

Appendix 4D

Half Year Report to the Australian Stock Exchange

Name of Entity	BTC health Limited
ABN	45 091 979 172
Half Year Ended	31 December 2022
Previous Corresponding Reporting Period	31 December 2021

Results for Announcement to the Market

	31/12/2022 \$'000	31/12/2021 \$'000	Percentage increase / (decrease) over previous corresponding period
Revenue from ordinary activities	6	70	(91.43%)
Profit / (loss) from ordinary activities after tax attributable to members	(258)	(357)	(27.73%)
Net profit / (loss) for the period attributable to members	(258)	(357)	(27.73%)

Dividends (distributions)	Amount per security	Franked amount per security
Dividend 31/12/22	Nil	Nil
Interim Dividend	Nil	Nil

Record date for determining entitlements to the dividends (if any)

N/A

BTC health is a Pooled Development Fund, registered under the Pooled Development Funds Act 1992.

The following is a review of operations for the six-month period to 31 December 2022:

The company made a loss after tax during the half-year of \$258,005 (Dec 2021: \$356,855). Income of \$5,783 comprises interest generated on cash reserves. In the prior year, management fees of \$70,174 were received from the company's wholly

owned investment, BTC Speciality Health Pty Ltd. Management fees for the financial year ended 2022/23 will be calculated at June in accordance with company policy. Expenses of \$263,788 declined \$163,445 due to a reduction in the cost of options issued \$62,211 (Dec 2021: \$129,519) and a reduction in net operating costs which were \$201,577 (Dec 2021: \$297,719). The reduction in net operating costs is directly associated with due diligence and capital raise expenses in July 2021.

Cash balance at 31 December 2022 was \$1,175,400 (June 2022: \$2,170,493). Movement in the cash balance is primarily driven by short-term loans provided to investee companies to support working capital requirements, which have been subsequently repaid in January 2023 and thereby increasing the cash balance at 31 January 2023 to \$1,946,690.

BTC held direct interests in two companies at 31 December 2022, BTC Speciality Health Pty Ltd and BioImpact Pty Ltd. The valuation of each investee company is recognised on the balance sheet. During the period BTC health has progressed the assessment of a number of potential additional investment opportunities, to further diversify its investments in the healthcare sector.

BTC health is presently engaged in confidential discussions with a range of third parties and evaluating the feasibility of a number of investment opportunities which are consistent with the stated growth strategy.

BTC Speciality Health Pty Ltd

BTC health's wholly owned investee company BTC Speciality Health is an established distributor of medical devices, consumables and speciality pharmaceuticals in the Australian and New Zealand Public and Private Hospital market. The investment is valued at \$7,935,915.

Sales to Hospitals were \$4.3m for the half-year ended December 2022 which grew 1.6%+ over prior year (Dec 2021: \$4.3m). The company expects sales growth to further improve as the current hospital resource shortage improves and the number of elective surgeries returns to pre-covid levels. In the interim, the company continues to focus on expanding the use of its products through adoption by new clinicians and new hospitals. Despite a weakening Australian dollar and ongoing global freight pressures, the company largely maintained margin through product mix, supply chain efficiencies and good stock control. Overheads as a percentage of sales were favourable 250 basis points as compared to the same time last year, reflecting further efficiencies achieved. Underlying EBIT excluding intercompany fees improved 20%+ compared to the half-year ended December 2021 and demonstrate an improvement in underlying performance.

During the last 6 months, BTC Speciality Health was granted ministerial discretion from the Department of Health to maintain current pricing of Bronchitol, a Pharmaceutical Benefit Scheme (PBS) listed product to treat patients suffering from cystic fibrosis. Bronchitol was originally included by the Department of Health and Aged Care in the annual round of statutory anniversary and catch-up price reductions, which are otherwise scheduled to be widely implemented on 1 April 2023 to around 1000 items

Amendments to the Private Health Insurance Act and associated Prostheses List (PL) reforms are currently being considered by Parliament. As part of these broader PL reforms, it is proposed that some 500 medical devices (including the category of infusion

pumps) listed under the General Miscellaneous category be removed and transferred to an alternative funding mechanism. It is expected such a new funding arrangement will be mandated and effective on 1 July 2023, although no details have yet been finalised or confirmed. On 1 July 2022 and again on 1 March 2023, a number of products listed on the PL have been subject to price reductions. Notwithstanding these wide sweeping price reforms, no price reductions have been imposed on the ambIT single-use infusion pumps and accessories, which comprise the majority of the company's revenue.

