Financial Report - 30 June 2012

Contents

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
1 Edmondson Crescent
KARRINYUP WA 6018

Statement of Comprehensive Income
For the year ended 30 June 2012

	Notes	2012 $	2011 $
Revenue from continuing operations	2	**52,577**	**85,839**
Management fees	15(c)	-	(85,484)
Directors fees		(40,000)	(42,312)
Other expenses from operations		(208,811)	(302,312)
Impairment loss on unlisted investments – available for sale		(1,690,000)	(1,895,330)
Loss on sale of financial assets		(106,764)	(480,362)
Net loss arising on financial assets designated as at fair value		-	(68,669)
Net gain on re-measurement of contingent liability	21	132,831	-
Impairment of goodwill	21	-	(706,113)
		(1,912,744)	(3,580,582)
(Loss) from continuing operations before related income tax benefit		**(1,860,167)**	**(3,494,743)**
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		**(1,860,167)**	**(3,494,743)**
Other comprehensive income			
Net fair value (losses) gains on available for sale financial assets (net of tax)		(1,624,638)	1,458,459
Other comprehensive income, net of tax		(1,624,638)	1,458,459
Total comprehensive (loss)		**(3,484,805)**	**(2,036,284)**
Basic earnings / (loss) per share	18	(2.50) cents	(4.69) cents
Diluted earnings / (loss) per share	18	(2.50) cents	(4.69) cents

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

Statement of Financial Position
As at 30 June 2012

	Notes	2012 $	2011 $
Current Assets			
Cash and cash equivalents	4	877,026	3,980,789
Trade and other receivables	5	509	1,905
Financial assets	6	4,051,046	7,765,014
Total Current Assets		4,928,581	11,747,708
Total Assets		**4,928,581**	**11,747,708**
Current Liabilities			
Trade and other payables	7	304,206	173,482
Provision	19	-	2,982,164
Total Current Liabilities		304,206	3,155,646
Non Current Liabilities			
Deferred tax liabilities	3	33,333	105,311
Other payables	7	-	410,904
Total Non Current Liabilities		33,333	516,215
Total Liabilities		**337,539**	**3,671,861**
Net Assets		**4,591,042**	**8,075,847**
Equity			
Issued Capital	8	39,338,817	39,338,817
Accumulated Losses	9	(34,936,665)	(33,076,498)
Reserves	10	188,890	1,813,528
Total Equity		**4,591,042**	**8,075,847**

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 2012

	Notes	2012 $	2011 $
Cash Flows from Operating Activities			
Interest received		52,577	85,839
Managers fees paid		-	(127,403)
Management agreement payments		(156,543)	(138,667)
Payments to suppliers and directors		(238,221)	(338,944)
Net cash (outflow) from operating activities	11	**(342,187)**	**(519,175)**
Cash Flows from Investing Activities			
Proceeds from sale of investments		220,588	5,357,913
Payments for investments		-	(44,118)
Net cash inflow from investing activities		**220,588**	**5,313,795**
Cash Flows from Financing Activities			
Dividend paid		(2,982,164)	(2,982,500)
Net cash (outflow) from financing activities		**(2,982,164)**	**(2,982,500)**
Net increase / (decrease) in Cash Held		**(3.103,763)**	**1,812,120**
Cash at the beginning of the financial year		3,980,789	2,168,669
Cash at the End of the Financial Year	4	**877,026**	**3,980,789**

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 2012

	Issued capital $	Accumulated losses $	Other reserves $	Total $
At 1 July 2010	**39,338,817**	**(23,617,091)**	**355,069**	**16,076,795**
Loss for the year	-	(3,494,743)	-	(3,494,743)
Other comprehensive income	-	-	1,458,459	1,458,459
Total comprehensive (loss) for the year	-	(3,494,743)	1,458,459	(2,036,284)
Transaction with owners in their capacity as owners:				
Dividend paid and provided for	-	(5,964,664)	-	(5,964,664)
At 30 June 2011	**39,338,817**	**(33,076,498)**	**1,813,528**	**8,075,847**
At 1 July 2011	**39,338,817**	**(33,076,498)**	**1,813,528**	**8,075,847**
Loss for the year	-	(1,860,167)	-	(1,860,167)
Other comprehensive income	-	-	(1,624,638)	(1,624,638)
Total comprehensive income (loss) for the year	-	(1,860,167)	(1,624,638)	(3,484,805)
At 30 June 2012	**39,338,817**	**(34,936,665)**	**188,890**	**4,591.042**

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 2012

Note 1 Summary of Significant Accounting Policies

The Financial Report of Biotech Capital Limited for the year ended 30 June 2012

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 31 July 2012.

