
BTC HEALTH LIMITED
(Formerly Biotech Capital Limited)

ABN 45 091 979 172

HALF-YEAR FINANCIAL REPORT

FOR THE HALF-YEAR ENDED

31 DECEMBER 2017

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BTC HEALTH LIMITED
ABN 45 091 979 172

CORPORATE DIRECTORY

Principal and registered office in Australia	BTC health Limited Suite 201 / 697 Burke Road Camberwell VIC 3124 T +61 3 9092 0470
Directors	Richard Treagus Peter Jones Bruce Hancox Jonathan Pilcher Jennifer Herz
Company Secretary	Stuart Jones
Bankers	Westpac Banking Corporation
Share Register	Link Market Services Tower 4, 727 Collins Street MELBOURNE VIC 3008 Locked Bag A14 SYDNEY SOUTH NSW 1235 T 1300 554 474 F (02) 92870303
Auditor	Deloitte Touche Tohmatsu 550 Bourke Street MELBOURNE VIC 3000
Internet Address	www.btchealth.com.au

BTC HEALTH LIMITED
ABN 45 091 979 172

HALF-YEAR FINANCIAL REPORT

DIRECTORS' REPORT

Your directors submit the financial report of the company for the half-year ended 31 December 2017.

Directors

Richard Treagus
Peter Jones
Bruce Hancox
Jonathan Pilcher
Jennifer Herz

Review of Operations

The following is a review of operations for the six-month period to 31 December 2017:

The company made a loss after tax during the half-year of \$1,389,124 (2016: \$201,227). The increased loss was due to the impairment of the investment and the outstanding loan in Biointelect Pty Ltd. Cash balances at 31 December 2017 were \$2,367,410.

The company maintained its investments in Bio101group Pty Ltd, BiolImpact Pty Ltd and Sensear Pty Ltd., as well as actively seeking opportunities for new investments in biotechnology/ life science companies. BTC health's investment in Bio101group has been revalued up to \$180,000 during the period due to its increased growth in both revenue and profit.

BTC health formed a new subsidiary in September 2017 being BTC Speciality Health Pty Ltd. BTC Speciality Health commercialises and distributes the BTC health group's in-licensed pharmaceuticals and medical devices in the Asia/ Pacific Region. At the Annual General Meeting in November 2017, BTC health changed its name from Biotech Capital Limited and shareholders approved the issue of shares to related parties of Directors as part of the February 2017 capital raise.

BTC health is a Pooled Development Fund, registered under the Pooled Development Funds Act 1992

Subsequent Events

Since the end of the half-year ended 31 December 2017 to the date of this report BTC health has agreed to sell all interest in its wholly-owned consulting business Biointelect Pty Ltd, in order that the group can focus investment on its product and distribution business which has stronger potential returns.

Under the terms of a Sale Agreement between BTC health and the Herz Family Trust, a related party of Jennifer Herz, Biointelect is to be sold for cash consideration of \$700,000, subject to obtaining BTC health shareholder approval. Immediately on

completion of the sale BTC health will receive a cash payment of \$700,000, which will increase the cash position of the group.

In determining the sale price, the BTC health Board has reviewed the current financial performance of the Biointelect business, made a reasonable estimation of future returns on capital employed and considered the realisable value of the investment.

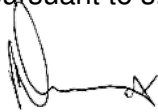
As at 31 December 2017 BTC health recorded an impairment charge of \$791,815 to measure the investment in Biointelect as its estimated fair value and a provision for a non-recoverable loan of \$280,000.

No other matters have arisen between the end of the half-year ended 31 December 2017 and the date of this report which in the opinion of the directors of the company, will affect significantly the operations of the entity, the results of those operations, or the state of the affairs of the entity in subsequent financial years.

Auditor's Declaration of Independence

A copy of the auditor's declaration under section 307C in relation to the half year is included on page 6.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the Corporations Act 2001.