BiolImpact Pty Ltd

BTC health wholly owns BiolImpact, an investment company which licenses and holds intellectual property rights for healthcare products. The investment is valued at \$2,883,975. The largest contributor to the valuation is the licensing and distribution agreement with Pharmaxis for Bronchitol and Aridol products sold within the Australian and New Zealand market. The carrying value of this asset at 31 December 2022 is \$1,700,000. BiolImpact has an active product sourcing pipeline for medical devices, consumables and speciality pharmaceutical products.

Dividends

Date the dividend is payable	N/A
Record date to determine entitlement to the dividend	N/A
Amount per security	N/A
Total dividend	N/A
Amount per security of foreign sourced dividend or distribution	N/A
Details of any dividend reinvestment plans in operation	N/A
The last date for receipt of an election notice for participation in any dividend reinvestment plans	N/A

NTA Backing

	Current Period	Previous corresponding period
Net tangible asset backing per ordinary security	4.49 cents	4.62 cents

Control Gained Over Entities Having Material Effect

Name of entity (or group of entities)	None
Date control gained	N/A
Consolidated profit / (loss) from ordinary activities since the date in the current period on which control was acquired	N/A

Profit / (loss) from ordinary activities of the controlled entity (or group of entities) for the whole of the previous corresponding period	N/A
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Loss of Control Gained Over Entities Having Material Effect

Name of entity (or group of entities)	None
Date control lost	N/A
Consolidated profit / (loss) from ordinary activities for the current period to the date of loss of control	N/A
Profit / (loss) from ordinary activities of the controlled entity (or group of entities) while controlled for the whole of the previous corresponding period	N/A

Details of Associates and Joint Venture Entities

Name of Entity	Percentage Held		Share of Net Profit	
	Current Period	Previous Period	Current Period	Previous Period
None	N/A	N/A	N/A	N/A
Aggregate Share of Net Profits	N/A	N/A	N/A	N/A

Foreign Entities Accounting Framework


For foreign entities provide details of which accounting standards have been adopted (e.g. International Accounting Standards)
N/A

Audit/Review Status

This report is based on accounts to which one of the following applies: (Tick one)			
The accounts have been audited		The accounts have been subject to review	✓
If the accounts are subject to audit dispute or qualification, a description of the dispute or qualification: N/A			

Attachments Forming Part of Appendix 4D

Attachment #	Details
1	Interim Financial Report

Signed by Company Secretary	
Print Name	Sharon Papworth
Date	16 February 2023

BTC HEALTH LIMITED

ABN 45 091 979 172

HALF-YEAR FINANCIAL REPORT

FOR THE HALF-YEAR ENDED

31 DECEMBER 2022

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BTC HEALTH LIMITED
ABN 45 091 979 172

CORPORATE DIRECTORY

Principal and registered office in Australia

BTC health Limited
Level 1, 10 Oxley Road
Hawthorn VIC 3122
T 1800 100 282

Directors

Richard Treagus
Jonathan Pilcher
Bruce Hewett
Felicity McNeill
Brendan York

Company Secretary

Sharon Papworth

Bankers

Westpac Banking Corporation

Share Register

Link Market Services
Tower 4, 727 Collins Street
MELBOURNE VIC 3008
Locked Bag A14
SYDNEY SOUTH NSW 1235
T 1300 554 474
F (02) 9287 0303

Auditor

Grant Thornton
Collins Square, Tower 5
727 Collins Street
MELBOURNE VIC 3008

Internet Address

www.btchealth.com.au

BTC HEALTH LIMITED
ABN 45 091 979 172

HALF-YEAR FINANCIAL REPORT

DIRECTORS' REPORT

Your directors submit the financial report of the company for the half-year ended 31 December 2022.

Directors

The following persons were directors of BTC health limited ("the Company") during the whole of the half-year and up to the date of this report, unless stated otherwise.

