Financial Report - 30 June 2010

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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

Statement of Comprehensive Income
For the year ended 30 June 2010

	Notes	2010 $'000	2009 $'000
Revenue from continuing operations	2	**1,220**	**303**
Management fees	16(c)	(515)	(548)
Directors fees		(60)	(68)
Other expenses from operations		(212)	(195)
Provision for non recovery of receivable		(96)	-
Impairment loss on unlisted investments		(6,044)	(2,720)
Impairment loss on listed investments reflecting current market value		-	(1,105)
		(6,927)	(4,636)
(Loss) from continuing operations before related income tax benefit		**(5,707)**	**(4,333)**
Income tax benefit (expense) relating to continuing operations	3	-	-
(Loss) from continuing operations after related income tax benefit attributable to members of BioTech Capital Limited		**(5,707)**	**(4,333)**
Other comprehensive income			
Net fair value gains on available for sale financial assets		355	-
Income tax on items of other comprehensive income		-	-
Other comprehensive income, net of tax		355	-
Total comprehensive (loss)		**(5,707)**	**(4,333)**
Basic earnings / (loss) per share	19	(7.28) cents	(5.18) cents
Diluted earnings / (loss) per share	19	(7.28) cents	(5.18) cents

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

Statement of Financial Position
As at 30 June 2010

	Notes	2010 $'000	2009 $'000
Current Assets			
Cash and cash equivalents	4	2,169	2,180
Trade and other receivables	5	10	11
Held to maturity financial assets	6	-	851
Available for sale financial assets	7	9,408	-
Total Current Assets		11,587	3,042
Non-Current Assets			
Deferred tax assets	3	-	-
Available for sale financial assets	7	4,551	20,409
Total Non-Current Assets		4,551	20,409
Total Assets		**16,138**	**23,451**
Current Liabilities			
Trade and other payables	8	60	77
Current tax liabilities	3	-	-
Total Current Liabilities		60	77
Non Current Liabilities			
Deferred tax liabilities	3	-	-
Total Non Current Liabilities		-	-
Total Liabilities		**60**	**77**
Net Assets		**16,078**	**23,374**
Equity			
Issued Capital	9	39,339	41,283
Accumulated Losses	10	(23,616)	(17,909)
Reserves	11	355	-
Total Equity		**16,078**	**23,374**

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

Statement of Cash Flows
For the year ended 30 June 2010

	Notes	2010 $'000	2009 $'000
Cash Flows from Operating Activities			
Interest received		62	303
Managers fees paid		(520)	(556)
Payments to suppliers		(282)	(255)
Net cash (outflow) from operating activities	12	**(740)**	**(508)**
Cash Flows from Investing Activities			
Proceeds from sale (payments for) of investments		1,822	(2,117)
Receipts (payments for) from term deposits		851	(851)
Net cash inflow (outflow) from investing activities		**2,673**	**(2,968)**
Cash Flows from Financing Activities			
Share Buy-Back payment		(1,944)	(354)
Net cash (outflow) from financing activities		**(1,944)**	**(354)**
Net increase (decrease) in Cash Held		**(11)**	**(3,830)**
Cash at the beginning of the financial year		2,180	6,010
Cash at the End of the Financial Year	4	**2,169**	**2,180**

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

Statement of Changes in Equity

For the year ended 30 June 2010

	Issued capital $'000	Accumulated losses $'000	Other reserves $'000	Total $'000
At 1 July 2008	**41,637**	**(13,576)**	**-**	**28,061**
Profit (loss) for the year	-	(4,333)	-	(4,333)
Total income and expense for the year recognised directly in equity	-	(4,333)	-	(4,333)
Other comprehensive income	-	-	-	-
Total comprehensive (expense) for the year	-	(4,333)	-	(4,333)
Transaction with owners in their capacity as owners:				
Share buy backs	(354)	-	-	(354)
At 30 June 2009	**41,283**	**(17,909)**	**-**	**23,374**
At 1 July 2009	**41,283**	**(17,909)**	**-**	**23,374**
Profit (loss) for the year	-	(5,707)	-	(5,707)
Total income and expense for the year recognised directly in equity	-	(5,707)	-	(5,707)
Other comprehensive income	-	-	355	355
Total comprehensive income (expense) for the year	-	(5,707)	355	(5,352)
Transaction with owners in their capacity as owners:				
Share buy-backs	(1,944)	-	-	(1,944)
At 30 June 2010	**39,339**	**(23,616)**	**355**	**16,078**

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

Notes to the Financial Statements

For the year ended 30 June 2010

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Note 1 Summary of Significant Accounting Policies

The Financial Report of Biotech Capital Limited for the year ended 30 June 2010

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 30 August 2010.

