Financial Report - 30 June 2014

Contents

Financial Report

This 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
1 Edmondson Crescent
KARRINYUP WA 6018

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2014

	Notes	2014 $	2013 $
Revenue from continuing operations	2	**15,596**	**37,712**
Other gains and losses	2	-	99,889
Directors fees		(60,000)	(55,000)
Employee benefits expense		-	(10,500)
Other expenses from operations		(106,603)	(204,395)
Impairment loss on unlisted investments – available for sale		(1,737,966)	(379,053)
Profit on sale of financial assets		-	9,599
		(1,904,569)	(539,460)
(Loss) from continuing operations before related income tax benefit		**(1,888,973)**	**(501,748)**
Income tax benefit / (expense) relating to continuing operations	3	-	-
(Loss) from continuing operations after related income tax benefit attributable to members of BioTech Capital Limited		**(1,888,973)**	**(501,748)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net fair value (losses) on available for sale financial assets (net of tax)		-	(188,890)
Other comprehensive income, net of tax		-	(188,890)
Total comprehensive (loss) for the year		**(1,888,973)**	**(690,638)**
Earnings per share			
From continuing and discontinued operations:			
Basic earnings / (loss) per share	18	(2.53) cents	(0.67) cents
Diluted earnings / (loss) per share	18	(2.53) cents	(0.67) cents

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Statement of Financial Position
As at 30 June 2014

	Notes	2014 $	2013 $
Current Assets			
Cash and cash equivalents	4	284,282	429,957
Trade and other receivables	5	586	585
Financial assets	6	1,000,000	2,737,966
Total Current Assets		1,284,868	3,168,508
Total Assets		**1,284,868**	**3,168,508**
Current Liabilities			
Trade and other payables	7	18,977	13,644
Total Current Liabilities		18,977	13,644
Total Liabilities		**18,977**	**13,644**
Net Assets		**1,265,891**	**3,154,864**
Equity			
Issued Capital	8	39,338,817	39,338,817
Accumulated Losses	9	(38,072,926)	(36,183,953)
Total Equity		**1,265,891**	**3,154,864**

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of Cash Flows
For the year ended 30 June 2014

	Notes	2014 $	2013 $
Cash Flows from Operating Activities			
Interest received		15,596	37,712
Management agreement payments		-	(178,184)
Payments to suppliers and directors		(161,271)	(282,459)
Net cash used in operating activities	11	**(145,675)**	**(422,931)**
Cash Flows from Investing Activities			
Proceeds from sale of investments		-	721,402
Net cash provided by investing activities		**-**	**721,402**
Cash Flows from Financing Activities			
Dividend paid		-	(745,540)
Net cash used in financing activities		**-**	**(745,540)**
Net (decrease) in Cash Held		**(145,675)**	**(447,069)**
Cash at the beginning of the financial year		429,957	877,026
Cash at the End of the Financial Year	4	**284,282**	**429,957**

The above statement of cash flows should be read in conjunction with the accompanying notes.

Statement of Changes in Equity
For the year ended 30 June 2014

	Issued capital $	Accumulated losses $	Other reserves $	Total $
At 1 July 2012	**39,338,817**	**(34,936,665)**	**188,890**	**4,591,042**
Loss for the year	-	(501,748)	-	(501,748)
Other comprehensive income	-	-	(188,890)	(188,890)
Total comprehensive (loss) for the year	-	(501,748)	(188,890)	(690,638)
Transaction with owners in their capacity as owners:				
Dividend paid	-	(745,540)	-	(745,540)
At 30 June 2013	**39,338,817**	**(36,183,953)**	**-**	**3,154,864**
At 1 July 2013	**39,338,817**	**(36,183,953)**	**-**	**3,154,864**
Loss for the year	-	(1,888,973)	-	(1,888,973)
Other comprehensive income	-	-	-	-
Total comprehensive (loss) for the year	-	(1,888,973)	-	(1,888,973)
At 30 June 2014	**39,338,817**	**(38,072,926)**	**-**	**1,265,891**

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

Notes to the Financial Statements

For the year ended 30 June 2014

Note 1 Summary of Significant Accounting Policies

The Financial Report of Biotech Capital Limited for the year ended 30 June 2014

This general purpose financial report has been prepared in accordance with the requirements of Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Act 2001. The financial report was authorised for issue in accordance with a resolution of the directors on 19 August 2014.

