

BIOTECH CAPITAL LIMITED

ABN 45 091 979 172

HALF-YEAR FINANCIAL REPORT

FOR THE HALF YEAR ENDED

31 DECEMBER 2014

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BIOTECH CAPITAL LIMITED ABN 45 091 979 172

CORPORATE DIRECTORY

**Principal and registered office in
Australia**

BioTech Capital Limited
1 Edmondson Crescent
KARRINYUP WA 6018
T +61 8 9446 5293
F +61 8 6210 1567

Directors

Richard Treagus
Alastair Davidson
Edward Taylor
Peter Jones

Company Secretary

Baden Maxwell Bowen

Bankers

Westpac Banking Corporation

Share Register

Advanced Share Registry
110 Stirling Highway
NEDLANDS WA 6009
PO Box 1156
NEDLANDS WA 6909
T (08) 9389 8033
F (08) 9389 7871

Auditor

Deloitte Touche Tohmatsu
Level 14, Woodside Plaza
240 St Georges Terrace
PERTH WA 6000

Internet Address

www.biotechcapital.com.au

BIOTECH CAPITAL 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 2014.

Directors

Richard Treagus
Alastair Davidson
Edward Taylor
Peter Jones

Review of Operations

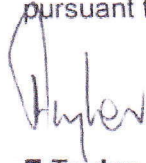
The following is a review of operations for the six-month period to 31 December 2014:

The loss of \$119,355 (2013: \$1,820,936) included no impairment loss on unlisted investments (2013: \$1,737,966). The Company maintained its one remaining investment in Sensear Pty Ltd.

Auditor's Declaration of Independence

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

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.



**E Taylor
Director**

Dated this 13th day of February 2015

13 February 2015

The Board of Directors
BioTech Capital Limited
1 Edmondson Crescent
KARRINYUP WA 6018

Dear Board Members

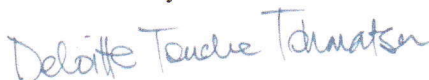
BioTech Capital Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of BioTech Capital Limited.


As lead audit partner for the review of the half-year financial statements of BioTech Capital Limited for the period ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Neil Smith
Partner
Chartered Accountants

BIOTECH CAPITAL LIMITED ABN 45 091 979 172

**CONDENSED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

	31 December 2014 \$	31 December 2013 \$
Revenue from continuing operations (Note 2)	7,034	8,722
Expenses from continuing operations		
Director fees	(43,011)	(30,000)
Other expenses	(83,378)	(61,692)
Impairment loss on unlisted Investments	-	(1,737,966)
Total expenses from continuing operations	(126,389)	(1,829,658)
Loss from continuing operations before income tax expense	(119,355)	(1,820,936)
Income tax benefit (expense) relating to continuing operations	-	-
Net Loss for the period from continuing operations after income tax	(119,355)	(1,820,936)
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)	-	-
Other comprehensive income for the period, net of tax	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(119,355)	(1,820,936)
Basic earnings per share (cents per share)	(0.14)	(2.44)
Diluted earnings per share (cents per share)	(0.14)	(2.44)

The accompanying notes form part of this financial report.

BIOTECH CAPITAL LIMITED ABN 45 091 979 172

**CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014**

	31 December 2014	30 June 2014
	\$	\$
CURRENT ASSETS		
Cash and cash equivalents	430,234	284,282
Trade and other receivables	5,538	586
Financial assets (Note 3)	1,000,000	1,000,000
TOTAL CURRENT ASSETS	1,435,772	1,284,868
TOTAL ASSETS	1,435,772	1,284,868
CURRENT LIABILITIES		
Trade and other payables	12,094	18,977
TOTAL CURRENT LIABILITIES	12,094	18,977
TOTAL LIABILITIES	12,094	18,977
NET ASSETS	1,423,678	1,265,891
EQUITY		
Issued Capital (Note 4)	39,615,960	39,338,817
Accumulated Losses	(38,192,282)	(38,072,926)
TOTAL EQUITY	1,423,678	1,265,891

The accompanying notes form part of this financial report

BIOTECH CAPITAL LIMITED ABN 45 091 979 172

**CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

	31 December 2014	31 December 2013
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	7,034	8,722
Payments to suppliers and employees	(138,225)	(98,766)
Net cash (used in) operating activities	(131,191)	(90,044)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from share placement net of capital raising costs	277,143	-
Net cash (used in) financing activities	277,143	-
Net increase (decrease) in cash held	145,952	(90,044)
Cash at 1 July 2014	284,282	429,957
Cash at 31 December 2014	430,234	339,913