Richard Treagus
Executive Chairman

Dated this 26th February 2018

26 February 2018

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

Dear Board Members

BTC health Limited

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

As lead audit partner for the review of the half-year financial statements of BTC health Limited for the period ended 31 December 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Anneke du Toit
Partner
Chartered Accountants

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BTC HEALTH LIMITED
ABN 45 091 979 172

CONDENSED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	31 December 2017 \$	31 December 2016 \$
Continuing Operations		
Revenue from continuing operations (Note 2)	12,211	5,597
Investment fair value adjustment – Bio101group	79,900	-
Expenses from continuing operations		
Executive Director fees	(60,000)	(30,000)
Non-Executive Director fees	(40,000)	(32,686)
Employment expenses	(76,738)	-
Impairment of investment – Biointelect (Note 3)	(791,815)	-
Listing fees	(30,483)	(28,611)
Share based payments	(98,666)	(34,065)
Provision for doubtful debts (Note 4)	(280,000)	-
Other expenses from operations	(103,533)	(81,462)
	<u>(1,481,235)</u>	<u>(206,824)</u>
Loss before income tax expense	<u>(1,389,124)</u>	<u>(201,227)</u>
Income tax benefit	-	-
Loss for the period from continuing operations	<u>(1,389,124)</u>	<u>(201,227)</u>
Other comprehensive income	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u>(1,389,124)</u>	<u>(201,227)</u>
Basic loss per share (cents per share)	(1.09)	(0.19)
Diluted loss per share (cents per share)	(1.09)	(0.19)

The accompanying notes form part of this financial report.

BTC HEALTH LIMITED
ABN 45 091 979 172

CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	31 December 2017	30 June 2017
	\$	\$
CURRENT ASSETS		
Cash and cash equivalents	2,367,410	3,086,213
Other assets	22,193	22,193
TOTAL CURRENT ASSETS	<u>2,389,603</u>	<u>3,108,406</u>
NON CURRENT ASSETS		
Financial assets (Note 3)	810,200	1,522,015
Loans to investee companies (Note 4)	111,090	36,889
TOTAL NON CURRENT ASSETS	<u>921,290</u>	<u>1,558,904</u>
TOTAL ASSETS	<u>3,310,893</u>	<u>4,667,310</u>
CURRENT LIABILITIES		
Trade and other payables	22,415	435,521
Unclaimed monies	252,436	252,916
TOTAL CURRENT LIABILITIES	<u>274,851</u>	<u>688,437</u>
TOTAL LIABILITIES	<u>274,851</u>	<u>688,437</u>
NET ASSETS	<u>3,036,042</u>	<u>3,978,873</u>
EQUITY		
Issued capital (Note 5)	44,255,056	43,907,429
Other reserves	188,243	89,577
Accumulated losses	(41,407,257)	(40,018,133)
TOTAL EQUITY	<u>3,036,042</u>	<u>3,978,873</u>

The accompanying notes form part of this financial report

BTC HEALTH LIMITED
ABN 45 091 979 172

CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	31 December 2017	31 December 2016
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	12,211	5,597
Payments to suppliers and employees	(371,050)	(177,640)
Net cash used in operating activities	(358,839)	(172,043)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for investments	(100)	(100)
Loan advanced to investee companies	(356,229)	(6,732)
Net cash used in investing activities	(356,329)	(6,832)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from share placement	-	-
Share placement costs	(3,155)	-
Unclaimed monies paid	(480)	-
Net cash used in financing activities	(3,635)	-
Net decrease in cash and cash equivalents held	(718,803)	(178,875)
Cash and cash equivalents at beginning of the half-year	3,086,213	1,185,208
Cash and cash equivalents at end of half-year	2,367,410	1,006,333

The accompanying notes form part of this financial report

BTC HEALTH LIMITED
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CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Issued capital	Accumulated Losses	Other reserves	Total
	\$	\$	\$	\$
At 1 July 2016	41,934,083	(39,450,725)	5,777	2,489,135
Loss for the period	-	(201,227)	-	(201,227)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	(201,227)	-	(201,227)
Transactions with owners in their capacity as owners:				
Share based payments	-	-	34,065	34,065
At 31 December 2016	41,934,083	(39,651,952)	39,842	2,321,973
At 1 July 2017	43,907,429	(40,018,133)	89,577	3,978,873
Loss for the period	-	(1,389,124)	-	(1,389,124)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	(1,389,124)	-	(1,389,124)
Transactions with owners in their capacity as owners:				
Share placement (net of capital raising costs)	347,627	-	-	347,627
Share based payments	-	-	98,666	98,666
At 31 December 2017	44,255,056	(41,407,257)	188,243	3,036,042

The accompanying notes form part of this financial report

BTC HEALTH LIMITED
ABN 45 091 979 172

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR
ENDED 31 DECEMBER 2017**

Note 1: Significant Accounting Policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001* and AASB 134: Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS 34 Interim Financial Reporting.

