

Financial Report - 30 June 2006

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This financial report covers BioTech Capital Limited.

BioTech Capital Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

BioTech Capital Limited
C/- Titan Bioventures Management
Level 2
55 St Georges Terrace
PERTH WA 6000

Income Statement

For the year ended 30 June 2006

	Notes	2006 \$'000	2005 \$'000
Revenue from operations	2	597	811
Management fees	16(c)	(915)	(884)
Other expenses from operations		(353)	(491)
Realised profit (loss) on non-current investment		274	(1,009)
		<u>(994)</u>	<u>(2,384)</u>
Loss from operations before related income tax benefit		(397)	(1,573)
Income tax benefit (expense) relating to operations	3	<u>30</u>	<u>(3)</u>
Loss from operations after related income tax benefit attributable to members of BioTech Capital Limited		<u>(367)</u>	<u>(1,576)</u>
Basic earnings / (loss) per share		(0.41) cents	(1.76) cents
Diluted earnings / (loss) per share		(0.41) cents	(1.76) cents

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

Balance Sheet

As at 30 June 2006

	Notes	2006 \$'000	2005 \$'000
Current Assets			
Cash and cash equivalents	4	5,684	12,920
Trade and other receivables	5	20	2
Deferred tax assets	3	13	2
Held to maturity financial assets	6	4,327	-
Total Current Assets		<u>10,044</u>	<u>12,924</u>
Non-Current Assets			
Available for sale financial assets	7	37,887	29,513
Total Non-Current Assets		<u>37,887</u>	<u>29,513</u>
Total Assets		<u>47,931</u>	<u>42,437</u>
Current Liabilities			
Trade and other creditors	8	154	192
Current tax liabilities	3	-	-
Total Current Liabilities		<u>154</u>	<u>192</u>
Non Current Liabilities			
Deferred tax liabilities	3	1,688	766
Total Non Current Liabilities		<u>1,688</u>	<u>766</u>
Total Liabilities		<u>1,842</u>	<u>958</u>
Net Assets		<u>46,089</u>	<u>41,479</u>
Equity			
Issued Capital	9	43,081	43,332
Accumulated Losses	10	(5,431)	(5,064)
Other Reserves	11	8,439	3,211
Total Equity		<u>46,089</u>	<u>41,479</u>

The above balance sheet should be read in conjunction with the accompanying notes.

Cash Flow Statement

For the year ended 30 June 2006

	Notes	2006 \$'000	2005 \$'000
Cash Flows from Operating Activities			
Interest received		577	730
Other income received		20	80
Managers fees paid		(907)	(884)
Payments to suppliers		(417)	(317)
Income taxes refund		19	-
Net cash (outflow) from operating activities	12	<u>(708)</u>	<u>(391)</u>
Cash Flows from Investing Activities			
Payments for investments		(2,578)	(3,995)
Proceeds from sale of investments		628	4,467
Payments for bank bills		(4,327)	-
Net cash inflow (outflow) from investing activities		<u>(6,277)</u>	<u>472</u>
Cash Flows from Financing Activities			
Share Buy-Back payment		(251)	-
Net cash (outflow) from financing activities		<u>(251)</u>	<u>-</u>
Net increase (decrease) in Cash Held		(7,236)	81
Cash at the beginning of the financial year		12,920	12,839
Cash at the End of the Financial Year	4	<u>5,684</u>	<u>12,920</u>