BioTech Capital Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

Basis of Preparation

The financial statements are prepared in accordance with the historical cost convention, except for certain assets which, as noted, are 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. 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,

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.

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

For the purpose of preparing the financial statements, the Company is a for-profit entity.

Statement of Compliance

Compliance with Australian Accounting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards (‘IFRS’).

Application of New and Revised Accounting Standards

(a) Standards and Interpretations adopted in the current year

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to their operations and are effective for the current financial reporting period beginning 1 July 2013. The following new and revised Standards and Interpretations have been adopted in the current period and have affected the amounts reported in these financial statements:

AASB 2011-4 ‘Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements’

This standard removes the individual key management personnel disclosure requirements in AASB 124 ‘Related Party Disclosures’. As a result the Company only discloses the key management personnel compensation in total and for each of the categories required in AASB 124. In the current year the individual key management personnel disclosure previously required by AASB 124 (note 13 and 15 in the 30 June 2013 financial statements) is now disclosed in the remuneration report due to an amendment to Corporations Regulations 2001 issued in June 2013.

AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities'

The Company has applied the amendments to AASB 7 'Disclosures – Offsetting Financial Assets and Financial Liabilities' for the first time in the current year. The amendments to AASB 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement. The amendments have been applied retrospectively. As the Company does not have any offsetting arrangements in place, the application of the amendments does not have any material impact on the financial statements.

AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009 - 2011 Cycle'

The Annual Improvements to AASBs 2009 - 2011 have made a number of amendments to AASBs. The amendments that are relevant to the Company are the amendments to AASB 101 regarding when a statement of financial position as at the beginning of the preceding period (third statement of financial position) and the related notes are required to be presented. The amendments specify that a third statement of financial position is required when a) an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items in its financial statements, and b) the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position. The amendments specify that related notes are not required to accompany the third statement of financial position.

AASB CF 2013-1 'Amendments to the Australian Conceptual Framework' and AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments' (Part A Conceptual Framework)

This amendment has incorporated IASB's Chapters 1 and 3 Conceptual Framework for Financial Reporting as an Appendix to the Australian Framework for the Preparation and Presentation of Financial Statements. The amendment also included not-for-profit specific paragraphs to help clarify the concepts from the perspective of not-for-profit entities in the private and public sectors. As a result the Australian Conceptual Framework now supersedes the objective and the qualitative characteristics of financial statements, as well as the guidance previously available in Statement of Accounting Concepts SAC 2 'Objective of General Purpose Financial Reporting'. The adoption of this amending standard does not have any material impact on the consolidated financial statements.

AASB 13 "Fair Value Measurement" and AASB 2011-8 "Amendments to Australian Accounting Standards arising from AASB 13".

The Company has applied AASB 13 for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of AASB 13 is broad; the fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items for which other AASBs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of AASB 2 'Share-based Payment', leasing transactions that are within the scope of AASB 117 'Leases', and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, AASB 13 includes extensive disclosure requirements.

AASB 13 requires prospective application from 1 July 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, the Company has not made any new disclosures required by AASB 13 for the 2013 comparative period, the application of AASB 13 has not had any material impact on the amounts recognised in the financial statements.