The half-year financial report does not include all notes of the type normally included within the full financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the entity as the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2017 and any announcements made by BTC health Limited during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

Basis of Preparation

The financial report of BTC health Limited for the half-year ended 31 December 2017 was authorised for issue in accordance with a resolution of the directors on 26 February 2018. BTC health Limited is a company incorporated in Australia and limited by shares which are publicly traded on the Australian Securities Exchange.

The accounting policies have been consistently applied and are consistent with those applied in the 30 June 2017 annual report, except for the adoption of new or revised standards mandatory for annual periods beginning on or after 1 July 2017, as noted below.

The half-year financial report has been prepared on a historical cost basis, except for financial assets that have been measured at fair value. For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

New, revised or amending Accounting Standards and Interpretations adopted

The Company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are relevant to their operations and effective for the current half-year. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company during the half-year ended 31 December 2017 and are not expected to have any significant impact for the full financial year ending 30 June 2018.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

BTC HEALTH LIMITED
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**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR
ENDED 31 DECEMBER 2017**

Note 2: Revenue from continuing operations

	31 December 2017	31 December 2016
	\$	\$
Interest income	12,211	5,597
	<u>12,211</u>	<u>5,597</u>

Note 3: Financial Assets

	31 December 2017	30 June 2017
	\$	\$
Non- Current		
Financial assets carried at fair value through profit or loss		
<i>Unlisted investments:</i>		
Biointelect Pty Ltd	630,000	1,421,815
Bio101group Pty Ltd	180,000	100,100
BioImpact Pty Ltd	100	100
BTC Speciality Health Pty Ltd	100	-
Total Non- Current Financial Assets	<u>810,200</u>	<u>1,522,015</u>

As detailed in note 8, subsequent to 31 December 2017 BTC health has agreed to sell all interest in its wholly-owned consulting business Biointelect Pty Ltd.

BTC health has recorded an investment impairment charge of \$791,815 to reduce the carrying value of its investment in Biointelect Pty Ltd to its estimated fair market value as determined in accordance with AASB 13 "Fair Value Measurement" as at 31 December 2017.

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

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

BTC HEALTH LIMITED
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**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR
ENDED 31 DECEMBER 2017**

Note 3: Financial Assets (continued)

Name of Investment	Core Activity	Basis of Valuation
Biointelect Pty Ltd	Consulting to life science companies to assist with commercialisation	<ul style="list-style-type: none">• Multiple of forecast EBITDA based on comparable industry transactions.
Bio101group Pty Ltd	Finance and administration for life science clients	<ul style="list-style-type: none">• Investment valuation on acquisition• Actual results for the half year ended 31 December 2017• Multiple of revenue
BioImpact Pty Ltd	In licence speciality pharmaceuticals and medical devices	<ul style="list-style-type: none">• Investment valuation on cost incurred basis
BTC Speciality Health Pty Ltd	Sale of speciality pharmaceuticals and medical devices	<ul style="list-style-type: none">• Investment valuation on cost incurred basis

Fair value measurements recognised in the statement of financial position:

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

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

BTC HEALTH LIMITED
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**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR
ENDED 31 DECEMBER 2017**

Note 3: Financial Assets (continued)

	Level 1	Level 2	Level 3	Total
31 December 2017	\$	\$	\$	\$
Financial assets				
Unlisted investments– Financial assets carried at fair value through profit or loss	-	-	810,200	810,200
	-	-	810,200	810,200
31 December 2016				
Financial assets				
Unlisted investments– Financial assets carried at fair value through profit or loss	-	-	1,522,015	1,522,015
	-	-	1,522,015	1,522,015

There were no transfers between levels during the year.

