

Preliminary Financial Report - 30 June 2008

	Page
Contents	6
Preliminary Financial Report	
Income Statement	2
Balance Sheet	3
Cash Flow Statement	4
Statement of Changes in Equity	5
Notes to the Financial Statements	6

This preliminary 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 9
1 William Street
PERTH WA 6000

Income Statement

For the year ended 30 June 2008

	Notes	2008 \$'000	2007 \$'000
Revenue from operations	2	513	630
Management fees	16(c)	(665)	(815)
Other expenses from operations		(321)	(380)
Realised profit (loss) on non-current investment		-	(260)
Impairment loss on listed investments reflecting current market value		(6,900)	-
		<u>(7,886)</u>	<u>(1,455)</u>
Profit (Loss) from operations before related income tax benefit		(7,373)	(825)
Income tax benefit relating to operations	3	<u>(13)</u>	<u>66</u>
Profit (Loss) from operations after related income tax benefit attributable to members of BioTech Capital Limited		<u>(7,386)</u>	<u>(759)</u>
Basic earnings / (loss) per share		(8.61) cents	(0.86) cents
Diluted earnings / (loss) per share		(8.61) cents	(0.86) cents

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

Balance Sheet

As at 30 June 2008

	Notes	2008 \$'000	2007 \$'000
Current Assets			
Cash and cash equivalents	4	6,010	9,897
Trade and other receivables	5	12	18
Deferred tax assets	3	-	13
Held to maturity financial assets	6	-	-
Total Current Assets		<u>6,022</u>	<u>9,928</u>
Non-Current Assets			
Available for sale financial assets	7	<u>22,117</u>	<u>28,029</u>
Total Non-Current Assets		<u>22,117</u>	<u>28,029</u>
Total Assets		<u>28,139</u>	<u>37,957</u>
Current Liabilities			
Trade and other payables	8	78	104
Current tax liabilities	3	-	-
Total Current Liabilities		<u>78</u>	<u>104</u>
Non Current Liabilities			
Deferred tax liabilities	3	-	454
Total Non Current Liabilities		<u>-</u>	<u>454</u>
Total Liabilities		<u>78</u>	<u>558</u>
Net Assets		<u>28,061</u>	<u>37,399</u>
Equity			
Issued Capital	9	41,637	42,130
Accumulated Losses	10	(13,576)	(6,190)
Reserves	11	-	1,459
Total Equity		<u>28,061</u>	<u>37,399</u>

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

Cash Flow Statement

For the year ended 30 June 2008

	Notes	2008 \$'000	2007 \$'000
Cash Flows from Operating Activities			
Interest received		513	621
Other income received		-	9
Managers fees paid		(680)	(831)
Payments to suppliers		(326)	(412)
Income taxes refund		-	66
Net cash (outflow) from operating activities	12	<u>(493)</u>	<u>(547)</u>
Cash Flows from Investing Activities			
Payments for investments		(2,901)	(3,165)
Proceeds from sale of investments		-	4,549
Payments for bank bills		-	-
Proceeds from bank bills		-	4,327
Net cash inflow (outflow) from investing activities		<u>(2,901)</u>	<u>5,711</u>
Cash Flows from Financing Activities			
Share Buy-Back payment		(493)	(952)
Conversion of Options		-	1
Net cash (outflow) from financing activities		<u>(493)</u>	<u>(951)</u>
Net increase (decrease) in Cash Held		(3,887)	4,213
Cash at the beginning of the financial year		9,897	5,684
Cash at the End of the Financial Year	4	<u>6,010</u>	<u>9,897</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 2008