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).

For the purpose of preparing the financial statements, the Company is a for-profit entity.

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’).

Application of New and Revised Accounting Standards

(a) Standards and Interpretations adopted in the current year

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 beginning 1 July 2011. The following new and revised Standards and Interpretations have been adopted in the current period:

- AASB 124 ‘Related Party Disclosures’ (revised December 2009) and AASB 2009-12 ‘Amendments to Australian Accounting Standards’
- AASB 2010-4 ‘Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project’
- AASB 2010-5 ‘Amendments to Australian Accounting Standards’
- AASB 2010-6 ‘Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets’

The impact of the adoption of these Standards and Interpretation did not have a material impact on the Company.

(b) Standards and Interpretations issued but not yet adopted

At the date of authorisation of the financial statements, 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 2012:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 ‘Financial Instruments’ (December 2009), AASB 2009- 11 ‘Amendments to Australian Accounting Standards arising from AASB 9’ AASB 9 ‘Financial Instruments’ (December 2010) and AASB 2010-7 ‘Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)’	1 January 2013	30 June 2014
AASB 10 ‘Consolidated Financial Statements’	1 January 2013	30 June 2014
AASB 11 ‘Joint Arrangements’	1 January 2013	30 June 2014
AASB 12 ‘Disclosure of Interests in Other Entities’	1 January 2013	30 June 2014
AASB 127 ‘Separate Financial Statements’ (2011)	1 January 2013	30 June 2014
AASB 128 ‘Investments in Associates and Joint Ventures’ (2011)	1 January 2013	30 June 2014
AASB 13 ‘Fair Value Measurement’ and AASB 2011-	1 January 2013	30 June 2014

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
8 ‘Amendments to Australian Accounting Standards arising from AASB 13’		
AASB 119 ‘Employee Benefits’ (2011) and AASB 2011-10 ‘Amendments to Australian Accounting Standards arising from AASB 119 (2011)’	1 January 2013	30 June 2014
AASB 2010-8 ‘Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets’	1 January 2012	30 June 2013
AASB 2011-4 ‘Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements’	1 July 2013	30 June 2014
AASB 2011-7 ‘Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards’	1 January 2013	30 June 2014
AASB 2011-9 ‘Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income’	1 July 2012	30 June 2013
AASB 2012-2 ‘Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 7)’	1 January 2013	30 June 2014
AASB 2012-3 ‘Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 132)’	1 January 2014	30 June 2015
AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 cycle	1 January 2013	30 June 2014

At the date of authorisation of the financial statements the following IASB Standards and IFRIC Interpretations were also in issue but not yet effective, although Australian equivalent Standards and interpretations have not yet been issued and have not been adopted by the Company for the year ended 30 June 2012:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
Mandatory Effective Date of IFRS 9 and Transition Disclosures (Amendments to IFRS 9 and IFRS 7)	1 January 2015	30 June 2016
Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)	1 January 2013	30 June 2014

The impact of these recently issued or amended standards and interpretations have not been determined as yet by the Company.

Significant Accounting Policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial report.

(a) Income Tax

Current tax payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The company’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax is provided on all temporary differences at the statement of financial position 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 statement of financial position date.

(b) Impairment of Financial Assets

Financial assets, other than those financial assets at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For equity instruments, including listed or unlisted shares, objective evidence of impairment includes information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered. A significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment for unlisted shares classified as available-for-sale.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

(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

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

(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 profit or loss.

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 in unlisted shares that are not traded in an active market, also classified as available-for-sale financial assets and stated at fair value (because the directors consider that the fair value can be reliably measured), fair value is determined in a manner described in note 6.

(ii) Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit and loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

(iii) 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) 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:

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 fair value are determined in a manner described in note 6.

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 unlisted investments of $1,690,000 (2011: $1,895,330) has been recorded in the statement of comprehensive income.