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 securities 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 International Financial Reporting Standards ('IFRS').

New accounting standards and Interpretations

The Company has adopted all new and revised Australian Accounting Standards and AASB Interpretations that are relevant to its operations and effective for reporting periods beginning on 1 July 2009. The following standards have had an impact on the Company:

New or revised requirement	Effective for annual reporting periods beginning/ending on or after	More information	Impact on Company
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 has been adopted for the year ended 30 June 2010	The Company has adopted the revised terminologies for presentation of its financial statements in accordance with AASB 101.
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 has been adopted for the year ended 30 June 2010	The Company has revised its disclosure requirements in accordance with AASB 8, for the Company's operating segments as monitored by management.
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	Beginning 1 January 2009	This has been adopted for the year ended 30 June 2010	The adoption of this standard had no impact on the Company.

New or revised requirement	Effective for annual reporting periods beginning/ending on or after	More information	Impact on Company
eliminates reference to the expensing option in various other pronouncements.			
AASB 2008- 1 – Amendments to AASB2 "Share Based Payments" The amendment 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 has been adopted for the year ended 30 June 2010	The adoption of this standard had no impact on the Company.
AASB 2008-7: Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate This amends and clarifies the following standards AASB 101, AASB 118, AASB 127 & AASB 136 for the treatment of determining the cost of an investment in a subsidiary, jointly controlled entity or associate.	Beginning 1 January 2009	This has been adopted for the year ended 30 June 2010	The adoption of this standard had no impact on the Company.
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 changes affect the valuation of non-controlling interest, the accounting of transaction costs and the initial recognition and subsequent recognition of contingent considerations.	Beginning 1 July 2009	This has been adopted for the year ended 30 June 2010	These standards are applied prospectively and had no material impact on prior business combinations. The adoption has amended the accounting policy of business combinations for the Company.

The following Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Company for the year ended 30 June 2010:

New or revised requirement	Effective for annual reporting periods beginning/ending on or after	More information	Impact on Company
AASB 2009-5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project. Amendments are made to AASB 5, 8, 101, 107, 117, 118, 136 & 139.	Beginning 1 January 2010	This will be adopted for the year ending 30 June 2011.	Management does not anticipate any impact on adoption.
AASB 2009-8: Amendments to Australian Accounting Standards – Company Cash-settled Share-based Payment Transactions AASB 2. The amendments clarify the scope of AASB 2 by requiring an entity that receives goods or services	Beginning 1 January 2010	This will be adopted for the year ending 30 June 2011.	Management does not anticipate any impact on adoption.

New or revised requirement	Effective for annual reporting periods beginning/ending on or after	More information	Impact on Company
in a share-based payment arrangement to account for those goods or services no matter which entity in the Company settles the transaction, and no matter whether the transaction is settled in shares or cash. The amendments incorporate the requirements previously included in Interpretation 8 and Interpretation 11 and as a consequence these two Interpretations are superseded by the amendments.			
AASB 9: Financial Instruments and AASB 2009-11: Amendments to Australian Accounting Standards arising from AASB 9 *[AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12].* AASB 9 simplifies the classifications of financial assets into two categories: • Those carried at amortised cost; and • Those carried at fair value. Simplifies requirements related to embedded derivatives that exist in financial assets that are carried at amortised cost, such that there is no longer a requirement to account for the embedded derivative separately. Removes the tainting rules associated with held-to-maturity assets. Investments in unquoted equity instruments (and contracts on those investments that must be settled by delivery of the unquoted equity instrument) must be measured at fair value. However, in limited circumstances, cost may be an appropriate estimate of fair value.	Beginning 1 January 2013.	This will be adopted for the year ending 30 June 2014.	Management does not anticipate any impact on adoption.
AASB 2009-10: *Amendments to Australian Accounting Standards - Classification of Rights Issues.* Clarifies that rights options or warrants to acquire a fixed number of an entities own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro rata to all existing owners of the same class of its own non-derivative equity instruments.	Beginning 1 February 2010	This will be adopted for the year ending 30 June 2011.	Management does not anticipate any impact on adoption.