Richard Treagus

Jonathan Pilcher

Bruce Hewett

Felicity McNeill (Appointed 11 October 2022)

Brendan York (Appointed 11 October 2022)

Review of Operations

BTC health is a Pooled Development Fund, registered under the Pooled Development Funds Act 1992.

The following is a review of operations for the six-month period to 31 December 2022:

The company made a loss after tax during the half-year of \$258,005 (Dec 2021: \$356,855). Income of \$5,783 comprises interest generated on cash reserves. In the prior year, management fees of \$70,174 were received from the company's wholly owned investment, BTC Speciality Health Pty Ltd. Management fees for the financial year ended 2022/23 will be calculated at June in accordance with company policy. Expenses of \$263,788 declined \$163,445 due to a reduction in the cost of options issued \$62,211 (Dec 2021: \$129,519) and a reduction in net operating costs which were \$201,577 (Dec 2021: \$297,719). The reduction in net operating costs is directly associated with due diligence and capital raise expenses in July 2021.

Cash balance at 31 December 2022 was \$1,175,400 (June 2022: \$2,170,493). Movement in the cash balance is primarily driven by short-term loans provided to investee companies to support working capital requirements, which have been subsequently repaid in January 2023 and thereby increasing the cash balance at 31 January 2023 to \$1,946,690.

BTC held direct interests in two companies at 31 December 2022, BTC Speciality Health Pty Ltd and BiolImpact Pty Ltd. The valuation of each investee company is recognised on the balance sheet. During the period BTC health has progressed the assessment of a number of potential additional investment opportunities, to further diversify its investments in the healthcare sector.

BTC health is presently engaged in confidential discussions with a range of third parties and evaluating the feasibility of a number of investment opportunities which are consistent with the stated growth strategy.

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further efficiencies achieved. Underlying EBIT excluding intercompany fees improved 20%+ compared to the half-year ended December 2021 and demonstrate an improvement in underlying performance.

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Subsequent Events

As at the date of these financial statements authorised for issue, there are no events arising since 31 December 2022 that require amendment or disclosure.

Auditor's Declaration of Independence

A copy of the auditor's declaration under section 307C in relation to the half year is included on page 6. This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the Corporations Act 2001.



Richard Treagus
Executive Chairman

Dated 16th February 2023

Grant Thornton Audit Pty Ltd

Level 22 Tower 5
Collins Square
727 Collins Street
Melbourne VIC 3008
GPO Box 4736
Melbourne VIC 3001
T +61 3 8320 2222

Auditor's Independence Declaration

To the Directors of BTC Health Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of BTC Health Limited for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

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



Grant Thornton Audit Pty Ltd
Chartered Accountants



M A Cunningham
Partner – Audit & Assurance
Melbourne, 16 February 2023

BTC HEALTH LIMITED
ABN 45 091 979 172

**STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

	31 December 2022 \$	31 December 2021 \$
Revenue		
Interest income	5,783	204
Management Fee	-	70,174
	<u>5,783</u>	<u>70,378</u>
Expenses		
Executive Director fees	(20,000)	(66,250)
Non-Executive Director fees	(67,500)	(40,000)
Listing and CHESS fees	(16,279)	(33,909)
Share registry fees	(6,173)	(3,781)
Share based payments	(62,211)	(129,519)
Insurance	(28,170)	(28,363)
Legal Fees	(6,640)	(34,554)
Audit Fees	(27,263)	(19,020)
Non-recoverable GST	(15,854)	(30,023)
Tax advisory	-	(5,700)
Other expenses from operations	(13,698)	(36,114)
	<u>(263,788)</u>	<u>(427,233)</u>
Loss before income tax expense	<u>(258,005)</u>	<u>(356,855)</u>
Income tax benefit	-	-
Loss for the period	<u>(258,005)</u>	<u>(356,855)</u>
Other comprehensive income	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u>(258,005)</u>	<u>(356,855)</u>
Basic loss per share (cents per share)	(0.09)	(0.13)
Diluted loss per share (cents per share)	(0.09)	(0.13)

The accompanying notes form part of this financial report.