Note 2 Revenues from Ordinary Activities

	30 June 2012 $	30 June 2011 $
Finance revenue	52,577	85,839
	52,577	85,839

Note 3 Income Tax

Major components of income tax expense for the years ended 30 June 2012 and 2011 are:

	30 June 2012 $	30 June 2011 $
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/(loss) on available for sale financial assets	(71,978)	105,311
Income tax benefit reported in equity	(71,978)	105,311

A reconciliation of income tax expense / (benefit) applicable to accounting profit / (loss) 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 2012 and 2011 is as follows:

	30 June 2012 $	30 June 2011 $
Accounting profit / (loss) before tax from continuing operations	(1,860,167)	(3,494,743)
Loss before tax from discontinued operations	-	-
Accounting profit / (loss) before income tax	(1,860,167)	(3,494,743)
At the statutory income tax rate of 25% (2011: 25%)	(465,042)	(873,686)
Adjustments in respect of current income tax of previous years	-	-
Investment losses not brought to account	389,292	667,500
Temporary differences and tax losses not brought to account as a deferred tax asset	75,750	206,186
At effective income tax rate of (0%) (2011: (0%))	-	-
Income tax expense reported in statement of comprehensive income	-	-
Income tax attributable to discontinued operation	-	-
	-	-

The Company is a Pooled Development Fund (PDF) and is taxed at 15% on income and gains from investments in small to medium enterprises and taxed at 25% on other income.

Recognised deferred tax assets and liabilities
Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2012 $	2011 $	2012 $	2011 $	2012 $	2011 $
Fair value adjustments of investments	-	-	33,333	105,311	33,333	105,311
Capital raising costs	-	-	-	-	-	-
Tax / (assets) liabilities	-	-	33,333	105,311	33,333	105,311
Set off of tax	-	-	-	-	-	-
Net tax / (assets) liabilities	-	-	33,333	105,311	33,333	105,311

	30 June 2012 $	30 June 2011 $
Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in respect of the following items:		
Tax Losses	2,157,146	2,081,940
Other	3,125	2,581
Investments	-	178,446
Tax Losses - Capital	1,252,300	998,800
	3,412,571	3,261,767

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. Due to PDF status of the Company, tax losses and other are taxed at 25% and investments and investment provision are taxed at 15%.

Movement in deferred tax assets / liabilities

	Balance 1 July 2010 $	Recognised in Income $	Recognised in Equity $	Balance 30 June 2011 $
Fair value adjustments of investments	-	-	105,311	105,311
Capital raising costs	-	-	-	-
	-	-	105,311	105,311

	Balance 1 July 2011 $	Recognised in Income $	Recognised in Equity $	Balance 30 June 2012 $
Fair value adjustments of investments	105,311	-	(71,978)	33,333
Capital raising costs	-	-	-	-
	105,311	-	(71,978)	33,333

Note 4 Cash and cash equivalents

	30 June 2012 $	30 June 2011 $
Cash at bank and on hand	373,216	3,468,564
Term Deposits	503,810	512,225
	877,026	3,980,789

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 2012 $	30 June 2011 $
GST recoverable	509	1,905
	509	1,905

Trade and other receivables are non-interest bearing and are generally on a 60 day term.

Note 6 Financial Assets

	30 June 2012 $	30 June 2011 $
Current		
Available for Sale Financial Assets:		
Investment in listed companies – at fair value	-	354,478
Investment in unlisted Companies – at directors' valuation	4,051,046	7,410,536
Total Available for Sale Financial Assets	4,051,046	7,765,014
Total Current Financial Assets	**4,051,046**	**7,765,014**

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 6 months (from 30 June 2012) 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 the Company's unlisted investments, that realisation of these investments may take longer than 6 months. Available for sale financial assets consist of investments in ordinary shares.

Listed shares
The fair value of listed available-for-sale investments is determined directly by reference to published price quotations in an active market.

Unlisted shares
The fair value of unlisted available for sale investments is determined by director's valuations, which is based on their experience in the industry and the average realisable value in the short 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.

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 $1,690,000 (2011: $1,895,330) has been recorded in the statement of comprehensive income.

Summary of changes in investments in financial assets	**30 June 2012 $**	**30 June 2011 $**
Opening	7,765,014	13,959,401
Acquisitions	-	44,118
Impairment loss on unlisted investments	(1,690,000)	(1,895,330)
Disposals	(327,352)	(6,303,554)
Revaluations	(1,696,616)	1,960,379
Closing	4,051,046	7,765,014

As at 30 June 2011, Biotech Capital Limited does not hold more than a 20% interest in any investments. During the year and as at 30 June 2012, BioTech Capital Limited increased its interest in Biocomm Services Pty Ltd to 27.78% through the conversion of their convertible notes to ordinary shares, as the company entered into voluntarily liquidation. The directors of the Company do not consider that the Company is able to exercise significant influence over Biocomm Services Pty Ltd as the company is currently under voluntarily liquidation.

