

**BIOTECH CAPITAL LTD  
ANNUAL GENERAL MEETING  
TUESDAY 20<sup>TH</sup> NOVEMBER**

**CHAIRMAN'S ADDRESS**

Good afternoon ladies and gentlemen and welcome to the 2007 Annual General Meeting for BioTech Capital Ltd.

We have seen yet another challenging year for the broader biotechnology sector as our strong economy continues to focus investors on the resources boom, but the year has also been one of progress for our investment portfolio.

It never ceases to amaze me that there are so many opportunities in the life science area which have the potential to bring welcome improvement to the quality-of-life for many people. As our populations get older and pressures increase on healthcare funding there are tremendous opportunities for companies providing new therapies at lower cost to commercialise their technologies.

BioTech Capital continues to provide an opportunity to invest in life science companies that are a part of these life-enhancing improvements.

We continued to employ an investment strategy that is purposely conservative and dictates a stringent process of due diligence. This helps ensure we can see through the less credible companies and maximise our chances of successfully identifying, structuring and investing in those companies with strong intellectual property and strong management teams.

We repositioned our investment strategy towards later stage companies either in human clinical trials or generating revenues. Our objective is to focus on identifying high quality opportunities that will provide meaningful uplifts in value and liquidity events with a horizon of 2-3 years rather than the 5-10 year timeframe more common in traditional venture capital investing.

In line with these objectives, BioTech Capital made several new investments during the year.

The first of these was in NeuroDiscovery Ltd where we are now the largest shareholder. We were attracted to NeuroDiscovery primarily as it presented a compelling investment opportunity. The company has built a promising pipeline of anti-pain therapeutic programs two of which are now in clinical trials.

The company is also jointly developing its lead compound in partnership with a major Japanese biopharmaceutical company. NeuroDiscovery is also in a unique position for a small biotech company in that it owns a growing fee-for service business, which is expected to generate revenue of \$2.5 million this financial year.

With a market capitalisation of less than \$10 million we believe this offers an outstanding opportunity for capital growth off the back of successful efficacy trials for its lead compound.

Our second investment, Sensear, has a range of exciting technologies related to hearing enhancement, with its first commercial product now released to great acclaim at two of the world's leading trade events held several weeks ago in Germany and the United States. The technology allows for speech recognition and enhancement in a diverse range of noisy environments. Numerous markets can be pursued besides the occupational health market including the social, consumer electronics and assisted listening markets.

Our third investment, announced yesterday, was in Generic Health Pty Ltd – a Melbourne-based generic pharmaceutical company that has significant growth prospects over coming months as it continues to launch new generic drugs into the Australian market.

Our established investee companies continued to achieve program milestones and are poised to accomplish more in the year ahead.

In rebalancing our portfolio, in line with our investment strategy, we made two divestments. Clinical Cell Culture and Prima Biomed have both underperformed significantly over the last year and it became clear that these companies were not responding quickly enough to changes in their market. Our decision to sell has proven to be correct with their share prices declining a further 50% following our sale.

Finally, at the time of writing the world's capital markets are experiencing considerable volatility due to pressures in the money markets and a blow-out in credit spreads. Investors remain nervous and are seeking out low risk areas to the detriment of the equities market in general. This traditionally has resulted in low appetite for high technology stocks in general and biotechnology in particular.

Given the biotechnology sector in Australia has never been as advanced and has never been as undervalued we believe environments such as these provide numerous opportunities and we intend to fully take advantage of these for the benefit of our shareholders.

**Kathryn Greiner**  
Chairman