BTC HEALTH LIMITED
ABN 45 091 979 172

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	31 December 2022 \$	30 June 2022 \$
CURRENT ASSETS		
Cash and cash equivalents	1,175,400	2,170,493
Loans to investee companies (Note 2)	791,798	-
Trade debtors	-	-
Prepayments	41,695	-
Other assets	-	27,188
TOTAL CURRENT ASSETS	<u>2,008,893</u>	<u>2,197,681</u>
NON CURRENT ASSETS		
Financial assets (Note 3)	10,819,890	10,819,890
TOTAL NON CURRENT ASSETS	<u>10,819,890</u>	<u>10,819,890</u>
TOTAL ASSETS	<u>12,828,783</u>	<u>13,017,571</u>
CURRENT LIABILITIES		
Trade and other payables	58,032	51,026
Unclaimed monies	104,581	104,581
TOTAL CURRENT LIABILITIES	<u>162,613</u>	<u>155,607</u>
TOTAL LIABILITIES	<u>162,613</u>	<u>155,607</u>
NET ASSETS	<u>12,666,170</u>	<u>12,861,964</u>
EQUITY		
Issued capital (Note 4)	55,665,612	55,665,612
Other reserves	263,143	200,932
Accumulated losses	(43,262,585)	(43,004,580)
TOTAL EQUITY	<u>12,666,170</u>	<u>12,861,964</u>

The accompanying notes form part of this financial report

BTC HEALTH LIMITED
ABN 45 091 979 172

STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	31 December 2022 \$	31 December 2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	5,783	204
Payments to suppliers and employees	(209,078)	(332,593)
Net cash used in operating activities	(203,295)	(332,389)
CASH FLOWS FROM INVESTING ACTIVITIES		
Loan advanced to investee companies	(791,798)	(2,068,183)
Net cash used in investing activities	(791,798)	(2,068,183)
CASH FLOW FROM FINANCING ACTIVITIES		
Share placement (net of capital raising costs)	-	2,400,000
Unclaimed monies paid	-	(2,000)
Net cash provided by financing activities	-	2,398,000
Net decrease in cash and cash equivalents held	(995,093)	(2,572)
Cash and cash equivalents at beginning of the half-year	2,170,493	2,368,975
Cash and cash equivalents at end of half-year	1,175,400	2,366,403

The accompanying notes form part of this financial report

BTC HEALTH LIMITED
ABN 45 091 979 172

STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	Issued capital	Accumulated Losses	Other reserves	Total
	\$	\$	\$	\$
At 1 July 2021	53,265,612	(42,600,361)	171,858	10,837,109
Loss for the period	-	(227,336)	-	(227,336)
Total comprehensive loss for the period	-	(227,336)	-	(227,336)
Transactions with owners in their capacity as owners:				
Share placement (net of capital raising costs)	2,400,000	-	-	2,400,000
Issue of share options	-	(129,519)	129,519	-
At 31 December 2021	55,665,612	(42,957,216)	301,377	13,009,773
At 1 July 2022	55,665,612	(43,004,580)	200,932	12,861,964
Loss for the period	-	(195,794)	-	(195,794)
Total comprehensive loss for the period	-	(195,794)	-	(195,794)
Transactions with owners in their capacity as owners:				
Share placement (net of capital raising costs)	-	-	-	-
Issue of share options	-	(62,211)	62,211	-
At 31 December 2022	55,665,612	(43,262,585)	263,143	12,666,170

The accompanying notes form part of this financial report

BTC HEALTH LIMITED
ABN 45 091 979 172

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

Note 1: Significant Accounting Policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001* and AASB 134: Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS 34 Interim Financial Reporting.

The half-year financial report does not include all notes of the type normally included within the full 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.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2022 and any announcements made by BTC health Limited during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

Basis of Preparation

The financial report of BTC health Limited for the half-year ended 31 December 2022 was authorised for issue in accordance with a resolution of the directors on 14 February 2023. BTC health Limited is a company incorporated in Australia and limited by shares which are publicly traded on the Australian Securities Exchange.

The accounting policies have been consistently applied and are consistent with those applied in the 30 June 2022 annual report, except for the adoption of new or revised standards mandatory for annual periods beginning on or after 1 July 2022, as noted below.

