

2008 Annual General Meeting



19 November 2008, Sydney

Outline

- Year in review
- Portfolio
- Focus on Phylogica
- Focus on Sensear
- Outlook
- Pooled Development Fund status
- Background Information

Year in Review – Macro

- Toughest year for capital markets since the Great Depression
- Unprecedented actions by international governments
- Significant change in operating environment for all companies in all sectors
- Sentiment not expected to improve in the short term
- Risk continues to be shunned
- Significant volatility

Year in Review – Macro

- Healthcare remains a defensive sector suggesting cashflows in the sector will remain robust
- Global sell-down means many life-science companies now significantly undervalued
- In a rational market, defensive cashflows from majors would be deployed to acquire next generation technologies
- We are not yet in a rational market!

Year in Review - Operating

- No new investments pursued
- Capital held in reserve for follow-on funding
- Overhead continues to remain very low with all possible costs being minimised
- Investees being managed appropriately for the prevailing conditions
- Milestones generally continue to be met..... and ignored by investors
- Growing disconnect between underlying value and market value

Year in Review - Operating

- Buyback pursued when not inhibited by price-sensitive information
- Dr Lisa McIntyre retiring from Board after four years service
- Strategic shift – seeking approval to relinquish Pooled Development Fund (“PDF”) status

Portfolio companies

Alchemia

BIOCOMM

Continence
CONTROL SYSTEMS

generichealth

PACIFICKNOWLEDGESYSTEMS

NeuroDiscovery

PHYLOGICA

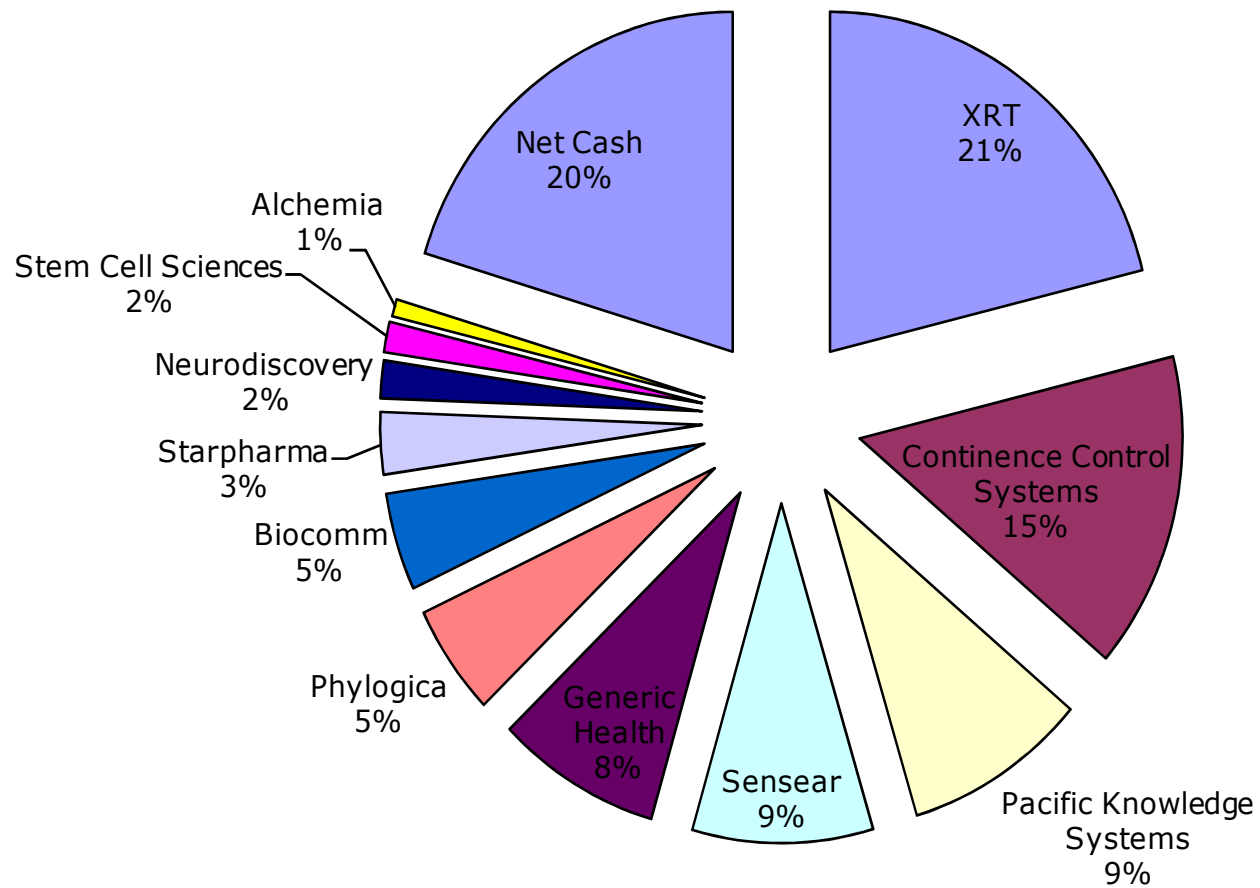
starpharma

Sensear
"sounds good to me"

