



# Biotech Capital Limited Annual Report

Year ended 30th June 2015

BioTech Capital Limited  
ABN 45 091 979 172

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# Directors' Report

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The directors of BioTech Capital Limited present their report on the audited financial statements of BioTech Capital Limited for the year ended 30 June 2015.

## Directors

The following persons were directors of BioTech Capital Limited ("the Company") during the whole of the financial year and up to the date of this report, unless stated otherwise:

Alastair John Davidson (resigned 1 September 2015)

Edward William Taylor

Richard Spencer Treagus (appointed 4 August 2014)

Peter John Jones (appointed 4 August 2014)

Harry Karelis (resigned 4 August 2014)

Bruce Alan Hancox (appointed 1 September 2015)

Jonathan Charles Pilcher (appointed 1 September 2015)

## Principal Activities

The principal continuing activities of the Company consist of actively seeking new investment opportunities in entities operating in the biotechnology / life-science sectors. The Company is registered under the Pooled Development Funds Act 1992.

## Significant Changes in the State of Affairs

The Company is focussed on seeking new investment opportunities.

## Review of Operations and Results

Revenue from continuing operations for the year was down 27.22% to \$11,350 on the same period last year (2014: \$15,596). Operating loss after income tax for the same period decreased 73.16% to a loss of \$507,019 (2014: \$1,888,973 loss). This was after recording an impairment loss on unlisted investments of \$300,000 (2014: \$1,737,966). The net tangible asset backing per share as at 30 June 2015 equated to 1.21 cents (2014: 1.70 cents).

## Financial Position

During the year, the company's net assets have remained steady at \$1,036,015 compared to \$1,265,891 in 2014.

## Dividends

No dividends have been declared in respect of the financial year ended 30 June 2015.

## Business Strategies and Future Prospects

The Board is maintaining the company as a listed entity and considers any possible future prospects as they become available.

### Information on Directors:

Director	Experience	Special Responsibilities	Particulars of Directors' interest at the date of this report	
			Shares	Options
A J Davidson	B.Ec(Hons) ACA. Has held executive positions in banking and financial services for 30 years in the UK, USA and Australia. Director, InvestSmart Financial Services. Resigned 1 September 2015. Age 57.	Non-Executive Director	120,000	–
E W Taylor	B.Arts (Accountancy) CA. Has extensive experience in business and taxation matters and is a partner in Adelaide based accounting group Hood Sweeney. Appointed 1 November 2012. Age 45.	Non-Executive Director	554,471	–
R S Treagus	BScMed, MBChB, MPharmMed, MBA, MAICD. Dr Treagus is a physician and entrepreneur with over 20 years' experience in all aspects of the international pharmaceutical and biotechnology industry. Appointed 4 August 2014. Age 49.	Non-Executive Chairman	17,000,000	–

## Directors' Report (continued)

Director	Experience	Special Responsibilities	Particulars of Directors' interest at the date of this report	
			Shares	Options
P J Jones	Chartered Accountant. Mr Jones is a successful investor in public and private companies and has considerable investment experience in the biotechnology and life sciences sector. Appointed 4 August 2014. Age 63.	Non-Executive Director	13,515,810	–
B A Hancox	Mr Hancox has had a long and distinguished career in business in New Zealand and Australia. Currently a director of Neuren Pharmaceuticals Limited and Medical Australia Limited. Appointed 1 September 2015. Age 66	Non-Executive Director	–	–
J C Pilcher	Chartered Accountant. Mr Pilcher holds a degree in biotechnology from the University of Reading in the UK. Currently the CFO and Company Secretary of Neuren Pharmaceuticals Limited. Appointed 1 September 2015. Age 49.	Non-Executive Director	–	–

### Company Secretary

Mr Baden Bowen was appointed as Company Secretary on 1 July 2006. Mr Bowen has more than 30 years administration and financial management experience within the accounting profession and commerce. He is an Associate of the Institute of Chartered Accountants.

### Remuneration Report (Audited)

This report outlines the remuneration arrangements in place for key management personnel of BioTech Capital Limited - (the "company").