The half-year financial report has been prepared on a historical cost basis, except for financial assets that have been measured at fair value. The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates may not equal the related actual results.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

Note 1: Significant Accounting Policies – Continued

a) Critical 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. No other critical judgements, other than in the determination of accounting policies as set out within this note, have been made.

There have been no material changes to the critical judgements made or the basis of estimation for significant estimates between the previous annual financial statements and these interim financial statements.

Determination of investment entity status

BTC health was admitted to the Australian Securities Exchange as an investment entity and continues to meet the criteria set out under AASB 10 Consolidated Financial Statements to qualify as an investment entity. This judgement is reconsidered by management and the Board at each reporting date. Consequently, investee companies are not consolidated in BTC health's financial statements. Instead, the investments held by BTC health in these companies is recorded as an investment held at fair value through profit or loss in BTC health's financial statements.

Valuation of investments

Investments in investee companies are held at fair value. These investments are 'Level 3' in the fair value hierarchy, based on unobservable inputs, as the investee companies are unlisted and not traded in an active market. Consequently, they are valued in accordance with the directors' valuations. The directors have used the historical and budgeted performance of the investee companies as the basis for the valuation of the investments, adjusted for reasonable assumptions about future performance (such as estimated cash flows, projected business growth plans and other market data available).

Should the assumptions used by the directors change in subsequent periods, the fair value may be impacted and accounted for through the profit or loss. Further disclosure as required by AASB 13 is set out in Note 7.

b) Financial Instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2.

BTC HEALTH LIMITED
ABN 45 091 979 172

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

Note 1: Significant Accounting Policies – Continued

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

c) Financial Assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

The company classifies its financial assets as debt instruments measured subsequently at amortised cost only if both the following criteria are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

d) Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All the Company's financial liabilities are measured subsequently at amortised cost using the effective interest method.

BTC HEALTH LIMITED
ABN 45 091 979 172

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

Note 1: Significant Accounting Policies – Continued

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

Adoption of new and revised Accounting Standards

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

New and amended Australian Accounting Standards that are effective for the current year

The company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The new, revised or amending Accounting Standards and Interpretations adopted do not have a material effect on the company.

New and revised Australian Accounting Standards in issue but not yet effective

At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB. The company has considered Standards, amendments and Interpretations which have been issued but are not yet effective, identifying the following which are relevant to the company:

- AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as current or non-current*
- AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates*

When these amendments are first adopted for the year ending 30 June 2024 there will be no material impact on the financial statements.

Other Standards, amendments and Interpretations which have been issued but are not yet effective are not relevant to the company, or their impact is editorial only.

Note 2: Loans to investee companies

	31 December 2022	30 June 2022
	\$	\$
Current		
Loans to investee companies		
BTC Speciality Health Pty Ltd	791,798	-
Total Loans to investee companies	<u>791,798</u>	<u>-</u>

BTC HEALTH LIMITED
ABN 45 091 979 172

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

Note 3: Financial Assets

	31 December 2022	30 June 2022
	\$	\$
Financial assets carried at fair value through profit or loss		
<i>Non-Current:</i>		
BiolImpact Pty Ltd	2,883,975	2,883,975
BTC Speciality Health Pty Ltd	7,935,915	7,935,915
Total Non- Current Financial Assets	10,819,890	10,819,890

BTC health Limited, as an investment entity, has applied the exception to consolidation and instead accounts for its investments in its subsidiaries at fair value through profit or loss in accordance with AASB 10.

BiolImpact Pty Ltd is 100% owned by BTC health Limited. BiolImpact licenses and holds intellectual property rights for healthcare products for commercialisation in the Asia/Pacific region. Technologies and products are sourced from international supply partners. As at 31 December 2022, there were nil loans outstanding from BiolImpact Pty Ltd.

BTC Speciality Health Pty Ltd is 100% owned by BTC health Limited. BTC Speciality Health is an established distributor of BTC health group's medical devices and consumables in the Australian and New Zealand public and private hospital market. As at 31 December 2022, a loan of \$791,798 outstanding from BTC Speciality Health Pty Ltd which was repaid in January 2023.

BiolImpact and BTC Speciality Health's principal place of business is Level 1, 10 Oxley Road, Hawthorn VIC 3122.

Further disclosures required by AASB 13 *Fair Value Measurement* are included at Note 7.