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

Statement of Changes in Equity

For the year ended 30 June 2006

	Issued capital \$'000	Accumulated losses \$'000	Other reserves \$'000	Total \$'000
At 1 July 2004	43,332	(3,488)	6,068	45,912
Net unrealised gains (loss) on available for sale financial assets	-	-	(3,390)	(3,390)
Income tax on items directly transferred to equity	-	-	533	533
Total income and expense for the period recognised directly in equity	-	-	(2,857)	(2,857)
Profit (loss) for the period	-	(1,576)	-	(1,808)
Total income (expense) for the period	-	(1,576)	(2,857)	(4,665)
At 30 June 2005	43,332	(5,064)	3,211	41,479
At 1 July 2005	43,332	(5,064)	3,211	41,479
Net unrealised gains on available for sale financial assets	-	-	6,149	6,149
Share buy-back program	(251)	-	-	(251)
Income tax on items directly transferred to equity	-	-	(921)	(921)
Total income and expense for the period recognised directly in equity	(251)	-	5,228	4,977
Profit (loss) for the period	-	(367)	-	(367)
Total income (expense) for the period	(251)	(367)	5,228	4,610
At 30 June 2006	43,081	(5,431)	8,439	46,089

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

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Note 1 Summary of Significant Accounting Policies

This general purpose financial report has been prepared in accordance with the requirements of Australian Accounting Standards and the Corporations Act 2001. The financial report was authorised for issue in accordance with a resolution of the directors on 5 September 2006.

It is prepared in accordance with the historical cost convention, except for certain assets which, as noted, are at valuation. BioTech Capital Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian stock exchange. Both the functional currency and presentation currency of BioTech Capital Limited is Australian dollars (\$AUD).

Statement of Compliance

The financial report complies with Australian Accounting Standards, which include Australian Equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS').

This is the first full-year financial report prepared based on AIFRS and comparatives for the full-year ended 30 June 2005 have been restated accordingly. A summary of the significant accounting policies under AIFRS are disclosed below.

Reconciliations of:

- AIFRS equity as at 1 July 2004 and 30 June 2005; and
- AIFRS profit for the full year 30 June 2005,

to the balances reported in the 30 June 2005 full-year financial report prepared under AGAAP are detailed in Note 1(j) below.

Australian Accounting Standards that have recently been amended but are not yet required to be mandatorily adopted have not been applied for the annual reporting period ended 30 June 2006. The application of these revised accounting standards would not have a material effect on the company's current accounting policies adopted.

(a) Income Tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for the 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 assets 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 assets 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 are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

(b) Recoverable Amounts of Assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Notes to the Financial Statements

30 June 2006

(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

(i) Available-for-sale

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment. After initial recognition, investments, which are classified as available-for-sale, are measured as 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 income statement. 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.

(ii) Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the company has the positive intention and ability to hold to maturity. Investments that are intended to be held-to-maturity, such as term deposits, are 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 balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purposes of the Cash Flow Statement, 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 per share

(i) Basic earnings 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 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 balance sheet are shown inclusive of GST. Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(i) Rounding of Amounts to Nearest Thousand Dollars

The company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Notes to the Financial Statements

30 June 2006

(j) Impact of Adoption of Australian Equivalents to International Financial Reporting Standards

The impacts of adopting AIFRS on the equity as reported under Australian Accounting Standards applicable before 1 January 2005 ("AGAAP") is illustrated below.

Reconciliation of total equity as presented under AGAAP to that under AIFRS

	30 June 2005 \$'000	1 July 2004 \$'000
Total equity under AGAAP	42,245	46,797
<i>Adjustments to retained earnings:</i>		
De-recognition of deferred tax assets and liabilities (A)	-	415
<i>Adjustments to other reserves:</i>		
Tax effect of unrealised gains reserve (B)	(766)	(1,300)
Total equity under AIFRS	<u>41,479</u>	<u>45,912</u>

(A) De-recognition of prior year deferred tax assets and liabilities in accordance with AASB 112 'Income Taxes' in relation to temporary differences under AGAAP on available for sale financial assets.

(B) Tax effect of unrealised gains reserve in accordance with AASB 112 'Income Taxes'.

Reconciliation of profit after tax reported under AGAAP to that under AIFRS

	30 June 2005 \$'000
Prior year loss reported under AGAAP	(1,161)
De-recognition of deferred tax assets and liabilities (A above)	(415)
Prior year loss after tax under AIFRS	<u>(1,576)</u>

Explanation of material adjustments to the cash flow statements

There are no material differences between the cash flow statements presented under AIFRS and those presented under AGAAP.

