goals;
- ensuring the overall financial, human and material resources needed to properly pursue the business goals, are provided;
- clarifying the individual responsibilities of board members and managers to ensure personal accountability and to place restraint on the authority of each individual;
- appointing and removing the Chief Executive Officer;
- regularly monitoring financial performance and the achievement of short term objectives;
- ensuring implementation of suitable internal control, compliance and complaints handling systems, monitoring these and ensuring their continuing effectiveness.

The company has no employees or senior executives therefore all responsibilities are delegated to the Board. The responsibilities of the Board are disclosed on the company's website.

Structuring of the Board to Add Value:

The Board is structured to provide:

- an adequate number (currently 4) of experienced, capable and committed individuals who clearly understand their personal commercial and legal responsibilities as directors, and are able to operate very effectively as a Board under the needs and demands of the Company's particular field of specialisation;
- directors possessing a broad range of suitable academic, technical, financial and administrative skills, who are highly competent in dealing with the Company's business and administrative needs, and the persistent challenges posed by change and emerging issues;
- directors who have the ability to effectively review and challenge management performance, and exercise independent judgement on issues at all operational levels;

- that a majority of the directors shall be independent (currently all except H. Karelis);
- that the Chairmen (currently K.T. Greiner) must be an independent director;
- that the roles of Chairman and Managing Director (currently H. Karelis) shall not be performed by the same person.

The current Board consists of 3 non-executive directors, and 1 executive director.

Each of the current directors has held office continuously since their date of appointment and these details are:

K.T. Greiner appointed	18 October, 2005.
A. Basten appointed	27 June, 2002.
A.J. Davidson appointed	14 March, 2000.
H. Karelis appointed	18 May, 2000.

The skills and experience of each of the directors are detailed in the Directors' Report. Given the size and nature of the Company a formal process for evaluating performance of directors has not yet been developed.

A Due Diligence Committee, consisting of 1 independent director and 1 non independent director was established to attend to the special needs of the Management Rights buy-back agreement, completed in April 2004. The Committee was then disbanded.

A Nominations Committee has not yet been established, as the Directors consider it more appropriate for the full Board to consider its membership structure and nominations issues. Therefore the company does not have a nomination charter. Procedures for selection, nomination and re-election of directors rest with the Board.

The Managing Director and Company Secretary are responsible for the preparation of agendas and associated papers for Board meetings held throughout the year.

Promotion of Ethical and Responsible Decision-Making:

The Board fosters a code of ethical behaviour requiring responsible personal conduct, well considered decision-making and committed performance of personal duties on the part of each Director and company officer.

Should any Director have a material personal interest in a matter to be considered by the Board, the Director will not be permitted to be present during the discussion of, or voting on, the matter.

Other than in the case of dealing in the Company's securities, owing to the very subjective nature of the behavioural issues involved, the expected high standards of honest and ethical behaviour have not been set in the form of written requirements and guidelines. There is no written Code of Conduct providing guidance on compliance with legal, ethical and other obligations to the Company's stakeholders. The general rule is that any behaviour on the part of directors and officers which is likely to bring the Company into disrepute, is totally unacceptable.

The highly technical nature of the Company's life-sciences area of specialisation also means that from time to time, in order to gain the necessary level of understanding for responsible, well-informed decision making, the Board needs to receive skilled independent scientific advice. With the approval of the Board and at the company's expense, a Director also has the right to seek independent legal or professional advice concerning any aspect of the company's operations, if this is necessary for fulfilment of the Director's duties and obligations as a Director. The Board has not laid down criteria for these purposes but would not deny any reasonable request by a Director for the right to seek such independent advice.

The Board are not actively involved in the trading of securities of the company.

Safeguarding Integrity in Financial Reporting:

The Company has in place a structure to ensure the truthful and factual presentation of the Company's operating results and financial position, and a process to monitor and ensure the independence and competence of the Company's auditors.