(b) Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the following Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Company for the year ended 30 June 2014:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments' and the relevant amending standards Final IFRS 9 'Financial Instruments' has been issued by IASB which has a mandatory effective date for annual periods beginning on or after 1 January 2018.	1 January 2018	30 June 2019
AASB 1031 'Materiality' (2013)	1 January 2014	30 June 2015
AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'	1 January 2014	30 June 2015
AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'	1 January 2014	30 June 2015
AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting'	1 January 2014	30 June 2015
AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities'	1 January 2014	30 June 2015
AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments	1 January 2014	30 June 2015
AASB 2014-1 'Amendments to Australian Accounting Standards' Part A , B and C	1 July 2014	30 June 2015
AASB 2014-1 'Amendments to Australian Accounting Standards' Part D	1 January 2016	30 June 2017
AASB 2014-1 'Amendments to Australian Accounting Standards' Part E	1 January 2015	30 June 2016
INT 21 'Levies'	1 January 2014	30 June 2015

At the date of authorisation of the financial statements, the following International Accounting Standards Board ('IASB') Standard, relevant to the Company, were also in issue but not yet effective, although Australian equivalent Standards and Interpretations have not yet been issued:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
IFRS 15 'Revenue from Contracts with Customers'	1 January 2017	30 June 2018

The impact of these recently issued or amended standards and interpretations are not expected to have a material impact on the Company.

Significant Accounting Policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial report.

(a) Income Tax

Current tax payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax is provided on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for 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 credits 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 credits 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 statement of financial position date.

(b) Impairment of Financial Assets

Financial assets, other than those financial assets at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For equity instruments, including listed or unlisted shares, objective evidence of impairment includes information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered. A significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment for unlisted shares classified as available-for-sale.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

(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

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

(i) Available-for-sale

All investments are initially recognised at fair value, being the fair value of the consideration given and including transaction costs that are directly attributable to the acquisition or issue of 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 profit or loss.

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 in unlisted shares that are not traded in an active market, also classified as available-for-sale financial assets and stated at fair value (because the directors consider that the fair value can be reliably measured), fair value is determined in a manner described in note 6.

(ii) Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit and loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

(iii) 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 initially recognised at fair value and 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.

(e) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprises of 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 Statement of Cash Flows, 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 / (Loss) per share

(i) Basic earnings / (loss) 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 / (loss) 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 statement of financial position are shown inclusive of GST. Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(i) 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:

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 fair value and are determined in a manner described in note 6.

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. The Board reviews the latest financial results of unlisted companies, project updates from the investment manager and market data available to determine any impairment on unlisted investments. Impairment is made based on management best estimates of future estimated cash flows. An impairment loss on unlisted investments of $1,737,966 (2013: $379,053) has been recorded in the statement of profit or loss and other comprehensive income.

Note 2 Revenues from Ordinary Activities

	30 June 2014 $	30 June 2013 $
Finance revenue	15,596	37,712
	15,596	37,712
Other gains and losses		
Net gain on remeasurement of liability	-	99,889

Note 3 Income Tax

Major components of income tax expense for the years ended 30 June 2014 and 2013 are:

	30 June 2014 $	30 June 2013 $
Statement of Profit or Loss and other Comprehensive Income		
Current Income		
Current income tax benefit	-	-
Adjustments in respect to current income tax of previous years	-	-
Deferred Income Tax		
Relating to origination and reversal of temporary differences	-	-
Income tax expense reported in the statement of profit or loss and other comprehensive income	-	-
Statement of changes in equity		
Deferred Income Tax		
Unrealised (loss) on available for sale financial assets	-	(33,333)
Income tax benefit reported in equity	-	(33,333)

A reconciliation of income tax expense / (benefit) applicable to accounting profit / (loss) 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 2014 and 2013 is as follows:

	30 June 2014 $	30 June 2013 $
Accounting profit / (loss) before tax from continuing operations	(1,888,973)	(501,748)
Loss before tax from discontinued operations	-	-
Accounting profit / (loss) before income tax	(1,888,973)	(501,748)
At the statutory income tax rate of 25% (2013: 25%)	(472,243)	(125,437)
Adjustments in respect of current income tax of previous years	-	-
Investment losses not brought to account	434,492	94,763
Temporary differences and tax losses not brought to account as a deferred tax asset	37,751	30,674
At effective income tax rate of (0%) (2013: (0%))	-	-
Income tax expense reported in statement of profit or loss	-	-

The Company is a Pooled Development Fund (PDF) and is taxed at 15% on income and gains from investments in small to medium enterprises and taxed at 25% on other income.