**The following persons acted as directors of the company during or since the end of the financial year:**

Alastair John Davidson resigned 1 September 2015

Harry Karelis resigned 4 August 2014

Edward William Taylor

Richard Spencer Treagus appointed 4 August 2014

Peter John Jones appointed 4 August 2014

Bruce Alan Hancox appointed 1 September 2015

Jonathan Charles Pilcher appointed 1 September 2015

## Remuneration Policy

The performance of the company depends upon the quality of its directors and executives. To prosper, the company must attract, motivate and retain highly skilled directors and executives. The Company has no employees and fees for services provided by Directors have been determined contractually at arm's length. For these reasons, the Board has not appointed a Remuneration Committee, this being undertaken by the Board.

The non-executive Directors are each paid a fee at a rate determined by the Board and which ensures that the aggregate sum of directors' fees is within any limitation imposed by the Company's shareholders.

## Company Performance and Link to Company Performance

Non-executive directors receive a fixed rate remuneration, with no link to company performance.

The following table shows the revenue, the operating result and net assets of the company for the last 5 years for the listed entity, as well as the share price and earnings per share at the end of the respective financial years.

	2011	2012	2013	2014	2015
Revenue	85,839	52,577	37,712	15,596	11,350
Net Profit/(Loss) after tax	(3,494,743)	(1,860,167)	(501,748)	(1,888,973)	(507,019)
Net Assets	8,075,847	4,591,042	3,154,864	1,265,891	1,036,015
Share price at Year end (in cents)	0.12	0.04	0.02	0.025	0.10
Basic earnings per Share (in cents)	(4.69)	(2.50)	(0.67)	(2.53)	(0.60)

# Directors' Report (continued)

## Remuneration of Directors:

2015	Short Term Employee Benefits	Post Employment Benefits	Share Based Payments	Other Long Term Benefits	Total \$
	Salary and Fees	Super-annuation			
A J Davidson (non-executive) resigned 1 September 2015	20,000	–	–	–	20,000
H Karelis (non-executive) resigned 4 August 2014	6,667	–	–	–	6,667
E W Taylor (non-executive)	20,000	–	–	–	20,000
R S Treagus (Chairman) appointed 4 August 2014	18,172	–	–	–	18,172
P J Jones (non-executive) appointed 4 August 2014	18,172	–	–	–	18,172
Total Remuneration	83,011	–	–	–	83,011

2014	Short Term Employee Benefits	Post Employment Benefits	Share Based Payments	Other Long Term Benefits	Total \$
	Salary and Fees	Super-annuation			
A J Davidson (non-executive)	20,000	–	–	–	20,000
H Karelis (non-executive)	20,000	–	–	–	20,000
E W Taylor (non-executive)	20,000	–	–	–	20,000
Total Remuneration	60,000	–	–	–	60,000

## Remuneration Options

No director of the Company has received any options (listed or unlisted) as part of their remuneration during this financial year (2014: Nil).

## Remuneration Practices

No director appointed during the period received a payment as part of his or her consideration for agreeing to hold the position. The remuneration of each director has been established on the basis of a flat fee, inclusive of any superannuation benefit. Thus there is no direct link, as such, between performance and the level of remuneration.

### *Share holdings*

The numbers of shares in the company held during the financial year by each director of BioTech Capital Limited, including their personally-related entities, are set out below:

#### Year ended 30 June 2015

Name	Balance at the start of the year	Additions	Other net changes during the year*	Balance at the end of the year
<b>Ordinary shares</b>				
A J Davidson	120,000	–	–	120,000
H Karelis	800,000	–	(800,000)	–
E W Taylor	500,000	54,471	–	554,471
R S Treagus	–	17,000,000	–	17,000,000
P J Jones	–	13,515,810	–	13,515,810

#### Year ended 30 June 2014

Name	Balance at the start of the year	Additions	Other net changes during the year*	Balance at the end of the year
<b>Ordinary shares</b>				
A J Davidson	120,000	–	–	120,000
H Karelis	800,000	–	–	800,000
E W Taylor	500,000	–	–	500,000

\*Net change relates to the shares held at the date of resignation of key management personnel.