Development and finalisation of the Company's accounts are under the scrutiny of the Audit Committee consisting of a non-executive director and the Company Secretary. Although this is less than the minimum committee size of 3 persons recommended by the ASX Corporate Governance Council, it is considered adequate for the needs of the Company at this stage. The reasons for this is that the Company is externally managed by Titan BioVentures Management Pty Ltd so there is less financial risks such as fraud and given the Company is an investment company, the audit is simpler and a variety of risks are diminished. This also takes into consideration the fact that the Company's accounts are prepared by a qualified Chartered Accountant, who was appointed Company Secretary on 1 July 2006. For these reasons also a formal audit committee charter is not considered necessary for the Company.

The members of the Audit Committee at the date of this report are Non-Executive Director, Alastair Davidson, and the Company Secretary, Baden Bowen. Both are qualified accountants and have considerable experience in the financial administration of public companies, and the preparation and presentation of Statutory Reports and Accounts in accordance with prevailing legal requirements and accounting standards. The Audit Committee does not have executive authority and must provide its findings and recommendations solely for the Board's consideration.

In addition to ensuring the continuing adequacy of internal controls, the Audit Committee reviews:

- Half yearly and annual financial reports for submission to the Board
- The effectiveness of the audit processes and communication with the external auditors on accounting and internal control issues.

Audit Committee Meetings Held During the Financial Period:

	Meetings Held	Meetings Attended
Alastair Davidson	2	2
Baden Bowen	2	2

The Managing Director is also required to provide the Board with written certification that in all material respects:

- the Company's financial statements provide a true and fair view of its financial condition and operational results;
- the integrity of the financial statements is based upon a sound system of risk management and internal compliance and control, implementing the policies adopted by the Board; and
- the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

The Managing Director and Company Secretary are required to make an annual declaration that the financial records of the company have been properly maintained in accordance with section 286 of the Corporations Act 2001, the financial statements and notes comply with the Accounting Standards and give a true and fair view.

The Board's policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditors is reviewed on a regular basis by the Audit Committee. PKF was appointed as the external auditor in November 2004. It is PKF's policy to rotate audit engagement partners on listed companies at least every five years. The external auditor is invited to attend all general meetings and to invite and respond to questions from shareholders.

MAKING TIMELY AND BALANCED DISCLOSURE:

In keeping with the principles of continuous disclosure, the Directors have taken measures to ensure timely, and meaningful disclosure of material information concerning the Company, to shareholders and the general public. In accordance with ASX Listing rules, the Company will immediately 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.

Half-yearly reviews of the Company's regulated investments are mailed to shareholders, and all reviews, announcements and reports are posted to the Company's website (www.biotechcapital.com.au) immediately following their release to the Australian Securities Exchange.

The Company also has a policy of ensuring that all media comment is provided by the Chairman or the Managing Director only. The Company does not have a written policy, however compliance is ensured by the Directors.

RESPECTING THE RIGHTS OF SHAREHOLDERS:

The Company informs its shareholders through formal means, eg ASX releases and members' meetings, and informally through its website and in response to written and verbal communications. Any shareholder expressions of concern or opinion are referred to the Directors for their consideration and preparation of a reply.

All enquiries by shareholders, investment intermediaries and the general public are promptly and comprehensively responded to (by a Director or the Company Secretary) with due awareness of the need to restrict such information and explanation to material which has already been released publicly through the proper channels.

Recognising and Managing Risk:

The Directors have not appointed a Risk and Compliance Committee. The Board thus retains direct responsibility, oversight and management for material business risks and compliance issues.

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 and reports to the Board by the Audit Committee on compliance with and continuing appropriateness of internal controls;
- 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;

- reviews and reports on the system of risk management, internal compliance and control, given to the Board by the Managing Director;
- reports from the Company's insurance broker concerning the adequacy of insurance cover and occupational health and safety issues;
- reports and recommendations received from the external auditor during the process of reviewing the accounts and internal controls;
- Titan Bioventures Management Pty Ltd assists with the review of new and potential investments.

The Board has reviewed the required reports noted above, and consider them adequate to monitor the effectiveness of managing material business risks. 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 later completely fails, or commercially suffers in a significant way, e.g. due to excessive marketing difficulties or delays, product failure, serious management or funding problems, etc.

In the case of listed investee companies, there is also a risk of loss in market value reflecting adverse share price fluctuations.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;
- unless otherwise authorised by the Directors in writing, requiring all investments to be made in accordance with the Company's stated investment policy;
- ensuring proper evaluation of new investment opportunities by means of a thorough due diligence assessment;
- placing a limit on the maximum amount which can be invested in a single investee;
- 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 above risk management policies and procedures of the Board are disclosed on the company's website.