Stem
Cell
Sciences

XRT
The Sharper Edge In Imaging

BTC Portfolio (at market 31 Oct 2008)



Portfolio Highlights

- Alchemia received a patent for generic fondaparinux and continues to progress with US registration for its generic version of heparin
- BioComm's investee Hatchtech receives approval from the FDA to commence Phase II studies for head-lice treatment in the US
- Continence Control Systems merges with Colocare and continues with its clinical program
- Generic Health partners with major global generics company Actavis and secures strategic partnership with Lupin Ltd –a top 5 Indian pharmaceutical company
- NeuroDiscovery announces positive results from Phase I clinical trial for NSL-043 as well as positive Phase II results for NSL-101 in dental pain; signs a supply deal with a US pharmaceutical company for electrophysiology services, and enters alliance with Argenta Discovery
- Pacific Knowledge Systems continues to grow revenues and secures several new customers around the world for its growing suite of products based on its core underlying technology

Portfolio Highlights cont.

- Phylogica demonstrates technical success with its technology platform; partners with Nexigen to co-market screening services globally
- Sensear launches its award winning hearing protection technology. Sales now in Australia, the USA, Europe and China
- Starpharma reports positive VivaGel® clinical study results and announces condom coating licence deal with Durex worth in excess of A\$100 million
- Stem Cell Sciences is granted patents expanding its intellectual property base. Researchers using its exclusive technology create the world's first rat embryonic stem cells opening a potentially significant market opportunity.
- XRT continues the roll out of new x-ray products globally with the most recent customer being a US-based multi-national company

Investee Focus: Phylogica

- Drug discovery company with ownership over a technology platform that provides a rich source of biological drug candidates
- Re-focus at beginning of year away from clinical development and towards accelerating validation of technology platform
- Significantly positive results being generated providing substantial evidence that the technology has the ability to generate drug leads at unparalleled efficiencies
- Spin-off company (Dynamic Microbials) generating exciting data against “superbugs”
- Corporate interest now gaining traction
- First phase is scientific collaboration – long lead times
- End game is trade sale for valuations comparable to peer group
- Very strong intellectual property position

Investee Focus: Sensear

- Developed novel hearing technologies with initial market being OH&S for workers operating in noisy environments
- Can identify speech in noisy environments allowing for workers to communicate normally with each other whilst retaining hearing protection
- Bluetooth ability allows for use of mobile phones and other devices such as ipod without removing hearing protection
- Product has been launched with sales to dozens of customers around the world
- Re-orders now coming trough and sales pipeline filling up
- Social hearing market is also important – now registered with *Australian Office of Hearing Services (Branded as u.SED)* providing marketing channel to domestic Australian users
 - Provides government-subsidised vouchers to clients of registered Hearing Service Providers

Outlook

- Capital markets remain volatile reflecting low levels of confidence and high levels of uncertainty
- All companies in all sectors adjusting strategies
- Australian life-science no different
 - Run lean
 - Preserve cash
 - Extend operating runway
 - Focus
- Healthcare drivers (demographics, rising costs, unmet needs) not going away
- Big pharma and biotech will continue to use their strong cash-flows and M&A as a core tool to fuel their growth
- History suggests equity investors will search out undervalued sectors

Pooled Development Fund Status

- BTC has since inception been registered as a PDF
- Provides investors certain tax benefits
- Imposes several investment restrictions on the fund
- Chronic depressed conditions has prompted the Board to evaluate a number of strategic options to maximise value for shareholders
- Recent events in capital markets suggests recovery in appetite for risky assets may be some time away

Pooled Development Fund Status

- Board believes relinquishing PDF status offers the greatest potential to take advantage of opportunities that cannot currently be exploited including:
 - Taking advantage of our specialist sector knowledge to exploit mis-priced assets listed on the Australian Stock Exchange.
 - Taking advantage of opportunities to acquire positions in companies at discounts to market price and intrinsic value from distressed investors that are forced sellers of assets.
 - Providing funding to companies on an opportunistic basis via financial instruments, such as convertible notes, designed to maximise potential for returns to shareholders.
 - Taking advantage of cross-border opportunities that are received from our global network.
 - Participating in merger & acquisition events that may arise from time to time.
 - Participating in larger syndicates via instruments that are not currently allowed under the PDF Act.

