

**BIOTECH CAPITAL LIMITED**

**ABN 45 091 979 172**

**INTERIM FINANCIAL REPORT**

**FOR THE HALF YEAR ENDED**

**31 DECEMBER 2008**

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**BIOTECH CAPITAL LIMITED ABN 45 091 979 172  
AND CONTROLLED ENTITIES**

**CORPORATE DIRECTORY**

<b>Principal and registered office in Australia</b>	BioTech Capital Limited Level 9, The Quadrant 1 William Street PERTH WA 6000 T (08) 9327 1764 F (08) 9327 1778
<b>Directors</b>	Kathryn Therese Greiner Harry Karelis Antony Basten Alastair John Davidson
<b>Company Secretary</b>	Baden Maxwell Bowen
<b>Bankers</b>	Westpac Banking Corporation
<b>Share Register</b>	Advanced Share Registry 110 Stirling Highway NEDLANDS WA 6009 PO Box 1156 NEDLANDS WA 6909 T (08) 9389 8033 F (08) 9389 7871
<b>Auditor</b>	PKF Chartered Accountants Level 7, BGC Centre 28 The Esplanade PERTH WA 6000
<b>Solicitors</b>	Dibbs Abbott Stillman Level 8, Angel Place 123 Pitt Street SYDNEY NSW 2000
<b>Internet Address</b>	<a href="http://www.biotechcapital.com.au">www.biotechcapital.com.au</a>

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**BIOTECH CAPITAL LIMITED ABN 45 091 979 172  
AND CONTROLLED ENTITIES**

**INTERIM FINANCIAL REPORT**

**DIRECTOR'S REPORT**

Your directors submit the financial report of the economic entity for the half-year ended 31 December 2008.

**Directors**

Kathryn Therese Greiner  
Harry Karelis  
Antony Basten  
Alastair John Davidson

**Review of Operations**

The following is a review of operations for the six-month period to 31 December 2008:

Biotech Capital Limited increased its investment from \$2 million to \$2.6 million in Australian company Sensear Pty Ltd.

The loss includes a loss on impairment of listed investments of \$2,064,174 (2007 nil) and a loss on impairment of unlisted investments of \$2,719,506 (2007 nil).

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**BIOTECH CAPITAL LIMITED ABN 45 091 979 172**

**INTERIM FINANCIAL REPORT**

**DIRECTOR'S REPORT**

**Auditor's Declaration of Independence**

A copy of the auditor's declaration under section 307c in relation to the half year is attached.

**Rounding of Amounts**

The Company is a company of the kind referred to in ASIC Class Order 98/0100, relating to the round off of amounts in the directors' and financial report. Amounts in the directors' and financial report have been rounded off to the nearest thousand dollars in accordance with that class order.

This report is signed in accordance with a resolution of the Board of Directors.

KT Greiner  
Director

Dated this 25th day of February 2009

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## **Auditor's Independence Declaration**

As lead auditor for the review of BioTech Capital Limited for the half-year ended 31 December 2008, I declare that, to the best of my knowledge and belief, there have been:

- i no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- ii no contraventions of any applicable code of professional conduct in relation to the review.

**PKF**  
Chartered Accountants

**NEIL SMITH**  
Partner

Dated at Perth, Western Australia on this 25th day of February 2009

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**BIOTECH CAPITAL LIMITED ABN 45 091 979 172**

**CONDENSED INCOME STATEMENT**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

	<b>31 December 2008</b>	<b>31 December 2007</b>
	<b>\$000's</b>	<b>\$000's</b>
<b>Revenue from continuing operations</b>	<b>196</b>	<b>292</b>
<b>Expenses from continuing operations</b>		
Impairment loss on listed investments	(2,064)	-
Impairment loss on unlisted Investments (Note 4)	(2,719)	-
Management fees	(287)	(355)
Other expenses	(161)	(197)
<b>Total expenses from continuing operations</b>	<b>(5,231)</b>	<b>(552)</b>
<b>Loss from continuing operations before income tax expense</b>	<b>(5,035)</b>	<b>(260)</b>
Income tax benefit relating to continuing operations	-	-
<b>Net Loss from continuing operations after income tax attributable to members of BioTech Capital Limited</b>	<b>(5,035)</b>	<b>(260)</b>
<b>Basic earnings per share (cents per share)</b>	<b>(5.99)</b>	<b>(0.30)</b>
<b>Diluted earnings per share (cents per share)</b>	<b>(5.99)</b>	<b>(0.30)</b>