Encouraging Enhanced Performance:

With the approval of shareholders given on 8 April 2004, the Company appointed Titan Bioventures Management Pty Ltd ('Titan') to manage the Company's investments. The Company's Managing Director, Harry Karelis, is a director and beneficiary of Titan.

The management terms provide for payment of an annual management fee of 2% to Titan, based on the value of the underlying portfolio. Payments are made monthly, based on the value of the portfolio at the end of the previous month.

In addition to the management fee, the agreement provides for payment of a 'performance fee' incentive to Titan, equivalent to 10% of any gains realised on disposal of an investment, less any unrealised losses in the remaining portfolio and less a 30% rebate of the performance fee thus calculated.Within this context and the other requirements of their corporate governance roles and responsibilities, the Directors thus oversee the investment activity and performance of the investment manager. They also aim to ensure that Titan always diligently fulfils its management obligations and that it does so in full accordance with the aims and interests of the Company, and in keeping with the Company's stated investment policy.

Except for the Managing Director's indirect participation in the fees and incentives payable to Titan, as described above, the Board has not established formal procedures for reviewing the individual performance of the other Directors and Company Secretary.

Remunerating Fairly and Responsibly:

The Company has no employees, and fees for services provided by Directors and the Company Secretary have been determined contractually, at arm's length.

For these reasons, the Board has not appointed a Remuneration Committee.

With the exception of the Managing Director, Harry Karelis, who receives no fees in view of the payment of management fees to Titan Bioventures Management Pty Ltd, of which he is a director and in which he holds a financial interest, the non-executive Directors are each paid a fee at a rate determined by the Board and which ensures that the aggregate sum of directors' fees is within any limitation imposed by the Company's constitution.

Particulars concerning Directors' remuneration are set out in the Directors' Report and in Note 14 of the Financial Report.

Recognising the Legitimate Interests of Stakeholders:

The Board recognises that the Company has legal and other obligations to stakeholders who are not holders of the company's securities. These include clients, customers, creditors, and the community as a whole.

The Company endeavours to conduct its operations in a manner which ensures compliance with the law, full and timely performance of contractual commitments, adherence to recognised codes of practice, maintenance of confidentiality and due fulfilment of other compliance needs and expectations.

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

FINANCIAL REPORT - 30 JUNE 2009

This 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)
Impairment loss on unlisted investments		(2,720)	-
Impairment loss on listed investments reflecting current market value		(1,105)	(6,900)
		(4,636)	(7,886)
(Loss) from operations before related income tax benefit		**(4,333)**	**(7,373)**
Income tax benefit (expense) relating to operations	3	-	(13)
(Loss) from operations after related income tax benefit attributable to members of BioTech Capital Limited		**(4,333)**	**(7,386)**
Basic earnings / (loss) per share	19	(5.18) cents	(8.61) cents
Diluted earnings / (loss) per share	19	(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
Held to maturity financial assets	6	851	-
Total Current Assets		3,042	6,022
Non-Current Assets			
Deferred tax assets	3	-	-
Available for sale financial assets	7	20,409	22,117
Total Non-Current Assets		20,409	22,117
TOTAL ASSETS		**23,451**	**28,139**
Current Liabilities			
Trade and other payables	8	77	78
Current tax liabilities	3	-	-
Total Current Liabilities		77	78
NON CURRENT LIABILITIES			
Deferred tax liabilities	3	-	-
Total Non Current Liabilities		-	-
Total Liabilities		**77**	**78**
Net Assets		**23,374**	**28,061**
Equity			
Issued Capital	9	41,283	41,637
Accumulated Losses	10	(17,909)	(13,576)
Reserves	11	-	-
Total Equity		**23,374**	**28,061**

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	**(508)**	**(493)**
Cash Flows from Investing Activities			
Payments for investments Payments for term deposits		(2,117) (851)	(2,901) -
Net cash inflow (outflow) from investing activities		**(2,968)**	**(2,901)**
Cash Flows from Financing Activities			
Share Buy-Back payment		(354)	(493)
Net cash (outflow) from financing activities		**(354)**	**(493)**
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	**2,180**	**6,010**

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	-	-	-	-
Share buy-back program	(354)	-	-	(354)
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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The 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 (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 22 September 2009.