Note 2 Revenues from Ordinary Activities

	30 June 2006 \$'000	30 June 2005 \$'000
Finance revenue - bank	577	731
Other	20	80
	<u>597</u>	<u>811</u>

Note 3 Income Tax

Major components of income tax expense for the years ended 30 June 2006 and 2005 are:

	30 June 2006 \$'000	30 June 2005 \$'000
Income Statement		
<i>Current Income</i>		
Current income tax benefit	-	-
Adjustments in respect to current income tax of previous years	(19)	-
<i>Deferred Income Tax</i>		
Relating to origination and reversal of temporary differences	(11)	3
Income tax (benefit) expense reported in the income statement	<u>(30)</u>	<u>3</u>

Notes to the Financial Statements

30 June 2006

	30 June 2006 \$'000	30 June 2005 \$'000
Statement of changes in equity		
<i>Deferred Income Tax</i>		
Unrealised gain on available for sale financial assets	(921)	533
Income tax benefit reported in equity	<u>(921)</u>	<u>533</u>
A reconciliation of income tax expense (benefit) applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the company's effective income tax rate for the years ended 30 June 2006 and 2005 is as follows:		
Accounting profit (loss) before tax from continuing operations	(397)	(1,573)
Loss before tax from discontinued operations	-	-
Accounting profit (loss) before income tax	<u>(397)</u>	<u>(1,573)</u>
At the statutory income tax rate of 25% (2005: 25%)	(99)	(393)
Adjustments in respect of current income tax of previous years	(19)	-
Expenditure not allowable for income tax purposes	-	(510)
Adjustments in respect of deferred income tax of previous years	(15)	(6)
Tax losses not brought to account as a deferred tax asset	103	912
At effective income tax rate of 7.8% (2005: (0.3%))	<u>(30)</u>	<u>3</u>
Income tax expense reported in income statement	(30)	3
Income tax attributable to discontinued operation	<u>-</u>	<u>-</u>
	<u>(30)</u>	<u>3</u>

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Fair value adjustments of investments	-	-	1,688	765	1,688	765
Income not yet assessable for taxation purposes	-	-	-	-	-	-
Expenses not yet deductible for taxation purposes	(13)	(2)	-	-	(13)	(2)
<i>Tax (assets) liabilities</i>	<u>(13)</u>	<u>(2)</u>	<u>1,688</u>	<u>765</u>	<u>1,675</u>	<u>763</u>
Set off of tax	-	-	-	-	-	-
Net tax (assets) liabilities	<u>(13)</u>	<u>(2)</u>	<u>1,688</u>	<u>765</u>	<u>1,675</u>	<u>763</u>

	30 June 2006 \$'000	30 June 2005 \$'000
Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in respect of the following items:		
Tax Losses	<u>5,782</u>	<u>5,369</u>

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.

Notes to the Financial Statements

30 June 2006

Movement in temporary differences during the year

	Balance 1 July 2004 \$'000	Recognised in Income \$'000	Recognised in Equity \$'000	Balance 30 June 2005 \$'000
Fair value adjustments of investments	1,300	-	(533)	767
Income not yet assessable for taxation purposes	-	-	-	-
Expenses not yet deductible for taxation purposes	(5)	3	-	(2)
	<u>1,295</u>	<u>3</u>	<u>(533)</u>	<u>765</u>
	Balance 1 July 2005 \$'000	Recognised in Income \$'000	Recognised in Equity \$'000	Balance 30 June 2006 \$'000
Fair value adjustments of investments	767	-	921	1,688
Income not yet assessable for taxation purposes	-	-	-	-
Expenses not yet deductible for taxation purposes	(2)	(11)	-	(13)
	<u>765</u>	<u>(11)</u>	<u>921</u>	<u>1,675</u>

Note 4 Cash and cash equivalents

	30 June 2006 \$'000	30 June 2005 \$'000
Cash at bank and on hand	551	638
Bank bills	<u>5,133</u>	<u>12,282</u>
	<u>5,684</u>	<u>12,920</u>

Cash at bank and on hand earns interest at floating rates based on daily bank deposit rates. Bank bills are made for varying periods; those bills with a maturity date less than 6 months are classified as cash equivalents and earn interest at the respective bank bill deposit rate.