	30 June 2014 $	30 June 2013 $
Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in respect of the following items:		
Tax Losses	6,463,660	5,991,667
Other	2,500	2,250
Tax Losses - Capital	44,546	44,546
	6,510,706	6,038,463

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. Due to PDF status of the Company, tax losses and other are taxed at 25% and investments and investment provision are taxed at 15%.

Movement in deferred tax assets / liabilities

	Balance 1 July 2012 $	Recognised in Income $	Recognised in Equity $	Balance 30 June 2013 $
Fair value adjustments of investments	33,333	-	(33,333)	-
	33,333	-	(33,333)	-

	Balance 1 July 2013 $	Recognised in Income $	Recognised in Equity $	Balance 30 June 2014 $
Fair value adjustments of investments	-	-	-	-
	-	-	-	-

Note 4 Cash and cash equivalents

	30 June 2014 $	30 June 2013 $
Cash at bank and on hand	284,282	79,804
Term Deposits	-	350,153
	284,282	429,957

Cash at bank and on hand earns interest at floating rates based on daily bank deposit rates. Term deposits are made for varying periods; those deposits with a maturity date less than 3 months are classified as cash equivalents and earn interest at the respective term deposit rate.

Note 5 Trade and other receivables

	30 June 2014 $	30 June 2013 $
GST recoverable	586	585
	586	585

Trade and other receivables are non-interest bearing and are generally on a 60 day term.

Note 6 Financial Assets

	30 June 2014 $	30 June 2013 $
Current		
Available for Sale Financial Assets:		
Investment in unlisted Companies – at directors' valuation	1,000,000	2,737,966
Total Available for Sale Financial Assets	1,000,000	2,737,966
Total Current Financial Assets	**1,000,000**	**2,737,966**

On 12 August 2010, the Company announced it was adopting a change in investment strategy and restructuring. It is currently the Board's intention to liquidate the last remaining investment in an orderly manner as and when opportunities to do so arise. As a result of the change in investment strategy, all financial assets have been classified as current. The Board acknowledges,

due to the nature and liquidity of the Company's unlisted investments, that realisation of these investments may take longer than 12 months. Available for sale financial assets consist of investments in ordinary shares.

Unlisted shares
The fair value of unlisted available for sale investments is determined by director's valuations, which is based on their experience in the industry and the average realisable value in the short term based on their change in investment strategy. The directors have used assumptions, such as impacts on estimated cash flows, project updates and other market data available in determining their valuation of unlisted investments.

Impairment Loss on Unlisted Investments
An allowance for impairment loss is recognised when there is objective evidence that unlisted investments are impaired. During the year, the Board obtained the latest financial results of unlisted companies and reviewed project updates from the investment manager. Based on management's best estimate of information available, the Board decided to record an impairment loss. An impairment loss on unlisted investments of $1,737,966 (2013: $379,053) has been recorded in the statement of profit or loss and other comprehensive income.

Summary of changes in investments in financial assets	**30 June 2014 $**	**30 June 2013 $**
Opening	2,737,966	4,051,046
Impairment loss on unlisted investments	(1,737,966)	(379,053)
Disposals	-	(712,062)
Revaluations	-	(221,965)
Closing	1,000,000	2,737,966

As at 30 June 2014 and 30 June 2013, Biotech Capital Limited does not hold more than a 20% interest in any investments.

Note 7 Trade and other payables

	30 June 2014 $	**30 June 2013 $**
Current		
Trade creditors	8,977	4,644
Audit fees payable	10,000	9,000
	18,977	13,644

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

Note 8 Issued Capital

	2014 Shares	**2014 $**	**2013 Shares**	**2013 $**
(a) Ordinary Shares				
Issued and fully paid	74,554,108	39,338,817	74,554,108	39,338,817

(b) 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.