# Directors' Report (continued)

## Transactions with directors and director related entities

The terms and conditions of the transactions with directors and their director related entities were no more favourable than those available or which might reasonably be expected to be available, on similar transactions to non-director entities on an arm's length basis.

## End of Remuneration Report

### Directors Meetings

The number of meetings of the company's board of directors (including committees of directors) held for the year ended 30 June 2015, and the number of meetings attended by each director were:

	Number of Director Meetings whilst person a Director	Number of Director Meetings Attended	Number of Audit Committee Meetings	Number of Meetings Attended
A J Davidson	10	9	–	–
H Karelis	2	2	–	–
E W Taylor	10	9	2	2
R S Treagus	8	8	–	–
P J Jones	8	8	–	–

## Auditor Independence Declaration to the Directors

The directors have received the auditors' independence declaration which is included on page 10 of this report.

## Insurance of Officers

During the financial year, the company paid a premium of \$9,680 (2014: \$9,680) including GST to insure the directors and secretary of the company. The liabilities insured are costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the company or a related body corporate.

## Share Options

At the date of this report, Biotech Capital Limited had nil unissued ordinary shares under option.

## Significant Events after the Balance Date

On 1 September 2015, Mr Bruce Hancox and Mr Jonathan Pilcher were appointed to the Board of directors. Mr Alastair Davidson resigned as a director on the same date. The company made a share placement within its 15% placement capacity being 12,860,583 shares at 8 cents per share. The funds raised of \$1,028,847 will be used for working capital.

There are no other matters or circumstances that 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.

## Likely Developments and Expected Results of Operations

Further information on likely developments in the operations of the company and the expected results of operations have not been incorporated in the Directors Report because the directors believe it would be likely to result in unreasonable prejudice to the company.

## Environmental Regulation

The company is not subject to any significant environmental regulation in respect of its activities.

## Proceedings on Behalf of the Board

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

## Auditor & Non-Audit Services

Other than audit fees, Deloitte Touche Tohmatsu were not paid a fee (2014: \$Nil).

This directors' report is signed in accordance with a resolution of directors made pursuant to s.298(2) of the Corporations Act 2001.



**R S Treagus**

Chair

Melbourne

21 September 2015

# Auditor's Independence Declaration

# Deloitte.

Deloitte Touche Tohmatsu  
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The Board of Directors  
BioTech Capital Limited  
1 Edmonson Crescent  
KARRINYUP WA 6018

21 September 2015

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 audit of the financial statements of BioTech Capital Limited for the financial year ended 30 June 2015, 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 audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Neil Smith  
Partner  
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited

# Corporate Governance Statement

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Commensurate with its commercial objectives as a Pooled Development Fund, and the scale of its resources, BioTech Capital Limited has in place corporate governance practices which pursue the corporate governance principles and recommendations (3rd edition) of the ASX Corporate Governance Council, unless otherwise stated.

The appropriateness and effectiveness of these practices are subject to periodic review by the Board of Directors.

## **A Foundation for Effective Management and Board Oversight of Management:**

The Board's governance responsibilities include:

- setting down the Company's main commercial goals and strategies for achieving these goals;
- ensuring the overall financial, human and material resources needed to properly pursue the business goals, are provided;
- clarifying the individual responsibilities of board members and managers to ensure personal accountability and to place restraint on the authority of each individual;
- appointing and removing the Chief Executive Officer;
- regularly monitoring financial performance and the achievement of short term objectives;
- ensuring implementation of suitable internal control, compliance and complaints handling systems, monitoring these and ensuring their continuing effectiveness.

The company has no employees or executives.