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

Compliance with Australian Accounting Standards ensures that the financial report, comprising the financial statements and notes, complies with Australian Accounting Standards and International Financial Reporting 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			
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 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.	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.
AASB 123 Borrowing Costs (Revised), AASB 2007-6 Amendments to Australian Accounting Standards 1, 101, 107, 111, 116, 138 and Interpretations 1 & 12 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.	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.
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 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.	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.

New or revised requirement	Effective for annual reporting periods beginning/ ending on or after	More information	Impact on Company
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 This standard supersedes AASB 114 Segment Reporting introducing a US GAAP approach of management reporting as part of the convergence project with FASB.	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.
AASB 2008- 1 – Amendments to Australian Accounting Standards: Share Based Payments: Vesting Conditions and Cancellations 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.	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.
AASB 2009- 2 – Amendments to Australian Accounting Standards: Improving Disclosures about Financial Instruments The amendments to AASB7 require enhanced disclosures about fair value measurements and liquidity risk, including introducing a three–level hierarchy for making fair value measurements.	Beginning 1 January 2009	This will be adopted for the year ended 30 June 2010	The impact of this standard on the company has not yet been determined.

(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 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.

(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 fair, being the fair value of the consideration given and including transaction costs that are directly attributable to the acquisition or issue of 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 including accounting for reversals of impairments. 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 initially recognised at fair value and 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 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 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/(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.

(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 98/100, 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 less impairment.

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. The Board reviews the latest financial results of unlisted companies, project updates from the investment manager and market data available to determine any impairment on unlisted investments. Impairment is made based on management best estimates of future estimated cash flows. An impairment loss on listed investments of $1,105,000 (2008: $6,900,000) and an impairment loss on unlisted investments of $2,720,000 (2008: Nil) has been recorded in the income statement.

NOTE 2 – REVENUES FROM ORDINARY ACTIVITIES

	30 June 2009 $'000	30 June 2008 $'000
Finance revenue - bank	303	511
Other	-	2
	303	513

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		
Current Income		
Current income tax benefit	-	-
Adjustments in respect to current income tax of previous years	-	-
Deferred Income Tax		
Relating to origination and reversal of temporary differences	-	13
Income tax (benefit) expense reported in the income statement	-	13
Statement of changes in equity		
Deferred Income Tax		
Unrealised gain on available for sale financial assets	-	454
Income tax benefit reported in equity	-	454
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	(4,333)	(7,373)
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%))	-	13
Income tax expense reported in income statement	-	13
Income tax attributable to discontinued operation	-	-
	-	13
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	-	-	-	-	-	-
Tax (assets) liabilities	-	-	-	-	-	-
Set off of tax	-	-	-	-	-	-
Net tax (assets) liabilities	-	-	-	-	-	-

	30 June 2009 $'000	30 June 2008 $'000
Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in respect of the following items: Tax Losses Other	 1,904 3	 1,777 3
Investments Investment Provision	1,034 408	868 -
	3,349	2,648

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

NOTE 4 – CASH AND CASH EQUIVALENTS

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

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 $'000	30 June 2008 $'000
Interest receivable	-	-
GST recoverable	11	12
	11	12

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

NOTE 6 – HELD TO MATURITY FINANCIAL ASSETS

	30 June 2009 $'000	30 June 2008 $'000
Term deposits	851	-
	851	-

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	295	718
	3,332	4,604
Investment in Convertible Notes – listed company Phylogica Limited	1,167	-
	1,167	-
Investment in unlisted Companies – at cost		
Pacific Knowledge Systems Pty Ltd	2,321	2,321
XRT Ltd	4,125	4,125
Continence Control Systems	4,000	4,000
Sensear Pty Ltd	3,117	2,000
Generic Health Pty Ltd	2,200	2,200
Biocomm Services Pty Limited	1,001	1,001
	16,764	15,647
Investments in Convertible Notes – unlisted companies		
Biocomm Services Pty Limited	235	235
Pacific Knowledge Systems Pty Ltd	131	131
XRT Ltd	1,500	1,500
	1,866	1,866
Less impairment loss on unlisted investments	(2,720)	-
Total Available for sale Financial Assets	**20,409**	**22,117**

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 less impairment write down.

