

BIOTECH CAPITAL LIMITED

ABN 45 091 979 172

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED

31 DECEMBER 2007

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**BIOTECH CAPITAL LIMITED ABN 45 091 979 172
AND CONTROLLED ENTITIES**

CORPORATE DIRECTORY

Principal and registered office in Australia	BioTech Capital Limited Level 9, The Quadrant 1 William Street PERTH WA 6000 T (08) 9327 1764 F (08) 9327 1778
Directors	Kathryn Therese Greiner Harry Karelis Antony Basten Alastair John Davidson Lisa Margaret McIntyre
Company Secretary	Baden Maxwell Bowen
Bankers	ANZ Bank Limited
Share Register	Advanced Share Registry 110 Stirling Highway NEDLANDS WA 6009 PO Box 1156 NEDLANDS WA 6909 T (08) 9389 8033 F (08) 9389 7871
Auditor	PKF Chartered Accountants Level 7, BGC Centre 28 The Esplanade PERTH WA 6000
Solicitors	Dibbs Abbott Stillman Level 8, Angel Place 123 Pitt Street SYDNEY NSW 2000
Internet Address	www.biotechcapital.com.au

**BIOTECH CAPITAL LIMITED ABN 45 091 979 172
AND CONTROLLED ENTITIES**

INTERIM FINANCIAL REPORT

DIRECTOR'S REPORT

Your directors submit the financial report of the economic entity for the half-year ended 31 December 2007.

Directors

Kathryn Therese Greiner
Harry Karelis
Antony Basten
Alastair John Davidson
Lisa Margaret McIntyre

Review of Operations

The following is a review of operations for the six-month period to 31 December 2007:

In November 2007, Biotech Capital Limited invested \$2.2 million in Australian company Generic Health Pty Ltd.

BIOTECH CAPITAL LIMITED ABN 45 091 979 172

INTERIM FINANCIAL REPORT

DIRECTOR'S REPORT

Auditor's Declaration of Independence

A copy of the auditor's declaration under section 307c in relation to the half year is attached.

Rounding of Amounts

The Company is a company of the kind referred to in ASIC Class Order 98/0100, relating to the round off of amounts in the directors' and financial report. Amounts in the directors' and financial report have been rounded off to the nearest thousand dollars in accordance with that class order.

This report is signed in accordance with a resolution of the Board of Directors.

KT Greiner
Director

Dated this 28th day of February 2008

**Auditor's Independence Declaration
to the Directors of BioTech Capital Limited**

As lead engagement partner for the review of BioTech Capital Limited for the half-year ended 31 December 2007, I declare that, to the best of my knowledge and belief, there have been:

- i no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the review; and
- ii no contraventions of any applicable code of professional conduct in relation to the review.

PKF
Chartered Accountants

NEIL SMITH
Partner

Dated at Perth, Western Australia this 28th day of February 2008

BIOTECH CAPITAL LIMITED ABN 47 090 671 819

CONDENSED INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2007

	31 December 2007	31 December 2006
	\$000's	\$000's
Revenue from continuing operations	<u>292</u>	<u>302</u>
Expenses from continuing operations		
Management fees	(355)	(411)
Other expenses	(197)	(196)
Total expenses from continuing operations	<u>(552)</u>	<u>(607)</u>
Loss from continuing operations before income tax expense	<u>(260)</u>	<u>(305)</u>
Income tax benefit relating to continuing operations	-	-
Net Loss from continuing operations after income tax attributable to members of BioTech Capital Limited	<u>(260)</u>	<u>(305)</u>
Basic earnings per share (cents per share)	(0.30)	(0.34)
Diluted earnings per share (cents per share)	(0.30)	(0.34)

The accompanying notes form part of this financial report

BIOTECH CAPITAL LIMITED ABN 45 091 979 172

CONDENSED BALANCE SHEET
AS AT 31 DECEMBER 2007

	31 December 2007	30 June 2007
	\$000's	\$000's
CURRENT ASSETS		
Cash and cash equivalents	6,619	9,897
Trade and other receivables	14	18
Deferred tax assets	13	13
Held to maturity financial assets	-	-
TOTAL CURRENT ASSETS	<u>6,646</u>	<u>9,928</u>
NON-CURRENT ASSETS		
Available for sale financial assets	26,136	28,029
TOTAL NON-CURRENT ASSETS	<u>26,136</u>	<u>28,029</u>
TOTAL ASSETS	<u>32,782</u>	<u>37,957</u>
CURRENT LIABILITIES		
Trade and other payables	66	104
Current tax liabilities	-	-
TOTAL CURRENT LIABILITIES	<u>66</u>	<u>104</u>
NON-CURRENT LIABILITIES		
Deferred tax liabilities	-	454
TOTAL NON-CURRENT LIABILITIES	<u>-</u>	<u>454</u>
TOTAL LIABILITIES	<u>66</u>	<u>558</u>
NET ASSETS	<u><u>32,716</u></u>	<u><u>37,399</u></u>
EQUITY		
Issued Capital (Note 2)	42,048	42,130
Accumulated Losses	(6,450)	(6,190)
Other Reserves	(2,882)	1,459
TOTAL EQUITY	<u><u>32,716</u></u>	<u><u>37,399</u></u>