The accompanying notes form part of this financial report

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BIOTECH CAPITAL LIMITED ABN 45 091 979 172

**CONDENSED BALANCE SHEET  
AS AT 31 DECEMBER 2008**

	31 December 2008	30 June 2008
	\$000's	\$000's
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	5,131	6,010
Trade and other receivables	12	12
Deferred tax assets	-	-
Held to maturity financial assets	-	-
<b>TOTAL CURRENT ASSETS</b>	<u>5,143</u>	<u>6,022</u>
<b>NON-CURRENT ASSETS</b>		
Available for sale financial assets	17,951	22,117
<b>TOTAL NON-CURRENT ASSETS</b>	<u>17,951</u>	<u>22,117</u>
<b>TOTAL ASSETS</b>	<u>23,094</u>	<u>28,139</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	68	78
Current tax liabilities	-	-
<b>TOTAL CURRENT LIABILITIES</b>	<u>68</u>	<u>78</u>
<b>NON-CURRENT LIABILITIES</b>		
Deferred tax liabilities	-	-
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>68</u>	<u>78</u>
<b>NET ASSETS</b>	<u><u>23,026</u></u>	<u><u>28,061</u></u>
<b>EQUITY</b>		
Issued Capital (Note 2)	41,637	41,637
Accumulated Losses	(18,611)	(13,576)
Other Reserves	-	-
<b>TOTAL EQUITY</b>	<u><u>23,026</u></u>	<u><u>28,061</u></u>

The accompanying notes form part of this financial report



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**BIOTECH CAPITAL LIMITED ABN 45 091 979 172**

**CONDENSED CASH FLOW STATEMENT  
FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

	<b>31 December 2008</b>	<b>31 December 2007</b>
	<b>\$000's</b>	<b>\$000's</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Interest received	196	292
Other income received	-	-
Management fees paid	(291)	(363)
Payments to suppliers	(167)	(224)
<b>Net cash (used in) operating activities</b>	<b>(262)</b>	<b>(295)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for Investments	(617)	(2,901)
<b>Net cash (used in) investing activities</b>	<b>(617)</b>	<b>(2,901)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Share buy back payment	-	(82)
Proceeds from Issue of Shares	-	-
<b>Net cash (used in) financing activities</b>	<b>-</b>	<b>(82)</b>
<b>Net (decrease) in cash held</b>	<b>(879)</b>	<b>(3,278)</b>
<b>Cash at 1 July 2008</b>	<b>6,010</b>	<b>9,897</b>
<b>Cash at 31 December 2008</b>	<b>5,131</b>	<b>6,619</b>

The accompanying notes form part of this financial report

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**BIOTECH CAPITAL LIMITED ABN 45 091 979 172**

**CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

	Issued Capital \$'000	Retained Earnings (Accumulated Losses) \$'000	Other Reserves \$'000	Total \$'000
<b>At 1 July 2007</b>	<b>42,130</b>	<b>(6,190)</b>	<b>1,459</b>	<b>37,399</b>
Net (losses) on available for sale financial assets	-	-	(4,341)	(4,341)
Share Buyback Program	(82)	-	-	(82)
Total income and expense for the period recognised directly in equity	(82)	-	(4,341)	(4,423)
Profit (loss) for the period	-	(260)	-	(260)
Total income (expense) for the period	(82)	(260)	(4,341)	(4,683)
<b>At 31 December 2007</b>	<b>42,048</b>	<b>(6,450)</b>	<b>(2,882)</b>	<b>32,716</b>
<b>At 1 July 2008</b>	<b>41,637</b>	<b>(13,576)</b>	<b>-</b>	<b>28,061</b>
Net (losses) on available for sale financial assets	-	-	-	-
Share Buyback Program	-	-	-	-
Total income and expense for the period recognised directly in equity	-	-	-	-
Profit (loss) for the period	-	(5,035)	-	(5,035)
Total income (expense) for the period	-	(5,035)	-	(5,035)
<b>At 31 December 2008</b>	<b>41,637</b>	<b>(18,611)</b>	<b>-</b>	<b>23,026</b>