## **Structuring of the Board to Add Value:**

The Board is structured to provide:

- an adequate number (currently 5) of experienced, capable and committed individuals who clearly understand their personal commercial and legal responsibilities as directors, and are able to operate very effectively as a Board under the needs and demands of the Company's particular field of specialisation;

## Corporate Governance Statement (continued)

- directors possessing a broad range of suitable academic, technical, financial and administrative skills, who are highly competent in dealing with the Company's business and administrative needs, and the persistent challenges posed by change and emerging issues;
- directors who have the ability to effectively review and challenge management performance, and exercise independent judgement on issues at all operational levels;
- that the roles of Chairman and Managing Director (currently vacant) shall not be performed by the same person;
- the directors believe the current structure of the Board provides the maximum value to the business at this stage, notwithstanding that the Board does not have a majority of independent directors and the Chairman is not independent.

The current Board consists of 5 non-executive directors. Each of the current directors has held office continuously since their date of appointment and these details are:

A J Davidson resigned 1 September 2015 (independent director)

E W Taylor appointed 1 November 2012 (independent director)

R S Treagus appointed 4 August 2014

P J Jones appointed 4 August 2014

H Karelis resigned 4 August 2014 (independent director)

B A Hancox appointed 1 September 2015

J C Pilcher appointed 1 September 2015 (independent director)

The skills and experience of each of the directors are detailed in the Directors' Report. Given the size and nature of the Company a formal process for evaluating performance of the Board and the directors has not been developed.

A Nominations Committee has not yet been established, as the Directors consider it more appropriate for the full Board to consider its membership structure and nominations issues. Procedures for selection, nomination and re-election of directors rest with the Board.

Appropriate checks are undertaken before appointing a director or proposing a candidate for election. The Company currently does not require written agreements with each director, or a formal induction and development program.

The Company Secretary is responsible to the Board on all matters concerning the proper functioning of the Board. The company has no employees and hence a diversity policy is not considered necessary. All of the 5 current Board members are male.

## **Promotion of Ethical and Responsible Decision-Making:**

The Board fosters a code of ethical behaviour requiring responsible personal conduct, well considered decision-making and committed performance of personal duties on the part of each Director and company officer. Should any Director have a material personal interest in a matter to be considered by the Board, the Director will not be permitted to be present during the discussion of, or voting on, the matter. Other than in the case of dealing in the Company's securities, owing to the very subjective nature of the behavioural issues involved, the expected high standards of honest and ethical behaviour have not been set in the form of written requirements and guidelines. The general rule is that any behaviour on the part of directors and officers which is likely to bring the Company into disrepute, is totally unacceptable.

The highly technical nature of the Company's life-sciences area of specialisation also means that from time to time, in order to gain the necessary level of understanding for responsible, well-informed decision making, the Board needs to receive skilled independent scientific advice. With the approval of the Board and at the company's expense, a Director also has the right to seek independent legal or professional advice concerning any aspect of the company's operations, if this is necessary for fulfilment of the Director's duties and obligations as a Director. The Board has not laid down criteria for these purposes but would not deny any reasonable request by a Director for the right to seek such independent advice.

## **Safeguarding Integrity in Financial Reporting:**

The Company has in place a structure to ensure the truthful and factual presentation of the Company's operating results and financial position, and a process to monitor and ensure the independence and competence of the Company's auditors.

Development and finalisation of the Company's accounts are under the scrutiny of the Audit Committee consisting of a non-executive director and the Company Secretary. Although this is less than the minimum committee size of 3 persons recommended by the ASX Corporate Governance Council, it is considered adequate for the needs of the Company at this stage. The reasons for this is that there are less financial risks such as fraud and given the Company is an investment company, the audit is simpler and a variety of risks are diminished. This also takes into consideration the fact that the Company's accounts are prepared by a qualified Chartered Accountant, who was appointed Company Secretary on 1 July 2006. For these reasons also a formal audit committee charter is not considered necessary for the Company.

The members of the Audit Committee at the date of this report are Non-Executive Director, Edward Taylor, and the Company Secretary, Baden Bowen. Both are qualified accountants and have considerable experience in the financial administration of public companies,

# Corporate Governance Statement (continued)

and the preparation and presentation of Statutory Reports and Accounts in accordance with prevailing legal requirements and accounting standards. The Audit Committee does not have executive authority and must provide its findings and recommendations solely for the Board’s consideration.