The accompanying notes form part of this financial report

BIOTECH CAPITAL LIMITED ABN 45 091 979 172

**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

	Issued Capital	Retained Earnings (Accumulated Losses)	Other Reserves	Total
	\$	\$	\$	\$
At 1 July 2013	39,338,817	(36,183,953)	-	3,154,864
Profit (loss) for the period	-	(1,820,936)	-	(1,820,936)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	(1,820,936)	-	(1,820,936)
At 31 December 2013	39,338,817	(38,004,889)	-	1,333,928
At 1 July 2014	39,338,817	(38,072,927)	-	1,265,890
Profit (loss) for the period	-	(119,355)	-	(119,355)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	(119,355)	-	(119,355)
Share placement net of capital raising costs	277,143	-	-	277,143
At 31 December 2014	39,615,960	(38,192,282)	-	1,423,678

The accompanying notes form part of this financial report

BIOTECH CAPITAL LIMITED ABN 45 091 979 172

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF YEAR
ENDED 31 DECEMBER 2014**

Note 1: Significant Accounting Policies

Basis of Preparation

The financial report of BioTech Capital Limited for the half-year ended 31 December 2014 was authorised for issue in accordance with a resolution of the directors on 13 February 2015. BioTech Capital Limited is a company incorporated in Australia and limited by shares which are publicly traded on the Australian Securities Exchange.

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

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

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2014 and any publications made by BioTech Capital Limited during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The accounting policies have been consistently applied and are consistent with those applied in the 30 June 2014 annual report, except for the adoption of amending standards mandatory for annual periods beginning on or after 1 July 2014, 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.

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

New or Revised Standards and Interpretations that are effective in the current reporting period

In the half-year ended 31 December 2014, the Company has reviewed all of the new and revised standards and interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2014. 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. It has been determined by the Company that there is no impact, material or otherwise, of the new and revised standards and interpretations on its business and, therefore no change is necessary to the Company's accounting policies.

BIOTECH CAPITAL LIMITED ABN 45 091 979 172

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF YEAR
ENDED 31 DECEMBER 2014**

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Company include:

- AASB 1031 'Materiality' (2013)
- AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'
- AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'
- AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting'
- AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities'
- AASB 2013-9 'Amendments to Australian Accounting Standards' – Part B: 'Materiality'
- AASB 2014-1 'Amendments to Australian Accounting Standards'
 - Part A: 'Annual Improvements 2010-2012 and 2011-2013 Cycles'
 - Part B: 'Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)'
 - Part C: 'Materiality'
- Interpretation 21 'Levies'

Accounting Standards and Interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the consolidated entity for the half year ending 31 December 2014. Management are in the process of assessing the impact of the adoption of these standards and interpretations on the entity.

BIOTECH CAPITAL LIMITED ABN 45 091 979 172**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF YEAR
ENDED 31 DECEMBER 2014****Note 2: Revenue from continuing operations**

	31 December 2014 \$	31 December 2013 \$
Revenue from continuing operations		
Finance Revenue	7,034	8,722
Total revenue from continuing operations	7,034	8,722

Note 3: Financial Assets

	31 December 2014 \$	30 June 2014 \$
Current		
Available for Sale Financial Assets:		
Investment in Sensear Pty Ltd – at directors' valuation	1,000,000	1,000,000
Total Available for sale Financial Assets	1,000,000	1,000,000
Movement		
Opening balance	1,000,000	2,737,966
Impairment loss on unlisted investments	-	(1,737,966)
Closing balance	1,000,000	1,000,000

The current investment is under review and evaluation. Only one investment remains being Sensear Pty Ltd. The Board acknowledges, due to the nature and liquidity of unlisted investments, that realisation of this investment may take longer than 12 months.

Unlisted shares

The fair value of unlisted available for sale investments is determined by directors 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. Based on the best estimate of information available, the Board decided not to record an impairment loss (31 December 2013: \$1,737,966) for the period.