Note 4: Issued Capital

	31 December 2022	31 December 2022	30 June 2022	30 June 2022
	Shares	\$	Shares	\$
Movement				
Opening balance	281,846,354	55,665,612	281,846,354	55,665,612
Closing balance	281,846,354	55,665,612	281,846,354	55,665,612

Note 5: Contingent Liabilities

The Company had no contingent liabilities at 31 December 2022 that require disclosure (June 2022: \$nil).

BTC HEALTH LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

Note 6. Related party transactions

Other than payments to Executive and Non-Executive Directors (set out in Statement of Profit or Loss and Other Comprehensive Income), BTC health received management fee income from consulting services to BTC Speciality Health Pty Ltd during the half-year of \$nil (2021: \$70,174).

Note 7. Financial Risk Management Objectives and Policies

Financial Risk Management Overview

The company has exposure to the following risks from the use of financial instruments – interest rate risk, credit risk, liquidity risk, market price, business and funding risk. This note presents information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The board reviews regularly the adequacy of the risk management framework in relation to the risks faced by the company. The company's principal financial instruments comprise cash and short-term deposits and financial assets. The company has other financial instruments such as trade debtors and trade creditors that arise directly from its operations. The company's policy in relation to the valuation of investments traded on organised markets, and unlisted investments has been described in Note 1.

Capital risk management

The Company objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The management of the Company's capital is performed by the Board. The company is not subject to externally imposed capital requirements. The Company's overall strategy remains unchanged from 30 June 2022.

The capital structure of the Company consists of cash and cash equivalents and equity attributable to equity holders, comprising issued capital, reserves and retained earnings. Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax and general administrative outgoings.

	31 December 2022 \$	30 June 2022 \$
Categories of financial instruments		
Financial assets		
Cash and cash equivalents	1,175,400	2,170,493
Other assets	-	27,188
Loans to investee companies	791,798	-
Financial assets carried at fair value through profit or loss	10,819,890	10,819,890
Financial liabilities		
Trade and other payables	(58,032)	(51,026)
Unclaimed monies	(104,051)	(104,581)

NOTES TO THE FINANCIAL STATEMENTS

Note 7. Financial Risk Management Objectives and Policies - Continued

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from fluctuations in interest bearing financial assets and liabilities that the company uses. The company's financial assets which are affected by interest rate risk are the company's cash and cash equivalents and term deposits held. The company manages its interest risk by using a mix of fixed and variable rates and trades only with recognised credit worthy third parties.

The following table sets out the carrying amount, by maturity, of the financial instruments that are exposed to interest rate risk:

	Balance \$	Interest Rate	Weighted Average Effective Interest Rate
31 December 2022			
Financial Assets			
Cash	1,175,400	Floating	1.03%
Total financial assets	<u>1,175,400</u>		
Financial liabilities -			
Trade and other payables	58,032	N/A	-
Unclaimed monies	104,581	N/A	-
Total financial liabilities	<u>162,613</u>		
Net Financial Assets	<u>1,338,013</u>		
 30 June 2022			
Financial Assets			
Cash	2,170,493	Floating	0.01%
Total financial assets	<u>2,170,493</u>		
Financial liabilities -			
Trade and other payables	51,026	N/A	-
Unclaimed monies	104,581	N/A	-
Total financial liabilities	<u>155,607</u>		

Fair value sensitivity analysis for fixed rate instruments

The company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the company's loss for the half-year ended 31 December 2022 would decrease/increase by \$2,821. This is mainly attributable to the company's exposure to interest rates on its variable rate savings.

BTC HEALTH LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

Note 7. Financial Risk Management Objectives and Policies - Continued

Credit Risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the company's cash and cash equivalents, other assets and loans to investee companies. The company's maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount of these assets.