Note 5 Trade and other receivables

	30 June 2006 \$'000	30 June 2005 \$'000
Interest receivable	-	2
GST recoverable	<u>20</u>	<u>-</u>
	<u>20</u>	<u>2</u>

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

Note 6 Held to maturity financial assets

	30 June 2006 \$'000	30 June 2005 \$'000
Bank bills	<u>4,327</u>	<u>-</u>
	<u>4,327</u>	<u>-</u>

Bank bills are made for varying periods; those bills with a maturity greater than 3 months are classified as held to maturity financial assets and earn interest at the respective bank bill deposit rate.

Note 7 Available for Sale Financial Assets

	30 June 2006	30 June 2005
	\$'000	\$'000
Non Current		
Investment in listed companies – at market value		
Alchemia Limited	3,208	1,599
Clinical Cell Culture Limited	2,514	8,529
Starpharma Holdings Limited	1,107	1,312
Prima Biomed Limited	478	790
Phylogica Limited	14,771	3,914
Stem Cell Sciences Limited	2,862	3,000
	<u>24,940</u>	<u>19,144</u>
Investment in unlisted Companies – at cost		
Pacific Knowledge Systems Pty Ltd	2,198	2,198
XRT Ltd	4,125	4,125
Continence Control Systems	4,000	2,000
Biocomm Services Pty Limited	1,001	423
	<u>11,324</u>	<u>8,746</u>
Investments in Convertible Notes		
Pacific Knowledge Systems Pty Ltd	123	123
XRT Ltd	1,500	1,500
	<u>1,623</u>	<u>1,623</u>
Total Available for sale Financial Assets	<u><u>37,887</u></u>	<u><u>29,513</u></u>

Available for sale financial assets consist of investments in ordinary shares and therefore have not fixed maturity or coupon rate.

	30 June 2006	30 June 2005
	\$'000	\$'000
Summary of changes in investments available for sale		
Opening	29,513	34,556
Acquisitions	2,578	3,995
Disposals	(353)	(5,477)
Revaluations	6,149	(3,561)
Closing	<u><u>37,887</u></u>	<u><u>29,513</u></u>

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 Continence Control Systems, Pacific Knowledge Systems Pty Ltd, XRT Ltd and Phylogica Limited. The reasons significant influence is not exerted include that BTC has no significant participation in policy making processes, the investee entities have no economic dependency on BTC, other investors hold a similar percentage interest in the entities, the Board representation in the entities by BTC is only one in each case and there is no interchange of managerial personnel between the entities and BTC.

Note 8 Trade and other payables

	30 June 2006	30 June 2005
	\$'000	\$'000
Managers fees payable – director related entity	86	77
Director fees payable	49	73
Trade Creditors	11	17
Audit fees payable	8	6
GST payable	-	19
	<u>154</u>	<u>192</u>

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

Note 9 Issued Capital

	2006	2006	2005	2005
	Shares	\$'000	Shares	\$'000
(a) Ordinary Shares Issued and fully paid	<u>88,759,805</u>	<u>43,081</u>	<u>89,354,905</u>	<u>43,332</u>

(b) Movements in ordinary shares on issue:

Date	Details	2006	2006	2006	2005	2005	2005
		No. of	Issue	\$'000	No. of	Issue	\$'000
		Shares	Price		Shares	Price	
30/06/2005	Opening Equity	89,354,905		43,332	89,354,905		43,332
	Shares bought back during the year:						
January to June 2006	Share Buy-Back/Cancellation	(595,100)		(251)	-		-
		<u>(595,100)</u>		<u>(251)</u>	<u>-</u>		<u>-</u>
30/06/2006	Closing Equity	<u>88,759,805</u>		<u>43,081</u>	<u>89,354,905</u>		<u>43,332</u>

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

	2006	2005
	Options	Options
(d) Issued Options		
Options exercisable at \$0.55 expiring 10/10/06 (“Oct ‘06 options”)	<u>44,677,419</u>	<u>44,677,419</u>

(e) Movements in options:

Date	Details	2006	2006	2005	2005
		No. of	Exercise	No. of	Exercise
		Options	Price	Options	Price
30/06/2005	Opening Issued Options	44,677,419	\$0.55	44,677,419	\$0.55
30/06/2006	Closing Issued Options	<u>44,677,419</u>	<u>\$0.55</u>	<u>44,677,419</u>	<u>\$0.55</u>

Notes to the Financial Statements

30 June 2006

(f) Options

The 44,677,419 issued options entitle holders to convert the options into ordinary shares, by completion and lodgement of an Exercise Notice and payment of the exercise price of \$0.55 per unit. Each option is convertible into 1 share which will rank pari passu with all other ordinary shares. The options are exercisable (in parcels of not less than 100 options) at any month end up to 30 September, 2006, and then on their final expiry date of 10 October, 2006, unless otherwise determined by the Board in its absolute discretion.

Note 10 Retained Profits/(Accumulated Losses)

	30 June 2006 \$'000	30 June 2005 \$'000
Retained profits/(Accumulated losses) at the beginning of the financial year/period	(5,064)	(3,488)
Net Loss attributable to members of the parent entity	(367)	(1,576)
Retained profits/(Accumulated losses) at the end of the financial year	<u>(5,431)</u>	<u>(5,064)</u>

Note 11 Reserves

	30 June 2006 \$'000	30 June 2005 \$'000
Net Unrealised Gains Reserve	8,439	3,211
	<u>8,439</u>	<u>3,211</u>

Net Unrealised Gains Reserve Movements During the Year

	3,211	6,068
Opening Balance		
Revaluation increment (decrement) on listed investments, net of 15% tax	5,228	(2,857)
Closing Balance	<u>8,439</u>	<u>3,211</u>

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.

These calculations do not take into account incentive fees which might be payable to the Manager, or other persons, relating to gains realised on disposal of any investments.

The balance of this reserve does not represent funds available for distribution to shareholders in specie, because of the unrealised nature of the net gain involved.

Note 12 Reconciliation of Operating Loss after Income Tax to the Net Cash Flow from Operating Activities

	30 June 2006 \$'000	30 June 2005 \$'000
Operating loss after income tax	(367)	(1,576)
<i>Non Cash Investing Activities</i>		
Realised (Profit) Loss on Investment	(274)	1,009
<i>Changes in assets and liabilities:</i>		
(Increase) / Decrease in trade and other debtors	2	-
(Increase) / Decrease in deferred tax assets	(11)	3
(Decrease) / Increase in provision for income tax payable	-	-
(Decrease) / Increase in trade and other payables	(58)	173
Net cash flow from operating activities	<u>(708)</u>	<u>(391)</u>

Note 13 Events Occurring After Balance Date

In August 2006, Lazard Asset Management notified an increase in its shareholding in the Company to 7.43%.

Except for the above item, no other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the economic entity in future financial years.

