

Appendix 4D

Half Year Report to the Australian Stock Exchange

Name of Entity	BioTech Capital Limited
ABN	45 091 979 172
Half Year Ended	31 December 2010
Previous Corresponding Reporting Period	31 December 2009

Results for Announcement to the Market

	\$'000	Percentage increase / (decrease) over previous corresponding period
Revenue from ordinary activities	235	312%
Profit / (loss) from ordinary activities after tax attributable to members	(1,237)	(346.7)%
Net profit / (loss) for the period attributable to members	(1,237)	(346.7)%
Dividends (distributions)	Amount per security	Franked amount per security
Final Dividend 30/6/10	2 cents	Nil
Interim Dividend	Nil	Nil
Record date for determining entitlements to the dividends (if any)	N/A	
Brief explanation of any of the figures reported above necessary to enable the figures to be understood:		
<p>Loss for the half year ended 31 December 2010 includes an impairment of goodwill of \$766,000 (2009: Nil) from the acquisition of Titan Bioventures Management Pty Ltd and an impairment of unlisted investments of Nil (2009: \$1,500,000).</p> <p>A dividend was paid for the year ended 30 June 2010 of \$1,491,500 (2009: Nil).</p>		

Dividends

Date the dividend is payable	N/A
Record date to determine entitlement to the dividend	N/A
Amount per security	N/A
Total dividend	N/A
Amount per security of foreign sourced dividend or distribution	N/A
Details of any dividend reinvestment plans in operation	N/A
The last date for receipt of an election notice for participation in any dividend reinvestment plans	N/A

NTA Backing

	Current Period	Previous corresponding period
Net tangible asset backing per ordinary security	17.5 cents	32.6 cents

Control Gained Over Entities Having Material Effect

Name of entity (or group of entities)	100% interest in Titan Bioventures Management Pty Ltd
Date control gained	28 October 2010
Consolidated profit / (loss) from ordinary activities since the date in the current period on which control was acquired	Nil
Profit / (loss) from ordinary activities of the controlled entity (or group of entities) for the whole of the previous corresponding period	\$33,751

Loss of Control Gained Over Entities Having Material Effect

Name of entity (or group of entities)	None
Date control lost	N/A
Consolidated profit / (loss) from ordinary activities for the current period to the date of loss of control	N/A
Profit / (loss) from ordinary activities of the controlled entity (or group of entities) while controlled for the whole of the previous corresponding period	N/A

Details of Associates and Joint Venture Entities

Name of Entity	Percentage Held		Share of Net Profit	
	Current Period	Previous Period	Current Period	Previous Period
None	N/A	N/A	N/A	N/A
Aggregate Share of Net Profits	N/A	N/A	N/A	N/A

Foreign Entities Accounting Framework

For foreign entities provide details of which accounting standards have been adopted (e.g. International Accounting Standards)

N/A

Audit/Review Status

This report is based on accounts to which one of the following applies:
(Tick one)


The accounts have been audited	<input type="checkbox"/>	The accounts have been subject to review	<input checked="" type="checkbox"/>
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If the accounts are subject to audit dispute or qualification, a description of the dispute or qualification:

The auditors have issued a qualified review conclusion on the half-year financial report in relation to the unlisted investments held at directors' valuations. The auditor's has been unable to satisfy themselves as to the recoverable amount of the unlisted available for sale financial assets.

Attachments Forming Part of Appendix 4D

Attachment #	Details
1	Interim Financial Report

Signed By Company Secretary	
Print Name	Baden M Bowen
Date 22 February 2011	

BIOTECH CAPITAL LIMITED

ABN 45 091 979 172

HALF-YEAR FINANCIAL REPORT

FOR THE HALF YEAR ENDED

31 DECEMBER 2010

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BIOTECH CAPITAL LIMITED ABN 45 091 979 172

CORPORATE DIRECTORY

Principal and registered office in Australia	BioTech Capital Limited Level 9, The Quadrant 1 William Street PERTH WA 6000 T +61 413 056 328 F +61 8 9327 1778
Directors	Kathryn Therese Greiner Harry Karelis Alastair John Davidson
Company Secretary	Baden Maxwell Bowen
Bankers	Westpac Banking Corporation
Share Register	Advanced Share Registry 110 Stirling Highway NEDLANDS WA 6009 PO Box 1156 NEDLANDS WA 6909 T (08) 9389 8033 F (08) 9389 7871
Auditor	Deloitte Touche Tohmatsu Level 14, Woodside Plaza 240 St Georges Terrace PERTH WA 6000
Solicitors	Dibbs Barker Level 8, Angel Place 123 Pitt Street SYDNEY NSW 2000
Internet Address	www.biotechcapital.com.au

BIOTECH CAPITAL LIMITED ABN 45 091 979 172

HALF-YEAR FINANCIAL REPORT

DIRECTOR'S REPORT

Your directors submit the financial report of the economic entity for the half-year ended 31 December 2010.