Note 7 Trade and other payables

	30 June 2012 $	**30 June 2011 $**
Current		
Trade creditors	13,633	6,614
Other payables – director related entity (Note 15(c))	278,073	156,543
Audit fees payable	12,500	10,325
	304,206	173,482

Trade and other payables are non-interest bearing and are generally settled on 60 day terms. The current and non current payable to a director related entity relates to the acquisition of Titan Bioventures Management Pty Ltd and subsequent internalisation of the management function as explained in Note 15(c).

Non Current		
Other payables – director related entity (Note 15 (c))	-	410,904

Note 8 Issued Capital

		2012 Shares	**2012 $**	**2011 Shares**	**2011 $**
(a)	Ordinary Shares				
	Issued and fully paid	74,554,108	39,338,817	74,554,108	39,338,817

(b) 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 9 Accumulated Losses

	30 June 2012 $	30 June 2011 $
Accumulated losses at the beginning of the year	(33,076,498)	(23,617,091)
Net (Loss)	(1,860,167)	(3,494,743)
Dividend Paid	-	(5,964,664)
Accumulated losses at the end of the year	(34,936,665)	(33,076,498)

Note 10 Reserves

	30 June 2012 $	30 June 2011 $
Investments Revaluation Reserve	188,890	1,813,528
	188,890	1,813,528

Investments Revaluation Movements During the Year

	30 June 2012	30 June 2011
Opening Balance	1,813,528	355,069
Net revaluation (decrement) increment on investments	(1,696,616)	1,629,466
Income tax arising on revaluation of investments	71,978	(105,311)
Cumulative (gain) / loss to profit or loss on sale of investments	-	(65,696)
Closing Balance	188,890	1,813,528

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 revaluation loss on investments reflects director's valuations at 30 June 2012.

Note 11 Reconciliation of Operating (Loss) after Income Tax to the Net Cash Flow from Operating Activities

	30 June 2012 $	30 June 2011 $
Operating (loss) after income tax	(1,860,167)	(3,494,743)
Adjustment for:		
Impairment Loss on Unlisted Investments	1,690,000	1,895,330
Fair Value Movement in Investments	-	68,669
Loss on Sale of Investments	106,764	480,362
Changes in assets and liabilities:		
(Decrease) / Increase in trade and other payables	(278,784)	531,207
Net cash flow from operating activities	(342,187)	(519,175)

Note 12 Subsequent Events

In July 2012, the Company disposed of its holding in Generic Health Pty Ltd for consideration of $490,258 which is the amount it was carried in the statement of financial position at 30 June 2012.

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 13 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 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)

2012	Short Term Employee Benefits	Post Employment Benefits	Share Based Payments	Other Long Term Benefits	Total $
	Salary and Fees	Superannuation			
(i) Directors					
K T Greiner Chairman (non-executive)	20,000	-	-	-	20,000
A J Davidson (non-executive)	-	20,000	-	-	20,000
H Karelis (Managing Director) (see note 13 (d) & 15(c))	38,220	3,780	-	-	42,000
Total Remuneration	58,220	23,780	-	-	82,000

2011	Short Term Employee Benefits	Post Employment Benefits	Share Based Payments	Other Long Term Benefits	Total $
	Salary and Fees	Superannuation			
(i) Directors					
K T Greiner Chairman (non-executive)	20,000	-	-	-	20,000
A Basten (non-executive) resigned 12/08/2010	-	2,312	-	-	2,312
A J Davidson (non-executive)	-	20,000	-	-	20,000
H Karelis (Managing Director) (see note 13(d) & 15(c))	28,665	2,835	-	-	31,500
Total Remuneration	48,665	25,147	-	-	73,812

(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 (2011 Nil).

(d) Remuneration Practices

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 was a beneficiary and managing director of Titan Bioventures Management Pty Ltd ('Titan'), the company's investment manager until 28 October 2010 when Titan was acquired by the company for the purpose of internalising the management arrangements of the company (refer to Note 21). From 31 October 2010, Mr Karelis has been remunerated by the company receiving a salary of $42,000 per annum (including superannuation). Hence during the year, he has received benefits from his equity interest in and services provided to Titan. Details of management fees paid during the year to Titan are shown in Note 15 (c).