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 by reference to the published price quoted for Phylogica Limited's shares.

Impairment Loss on Unlisted Investments

An allowance for impairment loss is recognised when there is objective evidence that unlisted investments are impaired. During the year, the Board obtained the latest financial results of unlisted companies and reviewed project updates from the investment manager. Based on management best estimate of information available, the Board decided to record an impairment loss. An impairment loss on unlisted investments of $2,720,000 (2008 : Nil) has been recorded in the income statement.

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
Impairment loss on unlisted investments	(2,720)	-
Revaluations	(1,105)	(8,813)
Closing	20,409	22,117

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 Continence 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	-	-
	77	78

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	81,909,505	41,283	84,039,505	41,637
(b)	Movements in ordinary shares on issue:				

		2009	**2009**	**2009**	**2008**	**2008**	**2008**
Date	**Details**	**No. of Shares**	**Issue Price**	**$'000**	**No. of Shares**	**Issue Price**	**$'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)
		(2,130,000)		(354)	(2,270,000)		(493)
30/06/2009	Closing Equity	81,909,505		41,283	84,039,505		41,637

(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.

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	(17,909)	(13,576)

NOTE 11 – RESERVES

	30 June 2009 $'000	30 June 2008 $'000
Net Unrealised Gains Reserve	-	-
	-	-
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	-	-

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. During the year, all unrealised impairment losses have been taken directly to the income statement. 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)
Adjustment for:		
Provision for Loss on Unlisted Investments	2,720	-
Unrealised Impairment Loss on Listed Investments	1,105	6,900
Changes in assets and liabilities:		
(Increase) / Decrease in trade and other debtors	1	-
(Increase) / Decrease in deferred tax assets	-	13
(Decrease) / Increase in trade and other payables	(1)	(20)
Net cash flow from operating activities	(508)	(493)

NOTE 13 – EVENTS OCCURRING AFTER BALANCE DATE

Subsequent to 30 June 2009, the company has bought back a further 622,606 of its shares at a cost of $120,876. Stem Cell Sciences Limited has changed from a listed to an unlisted company on 1 July 2009. 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 economic entity in future financial years.

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 $
(i) Directors						
K.T.Greiner Chairman (non-executive)	20,000	-	-	-	-	20,000
A.Basten (non-executive)	-	20,000	-	-	-	20,000
A.J.Davidson (non-executive)	5,000	15,000	-	-	-	20,000
H.Karelis Managing Director (see note 16(c))	548,170	-	-	-	-	548,170
L.McIntyre (non-executive)	7,026	695	-	-	-	7,721
Total Remuneration	580,196	35,695	-	-	-	615,891

2008	Salary & Fees	Super-annuation	Post Employment Benefits	Equity Options	Other Benefits	Total $
(i) Directors						
K.T.Greiner Chairman (non-executive)	20,000	-	-	-	-	20,000
A.Basten (non-executive)	4,000	16,000	-	-	-	20,000
A.J.Davidson (non-executive)	20,000	-	-	-	-	20,000
H.Karelis Managing Director (see note 16(c))	664,862	-	-	-	-	664,862
L.McIntyre (non-executive)	18,000	2,000	-	-	-	20,000
Total Remuneration	726,862	18,000	-	-	-	744,862

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).

(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 beneficiary and managing director of Titan Bioventures Management Pty Ltd (Titan), 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. 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	27,005	29,373
Remuneration for taxation and other services	13,900	3,300

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.

	2009 Number	2008 Number
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 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.

Titan Bioventures Management Pty Ltd ('Titan'), a company in which Harry Karelis is a director and beneficiary, 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 paid 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 20.

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 – FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial Risk Management

Overview

The company have 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 have 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 term deposits and available for sale financial assets. The company has other financial instruments such as trade debtors and trade creditors which 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(d). The investment manager performs reviews of investments on a regular basis, that is then reported to the Board, to allow them to make decisions regarding the company's investments.