Directors

Kathryn Therese Greiner
Harry Karelis
Alastair John Davidson
Antony Basten (Resigned 12 August 2010)

Review of Operations

The following is a review of operations for the six-month period to 31 December 2010:

The loss of \$1,237,000 (2009: \$277,000) includes an impairment of goodwill of \$766,000 (2009: Nil) and an impairment of unlisted investments of Nil (2009: \$1,500,000).

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 with proceeds being returned to shareholders through a combination of dividends and other capital management strategies including but not limited to share buybacks and in specie distributions. As part of this strategy, the company has disposed of its investment in Alchemia Limited during the period.

On 28 October 2010, the company acquired a 100% interest in Titan Bioventures Management Pty Ltd for the purpose of internalising the management arrangements of the Company. The management contract with Titan Bioventures Management Pty Ltd has now been terminated.

Dividends

In respect of the financial year ended 30 June 2010, a final dividend of 2 cents per share unfranked was paid to the holders of fully paid ordinary shares on 13 September 2010, totalling \$1,492,000 (2009: Nil).

BIOTECH CAPITAL LIMITED ABN 45 091 979 172

HALF-YEAR 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 22nd day of February 2011

The Board of Directors
BioTech Capital Limited
Level 9 The Quadrant Building
1 William Street
PERTH WA 6000

22 February 2011

Dear Board Members

BioTech Capital 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 BioTech Capital Limited.

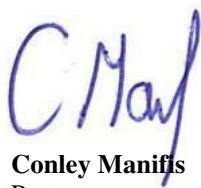
As lead audit partner for the review of the half-year financial statements of BioTech Capital Limited for the period ended 31 December 2010, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (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



Conley Manifis
Partner
Chartered Accountants

BIOTECH CAPITAL LIMITED ABN 45 091 979 172

**CONDENSED CONSOLIDATED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2010**

	31 December 2010 \$000's	31 December 2009 \$000's
Revenue from continuing operations (Note 2)	235	57
Other gains and losses (Note 2)	(404)	1,601
Expenses from continuing operations		
Management fees	(84)	(272)
Director fees	(22)	(30)
Other expenses	(196)	(133)
Impairment of goodwill (Note 7)	(766)	-
Impairment loss on unlisted Investments (Note 6)	-	(1,500)
Total expenses from continuing operations	(1,068)	(1,935)
Loss from continuing operations before income tax expense	(1,237)	(277)
Income tax benefit (expense) relating to continuing operations	-	-
Net Loss from continuing operations after income tax	(1,237)	(277)
Other comprehensive income		
Net fair value gains (losses) on available for sale financial assets	(283)	3,367
Income tax on items of other comprehensive income	-	-
Other comprehensive income for the period, net of tax	(283)	3,367
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(1,520)	3,090
Basic earnings per share (cents per share)	(1.66)	(0.34)
Diluted earnings per share (cents per share)	(1.66)	(0.34)

The accompanying notes form part of this financial report.

BIOTECH CAPITAL LIMITED ABN 45 091 979 172

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010**

	31 December 2010	30 June 2010
	\$000's	\$000's
CURRENT ASSETS		
Cash and cash equivalents	829	2,169
Trade and other receivables	11	10
Deferred tax assets	-	-
Financial assets (Note 3)	12,872	9,408
TOTAL CURRENT ASSETS	13,712	11,587
NON-CURRENT ASSETS		
Financial assets (Note 3)	-	4,551
TOTAL NON-CURRENT ASSETS	-	4,551
TOTAL ASSETS	13,712	16,138
CURRENT LIABILITIES		
Trade and other payables	158	60
Current tax liabilities	-	-
TOTAL CURRENT LIABILITIES	158	60
NON-CURRENT LIABILITES		
Other payables	488	-
TOTAL NON-CURRENT LIABILITIES	488	-
TOTAL LIABILITIES	646	60
NET ASSETS	13,066	16,078
EQUITY		
Issued Capital (Note 4)	39,339	39,339
Accumulated Losses	(26,345)	(23,616)
Reserves	72	355
TOTAL EQUITY	13,066	16,078