The accompanying notes form part of this financial report

BIOTECH CAPITAL LIMITED ABN 45 091 979 172

**CONDENSED CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

	31 December 2007	31 December 2006
	\$000's	\$000's
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	292	302
Other income received	-	-
Management fees paid	(363)	(420)
Payments to suppliers	(224)	(219)
Net cash (used in) operating activities	(295)	(337)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for Investments	(2,901)	(366)
Net cash (used in) investing activities	(2,901)	(366)
CASH FLOW FROM FINANCING ACTIVITIES		
Share buy back payment	(82)	-
Proceeds from Issue of Shares	-	1
Net cash (used in) financing activities	(82)	1
Net (decrease) in cash held	(3,278)	(702)
Cash at 1 July 2007	9,897	10,011
Cash at 31 December 2007	6,619	9,309

The accompanying notes form part of this financial report

BIOTECH CAPITAL LIMITED ABN 45 091 979 172

**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

	Issued Capital \$'000	Retained Earnings (Accumulated Losses) \$'000	Other Reserves \$'000	Total \$'000
At 1 July 2006	43,081	(5,431)	8,439	46,089
Net (losses) on available for sale financial assets	-	-	(4,745)	(4,745)
Share Issues	1	-	-	1
Total income and expense for the period recognised directly in equity	1	-	(4,745)	(4,744)
Profit (loss) for the period	-	(305)	-	(305)
Total income (expense) for the period	1	(305)	(4,745)	(5,049)
At 31 December 2006	43,082	(5,736)	3,694	41,040
At 1 July 2007	42,130	(6,190)	1,459	37,399
Net (losses) on available for sale financial assets	-	-	(4,341)	(4,341)
Share Buyback Program	(82)	-	-	(82)
Total income and expense for the period recognised directly in equity	(82)	-	(4,341)	(4,423)
Profit (loss) for the period	-	(260)	-	(260)
Total income (expense) for the period	(82)	(260)	(4,341)	(4,683)
At 31 December 2007	42,048	(6,450)	(2,882)	32,716

The accompanying notes form part of this financial report

BIOTECH CAPITAL LIMITED ABN 45 091 979 172

**NOTES TO FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31
DECEMBER 2007**

Note 1: Basis of preparation

The financial report of BioTech Capital Limited for the half-year ended 31 December 2007 was authorised for issue in accordance with a resolution of the directors on 5 February 2008. BioTech Capital Limited is a company incorporated in Australia and limited by shares which are publicly traded on the Australian Securities Exchange.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the entity as the full financial report.

The half-year financial report is a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, Accounting Standards AASB 134: Interim Financial Reporting, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2007 which was prepared based on Australian Accounting Standards applicable before 1 January 2005 and any publications made by BioTech Capital Limited during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The accounting policies have been consistently applied by the entities in the economic entity and are consistent with those applied in the 30 June 2007 annual report.

The half-year financial report has been prepared on a historical cost basis, except for available-for-sale financial assets that have been measured at fair value.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

In the half-year ended 31 December 2007, the Company has reviewed all of the new and revised standards and interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2007. It has been determined by the Company that there is no impact, material or otherwise, of the new and revised standards and interpretations on its business and, therefore no change is necessary to the Company's accounting policies.

BIOTECH CAPITAL LIMITED ABN 45 091 979 172

**NOTES TO FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31
DECEMBER 2007**

Note 2: Issued Capital

	31 December 2007	30 June 2007
	\$000's	\$000's
Opening Balance	42,130	43,081
Share Buyback / Cancellation	(82)	(952)
Share Issue due to exercise of options	-	1
Closing Balance	<u>42,048</u>	<u>42,130</u>

Note 3: Contingent Liabilities

There has been no change in contingent liabilities since the last annual reporting date.

Note 4: Subsequent Events

No events have arisen between the end of the half-year ended 31 December 2007 and the date of this report, in the opinion of the directors of the company, that will affect significantly the operations of the entity, the results of those operations, or the state of the affairs of the entity, in subsequent financial years.

Note 5: Segment Information

BioTech Capital Limited operates in predominantly one business segment being the investment in entities operating in life science / biotechnology sectors. The company operates in one geographical segment being Australia.

BIOTECH CAPITAL LIMITED ABN 45 091 979 172

DIRECTOR'S DECLARATION

The directors of the company declare that:

1. The financial report and notes;
 - (a) Comply with the Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
 - (b) Give a true and fair view of the economic entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

KT Greiner
Director

Dated this 28th day of February 2008

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF BIOTECH CAPITAL LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of BioTech Capital Limited, which comprises the condensed balance sheet as at 31 December 2007, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, notes to the financial statements, other selected explanatory notes and the director's declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of BioTech Capital Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of BioTech Capital Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

PKF
Chartered Accountants

NEIL SMITH
Partner

Dated at Perth, Western Australia this 28th day of February 2008