In addition to ensuring the continuing adequacy of internal controls, the Audit Committee reviews:

- Half yearly and annual financial reports for submission to the Board
- The effectiveness of the audit processes and communication with the external auditors on accounting and internal control issues.

## Audit Committee Meetings Held During the Financial Period:

	Meetings Held	Meetings Attended
Baden Bowen	2	2
Edward Taylor	2	2

The Audit Committee Director is also required to provide the Board with written certification that in all material respects:

- the Company’s financial statements provide a true and fair view of its financial condition and operational results;
- the integrity of the financial statements is based upon a sound system of risk management and internal compliance and control, implementing the policies adopted by the Board; and
- the Company’s risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

The Audit Committee Director and Company Secretary are required to make an annual declaration that the financial records of the company have been properly maintained in accordance with section 286 of the Corporations Act 2001, the financial statements and notes comply with the Accounting Standards and give a true and fair view.

The Board’s policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed on a regular basis by the Audit Committee. Deloitte Touche Tohmatsu (“DTT”) was appointed as the external auditor in July 2010. It is policy to rotate audit engagement partners on listed companies at least every five years. The external auditor is invited to attend all general meetings and to invite and respond to questions from shareholders.

## **Making Timely and Balanced Disclosure:**

In keeping with the principles of continuous disclosure, the Directors have taken measures to ensure timely, and meaningful disclosure of material information concerning the Company, to shareholders and the general public.

In accordance with ASX Listing rules, the Company will immediately notify ASX of any information which the Board considers would be likely to have a material effect on the price or value of the Company's securities, or which could influence a person to buy, sell or hold its securities.

The Company also has a policy of ensuring that all media comment is provided by the Chairman only.

## **Respecting the Rights of Shareholders:**

The Company informs its shareholders through formal means, e.g. ASX releases and members' meetings, and informally through its website and in response to written and verbal communications. Any shareholder expressions of concern or opinion are referred to the Directors for their consideration and preparation of a reply.

All enquiries by shareholders, investment intermediaries and the general public are promptly and comprehensively responded to (by a Director or the Company Secretary) with due awareness of the need to restrict such information and explanation to material which has already been released publicly through the proper channels.

The Board provides ready access to clear and comprehensive shareholder meeting materials.

## **Recognising and Managing Risk:**

The Directors have not appointed a Risk and Compliance Committee. The Board thus retains direct responsibility, oversight and management for material business risks and compliance issues. The Board considers that it is not necessary to have an internal audit function.

The multiple risks inherent in operating the Company and managing its investments, are managed by a number of means designed to avoid or minimise any adverse material financial impact. These include:

- reviews and reports to the Board by the Audit Committee on compliance with and continuing appropriateness of internal controls;
- reviews by the Board of the scope, practical application and thoroughness of the system of internal control and the Company's means of recognising and protecting itself against material business risk;



## Corporate Governance Statement (continued)

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- reports from the Company's insurance broker concerning the adequacy of insurance cover and occupational health and safety issues;
- reports and recommendations received from the external auditor during the process of reviewing the accounts and internal controls.

The Board has reviewed the required reports noted above, and consider them adequate to monitor the effectiveness of managing material business risks. Given that the Company's business focus is upon providing patient equity capital to new Australian enterprises endeavouring to exploit commercial opportunities in the life-sciences field, the major financial risk is that the Company's investment will be lost or will materially lose value. This could occur under a variety of circumstances including where the underlying enterprise later completely fails, or commercially suffers in a significant way, e.g. due to excessive marketing difficulties or delays, product failure, serious management or funding problems, etc.

In the case of listed investee companies, there is also a risk of loss in market value reflecting adverse share price fluctuations. The innovative nature of the investee enterprises also tends to increase the investment risk involved.