The accompanying notes form part of this financial report

BIOTECH CAPITAL LIMITED ABN 45 091 979 172

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2010**

	31 December 2010 \$000's	31 December 2009 \$000's
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	33	41
Other income received	-	15
Management fees paid	(127)	(267)
Payments to suppliers	(217)	(140)
Net cash (used in) operating activities	(311)	(351)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	602	-
Payments for investments in subsidiary	(139)	-
Net cash from investing activities	463	-
CASH FLOW FROM FINANCING ACTIVITIES		
Share buyback payment	-	(1,258)
Dividend paid	(1,492)	-
Net cash (used in) financing activities	(1,492)	(1,258)
Net (decrease) in cash held	(1,340)	(1,609)
Cash at 1 July 2010	2,169	3,031
Cash at 31 December 2010	829	1,422

The accompanying notes form part of this financial report

BIOTECH CAPITAL LIMITED ABN 45 091 979 172

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2010**

	Issued Capital	Retained Earnings (Accumulated Losses)	Other Reserves	Total
	\$'000	\$'000	\$'000	\$'000
At 1 July 2009	41,283	(17,910)	-	23,373
Profit (loss) for the period	-	(277)	-	(277)
Other comprehensive income	-	-	3,367	3,367
Total comprehensive income for the period	-	(277)	3,367	3,090
Transactions with owners in their capacity as owners				
Share Buyback Program	(1,258)	-	-	(1,258)
At 31 December 2009	40,025	(18,187)	3,367	25,205
At 1 July 2010	39,339	(23,616)	355	16,078
Profit (loss) for the period	-	(1,237)	-	(1,237)
Other comprehensive income	-	-	(283)	(283)
Total comprehensive income for the period	-	(1,237)	(283)	(1,520)
Dividend paid	-	(1,492)	-	(1,492)
At 31 December 2010	39,339	(26,345)	72	13,066

The accompanying notes form part of this financial report

BIOTECH CAPITAL LIMITED ABN 45 091 979 172

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF
YEAR ENDED 31 DECEMBER 2010**

Note 1: Significant Accounting Policies

Basis of Preparation

The financial report of BioTech Capital Limited and its subsidiary for the half-year ended 31 December 2010 was authorised for issue in accordance with a resolution of the directors on 8 February 2011. 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. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS 34 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 2010 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 2010 annual report, except for the adoption of amending standards mandatory for annual periods beginning on or after 1 July 2010, 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.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

BIOTECH CAPITAL LIMITED ABN 45 091 979 172

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF
YEAR ENDED 31 DECEMBER 2010**

Note 1: Significant Accounting Policies (continued)

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interests of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Business Combination

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant Standards. Changes in the fair value of contingent consideration classified as equity are not recognised.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF
YEAR ENDED 31 DECEMBER 2010**

Note 1: Significant Accounting Policies (continued)

Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Changes in Accounting Policies and Disclosures

In the half-year ended 31 December 2010, 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 2010. The company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to their operations and are effective for the current financial reporting period. 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.

BIOTECH CAPITAL LIMITED ABN 45 091 979 172

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF
YEAR ENDED 31 DECEMBER 2010

Note 1: Significant Accounting Policies (continued)

Accounting Standards and Interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the consolidated entity for the half year ending 31 December 2010. Management are in the process of assessing the impact of the adoption of these standards and interpretations on the consolidated entity.

Note 2: Revenue from continuing operations

	31 December 2010 \$000's	31 December 2009 \$000's
Revenue from continuing operations		
Other Revenue	235	57
Total revenue from continuing operations	235	57
Other gains and losses		
Net (loss) / gain arising on financial assets designated as fair value through profit and loss	(404)	1,601
Total other gains and losses	(404)	1,601

Note 3: Financial Assets

	31 December 2010 \$000's	30 June 2010 \$000's
Current		
Available for Sale Financial Assets:		
Investment in listed companies – at fair value	1,776	2,614
Investment in unlisted Companies – at directors' valuation	9,867	5,316
Total Available for sale Financial Assets	11,643	7,930
Financial Assets held at Fair Value through Profit and Loss		
Investment in Convertible Notes – listed company	1,229	1,478
Total Financial Assets held at Fair Value through Profit and Loss	1,229	1,478
Total Current Financial Assets	12,872	9,408
Non Current		
Available for Sale Financial Assets:		
Investment in unlisted Companies – at directors' valuation	-	4,551
Total Available for sale Financial Assets	-	4,551
Total Non Current Financial Assets	-	4,551

BIOTECH CAPITAL LIMITED ABN 45 091 979 172

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF
YEAR ENDED 31 DECEMBER 2010**

Note 3: Financial Assets (continued)

On 12 August 2010, the Company announced it was adopting a change in investment strategy and restructuring. It is currently the Board's intention to liquidate the current portfolio in an orderly manner over the next 12 months with proceeds being returned to shareholders through a combination of dividends and other capital management strategies including but not limited to share buybacks and in specie distributions. As a result of the change in investment strategy, all financial assets have been classified as current. The Board acknowledges, due to the nature and liquidity of their unlisted investments, that realisation of these investments may take longer than 12 months.