Pooled Development Fund Status

- Other issues to consider include:
 - Existing investments will not be impacted
 - Certain tax benefits under the PDF Act will no longer be available to the Fund or to shareholders
 - The Board is seeking discretion in the timing of relinquishing PDF status and as such will aim to do so at a time that it believes is in the best interest of shareholders
- No legal requirement for shareholder approval
- However, Board wanted to ensure that shareholders had a chance to vote via an ordinary resolution
- It is the strong view of the participants in the life-science sector in Australia that the sector has never been as mature and has never been as under-valued.
- Dropping PDF status maximises value-creation opportunities in these volatile times

Examples of potential activities

- Utilising most appropriate investment instruments designed to minimise downside and maximise upside
- Acting as a vulture investor acquiring strategic or trading stakes in over-sold public companies
- Partnering with other investment groups to form investment syndicates to take advantage of larger opportunities both domestically and overseas
- Partnering with corporate groups to jointly exploit opportunities including breaking up companies
- Considering non-life science opportunities if makes sense

Background Information

Capital Structure

- Ordinary shares (BTC):
 - 84,039,505

- Substantial shareholders (as at 19 September 2008):
 - Select Asset Management: 26.24%
 - Lazard Asset Management: 7.43%
 - Top 20 hold 45.1%

- 3,915 shareholders

NTA Breakdown (as at 31 October 2008)

31 October 08		Cost Price		Board Valuation ¹		Market Valuation ²		
Company	ASX Code	Cost Price	Cents per BTC share	Current Value*	Cents per BTC share	Current Value*	Cents per BTC share	
LISTED SECURITIES								
1	Alchemia	ACL	\$ 870,299	1.04c	\$ 218,639	0.26c	\$ 230,146	0.27c
2	Neurodiscovery	NDL	\$ 1,500,000	1.78c	\$ 476,471	0.57c	\$ 529,412	0.63c
3	Phylogica	PYC	\$ 2,500,000	2.97c	\$ 1,402,217	1.67c	\$ 1,752,771	2.09c
4	Starpharma	SPL	\$ 2,520,000	3.00c	\$ 786,583	0.94c	\$ 827,983	0.99c
5	Stem Cell Sciences	STC, STEM	\$ 3,000,000	3.57c	\$ 386,394	0.46c	\$ 482,992	0.57c
TOTAL LISTED SECURITIES			\$ 10,390,299	12.36c	\$ 3,270,304	3.89c	\$ 3,823,304	4.55c
UNLISTED SECURITIES								
6	Biocomm		\$ 1,235,701	1.47c	\$ 1,235,701	1.47c	\$ 1,235,701	1.47c
7	Generic Health		\$ 2,200,000	2.62c	\$ 2,200,000	2.62c	\$ 2,200,000	2.62c
8	Continance Control Systems		\$ 4,000,000	4.76c	\$ 4,000,000	4.76c	\$ 4,000,000	4.76c
9	Pacific Knowledge Systems		\$ 2,452,552	2.92c	\$ 2,452,552	2.92c	\$ 2,452,552	2.92c
10	Sensear		\$ 2,416,667	2.88c	\$ 2,416,667	2.88c	\$ 2,416,667	2.88c
11	XRT		\$ 5,625,000	6.69c	\$ 5,625,000	6.69c	\$ 5,625,000	6.69c
TOTAL UNLISTED SECURITIES			\$ 17,929,920	21.34c	\$ 17,929,920	21.34c	\$ 17,929,920	21.34c
Cash			\$ 5,409,323	6.44c	\$ 5,409,323	6.44c	\$ 5,409,323	6.44c
Tax Provision			\$ -	0.00c	\$ 1,727,536	2.06c	\$ 1,644,586	1.96c
TOTAL			\$ 33,729,543	40.14c	\$ 28,337,083	33.72c	\$ 28,807,134	34.28c

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

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

	Alchemia	Phylogica	Neurodiscovery	Starpharma	Stem Cell Sciences
VWAP price used was:	\$0.1680	\$0.0601	\$0.0600	\$0.2760	£0.0826
Discount factor to valuation:	5%	20%	10%	5%	20%
Discounted Price:	\$0.160	\$0.048	\$0.054	\$0.262	£0.07
Adjusted option price used:	n.a.	n.a.	n.a.	n.a.	n.a.
Shares held:	1,370,250	29,166,667	8,823,530	3,000,000	2,400,000
Options held:	-	-	-	-	-
3 Day average foreign exchange rate: (GBP/AUD)					2.436
BioTech Capital issued capital:					
Ordinary Shares		84,039,505			

Our Portfolio

- Alchemia – proprietary chemistry technology to produce novel therapeutics
- Biocomm – holding company to several early stage companies (Cryptopharma, CNS Bio, Hatchtech)
- Continenca Control Systems – developing a portfolio of continence management technologies
- Generic Health – generic pharmaceuticals
- Neurodiscovery – pain therapeutics
- Pacific Knowledge Systems – novel information-based products for the pathology and pharmaceutical industry

Our Portfolio

- Phylogica – peptide-based therapeutics
- Sensear – novel hearing technologies
- Starpharma – nanotech leader exploiting dendrimer technology platform
- Stem Cell Sciences – regenerative medicine, drug screening and therapeutics
- XRT- high resolution imaging techniques

Portfolio companies

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