The Board endeavours to reduce investment risk by a number of means, including:

- requiring all investments to be made in full compliance with the Pooled Development Funds Act 1992 and the general rationale of the PDF Program;
- unless otherwise authorised by the Directors in writing, requiring all investments to be made in accordance with the Company's stated investment policy;
- ensuring proper evaluation of new investment opportunities by means of a thorough due diligence assessment;
- placing a limit on the maximum amount which can be invested in a single investee;
- ensuring investees have taken proper steps to secure their intellectual property rights;
- ensuring each investee has a proper business plan, financial budgets and has established clear, achievable, commercial goals;
- diversifying investment over a number of different companies, each aiming at a different potential market area or niche;
- appointing a director to the board of an investee company when possible.

The Company does not have a material exposure to economic, environmental or social sustainability risks.

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The Board reviewed the Company's risk management framework and satisfied itself that it continues to be sound on 11 September 2015.

### **Remunerating Fairly and Responsibly:**

The Company has no employees or executives, and fees for services provided by Directors and the Company Secretary have been determined contractually, at arm's length.

For these reasons, the Board has not appointed a Remuneration Committee.

The non-executive Directors are each paid a fee at a rate determined by the Board and which ensures that the aggregate sum of directors' fees is within any limitation imposed by the Company's shareholders.

Particulars concerning Directors' remuneration are set out in the Directors' Report.

### **Recognising the Legitimate Interests of Stakeholders:**

The Board recognises that the Company has legal and other obligations to stakeholders who are not holders of the company's securities. These include clients, customers, creditors, and the community as a whole.

The Company endeavours to conduct its operations in a manner which ensures compliance with the law, full and timely performance of contractual commitments, adherence to recognised codes of practice, maintenance of confidentiality and due fulfilment of other compliance needs and expectations.

The Company is not subject to any significant environmental regulation in respect of its activities.

# Financial Report - 30 June 2015

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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 2015

	Notes	2015 \$	2014 \$
<b>Revenue from continuing operations</b>	2	<b>11,350</b>	<b>15,596</b>
Directors fees		(83,011)	(60,000)
Other expenses from operations		(135,358)	(106,603)
Impairment loss on unlisted investments – available for sale		(300,000)	(1,737,966)
		(518,369)	(1,904,569)
<b>(Loss) from continuing operations before related income tax benefit</b>		<b>(507,019)</b>	<b>(1,888,973)</b>
Income tax benefit / (expense) relating to continuing operations	3	–	–
<b>(Loss) from continuing operations after related income tax benefit attributable to members of BioTech Capital Limited</b>		<b>(507,019)</b>	<b>(1,888,973)</b>
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Net fair value (losses) gains on available for sale financial assets (net of tax)		–	–
Other comprehensive income, net of tax		–	–
<b>Total comprehensive (loss) for the year</b>		<b>(507,019)</b>	<b>(1,888,973)</b>
<b>Earnings per share</b>			
From continuing and discontinued operations:			
Basic earnings / (loss) per share	17	(0.60) cents	(2.53) cents
Diluted earnings / (loss) per share	17	(0.60) cents	(2.53) 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 2015

	Notes	2015 \$	2014 \$
<b>Current Assets</b>			
Cash and cash equivalents	4	351,896	284,282
Trade and other receivables	5	2,084	586
Financial assets	6	700,000	1,000,000
<b>Total Current Assets</b>		<b>1,053,980</b>	<b>1,284,868</b>
<b>Total Assets</b>		<b>1,053,980</b>	<b>1,284,868</b>
<b>Current Liabilities</b>			
Trade and other payables	7	17,965	18,977
<b>Total Current Liabilities</b>		<b>17,965</b>	<b>18,977</b>
<b>Total Liabilities</b>		<b>17,965</b>	<b>18,977</b>
<b>Net Assets</b>		<b>1,036,015</b>	<b>1,265,891</b>
<b>Equity</b>			
Issued Capital	8	39,615,960	39,338,817
Accumulated Losses	9	(38,579,945)	(38,072,926)
<b>Total Equity</b>		<b>1,036,015</b>	<b>1,265,891</b>