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 are determined by directors valuations, which is based on their experience in the industry and the average realisable value in the short to medium term based on their change in investment strategy. The directors' have used assumptions, such as impacts on estimated cash flows, project updates and other market data available in determining their valuation of unlisted investments.

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 not to record any impairment loss for the period.

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.

BIOTECH CAPITAL LIMITED ABN 45 091 979 172

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF
YEAR ENDED 31 DECEMBER 2010**

Note 4: Issued Capital

	31 December 2010 \$000's	30 June 2010 \$000's
Opening Balance	39,339	41,283
Share Buyback / Cancellation	-	(1,944)
Closing Balance	39,339	39,339

Note 5: Contingent Liabilities

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

Note 6: Impairment Loss on Unlisted Investments

The Directors reviewed the unlisted investments and decided to record an impairment loss of \$nil (2009: \$1,500,000) for the half-year ended 31 December 2010.

Note 7: Acquisition of Subsidiary

BioTech Capital Limited (BTC) acquired Titan Bioventures Management Pty Ltd (TBVM) on 28 October 2010 for the purpose of internalising the management arrangements of the Company. The consideration payable are cash of \$416,000 over the next two years and a contingent amount estimated at \$350,000, totalling \$766,000. The contingent amount requires BTC to pay the vendors an amount depending of the timing of the exit of their investments on or before 30 September 2012 as agreed in the Share and Unit Purchase Deed. The exact amount of this contingent value will be determined when information allows this over the next 12 to 24 months.

The only asset owned by TBVM at acquisition was the management contract. However this has no value as the contract has been cancelled on acquisition by BTC and the management function has been internalised in BTC. Therefore, as at acquisition date, TBVM has no assets or liabilities and no operations.

Hence, goodwill arising on acquisition of \$766,000 has been impaired by the board of directors to nil value and an impairment of \$766,000 recorded in the statement of comprehensive income.

Note 8: Key Management Personnel

Remuneration arrangements of key management personnel are disclosed in the annual financial report. During the period, at the time of the acquisition of Titan Bioventures Management Pty Ltd, the management agreement for the services of Harry Karelis (Managing Director) was terminated and he became an employee of the company, receiving a salary of \$42,000 per annum (including superannuation).

BIOTECH CAPITAL LIMITED ABN 45 091 979 172

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF
YEAR ENDED 31 DECEMBER 2010**

Note 9: Subsequent Events

Subsequent to year end, the company has sold 11,903,000 shares in Phylogica Limited on market for consideration of \$923,000 as part of the investment strategy as disclosed in note 3 above.

Other than this, no matters have arisen between the end of the half-year ended 31 December 2010 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 10: Operating Segments 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.

BIOTECH CAPITAL LIMITED ABN 45 091 979 172

DIRECTOR'S DECLARATION

In the opinion of the directors:

1. The financial statements and notes of the consolidated entity, are in accordance with the Corporations Act 2001:
 - a) Comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
 - b) give a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date.
2. 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 22nd day of February 2011

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 statement of financial position as at 31 December 2010, and the condensed statement of comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 7 to 18.

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 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 consolidated entity's financial position as at 31 December 2010 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.

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 BioTech Capital Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Basis for Qualified Conclusion

As disclosed in Note 3 to the half-year financial report, the consolidated entity has within current available for sale financial assets, investments in unlisted companies at directors' valuations with carrying values as at 31 December 2010 of \$9,867,000 ("the assets"). As set out in Note 3, the directors have valued the assets based on their experience in the industry and the average realisable value in the short to medium term based on their change in investment strategy. Australian Accounting Standard AASB 136 "*Impairment of Assets*", requires an asset to be carried at no more than its recoverable amount. We have been unable to obtain sufficient appropriate audit evidence of the recoverable amount of the assets and, accordingly, we have been unable to determine whether the recoverable amount of the assets is at least equal to their carrying value. In the event that the carrying value of the assets exceeds their recoverable amount, it would be necessary for the carrying value of the assets to be written down to their recoverable amount.

Qualified Conclusion

Based on our review, which is not an audit, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the recoverable amount of these assets, 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 consolidated entity's financial position as at 31 December 2010 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

Conley Manifis

Partner

Chartered Accountants

Perth, 22 February 2011