	Issued capital \$'000	Accumulated losses \$'000	Other reserves \$'000	Total \$'000
At 1 July 2006	43,081	(5,431)	8,439	46,089
Net unrealised gains on available for sale financial assets	-	-	(8,214)	(8,214)
Share buy-back program	(952)	-	-	(952)
Conversion of options	1	-	-	1
Income tax on items directly transferred to equity	-	-	1,234	1,234
Total income and expense for the period recognised directly in equity	(951)	-	(6,980)	(7,931)
Profit (loss) for the period	-	(759)	-	(759)
Total income (expense) for the period	(951)	(759)	(6,980)	(8,690)
At 30 June 2007	42,130	(6,190)	1,459	37,399
At 1 July 2007	42,130	(6,190)	1,459	37,399
Net unrealised gains on available for sale financial assets	-	-	(1,913)	(1,913)
Share buy-back program	(493)	-	-	(493)
Conversion of options	-	-	-	-
Income tax on items directly transferred to equity	-	-	454	454
Total income and expense for the period recognised directly in equity	(493)	-	(1,459)	(1,952)
Profit (loss) for the period	-	(7,386)	-	(7,386)
Total income (expense) for the period	(493)	(7,386)	(1,459)	(9,338)
At 30 June 2008	41,637	(13,576)	-	28,061

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

Notes to the Financial Statements

30 June 2008

Contents

Note 1	Summary of Significant Accounting Policies	7
Note 2	Revenue	11
Note 3	Income Tax	11
Note 4	Cash and Cash Equivalents	12
Note 5	Trade and Other Receivables	13
Note 6	Held to Maturity Financial Assets	13
Note 7	Available for Sale Financial Assets	13
Note 8	Trade and Other Payables	14
Note 9	Issued Capital	14
Note 10	Retained Profits	15
Note 11	Reserves	15
Note 12	Reconciliation of Operating Profit after Income Tax to the Net Cash Flow from Operating Activities	16
Note 13	Events Occurring After Balance Date	16
Note 14	Directors and Executive Disclosure	16
Note 15	Remuneration of Auditors	18
Note 16	Related Party Disclosures	19
Note 17	Segment Information	19
Note 18	Earnings/(Loss) Per Share	19
Note 19	Contingent Liability	20

Notes to the Financial Statements

30 June 2008

Note 1 Summary of Significant Accounting Policies**The Preliminary Financial Report of Biotech Capital Limited for the year ended 30 June 2008**

This general purpose financial report has been prepared in accordance with the requirements of Australian Accounting Standards and the Corporations Act 2001.

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 stock exchange. Both the functional currency and presentation currency of BioTech Capital Limited is Australian dollars (\$AUD).

Statement of Compliance

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and applicable Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

Australian Accounting Standards include Australian Equivalents to International Financial Reporting Standards (A-IFRS). Compliance with A-IFRS ensures that the financial report complies with International Financial Report Standards ('IFRS').

New accounting standards and Interpretations not yet adopted***Adoption of new accounting standards***

The company has adopted AASB 7 'Financial Instruments; Disclosures' and all consequential amendments which became applicable on 1 January 2007. The adoption of this standard has only affected the disclosure in these financial statements. There has been no affect on profit and loss or the financial position of the entity.

Changes to Accounting Standards

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2008 reporting periods. The company's assessment of the impact of these new standards and interpretations is set out below.

New or revised requirement	Effective for annual reporting periods beginning/ending on or after	More information	Impact on Company
New and revised Standards			
<p><i>AASB 101 Presentation of Financial Statements (Revised September 2007), AASB 2007-8 Amendments to Australian Accounting Standards & Interpretations and AASB 2007-10 Further Amendments to AASBs arising from AASB 101</i></p> <p>The revised standard affects the presentation of changes in equity and comprehensive income. It does not change the recognition, measurement or disclosure of specific transactions and other events required by other AASB standards however, it is important to note that the AASB has decided that Australian issuers must make use in financial reports of the descriptions- Statement of Financial Performance and Position rather than Balance Sheet and Income Statement and use the term "financial report" and not "financial statement." The Amending Standard updates references in various other pronouncements.</p>	Beginning 1 January 2009	This will be adopted for the year ended 30 June 2010	This is a disclosure standard, the impact of the company has not yet been determined.