The accompanying notes form part of this financial report

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**BIOTECH CAPITAL LIMITED ABN 45 091 979 172**

**NOTES TO FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31  
DECEMBER 2008**

**Note 1: Basis of preparation**

The financial report of BioTech Capital Limited for the half-year ended 31 December 2008 was authorised for issue in accordance with a resolution of the directors on 10 February 2009. BioTech Capital Limited is a company incorporated in Australia and limited by shares which are publicly traded on the Australian Securities Exchange.

The half-year financial report does not include all notes of the type normally included within the annual 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.

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

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2008 and any publications made by BioTech Capital Limited during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The accounting policies have been consistently applied by the entities in the economic entity and are consistent with those applied in the 30 June 2008 annual report.

The half-year financial report has been prepared on a historical cost basis, except for available-for-sale 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.

In the half-year ended 31 December 2008, the Company has reviewed all of the new and revised standards and interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2008. It has been determined by the Company that there is no impact, material or otherwise, of the new and revised standards and interpretations on its business and, therefore no change is necessary to the Company's accounting policies.

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**BIOTECH CAPITAL LIMITED ABN 45 091 979 172**

**NOTES TO FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31  
DECEMBER 2008**

**Note 2: Issued Capital**

	<b>31 December 2008</b>	<b>30 June 2008</b>
	<b>\$000's</b>	<b>\$000's</b>
Opening Balance	41,637	42,130
Share Buyback / Cancellation	-	(493)
Share Issue due to exercise of options	-	-
Closing Balance	<u>41,637</u>	<u>41,637</u>

**Note 3: Contingent Liabilities**

There has been no change in contingent liabilities since the last annual reporting date.

**Note 4: Impairment Loss on Unlisted Investments**

The Directors reviewed the unlisted investments and decided to record an impairment loss of \$2,719,506 for the half-year ended 31 December 2008.

**Note 5: Subsequent Events**

No events have arisen between the end of the half-year ended 31 December 2008 and the date of this report, in the opinion of the directors of the company, that 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 6: Segment Information**

BioTech Capital Limited operates in predominantly one business segment being the investment in entities operating in life science / biotechnology sectors. The company operates in one geographical segment being Australia.

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**BIOTECH CAPITAL LIMITED ABN 45 091 979 172**

**DIRECTOR'S DECLARATION**

The directors of the company declare that:

1. The financial report and notes;
  - (a) Comply with the Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
  - (b) Give a true and fair view of the economic entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date.
2. 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.

KT Greiner  
Director

Dated this 25th day of February 2009

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## **INDEPENDENT AUDITOR'S REVIEW REPORT**

### **TO THE MEMBERS OF BIOTECH CAPITAL LIMITED**

#### **Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of BioTech Capital Limited which comprises the condensed balance sheet as at 31 December 2008, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, a statement or description of accounting policies, other selected explanatory notes and the directors' declaration.

#### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the half-year 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 control relevant to the preparation and fair presentation of the half-year 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.

#### *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 an Interim 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 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 2008 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 BioTech Capital 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.

#### *Independence*

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

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*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 BioTech Capital 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 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and *Corporations Regulations 2001*.

**PKF**  
Chartered Accountants

**Neil Smith**  
Partner

Dated at Perth, Western Australia on this 25<sup>th</sup> February 2009