BIOTECH CAPITAL LIMITED ABN 45 091 979 172

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF YEAR
ENDED 31 DECEMBER 2014**

Note 4: Issued Capital

	31 December 2014	30 June 2014
	\$	\$
Movement		
Opening balance - 74,554,108 shares	39,338,817	39,338,817
4 August 2014 – placement of 11,183,116 shares	277,143	-
Closing balance – 85,737,224 shares	<u>39,615,960</u>	<u>39,338,817</u>

Note 5: Contingent Liabilities

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

Note 6: Subsequent Events

No matters have arisen between the end of the half-year ended 31 December 2014 and the date of this report, in the opinion of the directors of the company, that will affect significantly the operations of the entity, the results of those operations, or the state of the affairs of the entity, in subsequent financial years.

Note 7: Operating Segments Information

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.

BIOTECH CAPITAL LIMITED ABN 45 091 979 172

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF YEAR
ENDED 31 DECEMBER 2014**

Note 8: Financial Instruments

8.1 Fair value of the Company's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Company's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used).

Financial assets/ financial liabilities	Fair value as at	Fair value as at	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	31/12/2014	31/12/2013				
Available for sale financial assets	Unlisted equity securities in Sensear Pty Ltd \$1,000,000	Unlisted equity securities in Sensear Pty Ltd \$1,000,000	Level 3	Board valuation as described in Note 3.	Discount for lack of marketability.	The higher the discount, the lower the fair value.

If the above unobservable inputs to the valuation model were 10% higher/lower while all the other variables were held constant, the carrying amount of the financial asset would decrease / increase by \$100,000 (31 December 2013: decrease / increase by \$100,000).

There were no transfers between levels in the period.

8.2 Reconciliation of Level 3 fair value measurements

31 December 2014	Available for sale unlisted shares
	\$
Opening balance	1,000,000
Total gains or losses:	
- in profit or loss	-
- in other comprehensive income	-
Closing balance	1,000,000

31 December 2013	Available for sale unlisted shares
	\$
Opening balance	2,737,966
Total gains or losses:	
- in profit or loss	(1,737,966)
- in other comprehensive income	-
Closing balance	1,000,000

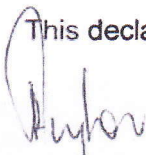
BIOTECH CAPITAL LIMITED ABN 45 091 979 172

DIRECTORS' DECLARATION

In the opinion of the directors:

1. The financial statements and notes of the entity, are in accordance with the Corporations Act 2001:
 - a) Comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
 - b) give a true and fair view of the company's financial position as at 31 December 2014 and of its performance for the half-year ended on that date.
2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



E Taylor
Director

Dated this 13th day of February 2015

Independent Auditor's Review Report to the Members of BioTech Capital Limited

We have reviewed the accompanying half-year financial report of BioTech Capital Limited, which comprises the condensed statement of financial position as at 31 December 2014, and the condensed statement of profit or loss and other comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration as set out on pages 6 to 15.

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 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 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of BioTech Capital Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of BioTech Capital Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Basis for Qualified Conclusion

As disclosed in Note 3 to the half-year financial report, the company has within current available for sale financial assets, an investment in an unlisted company at directors' valuation of \$1,000,000 as at 31 December 2014 (30 June 2014: \$1,000,000) ("the asset"). Further, included in the statement of profit or loss and other comprehensive income are impairment losses of \$nil (31 December 2013: \$1,737,966) relating to the asset. As set out in Note 3, the directors have valued the asset based on their experience in the industry and the average realisable value in the short term based on the board's intention to liquidate the investment in an orderly manner. Australian Accounting Standard AASB 139 "*Financial Instruments: Recognition and Measurement*" requires financial assets classified as available for sale financial assets to be recognised and measured at their fair values, with subsequent changes in fair values to be recognised in other comprehensive income, except for impairment losses. We have been unable to obtain sufficient appropriate evidence of the fair value of the asset and, accordingly, we have been unable to determine whether the fair values at those dates and changes in fair values and impairment losses have been appropriately recognised and measured.

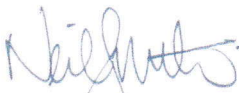
Qualified Conclusion

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

- (a) giving a true and fair view of the company's financial position as at 31 December 2014 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*.



DELOITTE TOUCHE TOHMATSU



Neil Smith
Partner
Chartered Accountants
Perth, 13 February 2015