Notes to the Financial Statements

30 June 2008

New or revised requirement	Effective for annual reporting periods beginning/ending on or after	More information	Impact on Company
<p><i>AASB 123 Borrowing Costs (Revised), AASB 2007-6 Amendments to Australian Accounting Standards 1, 101, 107, 111, 116, 138 and Interpretations 1 & 12</i></p> <p>This revision eliminates the option to expense borrowing costs on qualifying assets and requires that they be capitalised. The transitional provision provided allows for prospective application of this revision from either application date or adoption date if prior to 1 January 2009. The Amending Standard eliminates reference to the expensing option in various other pronouncements.</p>	Beginning 1 January 2009	This will be adopted for the year ended 30 June 2010	The impact of this standard on the company has not yet been determined.
<p><i>AASB 3 Business Combinations (Revised), AASB 127 Consolidated and Separate Financial Statements (Amended), AASB 2008-3 Amendments to AASBs arising from AASB 3 and AASB 127</i></p> <p>This revision changes the application of acquisition accounting for business combinations and accounting for non-controlling interests. The revised and amended standards incorporate many changes which will have a significant impact on the profit and loss for entities entering into business combinations.</p>	Beginning 1 July 2009	This will be adopted for the year ended 30 June 2010	The impact of this standard on the company has not yet been determined.
<p><i>AASB 8 Operating Segments, AASB 2007-3 Amendments to Australian Accounting Standards 5, 6, 102, 107, 119, 127, 134, 136, 1023 & 1038 arising from AASB 8</i></p> <p>This standard supersedes AASB 114 Segment Reporting introducing a US GAAP approach of management reporting as part of the convergence project with FASB. This standard only applies to entities that have public accountability therefore any entities that do not fall within scope may wish to early adopt and avoid segment reporting.</p>	Beginning 1 January 2009	This will be adopted for the year ended 30 June 2010	This is a disclosure standard, the impact of the company has not yet been determined.
<p><i>AASB 2008- 1 – Amendments to AASB 2 "Share Based Payments"</i></p> <p>The amendment clarifies that vesting conditions are restricted to:</p> <ul style="list-style-type: none"> • service conditions; and • Performance conditions only. <p>Other features of a share-based payment are not vesting conditions. This restriction was not clearly stated in the pre-amended standards. This means that all other terms and conditions are accounted for in the value of the share or option at grant date.</p>	Beginning 1 January 2009	This will be adopted for the year ended 30 June 2010	The impact of this standard on the company has not yet been determined.

Notes to the Financial Statements

30 June 2008

(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 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.

(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**

(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 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 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. For investments that are unquoted, fair value cannot be reliably measured, as a result are reflected at cost.

(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.

Notes to the Financial Statements

30 June 2008

(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 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 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.

(j) 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:

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

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 cost.

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.

Notes to the Financial Statements

30 June 2008

Note 2 Revenues from Ordinary Activities

	30 June 2008 \$'000	30 June 2007 \$'000
Finance revenue - bank	511	617
Other	2	13
	<u>513</u>	<u>630</u>

Note 3 Income Tax

Major components of income tax expense for the years ended 30 June 2008 and 2007 are:

	30 June 2008 \$'000	30 June 2007 \$'000
Income Statement		
<i>Current Income</i>		
Current income tax benefit	-	-
Adjustments in respect to current income tax of previous years	-	(66)
<i>Deferred Income Tax</i>		
Relating to origination and reversal of temporary differences	13	-
Income tax (benefit) expense reported in the income statement	<u>13</u>	<u>(66)</u>

Statement of changes in equity

<i>Deferred Income Tax</i>		
Unrealised gain on available for sale financial assets	454	1,234
Income tax benefit reported in equity	<u>454</u>	<u>1,234</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 2008 and 2007 is as follows:

Accounting profit (loss) before tax from continuing operations	(7,386)	(825)
Loss before tax from discontinued operations	-	-
Accounting profit (loss) before income tax	<u>(7,386)</u>	<u>(825)</u>
At the statutory income tax rate of 25% (2007: 25%)	(1,846)	(206)
Adjustments in respect of current income tax of previous years	-	(66)
Expenditure not allowable for income tax purposes	1,725	-
Adjustments in respect of deferred income tax of previous years	13	-
Tax losses not brought to account as a deferred tax asset	121	206
At effective income tax rate of (8.0%) (2007: (8.0%))	<u>13</u>	<u>(66)</u>
Income tax expense reported in income statement	13	(66)
Income tax attributable to discontinued operation	-	-
	<u>13</u>	<u>(66)</u>

Notes to the Financial Statements

30 June 2008

	30 June 2008 \$'000		30 June 2007 \$'000			
Recognised deferred tax assets and liabilities						
Deferred tax assets and liabilities are attributable to the following:						
	Assets		Liabilities		Net	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Fair value adjustments of investments	-	-	-	454	-	454
Expenses not yet deductible for taxation purposes	-	(13)	-	-	-	(13)
<i>Tax (assets) liabilities</i>	-	(13)	-	454	-	441
Set off of tax	-	-	-	-	-	-
Net tax (assets) liabilities	-	(13)	-	454	-	441

	30 June 2008 \$'000	30 June 2007 \$'000
Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in respect of the following items:		
Tax Losses	1,783	1,662

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.

Movement in temporary differences during the year

	Balance 1 July 2006 \$'000	Recognised in Income \$'000	Recognised in Equity \$'000	Balance 30 June 2007 \$'000
Fair value adjustments of investments	1,688	-	(1,234)	454
Expenses not yet deductible for taxation purposes	(13)	-	-	(13)
	1,675	-	(1,234)	441

	Balance 1 July 2007 \$'000	Recognised in Income \$'000	Recognised in Equity \$'000	Balance 30 June 2008 \$'000
Fair value adjustments of investments	454	-	(454)	-
Expenses not yet deductible for taxation purposes	(13)	13	-	-
	441	13	(454)	-

Note 4 Cash and cash equivalents

	30 June 2008 \$'000	30 June 2007 \$'000
Cash at bank and on hand	239	952
Bank bills	5,771	8,945
	6,010	9,897

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 3 months are classified as cash equivalents and earn interest at the respective bank bill deposit rate.

Notes to the Financial Statements

30 June 2008

Note 5 Trade and other receivables

	30 June 2008 \$'000	30 June 2007 \$'000
Interest receivable	-	-
GST recoverable	12	18
	<u>12</u>	<u>18</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 2008 \$'000	30 June 2007 \$'000
Bank bills	-	-
	<u>-</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 2008 \$'000	30 June 2007 \$'000
Non Current		
Investment in listed companies – at market value		
Alchemia Limited	397	1,145
Neurodiscovery Limited	737	787
Starpharma Holdings Limited	791	1,097
Phylogica Limited	1,961	7,707
Stem Cell Sciences Limited	718	1,980
	<u>4,604</u>	<u>12,716</u>
Investment in unlisted Companies – at cost		
Pacific Knowledge Systems Pty Ltd	2,198	2,198
XRT Ltd	4,125	4,125
Continenace Control Systems	4,000	4,000
Sensear Pty Ltd	2,000	2,000
Generic Health Pty Ltd	2,200	-
Biocomm Services Pty Limited	1,001	1,001
	<u>15,524</u>	<u>13,324</u>
Investments in Convertible Notes – unlisted companies		
Biocomm Services Pty Limited	235	235
Pacific Knowledge Systems Pty Ltd	254	254
XRT Ltd	1,500	1,500
	<u>1,989</u>	<u>1,989</u>
Total Available for sale Financial Assets	<u>22,117</u>	<u>28,029</u>

Available for sale financial assets consist of investments in ordinary shares or convertible notes into ordinary shares and therefore have no fixed maturity or coupon rate.

Listed shares

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

Unlisted shares

The fair value of unlisted available for sale investments cannot be reliably measured as they are not supported by observable market prices or rates. As a result, all unlisted investments are reflected at cost.