Note 14 Directors and Executive Disclosure

(a) Name and position of directors of the company in office at any time during the financial year:

W.E.B.Ireland – Chairman (non executive) (Ceased 28 November 2005)
K T Greiner – Chairman (non executive) (Commenced 18 October 2005)
A.Basten – non executive
A.J.Davidson – non executive
H.Karelis – Managing Director
L.McIntyre – non executive

(b) Remuneration of each Director during the year (see also notes below)

2006	Salary & Fees	Super-annuation	Post Employment Benefits	Equity Options	Other Benefits	Total \$'000
W.E.B.Ireland Chairman (non-executive)	8	-	-	-	-	8
K.T.Greiner Chairman (non-executive)	14	-	-	-	-	14
A.Basten (non-executive)	18	2	-	-	-	20
A.J.Davidson (non-executive)	20	-	-	-	-	20
H.Karelis Managing Director (see note below)	-	-	-	-	-	-
L.McIntyre (non-executive)	20	-	-	-	-	20
Total Remuneration	80	2	-	-	-	82
2005	Salary & Fees	Super-annuation	Post Employment Benefits	Equity Options	Other Benefits	Total \$'000
W.E.B.Ireland Chairman (non-executive)	20	-	-	-	-	20
A.Basten (non-executive)	18	2	-	-	-	20
A.J.Davidson (non-executive)	20	-	-	-	-	20
H.Karelis Managing Director (see note below)	-	-	-	-	-	-
L.McIntyre	20	-	-	-	-	20
Total Remuneration	78	2	-	-	-	80

Note: None of the above directors fees are performance based.

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(c) Remuneration Options

No director of the company has received any options (listed or unlisted) as part of their remuneration during this financial year (2005 Nil).

(d) Remuneration Practices

With the exception of the Managing Director, Mr Karelis, the remuneration of each director has been established on the basis of a flat fee, inclusive of any superannuation benefit. Thus there is no direct link, as such, between performance and the level of remuneration. Ms McIntyre is an executive of L.E.K Consulting Pty Ltd, which invoices for her services on a quarterly basis.

Mr Karelis is a major shareholder and managing director of Titan Bioventures Management Pty Ltd, the company's investment manager. Mr Karelis has not been and is not being remunerated by the company, however during the year he has received and will receive benefits from his equity interest in and services provided to Titan Bioventures Management Pty Ltd ('Titan'). Details of management fees paid and payable during the year to Titan are shown in Note 16.

(e)

Equity instrument disclosures relating to directors**Option holdings**

The numbers of options over ordinary 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.

Name of director	Balance at the start of the year	Granted during the year as remuneration	Exercised during the year	Other net changes during the year	Balance at the end of the year	Vested and exercisable at the end of the year
W.E.B.Ireland	25,000	-	-	-	25,000	25,000
K.T.Greiner	-	-	-	-	-	-
A.Basten	5,000	-	-	-	5,000	5,000
A.J.Davidson	50,000	-	-	-	50,000	50,000
H. Karelis	400,000	-	-	-	400,000	400,000
L.M.McIntyre	6,500	-	-	-	6,500	6,500

No options are vested and unexercisable at the end of the year.

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.

Name of director	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				
W.E.B.Ireland	50,000	-	(50,000)	-
K.T.Greiner	-	-	12,700	12,700
A.Basten	10,000	-	-	10,000
A.J.Davidson	120,000	-	-	120,000
H.Karelis	800,000	-	-	800,000
L.M.McIntyre	13,000	-	-	13,000

Note 15 Remuneration of Auditors

	30 June 2006	30 June 2005
	\$	\$
PKF		
Remuneration for audit or review of the financial statements	<u>26,052</u>	<u>15,137</u>
Remuneration for taxation and other services	<u>9,590</u>	<u>1,000</u>

Note 16 Related Party Disclosures

(a) Remuneration Benefits

Information on remuneration benefits of directors is disclosed in note 14.

(b) Transactions of directors and director related entities concerning shares or share options.

Aggregate number of shares and share options of Biotech Capital Limited acquired or disposed of by directors of the company or their director related entities.