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, cash equivalents and term deposits held. The company manages its interest cost 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:

30 June 2009

	Balance $'000	Interest Rate	Weighted Average Effective Interest Rate
Financial Assets			
Cash	159	Floating	3.05%
Term deposits – cash equivalents	2,021	Floating	3.94%
Term deposits – held to maturity financial assets	851	Floating	-
Receivables	11	N/A	-
Available for sale financial assets: Listed investments Unlisted investments	 4,204 16,205	 N/A N/A	
Total financial assets	23,451		
Financial liabilities -			
Payables	77	N/A	-
Total financial liabilities	77		
Net Financial Assets	23,374		

30 June 2008

	Balance $'000	Interest Rate	Weighted Average Effective Interest Rate
Financial Assets			
Cash	239	Floating	4.08%
Term deposits – cash equivalents	5,771	Floating	7.58%
Term deposits – held to maturity financial assets	-	Floating	-
Receivables	12	N/A	-
Available for sale financial assets: Listed investments Unlisted investments	 4,604 17,513	 N/A N/A	
Total financial assets	28,139		
Financial liabilities -			
Payables	78	N/A	-
Total financial liabilities	78		
Net Financial Assets	28,061		

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

A change of 100 basis points in interest rates 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 2008.

		Profit or loss		Equity	
	Carrying Value	100bp increase	100bp decrease	100bp increase	100bp decrease
30 June 2009	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	159	2	(2)	2	(2)
Term deposits – cash equivalents	2,021	20	(20)	20	(20)
Term deposits – held to maturity	851	9	(9)	9	(9)
Cash flow sensitivity (net)		31	(31)	31	(31)
30 June 2008					
Cash and cash equivalents	239	2	(2)	2	(2)
Term deposits – cash equivalents	5,771	58	(58)	58	(58)
Cash flow sensitivity (net)		60	(60)	60	(60)

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 financial assets. 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 mths or less
30 June 2009	$'000	$'000	$'000
Trade and other payables	77	77	77
	77	77	77
	Carrying amount	**Contractual cash flows**	**6 mths or less**
30 June 2008	$'000	$'000	$'000
Trade and other payables	78	78	78
	78	78	78

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 available-for-sale equity securities 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. Listed investments are designated as available for sale financial assets because their performance is actively monitored and they are managed on a fair value basis. Unlisted investments are designated as available for sale financial assets, however their performance is not supported by observable data and therefore recorded at cost.

Sensitivity analysis on changes in market rates

A change of 20% (based on the Board's assessment of share price movements during the period and 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 2008. In 2008 and 2009, if equity prices decreased, movement would be recorded in the income statements due to impairment indicators noted, while if equity prices increased, movement would be taken to the asset revaluation reserve directly in equity.

		Profit or loss		Equity	
	Carrying Value	20% increase	20% decrease	20% increase	20% decrease
30 June 2009	$'000	$'000	$'000	$'000	$'000
Available for sale financial assets:					
Listed investments	4,204	-	(841)	841	(841)
Unlisted investments	16,205	-	-	-	-
		-	(841)	841	(841)
30 June 2008					
Available for sale financial assets:					
Listed investments	4,604	-	(921)	921	(921)
Unlisted investments	17,513	-	-	-	-
		-	(921)	921	(921)

Impairment losses

An impairment loss of $1,105,000 (2008: $6,900,000) was recognised in the current year in respect of listed available for sale investments due to significant decline in the securities market during the period. In 2008, all fair value movements transferred through equity reserve have been reversed to the income statement.

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.

NOTE 19 – 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.

NOTE 20 – 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.

DIRECTORS' DECLARATION

The directors of the company declare that:

1. in the directors opinion, the financial statements, notes and the Remuneration Report in the Directors Report set out on pages 16 to 17 are in accordance with the Corporations Act 2001 including;
   (a) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
   (b) gives a true and fair view of the company's financial position as at 30 June 2009 and of its performance, as represented by the results of its operations and its cash flows for the financial year ended on that date.

2. the Managing Director and Company Secretary have given declarations in accordance with section 295A that:
   (a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
   (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
   (c) the financial statements and notes for the financial year give a true and fair view.

3. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

4. in the directors' 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.

This declaration is made in accordance with a resolution of the board of directors.