Notes to the Financial Statements

30 June 2008

Summary of changes in investments available for sale	30 June 2008 \$'000	30 June 2007 \$'000
Opening	28,029	37,887
Acquisitions	2,901	3,165
Disposals	-	(4,809)
Revaluations	(8,813)	(8,214)
Closing	<u>22,117</u>	<u>28,029</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 Continnence Control Systems, Pacific Knowledge Systems Pty Ltd, XRT Ltd, Sensear Pty 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 2008 \$'000	30 June 2007 \$'000
Managers fees payable – director related entity	54	70
Director fees payable	5	-
Trade Creditors	7	26
Audit fees payable	12	8
GST payable	-	-
	<u>78</u>	<u>104</u>

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

Note 9 Issued Capital

	2008 Shares	2008 \$'000	2007 Shares	2007 \$'000
(a) Ordinary Shares Issued and fully paid	<u>84,039,505</u>	<u>41,637</u>	<u>86,309,505</u>	<u>42,130</u>

(b) Movements in ordinary shares on issue:

Date	Details	2008 No. of Shares	2008 Issue Price	2008 \$'000	2007 No. of Shares	2007 Issue Price	2007 \$'000
30/06/2007	Opening Equity	86,309,505		42,130	88,759,805		43,081
27/09/2006	Conversion of Options	-		-	3,000	\$0.55	1
December	Share Buy-						
2007 to	Back/Cancellation	(2,270,000)		(493)	(2,453,300)		(952)
June 2008		<u>(2,270,000)</u>		<u>(493)</u>	<u>(2,450,300)</u>		<u>(951)</u>
30/06/2008	Closing Equity	<u>84,039,505</u>		<u>41,637</u>	<u>86,309,505</u>		<u>42,130</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.

The company does not have authorised capital or par value in respect of its issued capital.

Notes to the Financial Statements

30 June 2008

		2008 Options	2007 Options		
(d)	Issued Options				
	Options exercisable at \$0.55 expired 10/10/06 ("Oct '06 options")	-	-		
(e)	Movements in options:				
Date	Details	2008 No. of Options	2008 Exercise Price	2007 No. of Options	2007 Exercise Price
30/06/2007	Opening Issued Options	-	-	44,677,419	\$0.55
27/09/2006	Converted to Shares	-		(3,000)	\$0.55
10/10/2006	Expiry of Options	-		(44,674,419)	
30/06/2008	Closing Issued Options	-	-	-	-

Note 10 Retained Profits/(Accumulated Losses)

	30 June 2008 \$'000	30 June 2007 \$'000
Retained profits/(Accumulated losses) at the beginning of the financial year	(6,190)	(5,431)
Net Profit (Loss)	(7,386)	(759)
Retained profits/(Accumulated losses) at the end of the financial year	<u>(13,576)</u>	<u>(6,190)</u>

Note 11 Reserves

	30 June 2008 \$'000	30 June 2007 \$'000
Net Unrealised Gains Reserve	-	1,459
	<u>-</u>	<u>1,459</u>

Net Unrealised Gains Reserve Movements During the Year

Opening Balance	1,459	8,439
Unrealised impairment loss on listed investments	6,900	-
Revaluation (decrement) on listed investments, net of 15% tax	(8,359)	(6,980)
Closing Balance	<u>-</u>	<u>1,459</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. The above unrealised impairment loss on listed investments reflects market value at 30 June 2008.

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.

Notes to the Financial Statements

30 June 2008

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

	30 June 2008 \$'000	30 June 2007 \$'000
Operating profit (loss) after income tax	(7,386)	(759)
<i>Adjustment for:</i>		
Realised (Profit) Loss on Investment	-	260
Unrealised Impairment Loss on Investments	6,900	-
<i>Changes in assets and liabilities:</i>		
(Increase) / Decrease in trade and other debtors	-	2
(Increase) / Decrease in deferred tax assets	13	-
(Decrease) / Increase in trade and other payables	(20)	(50)
	<u>(493)</u>	<u>(547)</u>
Net cash flow from operating activities	<u>(493)</u>	<u>(547)</u>

Note 13 Events Occurring After Balance Date

On 9 July 2008, the company took up the rights issue from Sensear Pty Ltd for a further 555,556 shares for \$416,667. This takes the company's investment in Sensear Pty Ltd to 5,000,000 shares.