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 2015

	Notes	2015 \$	2014 \$
<b>Cash Flows from Operating Activities</b>			
Interest received		11,350	15,596
Payments to suppliers and directors		(220,879)	(161,271)
<b>Net cash used in operating activities</b>	10	<b>(209,529)</b>	<b>(145,675)</b>
<b>Cash Flows from Financing Activities</b>			
Share placement (net of capital raising costs)		277,143	–
<b>Net cash provided by financing activities</b>		<b>277,143</b>	<b>–</b>
<b>Net increase / (decrease) in cash held</b>		<b>67,614</b>	<b>(145,675)</b>
Cash at the beginning of the financial year		284,282	429,957
<b>Cash at the end of the Financial Year</b>	4	<b>351,896</b>	<b>284,282</b>

*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 2015

	Issued capital \$	Accumulated losses \$	Other reserves \$	Total \$
<b>At 1 July 2013</b>	<b>39,338,817</b>	<b>(36,183,953)</b>	–	<b>3,154,864</b>
Loss for the year	–	(1,888,973)	–	(1,888,973)
Other comprehensive income	–	–	–	–
<b>Total comprehensive (loss) for the year</b>	<b>–</b>	<b>(1,888,973)</b>	<b>–</b>	<b>(1,888,973)</b>
<b>At 30 June 2014</b>	<b>39,338,817</b>	<b>(38,072,926)</b>	–	<b>1,265,891</b>
<b>At 1 July 2014</b>	<b>39,338,817</b>	<b>(38,072,926)</b>	–	<b>1,265,891</b>
Loss for the year	–	(507,019)	–	(507,019)
Other comprehensive income	–	–	–	–
<b>Total comprehensive (loss) for the year</b>	<b>–</b>	<b>(507,019)</b>	<b>–</b>	<b>(507,019)</b>
Transaction with owners in their capacity as owners: Share placement (net of capital raising costs)	277,143	–	–	277,143
<b>At 30 June 2015</b>	<b>39,615,960</b>	<b>(38,579,945)</b>	–	<b>1,036,015</b>

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

# Notes to the Financial Statements

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## For the year ended 30 June 2015

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# Notes to the Financial Statements (continued)

## Note 1 Summary of Significant Accounting Policies

### The Financial Report of BioTech Capital Limited for the year ended 30 June 2015

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 21 September 2015.

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 2014. 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 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'*

The amendments to AASB 132 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and Settlement'. The amendments have been applied retrospectively. As the Company does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments does not have any material impact on the disclosures or on the amounts recognised in the Company's financial statements.

- *AASB 1031 'Materiality', AASB 2013-9 'Amendments to Australian Accounting Standards' – Conceptual Framework, Materiality and Financial Instruments' (Part B: Materiality), AASB 2014-1 'Amendments to Australian Accounting Standards' (Part C: Materiality)*

The revised AASB 1031 is an interim standard that cross-references to other Standards and the 'Framework for the Preparation and Presentation of Financial Statements' (issued December 2013) that contain guidance on materiality. The AASB is progressively removing references to AASB 1031 in all Standards and Interpretations. Once all of these references have been removed, AASB 1031 will be withdrawn. The adoption of AASB 1031, AASB 2013-9 (Part B) and AASB 2014-1 (Part C) does not have any material impact on the disclosures or the amounts recognised in the Company's 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 2015:

## Notes to the Financial Statements (continued)

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	1 January 2018	30 June 2019
AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15'	1 January 2017	30 June 2018
AASB 2014-3 'Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations'	1 January 2016	30 June 2017
AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	30 June 2017
AASB 2014-9 'Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements'	1 January 2016	30 June 2017
AASB 2014-10 'Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'	1 January 2016	30 June 2017
AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	1 January 2016	30 June 2017
AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'	1 January 2016	30 June 2017
AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'	1 July 2015	30 June 2016

Standard / Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 2015-4 'Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent'	1 July 2015	30 June 2016
AASB 2015-5 'Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception'	1 January 2016	30 June 2017

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

## Notes to the Financial Statements (continued)

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.

# Notes to the Financial Statements (continued)

## *(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 \$300,000 (2014: \$1,737,966) has been recorded in the statement of profit or loss and other comprehensive income.