K T Greiner
Chair

Sydney
22 September 2009

PKF

Chartered Accountants
& Business Advisers

INDEPENDENT AUDITOR'S REPORT

TO MEMBERS OF BIOTECH CAPITAL LIMITED

Report on the Financial Report

We have audited the accompanying financial report of BioTech Capital Limited, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements,* that compliance with Australian Equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Tel: 61 8 9278 2222 | Fax: 61 8 9278 2200 | www.pkf.com.au
West Australian Partnership | ABN 39 542 778 278
Level 7, BGC Centre | 28 The Esplanade | Perth | Western Australia 6000 | Australia
PO Box Z5066 | St Georges Terrace | Perth | Western Australia 6831

PKF

Chartered Accountants
& Business Advisers

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

(a) the financial report of BioTech Capital Limited 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 2009 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1**.**

Report on the Remuneration Report

We have audited the Remuneration Report included on pages 16 to 17 of the directors' report for the year ended 30 June 2009. 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.

Auditor's Opinion

In our opinion the Remuneration Report of BioTech Capital Limited for the year ended 30 June 2009, complies with section 300A of the *Corporations Acts 2001*.

PKF
Chartered Accountants

Neil Smith
Partner

Dated at Perth, Western Australia this 22nd day of September 2009.

A. Spread of equity security holdings (as at 21 September 2009)

	Shares
1 - 1,000	57
1,001 - 5,000	1,551
5,001 - 10,000	1,188
10,001 - 100,000	927
100,001 and over	49
	3,772

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:

	Number of shares/votes	Voting power
Select Asset Management Limited	22,203,206	26.24%
Lazard Asset Management Pacific Co	6,613,872	7.43%

C. Shares on issue as at 21 September 2009

Subsequent to 30 June 2009, the Company has bought back 622,606 of its own shares as part of the on market buy back. The number of shares on issue at 21 September 2009 is 81,286,899 shares.

D. Equity security holders

The names of the twenty largest holders of quoted equity securities at 21 September 2009 are listed below:

	Ordinary shares	
Name	**Number held**	**Percentage of issued shares**
Cogent Nominees Pty Limited	15,956,404	19.57
HSBC Custody Nominees (Australia) Limited	7,475,950	9.17
Citicorp Nominees Pty Limited	6,690,876	8.21
Mr Harry Karelis	800,000	0.98
Dr Lester Craig Cowell	777,000	0.95
Alimoc Pty Ltd	765,000	0.94
Mr Michael Alexander Mackay Baldry	639,050	0.78
Mrs Thelma Joan Martin-Weber	600,000	0.74
RPG Management Pty Limited	495,000	0.61
Canton Investments Pty Ltd	450,000	0.55
Mr David Michael & Dr Annabelle Claire Bennett	400,000	0.49
Riverside Metals Pty Ltd	350,000	0.43
ANZ Nominees Limited	347,580	0.43
Dr R F & Mrs M Biondini	306,698	0.38
Redbell Nominees Pty Limited	300,000	0.37
Mr Nicholas Kemsley Gunner	250,000	0.31
Mr Dominic Paul & Mr Robert Thomas McCormick	240,000	0.29
Mr John Tsiaousis	236,000	0.29
Ms Margaret Ellen Willis	235,000	0.29
Mr Dominic McCormick	219,000	0.27
	37,533,558	46.04%

E. Less than marketable parcel holders

The number of holders holding less than a marketable parcel based on the market price at 21 September 2009 was 290.

F. 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.

CORPORATE DIRECTORY

Registered Office

BioTech Capital Limited
C/- Titan Bioventures Management
Level 9
1 William Street
Perth WA 6000
T 0413 056 328
F 08 9327 1778

Principal Contact

Harry Karelis
Managing Director
Titan Bioventures Management
T 0413 056 328
hkarelis@titanbioventures.com

Advanced Share Registry Services

150 Stirling Highway
Nedlands WA 6009
PO Box 1156
Nedlands WA 6909
T 08 9389 8033
F 08 9389 7871

Auditors

PKF Chartered Accountants
Level 7, 28 The Esplanade
Perth WA 6000

Lawyers

Dibbs Barker
Level 8, 123 Pitt Street
Sydney NSW 2000