New or revised requirement	Effective for annual reporting periods beginning/ending on or after	More information	Impact on Company
AASB 2009-12: *Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052].* AASB 2009-12 makes amendments to a number of Standards and Interpretations. In particular, it amends AASB 8 *Operating Segments* to require an entity to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. It also makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB.	Beginning 1 January 2011	This will be adopted for the year ending 30 June 2012.	Management does not anticipate any impact on adoption.
Revised AASB 124: Related Party Disclosures (December 2009): Related Party Disclosures *(December 2009).* Simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition of a related party.	Beginning 1 January 2011	This will be adopted for the year ending 30 June 2012.	Management does not anticipate any impact on adoption.
Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments. Requires the extinguishment of a financial liability by the issue of equity instruments to be measured at fair value (preferably using the fair value of the equity instrument issued) with the difference between the fair value of the instrument and the carrying value of the liability extinguished being recognised in profit or loss. The Interpretation does not apply where the conversion terms were included in the original contract (such as in the case of a convertible debt) or to common control transactions.	Beginning 1 July 2010	This will be adopted for the year ending 30 June 2011.	Management does not anticipate any impact on adoption.

(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 credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Deferred income tax assets and liabilities are measured at the tax rates expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the 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 value, 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 statement of comprehensive income. 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 statement of financial position comprises of cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value. For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(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 statement of financial position are shown inclusive of GST. Cash flows are presented in the statement of cash flows 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. This is because directors consider that the fair value cannot be reliably measured.

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 nil (2009: $1,105,000) and an impairment loss on unlisted investments of $6,043,832 (2009: $2,720,000) has been recorded in the statement of comprehensive income.

Note 2 Revenues from Ordinary Activities

	30 June 2010 $'000	30 June 2009 $'000
Finance revenue – bank	62	303
Profit on sale of financial assets	901	-
Fair value movement on financial assets	257	-
	1,220	303

Note 3 Income Tax

Major components of income tax expense for the years ended 30 June 2010 and 2009 are:

	30 June 2010 $'000	30 June 2009 $'000
Statement of Comprehensive Income		
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	-	-
Income tax expense reported in the statement of comprehensive income	-	-
Statement of changes in equity		
Deferred Income Tax		
Unrealised gain on available for sale financial assets	-	-
Income tax benefit reported in equity	-	-

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 2010 and 2009 is as follows:

	30 June 2010 $'000	30 June 2009 $'000
Accounting profit (loss) before tax from continuing operations	(5,707)	(4,333)
Loss before tax from discontinued operations	-	-
Accounting profit (loss) before income tax	(5,707)	(4,333)
At the statutory income tax rate of 25% (2009: 25%)	(1,427)	(1,083)
Adjustments in respect of current income tax of previous years	-	-
Expenditure not allowable for income tax purposes	1,471	956
Temporary differences and tax losses not brought to account as a deferred tax asset	(44)	127
At effective income tax rate of (0%) (2009: (0%))	-	-
Income tax expense reported in statement of comprehensive income	-	-
Income tax attributable to discontinued operation	-	-
	-	-

Note: The tax rate of 25% is because the Company has Pooled Development Fund status.

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2010 $'000	2009 $'000	2010 $'000	2009 $'000	2010 $'000	2009 $'000
Fair value adjustments of investments	-	-	-	-	-	-
Capital raising costs	-	-	-	-	-	-
Tax (assets) liabilities	-	-	-	-	-	-
Set off of tax	-	-	-	-	-	-
Net tax (assets) liabilities	-	-	-	-	-	-

	30 June 2010 $'000	30 June 2009 $'000
Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in respect of the following items:		
Tax Losses	1,860	1,904
Other	4	3
Investments	267	1,034
Investment Provision	1,314	408
	3,445	3,349

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 deferred tax assets / liabilities

	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	-	-	-	-
	-	-	-	-

	Balance 1 July 2009 $'000	Recognised in Income $'000	Recognised in Equity $'000	Balance 30 June 2010 $'000
Fair value adjustments of investments	-	-	-	-
Capital raising costs	-	-	-	-
	-	-	-	-

Note 4 Cash and cash equivalents

	30 June 2010 $'000	30 June 2009 $'000
Cash at bank and on hand	164	159
Term Deposits	2,005	2,021
	2,169	2,180

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 2010 $'000	30 June 2009 $'000
Investment receivable	96	-
Provision for non recovery of receivable	(96)	-
GST recoverable	10	11
	10	11