Liquidity Risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities:

	Carrying amount	Contractual cash flows	6 months or less	Greater than 6 months, less than 1 year	Greater than 1 year
31 December 2022	\$	\$	\$	\$	\$
Trade and other payables	(58,032)	(58,032)	(58,032)	-	-
Unclaimed monies	<u>(104,051)</u>	<u>(104,051)</u>	<u>(104,051)</u>	-	-
	(162,083)	(162,083)	(162,083)	-	-
30 June 2022	\$	\$	\$	\$	\$
Trade and other payables	(51,026)	(51,026)	(51,026)	-	-
Unclaimed monies	<u>(104,589)</u>	<u>(104,589)</u>	<u>(104,589)</u>	-	-
	(155,607)	(155,607)	(155,607)	-	-

Fair Value of Financial Assets and Liabilities

There is no difference between the fair values and the carrying amounts of the company's financial instruments. The company has no unrecognised financial instruments at balance date.

Market Price Risk

Equity price risk arises from financial assets held at fair value through profit or loss held as a part of the company's operations. Investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board of Directors. The primary goal of the Company's investment strategy is to maximise investment returns on sale of investments. Unlisted investments are designated as a financial asset held at fair value through profit or loss. Their performance is actively monitored, and they are managed on a fair value basis.

BTC HEALTH LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

Note 7. Financial Risk Management Objectives and Policies – Continued

Sensitivity analysis on changes in market equity prices

A change of 20% (based on the Board's assessment of similar movements in the life sciences industry) in equity prices at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. The analysis is performed on the same basis at 30 June 2022.

	Carrying Value	Profit or loss before tax		Equity	
		20% increase	20% decrease	20% increase	20% decrease
31 December 2022	\$	\$	\$	\$	\$
Financial assets carried at fair value through profit or loss before tax:					
Unlisted investments	10,819,890	<u>2,163,978</u>	<u>(2,163,978)</u>	<u>2,163,978</u>	<u>(2,163,978)</u>
		<u>2,163,978</u>	<u>(2,163,978)</u>	<u>2,163,978</u>	<u>(2,163,978)</u>

	Carrying Value	Profit or loss Before tax		Equity	
		20% increase	20% decrease	20% increase	20% decrease
30 June 2022					
Financial assets carried at fair value through profit or loss before tax:					
Unlisted investments	10,819,890	<u>2,163,978</u>	<u>(2,163,978)</u>	<u>2,163,978</u>	<u>(2,163,978)</u>
		<u>2,163,978</u>	<u>(2,163,978)</u>	<u>2,163,978</u>	<u>(2,163,978)</u>

Other Price Risk

Business Risk

Business risk is the threat that internal and external forces may create an environment where profits are inadequate or unviable. Business risk includes customer and supplier concentration, quality compliance, increased competition, changes in government policy, foreign exchange, continuity of product manufacture, unreliable supply chain and or quality compliance.

Funding Risk

Funding risk is the risk capital markets will not support future investment in product expansion and or product acquisition to achieve the business growth strategy.

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NOTES TO THE FINANCIAL STATEMENTS

Note 8. Fair value of financial instruments: Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of unlisted investments are determined in accordance by directors' valuations, which are based on their experience in the industry. These investments are considered to be Level 3 in the fair value hierarchy. Directors have used assumptions, such as estimated cash flows, project plans and other market data available in determining their valuation of unlisted investments. Directors have reviewed discounted cash flows and multiple of revenue and profit calculations to determine the fair value holding costs of the investments.

Name of Investment	Core Activity	Basis of Valuation
BiolImpact Pty Ltd	In licence speciality pharmaceuticals and medical devices	<p>Valuation is based on an 'income approach', being a present value technique taking into account the future cash flows expected from the investment.</p> <p>The approach has been consistent year-on-year. The company reviews its valuation policy at each reporting date to ensure it remains appropriate. The valuation model used by the company is updated at each reporting date, taking into account changes in assumptions in the period, updated financial results and budgeted performance of the investee companies, and analysis of past performance against initial forecasts.</p>
BTC Speciality Health Pty Ltd	Commercialisation and distribution of pharmaceuticals and medical devices	<p>Valuation is based on an 'income approach', being a present value technique taking into account the future cash flows expected from the investment.</p> <p>The approach has been consistent year-on-year. The company reviews its valuation policy at each reporting date to ensure it remains appropriate. The valuation model used by the company is updated at each reporting date, taking into account changes in assumptions in the period, updated financial results and budgeted performance of the investee companies, and analysis of past performance against initial forecasts.</p>