Note 9 Accumulated Losses

	30 June 2014 $	**30 June 2013 $**
Accumulated losses at the beginning of the year	(36,183,953)	(34,936,665)
Net (Loss)	(1,888,973)	(501,748)
Dividend Paid	-	(745,540)
Accumulated losses at the end of the year	(38,072,926)	(36,183,953)

Note 10 Reserves

	30 June 2014 $	30 June 2013 $
Investments Revaluation Reserve	-	-
	-	-

Investments Revaluation Movements During the Year

	30 June 2014 $	30 June 2013 $
Opening Balance	-	188,890
Net revaluation (decrement) on investments	-	(222,223)
Income tax arising on revaluation of investments	-	33,333
Closing Balance	-	-

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.

Note 11 Reconciliation of Operating (Loss) after Income Tax to the Net Cash Flow from Operating Activities

	30 June 2014 $	30 June 2013 $
Operating (loss) after income tax	(1,888,973)	(501,748)
Adjustment for:		
Impairment Loss on Unlisted Investments	1,737,966	379,053
Net gain on Remeasurement of Liability	-	(99,889)
Loss (Profit) on Sale of Investments	-	(9,599)
Changes in assets and liabilities:		
(Decrease) / Increase in trade and other payables	5,333	(190,748)
Net cash flow from operating activities	(145,675)	(422,931)

Note 12 Subsequent Events

On 4 August 2014, Dr Richard Treagus and Mr Peter Jones were appointed to the Board of directors. Mr Harry Karelis resigned as a director on the same date. The company made a share placement within its 15% placement capacity being 11,183,116 shares at 2.5 cents per share. The funds raised of $279,578 will be used for working capital.

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 13 Key Management Personnel

Name and position of key management personnel of the company in office at any time during the financial year:
(i) Directors
A J Davidson – Chairman (non-executive)
H Karelis – Non-executive resigned 4 August 2014
E Taylor – Non-executive
(ii) Executives
None noted.

Remuneration of key management personnel
Information on remuneration of key management personnel is set out in the Remuneration Report in the Directors Report.

	30 June 2014 $	30 June 2013 $
Short term benefits	60,000	64,555
Post-employment benefits	-	945
Share based payments	-	-
Other Long Term Benefits	-	-
	60,000	65,500

Note 14 Remuneration of Auditors

	30 June 2014 $	30 June 2013 $
Deloitte Touche Tohmatsu		
Remuneration for audit or review of the financial statements	19,572	23,589
Remuneration for non-audit - taxation and other services	-	-

Note 15 Related Party Disclosures

Other than key management personnel information as disclosed in the remuneration report, there are no further related party transactions.

Note 16 Operating Segments

Operating 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 Board of Directors. On a regular basis, the board receives financial information on a company basis similar to the financial statements presented in the financial report, to manage and allocate their resources.

Note 17 Financial Risk Management Objectives and Policies

Financial Risk Management
Overview

The company has exposure to the following risks from their use of financial instruments – interest rate risk, credit risk, liquidity risk and market price 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 have 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 which 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(d). The investment manager performs reviews of investments on a regular basis, that is then reported to the Board, to allow them to make decisions regarding the company's investments.

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 cost 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:

30 June 2014

	Balance $	Interest Rate	Weighted Average Effective Interest Rate
Financial Assets			
Cash	284,282	Floating	1.80%
Term deposits – cash equivalents	-	Floating	-
Receivables	586	N/A	-
Available for sale financial assets:			
Unlisted investments	1,000,000	N/A	
Total financial assets	1,284,868		
Financial liabilities -			
Payables	18,977	N/A	-
Total financial liabilities	18,977		
Net Financial Assets	1,265,891		

30 June 2013

	Balance $	Interest Rate	Weighted Average Effective Interest Rate
Financial Assets			
Cash	79,804	Floating	3.00%
Term deposits – cash equivalents	350,153	Floating	4.00%
Receivables	585	N/A	-
Available for sale financial assets:			
Unlisted investments	2,737,966	N/A	
Total financial assets	3,168,508		
Financial liabilities -			
Payables	13,644	N/A	-
Total financial liabilities	13,644		
Net Financial Assets	3,154,864		

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

A change of 100 basis points in interest rates 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 for 2013.