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 2010 $'000	30 June 2009 $'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 2010 $'000	30 June 2009 $'000
Current		
Investment in listed companies – at market value	2,614	-
Investment in Convertible Notes – listed company	1,478	-
Investment in unlisted Companies – at fair value	7,201	-
Investments in Convertible Notes – unlisted companies	235	-
Less impairment loss on unlisted investments	(2,120)	-
Total Available for sale Financial Assets	9,408	-
Non Current		
Investment in listed companies – at market value	-	3,332
Investment in Convertible Notes – listed company	-	1,167
Investment in unlisted Companies – at fair value	9,563	16,764
Investments in Convertible Notes – unlisted companies	1,631	1,866
Less impairment loss on unlisted investments	(6,643)	(2,720)
Total Available for sale Financial Assets	4,551	20,409

Available for sale financial assets consist of investments in ordinary shares or convertible notes into ordinary shares.

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's best estimate of information available, the Board decided to record an impairment loss. An impairment loss on unlisted investments of $6,043,832 (2009: $2,720,000) has been recorded in the statement of comprehensive income.

Summary of changes in investments available for sale	30 June 2010 $'000	30 June 2009 $'000
Opening	20,409	22,117
Acquisitions	-	2,117
Impairment loss on unlisted investments	(6,044)	(2,720)
Disposals	(1,018)	-
Revaluations	612	(1,105)
Closing	13,959	20,409

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 Continara, 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 2010 $'000	30 June 2009 $'000
Managers fees payable – director related entity	41	47
Director fees payable	-	-
Trade Creditors	5	17
Audit fees payable	14	13
	60	77

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

Note 9 Issued Capital

	2010 Shares	2010 $'000	2009 Shares	2009 $'000
(a) Ordinary Shares Issued and fully paid	74,554,108	39,339	81,909,505	41,283

(b) Movements in ordinary shares on issue:

Date	Details	2010 No. of Shares	2010 Issue Price	2010 $'000	2009 No. of Shares	2009 Issue Price	2009 $'000
30/06/2009	Opening Equity	81,909,505		41,283	84,039,505		41,637
July 2009 to June 2010	Share Buy-Back/Cancellation	(7,355,397)		(1,944)	(2,130,000)		(354)
		(7,355,397)		(1,944)	(2,130,000)		(354)
30/06/2010	Closing Equity	74,554,108		39,339	81,909,505		41,283

(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 2010 $'000	30 June 2009 $'000
Retained profits/(Accumulated losses) at the beginning of the financial year	(17,909)	(13,576)
Net Profit (Loss)	(5,707)	(4,333)
Retained profits/(Accumulated losses) at the end of the financial year	(23,616)	(17,909)

Note 11 Reserves

	30 June 2010 $'000	30 June 2009 $'000
Net Unrealised Gains Reserve	355	-
	355	-

Net Unrealised Gains Reserve Movements During the Year

Opening Balance	-	-
Net revaluation increment on listed investments, net of 15% tax	355	-
Closing Balance	355	-

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 gain on listed investments reflects market value at 30 June 2010. During the year, all unrealised impairment losses have been taken directly to the statement of comprehensive income. 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 (Loss) after Income Tax to the Net Cash Flow from Operating Activities

	30 June 2010 $'000	30 June 2009 $'000
Operating (loss) after income tax	(5,707)	(4,333)
Adjustment for:		
Provision for Loss on Unlisted Investments	6,044	2,720
Unrealised Impairment Loss on Listed Investments	-	1,105
Fair Value Movement in Investments	(257)	-
Provision for Non recovery of receivable	96	-
Profit on Sale of Investments	(901)	-
Changes in assets and liabilities:		
(Increase) / Decrease in trade and other debtors	-	1
(Decrease) / Increase in trade and other payables	(15)	(1)
Net cash flow from operating activities	(740)	(508)

Note 13 Subsequent Events

On 12 August 2010, the Company announced it was adopting a change in investment strategy and restructuring. The Board believes the current portfolio should be liquidated in an orderly manner over the next 18 months with proceeds being returned to shareholders through a combination of dividends and other capital management strategies.

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 (resigned 12 August 2010)
A.J.Davidson – non executive
H.Karelis – Managing Director
(ii) Executives
None noted.

