

2011 Annual General Meeting



9 November 2011, Sydney

Outline

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- Outlook
- Background Information

Year in Review – Macro

- Global economic growth showing signs of slowdown
- Concern over GFC Mark II weighing on investors
- Excessive sovereign debt levels and default concerns whip-sawing markets
- Extreme volatility across many asset classes (equities, bonds, currencies, commodities, precious metals) means investors remaining on the side-lines
- Social unrest continues in countries where austerity measures are being implemented

Year in Review – Macro

- Asia-Pacific growth remains solid although concerns over global recessionary conditions undermining confidence
- Individuals in Australia continue to reduce debt levels moderating spending
- Continued investment in mega-projects (eg. Wheatstone) lays solid fundamentals for the future but the “two-speed” economy is real
- Political fragility not helping
- Interest in life-science opportunities remains muted

Activities & Focus

- Commenced the year with nine investments, now reduced to five
 - Sale of holdings in Alchemia, Phylogica and Pacific Knowledge Systems
 - Voluntary liquidation of Continara
- Three separate dividends paid totalling 8 cents per share
- Remaining five holdings expected to be realised over the next 12 months
 - All mechanisms will be considered including on market sales, in specie distributions, trade sales, management buy-out etc etc
- Focus is on the orderly sale of assets
- No new investments will be made
- Overheads maintained at very low levels
- Realised proceeds will be returned to shareholders as dividends or capital returns

Portfolio companies



BTC Portfolio *(as at 31 Oct 2011)*

31 October 2011		Cost Price		Board Valuation ¹		Market Valuation ²	
Company	ASX Code	Cost Price	Cents per BTC share	Current Value*	Cents per BTC share	Current Value*	Cents per BTC share
LISTED SECURITIES							
1 Neurodiscovery	NDL	\$ 1,500,000	2.01c	\$ 293,824	0.39c	\$ 326,471	0.44c
1a Neurodiscovery options	NDLO	\$ 44,118	0.06c	\$ 15,882	0.02c	\$ 17,647	0.02c
TOTAL LISTED SECURITIES		\$ 1,544,118	2.07c	\$ 309,706	0.42c	\$ 344,118	0.46c
UNLISTED SECURITIES							
2 Biocomm		\$ 1,235,701	1.66c	\$ 1,235,701	1.66c	\$ 1,235,701	1.66c
3 Generic Health		\$ 2,200,000	2.95c	\$ 2,200,000	2.95c	\$ 2,200,000	2.95c
4 Sensear		\$ 3,116,761	4.18c	\$ 5,008,475	6.72c	\$ 5,008,475	6.72c
5 XRT		\$ 5,625,000	7.54c	\$ -	0.00c	\$ -	0.00c
General Provision			0.00c	-\$ 1,033,668	-1.39c	-\$ 1,033,668	-1.39c
TOTAL UNLISTED SECURITIES		\$ 12,177,463	16.33c	\$ 7,410,509	9.94c	\$ 7,410,509	9.94c
Cash		\$ 757,497	1.02c	\$ 757,497	1.02c	\$ 757,497	1.02c
Tax Provision		\$ -	0.00c	\$ -	0.00c	\$ -	0.00c
TOTAL		\$ 14,479,077	19.42c	\$ 8,477,712	11.37c	\$ 8,512,124	11.42c

¹ Board Valuation as defined by BioTech Capital's Investment policy including provision for tax

² Market Valuation removes any discounts on holding value and still includes provision for tax

Portfolio Updates - Exits

Alchemia Ltd (ASX:ACL)

- Remaining stake sold on-market in several tranches over the course of several months.

Pacific Knowledge Systems Pty Ltd

- Holding sold as part of a 100% takeover of the company by a Sydney-based private family investment group. The acquisition was made possible by the decision of the three major shareholders to collectively pursue an exit.

Phylogica Ltd (ASX:PYC)

- Stake sold on-market in several tranches with the final line of shares disposed of in May 2011.

Portfolio Updates - Exits

Continara Ltd

- Placed into member's voluntary liquidation on 7th June 2011.
- This outcome followed extensive and exhaustive attempts at securing additional capital or a viable partnering opportunity with industry players. Considerable time and effort was expended in pursuit of these objectives over the preceding 18 months including:
 - Appointing a North American based healthcare investment bank to pursue industry players around the globe
 - Working with one of Australia's largest stockbroking firms in pursuit of an initial public offering on the Australian Stock Exchange
 - Reaching very advanced discussions with a listed "shell" company that had seen its original healthcare business fail, and were therefore considering other opportunities, only to have that company withdraw at the final stages due to them becoming insolvent and the desire of their Board to quickly raise funds to cover their liabilities
 - Pursuing a second set of discussions with another listed "shell" company that failed during due diligence
 - Working with a UK-based healthcare consulting group to pursue discussions with European-based industry players including family owned healthcare businesses
- Despite this considerable effort it proved impossible to secure a viable path forward and despite best endeavours all known avenues of funding and partnering opportunities were exhausted.

