



**Chairman's Address
BioTech Capital Ltd
Annual General Meeting 19th November 2004**

First of all, let me thank you for taking the time to attend what is the 4th Annual General Meeting for BioTech Capital Ltd. We have on the agenda today several items of business which I will come back to later.

In accordance with normal practice I will make some preliminary remarks and then ask Mr Harry Karelis to provide a detailed presentation on the activities of the company and the likely outlook for the next 12 months. On conclusion of this address I will open the meeting for questions and discussion. As always, the Board welcomes your involvement and is very happy to address any questions or issues you may have. Furthermore, at the end of the formal meeting we would be pleased to have informal discussions with any of you who prefer that approach.

The past 12 months has seen many notable events for BioTech Capital including new investments, listings of existing holdings and earlier this year the formal change in the Investment Manager of Biotech Capital Ltd.

The nature of challenges facing the fund has now evolved given the portfolio currently stands at 10 investments and, subject to a shareholder meeting later this month, will rise to 11 companies in the portfolio.

In addition, we have executed a term sheet which will see a 12th company potentially added to the portfolio. This investment is still subject to finalisation of due diligence and further announcements will be made in coming weeks should this successfully proceed to completion.

This portfolio arguably places BioTech Capital as one of the leaders in the life sciences investment arena and continues to provide shareholders with unique access to a very broad portfolio of companies. The alliances that these companies have developed span the globe with a range of leading pharmaceutical, biotechnology and other groups. This is a powerful network. In addition, the new Manager of BioTech Capital – Titan BioVentures – immediately established an office in London with a full-time employee to assist in the development of partnerships and potential exits for our portfolio companies. Furthermore, this office is co-located with one of the United Kingdom's leading life-science venture capital firms providing an additional layer of market and scientific intelligence.

With a portfolio of this size and maturity the biggest challenge facing the company is how best to communicate such a diverse range of relatively technical stories to the investment community. This is overlaid with the fact that our listed exposures have very high visibility compared with our unlisted portfolio which has relatively low visibility.

For example, the recent float of Proteome Systems has obviously been extremely disappointing and has tended to focus investor's attention far more than the fact we are the largest shareholder in Clinical Cell Culture - which was one of the best performers on the Australian Stock Exchange during the year. Solid progress in our private portfolio companies quite often cannot be discussed publicly given the level of commercial sensitivity.



The biotech sector in Australia is in relatively good shape with a recent analysis indicating collective cash balances of over \$700 million. Investor appetite still appears robust for well structured opportunities and companies making solid progress are being rewarded. Investors are becoming more discriminating with respect to issues such as patent portfolios, cash burn, international partnerships and similar factors.

Returning to the business of the day, we are being asked to consider appointments to the Board of Directors. As always, the Board is conscious of the need to ensure an appropriate skill set is in place to help safe-guard the company's capital and investments. The Board believes that skill set is currently in place. Any expansion or change to the Board should be considered only where there will be a valuable addition to the skill sets currently on offer. The current Board has skills and experience across a range of fields and in particular in the international scientific, financial and business communities. A Board of five directors is considered an appropriate size and with four independent directors clearly exceeds the best practice corporate governance guidelines.

The matters of share buybacks and investing in listed companies has also been raised as issues. The Board would like to re-iterate that it maintains its consistent policy, since inception, that calls for active capital management through share buybacks and/or dividends from the proceeds of realised gains. This is subject to the condition that any such actions does not jeopardise the Company's ability to maintain an active investment stance in the markets.

In addition, Biotech Capital is registered with the Federal Government as a Pooled Development Fund and as such has certain investment restrictions imposed upon it. One of the major restrictions is that it cannot trade in listed securities. The only way to gain exposure to listed companies is via a private placement of fresh equity. The company is always looking for opportunities to deploy reasonable amounts of capital to take meaningful positions in well run and well structured companies. Of course, having an exit strategy in mind is paramount as we clearly do not have the ability to quickly move in and out of stocks in the same way as smaller investors.

The Board is unanimous in the view that the current investment policy is appropriate for Biotech Capital and do not advocate changing this strategy.

I thank you for your continued support and would like to place on record my appreciation of the support and commitment of the Board.

I would now like to invite Harry Karelis to provide a detailed presentation.

Bill Ireland
Chairman