		Profit or loss		Equity	
	Carrying Value	100bp increase	100bp decrease	100bp increase	100bp decrease
30 June 2014	$	$	$	$	$
Cash and cash equivalents	284,282	2,843	(2,843)	2,843	(2,843)
Term deposits – cash equivalents	-	-	-	-	-
Cash flow sensitivity (net)		2,843	(2,843)	2,843	(2,843)
30 June 2013					
Cash and cash equivalents	79,804	798	(798)	798	(798)
Term deposits – cash equivalents	350,153	3,502	(3,502)	3,502	(3,502)
Cash flow sensitivity (net)		4,300	(4,300)	4,300	(4,300)

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 financial assets. 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
30 June 2014	$	$	$	$	$
Trade and other payables	(18,977)	(18,977)	(18,977)	-	-
	(18,977)	(18,977)	(18,977)	-	-
30 June 2013					
Trade and other payables	(13,644)	(13,644)	(13,644)	-	-
	(13,644)	(13,644)	(13,644)	-	-

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 available-for-sale equity securities and financial asset 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. Listed investments are designated as available for sale financial assets because their performance is actively monitored and they are managed on a fair value basis.

Sensitivity analysis on changes in market equity prices
A change of 20% (based on the Board's assessment of share price movements during the period and 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 for 2013.

		Profit or loss		Equity	
	Carrying Value	20% increase	20% decrease	20% increase	20% decrease
30 June 2014	$	$	$	$	$
Available for sale financial assets:					
Unlisted investments	1,000,000	-	(200,000)	200,000	(200,000)
		-	(200,000)	200,000	(200,000)
30 June 2013					
Available for sale financial assets:					
Unlisted investments	2,737,966	-	(547,593)	547,593	(547,593)
		-	(547,593)	547,593	(547,593)

Impairment losses

An impairment loss of $1,737,966 (2013: $379,053) was recognised in respect of unlisted available for sale investments due to the director's valuations performed during the period.

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

The fair values of financial assets and financial liabilities are determined as follows:

a) The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed redeemable notes, bills of exchange, debentures and perpetual notes).
b) The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance by directors' valuations, which are based on their experience in the industry and the average realisable value in the short term. Directors have used assumptions, such as impacts on estimated cash flows, project updates and other market data available in determining their valuation of unlisted investments.

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**
30 June 2014	$	$	$	$
Financial assets				
Unlisted investments– available for sale	-	-	1,000,000	1,000,000
	-	-	1,000,000	1,000,000
30 June 2013				
Financial assets:				
Unlisted investments– available for sale	-	-	2,737,966	2,737,966
	-	-	2,737,966	2,737,966

There were no transfers between levels during the year.

Reconciliation of Level 3 fair value measurements of financial assets

	2014 Unlisted investments	**2014 Total**	**2013 Unlisted investments**	**2013 Total**
	$	$	$	$
Opening balance	2,737,966	2,737,966	4,051,046	4,051,046
Total gains or losses:				
- in profit and loss	(1,737,966)	(1,737,966)	(379,053)	(379,053)
- in other comprehensive income	-	-	(221,965)	(221,965)
- disposals	-	-	(721,062)	(721,062)
Closing balance	1,000,000	1,000,000	2,737,966	2,737,966

Significant assumptions used in determining fair value of financial assets and liabilities

The fair value of unlisted available for sale investments are determined by directors' valuations and assumptions, such as impacts on estimated cash flows, project updates and market data available.

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 2013.

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.

	30 June 2014 $	30 June 2013 $
Categories of financial instruments		
Financial assets		
Cash and cash equivalents	284,282	429,957
Trade and other receivables	586	585
Available for sale financial assets	1,000,000	2,737,966
Financial liabilities		
Trade and other payables	18,977	13,644

Note 18 Earnings / (Loss) Per Share

	30 June 2014	30 June 2013
Basic earnings / (loss) per share, based on the after tax benefit loss of ($1,888,973) (2013: ($501,748))	(2.53) cents per share	(0.67) cents per share
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	74,554,108 shares	74,554,108 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.

Note 19 Contingent Liabilities

There were no contingencies of which the company is aware as at the date of this report.