(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 2012

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 J Davidson	120,000	-	-	120,000
H Karelis	800,000	-	-	800,000

Year ended 30 June 2011

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

Note 14 Remuneration of Auditors

	30 June 2012 $	30 June 2011 $
Deloitte Touche Tohmatsu		
Remuneration for audit or review of the financial statements	23,728	25,258
Remuneration for non-audit - taxation and other services	-	3,250

Note 15 Related Party Disclosures

(a) Remuneration Benefits

Information on remuneration benefits of key management personnel is disclosed in note 13.

(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.

	2012 Number	**2011 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.

Ordinary Shares	932,700	932,700

(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 was a director and beneficiary, was the investment manager of Biotech Capital Limited until 28 October 2010 and commenced this role on 9 April 2004. Titan was acquired by the Company on 28 October 2010 following approval by shareholders at an Extraordinary General Meeting for the purpose of internalising the management arrangements of the Company. Under the terms of the acquisition $156,543 (2011: $138,667) was paid during the year and as at 30 June 2012. Further as at 30 June 2012, there are current payables of $156,542 (2011: $156,543) and non-current payable of $nil (2011: $156,542) and a further current payable relating to the contingent liability of $121,531 (2011: non-current payable of $254,362) based on the calculation of the realised value of unlisted investments to an entity related to Harry Karelis.

The Manager was entitled to be paid a management fee equal to 2.0% of the net value of the assets calculated on a monthly basis. During the period to 30 June 2012 the management fees paid were nil (2011: $85,484).

Note 16 Operating Segments

Operating segments have been identified on the basis of internal reports of the Company that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. The chief operating decision maker has been identified as the Board of Directors. On a regular basis, the board receives financial information on a company basis similar to the financial statements presented in the financial report, to manage and allocate their resources.

Note 17 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 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 2012

	Balance $	Interest Rate	Weighted Average Effective Interest Rate
Financial Assets			
Cash	373,216	Floating	4.25%
Term deposits – cash equivalents	503,810	Floating	5.15%
Receivables	509	N/A	-
Available for sale financial assets:			
Listed investments	-	N/A	
Unlisted investments	4,051,046	N/A	
Financial assets held at FVTPL	-		
Total financial assets	4,928,581		
Financial liabilities -			
Payables	304,206	N/A	-
Total financial liabilities	304,206		
Net Financial Assets	4,624,375		

30 June 2011

	Balance $	Interest Rate	Weighted Average Effective Interest Rate
Financial Assets			
Cash	3,468,564	Floating	4.75%
Term deposits – cash equivalents	512,225	Floating	6.03%
Receivables	1,905	N/A	-
Available for sale financial assets:			
Listed investments	354,478	N/A	
Unlisted investments	7,410,537	N/A	
Financial assets held at FVTPL	-		
Total financial assets	11,747,709		
Financial liabilities -			
Payables	584,387	N/A	-
Total financial liabilities	584,387		
Net Financial Assets	11,163,322		

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 2011.

		Profit or loss		Equity	
	Carrying Value	100bp increase	100bp decrease	100bp increase	100bp decrease
30 June 2012	$	$	$	$	$
Cash and cash equivalents	373,216	3,732	(3,732)	3,732	(3,732)
Term deposits – cash equivalents	503,810	5,038	(5,038)	5,038	(5,038)
Cash flow sensitivity (net)		8,770	(8,770)	8,770	(8,770)

30 June 2011					
Cash and cash equivalents	3,468,564	34,686	(34,686)	34,686	(34,686)
Term deposits – cash equivalents	512,225	5,122	(5,122)	5,122	(5,122)
Cash flow sensitivity (net)		39,808	(39,808)	39,808	(39,808)

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 months or less	Greater than 6 months, less than 1 year	Greater than 1 year
30 June 2012	$	$	$	$	$
Trade and other payables	(304,205)	(304,205)	(304,205)	-	-
	(304,205)	(304,205)	(304,205)	-	-
30 June 2011					
Trade and other payables	(584,387)	(584,387)	(173,483)	-	(410,904)
	(584,387)	(584,387)	(173,483)	-	(410,904)

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 and financial asset held at fair value through profit or loss 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.

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 2011. In 2011 and 2012, if equity prices decreased on listed investments, movement would be recorded in the income statements due to impairment indicators were considered permanent, while if equity prices increased on listed investments, movement would be taken to the asset revaluation reserve directly in equity.