The key inputs used in the determination of the fair value of the investments includes the execution of strategic plans which are commercial in confidence. The strategic plans considers cashflow forecasts for the on-market portfolio which are currently marketed and distributed by BTC health's investee companies. Risk weighted pipeline cash flows for expected future licensed products have not been included in the fair value assumptions. BTC's investee companies have a range of pipeline products which will require little or no investment and therefore the net margin net of working capital may flow through into operating cashflows, should these contracts be executed. The uplift from such products at modest sales of \$0.25m per annum would yield a 6% surplus on the current fair value. In the event the number of elective surgeries reduced 5% against forecast, the fair value of investments may be impaired -5%; although the expectation of this occurring in the medium to long term is considered low, given the commitment from both State and Federal Governments to invest in hospital health care and reduce elective surgery wait times.

NOTES TO THE FINANCIAL STATEMENTS

Note 8. Fair value of financial instruments: Valuation techniques and assumptions applied for the purposes of measuring fair value - Continued

A pre-tax discount rate of 12% has been used to derive the Net Present Value of cashflows. The discount rate has not changed over prior periods and considers the Weighted Average Cost of Capital (WACC). BTC health and its investee companies do not leverage debt to fund its growth plans and therefore the discount rate reflects returns expected by shareholders. The discount rate from other healthcare companies listed on the Australian Securities and Exchange ranges between 12-15%, although these companies are not comparable to BTC health given they are highly geared and the healthcare products sold may attract higher risk given the Research and Development (R&D) costs associated with enabling the product to be registered with the Therapeutic Goods Administration (TGA). The products licensed by BTC health's investee companies do not require R&D nor clinical trials to gain approval and listing on the TGA. A increase/decrease in the discount rate by 100 bpts would result in a change in valuation of -8/+5%.

There were no gains or losses recognised in the profit or loss for the half-year ended 31 December 2022 (2021: \$nil).

Fair value measurements recognised in the statement of financial position:

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- a) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- b) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- c) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
31 December 2022				
Financial assets				
Unlisted investments– Financial assets carried at fair value through profit or loss	-	-	10,819,890	10,819,890
	-	-	10,819,890	10,819,890
30 June 2022				
Financial assets				
Unlisted investments– Financial assets carried at fair value through profit or loss	-	-	10,819,890	10,819,890
	-	-	10,819,890	10,819,890

There were no transfers between levels during the year.

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NOTES TO THE FINANCIAL STATEMENTS

Note 8. Fair value of financial instruments: Valuation techniques and assumptions applied for the purposes of measuring fair value - Continued

Reconciliation of Level 3 fair value measurements of financial assets

	December 2022 Total \$	June 2022 Total \$
Opening balance	10,819,890	8,000,100
Total gains or losses:		
- acquisitions	-	2,819,790
- divestments	-	-
- investment fair value adjustment	-	-
Closing balance	10,819,890	10,819,890

Note 9: Subsequent Events

As at the date of these financial statements authorised for issue, there are no events arising since 31 December 2022 that require amendment or disclosure.

Note 10: Segment Information

Operating and reportable segments have been identified on the basis of internal reports of the company that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. The chief operating decision maker has been identified as the Executive Chairman.

The company has a single reportable operating segment being investments in biotechnology and pharmaceutical ventures.

DIRECTORS' DECLARATION

The directors declare that:

- (a) 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; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Company.

Signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the directors,



Richard Treagus
Executive Chairman

Dated 16th February 2023

Grant Thornton Audit Pty Ltd

Level 22 Tower 5
Collins Square
727 Collins Street
Melbourne VIC 3008
GPO Box 4736
Melbourne VIC 3001
T +61 3 8320 2222

Independent Auditor's Review Report

To the Members of BTC Health Limited

Report on the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of BTC Health Limited (the Company), which comprises the statement of financial position as at 31 December 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of BTC Health Limited does not comply with the *Corporations Act 2001* including:

- a giving a true and fair view of BTC Health Limited's financial position as at 31 December 2022 and of its performance for the half year ended on that date; and
- b complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Directors' responsibility for the half-year financial report

The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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 a 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 half year 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 2022 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*.

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.



Grant Thornton Audit Pty Ltd
Chartered Accountants



M A Cunningham
Partner – Audit & Assurance

Melbourne, 16 February 2023