	2006	2005
	Number	Number
Ordinary shares acquired/(disposed of)	(37,300)	20,000
Options over ordinary shares acquired/(disposed of)	-	-

Aggregate number of shares and share options of Biotech Capital Limited held directly, indirectly or beneficially by directors of the company or their director related entities at balance date.

(c) Transactions with specified directors and director related entities:

The terms and conditions of the transactions with directors and their director related entities were no favourable than those available or which might reasonably be expected to be available, on similar transactions to non-director entities on an arm's length basis.

Titan Bioventures Management Pty Ltd ('Titan'), a company in which Harry Karelis is a director and holds a financial interest, is the Manager of Biotech Capital Limited and commenced this role on 9 April 2004.

The Manager is entitled to be paid an annual management fee equal to 2.0% of the net value of the assets calculated on a quarterly basis. During the period to 30 June 2006 the management fees payable were \$915,419 (2005:\$883,837).

Performance Fee:

The Manager is also entitled to receive a performance fee of 10% of the difference between the realised value of an investment and the cost of the investment. This performance fee is to be reduced by any unrealised losses that may exist in the balance of the investment portfolio, and the Company is also entitled to a rebate of 30% on any performance fee payable. No performance fee was payable during the period. The balance date contingent liability relating to the performance fee is shown in Note 21.

Note 17 Segment Information

The company operates in one business segment where it invests in entities operating in the life-science/biotechnology sectors. The company operates in one geographical segment being Australia.

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Note 18 Financial Risk Management Objectives and Policies

The company's principal financial instruments comprise cash and short term bank bills. The company has other financial instruments such as trade debtors and trade creditors which arise directly from its operations. The main risks arising from the company's financial instruments are interest rate risk, liquidity risk and credit risk. The company manages its interest cost by using a mix of fixed and variable rates and trades only with recognised, credit worthy third parties.

Note 19 Financial Instruments**Net fair value of financial assets and liabilities****(i) On balance sheet**

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the company approximates their carrying amounts shown below.

The company's policy relating to the valuation of investments traded on organised markets, and unlisted investments has been described in Note 1(d).

(ii) At year-end the balances of and effective interest rates earned on financial assets were as follows**30 June 2006**

	Balance \$'000	Interest Rate	Weighted Average Effective Interest Rate
Financial Assets			
Cash	551	Floating	4.50%
Bank bills – cash equivalents	5,133	Floating	5.74%
Bank bills – held to maturity financial assets	4,327	Floating	5.74%
Receivables	20	N/A	-
Available for sale financial assets:			
Listed investments	24,940	N/A	
Unlisted investments	<u>12,947</u>	N/A	
Total financial assets	<u>47,918</u>		
Financial liabilities - Payables	<u>154</u>	N/A	-
Total financial liabilities	154		
Net Financial Assets	<u><u>47,764</u></u>		

30 June 2005

	Balance \$'000	Interest Rate	Weighted Average Effective Interest Rate
Financial Assets			
Cash	638	Floating	4.25%
Bank bills – cash equivalents	12,282	Floating	5.63%
Receivables	2	N/A	-
Available for sale financial assets:			
Listed investments	16,144	N/A	
Unlisted investments	<u>13,369</u>	N/A	
Total financial assets	42,435		
Financial liabilities - Payables	<u>192</u>	N/A	-
Total financial liabilities	192		
Net Financial Assets	<u><u>42,243</u></u>		

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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.

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.

Note 20 Earnings/(Loss) Per Share

	30 June 2006	30 June 2005
Basic earnings/(loss) per share, based on the after tax benefit loss of \$366,475 (2005: \$1,576,381)	(0.41) cents per share	(1.76) cents per share
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	89,201,058 shares	89,354,905 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 21 Contingent Liability**Performance Fee**

It has been assessed that if all investments were realised at their balance date book values, and after taking into account the company's rebate entitlement, the performance fee payable to the Manager would be approximately \$788,000.

The basis of the performance fee calculation has been described in Note 16.