Note 4: Loans to investee companies

	31 December 2017	30 June 2017
	\$	\$
Non- Current		
Loans to investee companies		
Biointelect Pty Ltd	280,000	-
Biointelect Pty Ltd – Provision for doubtful debts	(280,000)	-
BiImpact Pty Ltd	101,640	34,862
BTC Speciality Health Pty Ltd	9,450	-
Total Loans to investee companies	111,090	34,862

As detailed in note 8, it was agreed upon completion of the sale of Biointelect Pty Ltd the current \$280,000 loan is to be written off. At 31 December 2017 BTC health has recorded a provision for a non-recoverable loan of \$280,000 to Biointelect Pty Ltd.

BTC HEALTH LIMITED
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**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR
ENDED 31 DECEMBER 2017**

Note 5: Issued Capital

	31 December 2017	30 June 2017
	\$	\$
Movement		
1 July 2017 Opening balance – 127,107,604 shares	43,907,429	41,934,083
22 February 2017 - Share Placement of 13,100,742 shares at 0.11 per share	-	1,441,081
Less share placement costs	-	(48,570)
8 March 2017 – Share Purchase Plan of 5,409,055 shares 0.11 per share	-	594,996
Less share placement costs	-	(14,161)
28 November 2017 – Share Placement of 3,188,928 shares at 0.11 per share	350,782	-
Less share placement costs	(3,155)	-
31 December 2017 Closing balance – 130,296,532 shares	44,255,056	43,907,429

Note 6: Contingent Liabilities

There were no contingent liabilities of which the Company is aware of at the date of this report.

Note 7. Related party transactions

The Company's significant related parties remain as disclosed in note 15 of the 2017 Annual Report. Apart from the transactions detailed below, there were no material differences in related parties or related party transactions in the period compared to the prior year.

During the period Mr Stuart Jones (Company Secretary) and Mr Cameron Jones (Managing Director of wholly owned subsidiary Bio101 group Pty Ltd) were each issued with 1,000,000 unlisted options in BTC health. The options were issued at a 125% premium to the weighted average closing share price of BTC on the ASX, for the 5 days, including and immediately prior to date of grant.

Note 8: Subsequent Events

Since the end of the half-year ended 31 December 2017 to the date of this report BTC health has agreed to sell all interest in its wholly-owned consulting business Biointelect Pty Ltd. Under the terms of a Sale Agreement between BTC health and the Herz Family Trust, a related party of Jennifer Herz, Biointelect is to be sold for cash consideration of \$700,000, subject to obtaining BTC health shareholder approval.

BTC HEALTH LIMITED
ABN 45 091 979 172

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR
ENDED 31 DECEMBER 2017**

Note 8: Subsequent Events (continued)

In determining the sale price, the BTC health Board has reviewed the current financial performance of the Biointelect business, made a reasonable estimation of future returns on capital employed and considered the realisable value of the investment. Immediately on completion of the sale BTC health will receive a cash payment of \$700,000, which will increase the cash position of the group.

No other matters have arisen between the end of the half-year ended 31 December 2017 and the date of this report which in the opinion of the directors of the company, will affect significantly the operations of the entity, the results of those operations, or the state of the affairs of the entity, in subsequent financial years.

Note 9: Segment Information

Operating and reportable segments have been identified on the basis of internal reports of the company that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. The chief operating decision maker has been identified as the Executive Chairman.

The company has single and reportable operating segment being investments in biotechnology and pharmaceutical ventures.

BTC HEALTH LIMITED
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DIRECTORS' DECLARATION

The directors declare that:

- (a) 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; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Company.

Signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the directors,



Richard Treagus
Executive Chairman

Dated this 26th February 2018

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

We have reviewed the accompanying half-year financial report of BTC health Limited, which comprises the condensed statement of financial position as at 31 December 2017, and the condensed statement of profit or loss and other comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 7 to 17.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including, giving a true and fair view of the company's financial position as at 31 December 2017 and its performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of BTC health Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of BTC health Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of BTC health Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Anneke du Toit
Partner
Chartered Accountants
Melbourne, 26 February 2018