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

2010	**Short term employee benefits**	**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)	-	20,000	-	-	20,000
H.Karelis Managing Director (see note 16(c))	515,409	-	-	-	515,409
Total Remuneration	535,409	40,000	-	-	575,409

2009	**Short term employee benefits**	**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) resigned 19/11/2008	7,026	695	-	-	7,721
Total Remuneration	580,196	35,695	-	-	615,891

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 (2009 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 2010

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

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

Note 15 Remuneration of Auditors

	30 June 2010 $	30 June 2009 $
PKF		
Remuneration for audit or review of the financial statements	10,970	27,005
Remuneration for non-audit - taxation and other services	4,190	13,900
DTT		
Remuneration for audit or review of the financial statements	14,500	-
Remuneration for non-audit - taxation and other services	-	-

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.

	2010 Number	2009 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.

	2010 Number	2009 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 investment 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 2010 the management fees paid were $515,409 (2009: $548,170).

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 Operating Segments

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 and 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 2010

	Balance $'000	**Interest Rate**	**Weighted Average Effective Interest Rate**
Financial Assets			
Cash	164	Floating	4.30%
Term deposits – cash equivalents	2,005	Floating	5.39%
Term deposits – held to maturity financial assets	-	Floating	-
Receivables	10	N/A	-
Available for sale financial assets:			
Listed investments	4,093	N/A	
Unlisted investments	9,866	N/A	
Total financial assets	16,138		
Financial liabilities -			
Payables	60	N/A	-
Total financial liabilities	60		
Net Financial Assets	16,078		

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	4,204	N/A	
Unlisted investments	16,205	N/A	
Total financial assets	23,451		
Financial liabilities -			
Payables	77	N/A	-
Total financial liabilities	77		
Net Financial Assets	23,374		

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 2009.

		Profit or loss		Equity	
	Carrying Value	100bp increase	100bp decrease	100bp increase	100bp decrease
30 June 2010	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	164	2	(2)	2	(2)
Term deposits – cash equivalents	2,005	20	(20)	20	(20)
Cash flow sensitivity (net)		22	(22)	22	(22)
30 June 2009					
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)

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 2010	$'000	$'000	$'000
Trade and other payables	60	60	60
	60	60	60
	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

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 equity prices
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 2009. In 2009 and 2010, 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.

	Carrying Value	Profit or loss 20% increase	Profit or loss 20% decrease	Equity 20% increase	Equity 20% decrease
30 June 2010	$'000	$'000	$'000	$'000	$'000
Available for sale financial assets:					
Listed investments	4,093	-	(819)	819	(819)
Unlisted investments	9,866	-	-	-	-
		-	(819)	819	(819)
30 June 2009					
Available for sale financial assets:					
Listed investments	4,204	-	(841)	841	(841)
Unlisted investments	16,205	-	-	-	-
		-	(841)	841	(841)

Impairment losses
An impairment loss of nil (2009: $1,105,496) was recognised in respect of listed available for sale investments due to significant decline in the securities market during the period.

Capital risk management
The Company objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The management of the Company's capital is performed by the Board. The company is not subject to externally imposed capital requirements. The Company's overall strategy remains unchanged from 2009.
The capital structure of the Company consists of cash and cash equivalents and equity attributable to equity holders, comprising issued capital, reserves and retained earnings. Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax and general administrative outgoings.

	30 June 2010 $'000	30 June 2009 $'000
Categories of financial instruments		
Financial assets		
Cash and cash equivalents	2,169	2,180
Trade and other receivables	10	11
Held to maturity financial assets	-	851
Available for sale financial assets	13,959	20,409
Financial liabilities		
Trade and other payables	60	77

Note 19 Earnings/(Loss) Per Share

	30 June 2010	30 June 2009
Basic earnings/(loss) per share, based on the after tax benefit loss of ($5,707,288) (2009: ($4,333,491))	(7.28) cents per share	(5.18) cents per share
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	78,345,124 shares	83,716,898 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 Dividends

On 30 August 2010, the directors declared an unfranked final dividend of 2 cents per share to the holders of fully paid ordinary shares in respect of the financial year ended 30 June 2010. This dividend has not been included as a liability in these financial statements. The dividend will be paid to all shareholders on the Register of Members on 9 September 2010. The total estimated dividend to be paid is $1,491,000.

Note 21 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 (2009: nil). The basis of the performance fee calculation has been described in Note 16. No liability has been recognised in respect to this.