		Profit or loss		Equity	
	Carrying Value	**20% increase**	**20% decrease**	**20% increase**	**20% decrease**
30 June 2012	$	$	$	$	$
Available for sale financial assets:					
Listed investments	-	-	-	-	-
Unlisted investments	4,051,046	-	(810,209)	810,209	(810,209)
Financial assets held at FVTPL:	-	-	-	-	-
		-	(810,209)	810,209	(810,209)
30 June 2011					
Available for sale financial assets:					
Listed investments	354,478	-	(70,896)	70,896	(70,896)
Unlisted investments	7,410,537	-	(1,482,107)	1,482,107	(1,482,107)
Financial assets held at FVTPL:	-	-	-	-	-
		-	(1,553,003)	1,553,003	(1,553,003)

Impairment losses

An impairment loss of $1,690,000 (2011: $1,895,330) was recognised in respect of unlisted available for sale investments due to the director's valuations performed during the period.

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

The fair values of financial assets and financial liabilities are determined as follows.

a) The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed redeemable notes, bills of exchange, debentures and perpetual notes).
b) The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance by directors' valuations, which are based on their experience in the industry and the average realisable value in the short term. 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.

Fair value measurements recognised in the statement of financial position:

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

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

	Level 1	**Level 2**	**Level 3**	**Total**
30 June 2012	$	$	$	$
Financial assets				
Listed investments – available for sale	-	-	-	-
Unlisted investments– available for sale	-	-	4,051,046	4,051,046
Listed convertible notes - FVTPL	-	-	-	-
	-	-	4,051,046	4,051,046
30 June 2011				
Financial assets:				
Listed investments – available for sale	354,478	-	-	354,478
Unlisted investments– available for sale	-	-	7,410,537	7,410,537
Listed convertible notes - FVTPL	-	-	-	-
	354,478	-	7,410,537	7,765,015

There were no transfers between levels during the year.

Reconciliation of Level 3 fair value measurements of financial assets

	2012 Unlisted investments	**2012 Total**	**2011 Unlisted investments**	**2011 Total**
	$	$	$	$
Opening balance	7,410,537	7,410,537	9,866,705	9,866,705
Total gains or losses:				
- in profit and loss	(1,690,000)	(1,690,000)	(1,895,330)	(1,895,330)
- in other comprehensive income	(1,669,491)	(1,669,491)	1,891,713	1,891,793
- disposals	-	-	(2,452,551)	(2,452,551)
Closing balance	4,051,046	4,051,046	7,410,537	7,410,537

Significant assumptions used in determining fair value of financial assets and liabilities

The fair value of listed available for sale investments has been determined directly by reference to published price quotations in an active market. The fair value of unlisted available for sale investments are determined by directors' valuations and assumptions, such as impacts on estimated cash flows, project updates and market data available.

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 2011.

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 2012 **$**	**30 June 2011** **$**
Categories of financial instruments		
Financial assets		
Cash and cash equivalents	877,026	3,980,789
Trade and other receivables	509	1,905
Available for sale financial assets	4,051,046	7,765,014
Financial assets held at FVTPL	-	-
Financial liabilities		
Trade and other payables	304,205	584,387

Note 18 Earnings / (Loss) Per Share

	30 June 2012	**30 June 2011**
Basic earnings / (loss) per share, based on the after tax benefit loss of ($1,860,167) (2011: ($3,494,743))	(2.50) cents per share	(4.69) cents per share
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	74,554,108 shares	74,554,108 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 19 Dividends

On 30 June 2011, the directors declared an unfranked final dividend of 4 cents per share to the holders of fully paid ordinary shares in respect of the financial year ended 30 June 2011. The total dividend was provided for of $2,982,164 and is reflected in this Financial Report for 2011. This dividend was paid on 15 July 2011.

Note 20 Contingent Liabilities

There were no contingencies of which the company is aware as at the date of this report.

Note 21 Acquisition

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 consisted of cash of $416,000 over the next two years and a contingent amount estimated at $290,113, totalling $706,113.

The contingent amount requires BTC to pay the vendors an amount depending on 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 investments are realised over the next 6 months. A total of $295,210 of this has been paid to date and the balance is payable as shown in Note 7.

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. Subsequently, TBVM was deregistered in May 2011.

Hence, goodwill arising on acquisition of $706,113 was impaired by the board of directors to nil value and an impairment of $706,113 recorded in the statement of comprehensive income in 2011. The contingent amount payable has been recalculated based on the latest available information and has resulted in a reduction on the re-measurement of the contingent liability of $132,831 recorded in the statement of comprehensive income in 2012.