Portfolio Updates

Generic Health Pty Ltd

- Has a focus on becoming a sustainable low cost supplier of key pharmaceutical products undergoing patent expiry. The company has since established a number of exclusive supply agreements for the Australian market and now has an extensive product portfolio of approved and in development molecules across the hospital and retail divisions.
- Major shareholder is Lupin Ltd – a top 5 Indian pharmaceutical company - provides the company with significant access to resources in pursuing its business plan.
- Recently acquired the rights to the established "Goanna" range of products that include Arthritis Cream, Heat Cream, Liniment and Balm as well as Tea Tree Oil and Eucalyptus Oil products. Part of the rationale of acquiring this brand was in providing access to a significant number of pharmacies that Generic Health previously had limited exposure to.
- The generics industry remains attractive, albeit very competitive, as many more key molecules will come off patent over the next few years and Generic Health is positioned well to benefit from this industry growth with the backing of a major industry player.

Portfolio Updates

Biocomm Services Pty Ltd

- Biocomm has disposed of its stake in Hatchtech and is attempting to dispose of its last material investment being its shares in Relevare which is attempting to secure new capital to fund the next stage of its development.
- At this stage, the current market volatility and general aversion to IPOs of any sort suggests any possible IPO of Relevare is not likely in the short term
- The Board of Biocomm intends to return realised funds to its shareholders once greater certainty on the position with the Relevare stake is achieved.

Neurodiscovery Ltd (ASX:NDL)

- The company has for some time been exploring potential restructuring opportunities to identify a sustainable platform from which to generate future shareholder wealth.
- Our strategy is to hold our shares until the NDL Board has secured an attractive opportunity and benefit from the expected re-rating at that time.

XRT Ltd

- XRT is presently exploring potential partnering/trade sale opportunities to place the innovative intellectual property portfolio in the hands of better-resourced companies to better exploit the market opportunities.
- A decision from any trade buyer is likely before the end of 2011.
- The company is likely to be wound up in the absence of any trade sale outcome

Portfolio Updates

Sensear Pty Ltd

- Has developed innovative communication devices that can operate in high-noise environments that enables speech communication to be heard without the need to remove hearing protection. The Sensear technology has numerous applications in industrial, commercial and social environments and works by isolating and enhancing speech whilst at the same time suppressing background noise to a safe level.
- The company continues to roll out its innovative suite of products to a diverse range of markets around the world and now has in excess of 100 distributors in place covering many of the world's leading geographic and industry markets. The product range provides solutions which enable face to face, mobile-phone and two-way radio communication.
- During the year the company developed and achieved regulatory clearance for a new "intrinsically safe" certified product range. This has particular application in markets where ignition risk exists (through sparking) such as in the petrochemical sector. Market acceptance of this product range has been very strong driving solid growth in turnover.
- The client base now includes many of the world's brand-name companies in a variety of sectors including mining, oil & gas, power & utilities, aviation, defence, railways and the automotive sector.
- The company recently celebrated its 5th anniversary and appears to have very solid foundations to move to the next level of its development.

Outlook

- Capital market sentiment remains muted and IPOs are unlikely
- Firmly focused on exiting portfolio holdings in an orderly manner and for fair prices – trade sales the focus
- Capital will be returned to shareholders as and when funds are realised
- Costs will be maintained at existing low levels
- Board remains receptive to any restructuring proposals following the portfolio liquidation.

Thank you for your attendance

Background information

Pooled Development Fund Status

- BTC has since inception been registered as a PDF
 - Provides investors certain tax benefits
 - Imposes several investment restrictions on the fund
- Seeking approval to provide Board discretion to de-register as a PDF if in the best interests of shareholders at the time
- Shareholders approved similar resolution last year
- Seeking to renew approval to ensure flexibility maintained

Pooled Development Fund Status

- Other issues to consider include:
 - Existing investments will not be impacted
 - Certain tax benefits under the PDF Act will no longer be available to the Fund or to shareholders
 - The Board is seeking discretion in the timing of relinquishing PDF status and as such will aim to do so at a time that it believes is in the best interest of shareholders
- No legal requirement for shareholder approval
- However, Board wanted to ensure that shareholders had a chance to vote via an ordinary resolution

Capital Structure

- Ordinary shares (BTC):
 - 74,554,108

- Substantial shareholders :
 - Select Asset Management: 29.8%
 - Lazard Asset Management: 8.9%
 - Top 20 hold 48%

- 3,396 shareholders

Links

- www.sensear.com
- <http://www.youtube.com/hearspeech#p/u/2/1eMsMoIOYQk>