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 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.Basten – non executive

A.J.Davidson – non executive

H.Karelis – Managing Director

L.McIntyre – non executive

(ii) Executives

None noted.

(b) Remuneration of each key management personnel during the year (see also notes below)

2008	Salary & Fees	Super- annuation	Post Employment Benefits	Equity Options	Other Benefits	Total \$'000
(i) Directors						
K.T.Greiner Chairman (non-executive)	20	-	-	-	-	20
A.Basten (non-executive)	4	16	-	-	-	20
A.J.Davidson (non-executive)	20	-	-	-	-	20
H.Karelis Managing Director (see note below)	-	-	-	-	-	-
L.McIntyre (non-executive)	18	2	-	-	-	20
Total Remuneration	<u>62</u>	<u>18</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80</u>

Notes to the Financial Statements

30 June 2008

2007	Salary & Fees	Super- annuation	Post Employment Benefits	Equity Options	Other Benefits	Total \$'000
(i) Directors						
K.T.Greiner Chairman (non-executive)	20	-	-	-	-	20
A.Basten (non-executive)	15	5	-	-	-	20
A.J.Davidson (non-executive)	20	-	-	-	-	20
H.Karelis Managing Director (see note below)	-	-	-	-	-	-
L.McIntyre (non-executive)	18	2	-	-	-	20
Total Remuneration	73	7	-	-	-	80

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

(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 (2007 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.

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 key management personnel

Option holdings

The numbers of options over ordinary shares in the company held during the financial year by each key management personnel of BioTech Capital Limited, including their personally-related entities, are set out below.

Year ended 30 June 2008

Name	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
(i) Director						
K.T.Greiner	-	-	-	-	-	-
A.Basten	-	-	-	-	-	-
A.J.Davidson	-	-	-	-	-	-
H. Karelis	-	-	-	-	-	-
L.M.McIntyre	-	-	-	-	-	-

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

Notes to the Financial Statements

30 June 2008

Year ended 30 June 2007

Name	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
(i) Director						
K.T.Greiner	-	-	-	-	-	-
A.Basten	5,000	-	-	(5,000)	-	-
A.J.Davidson	50,000	-	-	(50,000)	-	-
H. Karelis	400,000	-	-	(400,000)	-	-
L.M.McIntyre	6,500	-	-	(6,500)	-	-

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 2008

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
L.M.McIntyre	13,000	-	-	13,000

Year ended 30 June 2007

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
L.M.McIntyre	13,000	-	-	13,000

Note 15 Remuneration of Auditors

	30 June 2008	30 June 2007
	\$	\$
PKF		
Remuneration for audit or review of the financial statements	<u>29,373</u>	<u>22,325</u>
Remuneration for taxation and other services	<u>3,300</u>	<u>3,150</u>

Notes to the Financial Statements

30 June 2008

Note 16 Related Party Disclosures

(a) Remuneration Benefits

Information on remuneration benefits of key management personnel 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.

	2008 Number	2007 Number
Ordinary shares acquired/(disposed of)	-	-
Options over ordinary shares acquired/(disposed of)	-	(461,500)

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.

Ordinary Shares	955,700	955,700
Options	-	-

(c) Transactions with 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 2008 the management fees payable were \$664,862 (2007: \$814,815).

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.

Note 18 Earnings/(Loss) Per Share

	30 June 2008	30 June 2007
Basic earnings/(loss) per share, based on the after tax benefit loss of (\$7,386,443) (2007: (\$759,063))	(8.61) cents per share	(0.86) cents per share
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	85,772,581 shares	88,366,170 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.

Notes to the Financial Statements

30 June 2008

Note 19 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 nil (2007: \$194,000). The basis of the performance fee calculation has been described in Note 16. No liability has been recognised in respect to this.