# Notes to the Financial Statements (continued)

## Note 2. Revenues from Ordinary Activities

	30 June 2015 \$	30 June 2014 \$
Finance revenue	11,350	15,596
	11,350	15,596

## Note 3. Income Tax

Major components of income tax expense for the years ended 30 June 2015 and 2014 are:

	30 June 2015 \$	30 June 2014 \$
<b>Statement of Profit or Loss and other Comprehensive Income</b>		
<i>Current Income</i>		
Current income tax benefit	—	—
Adjustments in respect to current income tax of previous years	—	—
<i>Deferred Income Tax</i>		
Relating to origination and reversal of temporary differences	—	—
Income tax expense reported in the statement of profit or loss and other comprehensive income	—	—
<b>Statement of changes in equity</b>		
<i>Deferred Income Tax</i>		
Unrealised (loss) on available for sale financial assets	—	—
Income tax benefit reported in equity	—	—
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 2015 and 2014 is as follows:		
Accounting profit / (loss) before tax from continuing operations	(507,019)	(1,888,973)
Loss before tax from discontinued operations	—	—
Accounting profit / (loss) before income tax	(507,019)	(1,888,973)

**Note 3. Income Tax (continued)**

	30 June 2015 \$	30 June 2014 \$
At the statutory income tax rate of 25% (2014: 25%)	(126,755)	(472,243)
Adjustments in respect of current income tax of previous years	—	—
Investment losses not brought to account	75,000	434,492
Temporary differences and tax losses not brought to account as a deferred tax asset	51,755	37,751
At effective income tax rate of (0%) (2014: 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% of other income.

	30 June 2015 \$	30 June 2014 \$
<b>Unrecognised deferred tax assets</b>		
Deferred tax assets have not been recognised in respect of the following items:		
Tax Losses	6,080,448	6,029,693
Other	3,500	2,500
Tax Losses - Capital	44,546	44,546
	6,128,494	6,076,739

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%.

# Notes to the Financial Statements (continued)

## Note 3. Income Tax (continued)

### Movement in deferred tax assets / liabilities

	Balance 1 July 2013 \$	Recognised in Income \$	Recognised in Equity \$	Balance 30 June 2014 \$
Fair value adjustments of investments	–	–	–	–
	–	–	–	–
	Balance 1 July 2014 \$	Recognised in Income \$	Recognised in Equity \$	Balance 30 June 2015 \$
Fair value adjustments of investments	–	–	–	–
	–	–	–	–

## Note 4. Cash and cash equivalents

	30 June 2015 \$	30 June 2014 \$
Cash at bank and on hand	351,896	284,282
	351,896	284,282

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 2015 \$	30 June 2014 \$
GST recoverable	2,084	586
	2,084	586

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

## Note 6. Financial assets

	30 June 2015 \$	30 June 2014 \$
<b>Current</b>		
<b>Available for Sale Financial Assets:</b>		
Investment in Sensear Pty Ltd – at directors' valuation	700,000	1,000,000
Total Available for Sale Financial Assets	700,000	1,000,000
Total Current Financial Assets	700,000	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, the realisation of this investment may take longer than 12 months.

### *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. An impairment loss on unlisted investments of \$300,000(2014: \$1,737,966) has been recorded in the statement of profit or loss and other comprehensive income.

## Notes to the Financial Statements (continued)

Summary of changes in investments in financial assets	30 June 2015 \$	30 June 2014 \$
Opening	1,000,000	2,737,966
Impairment loss on unlisted investments	(300,000)	(1,737,966)
Disposals	–	–
Revaluations	–	–
Closing	700,000	1,000,000

As at 30 June 2015 and 30 June 2014, Biotech Capital Limited does not hold more than a 20% interest in any investments.

Note 7. Trade and other payables	30 June 2015 \$	30 June 2014 \$
<b>Current</b>		
Trade creditors	3,965	8,977
Audit fees payable	14,000	10,000
	17,965	18,977

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

### Note 8. Issued Capital

	2015 Shares	2015 \$	2014 Shares	2014 \$
(a) Ordinary shares				
Issued and fully paid – Opening Balance	74,554,108	39,338,817	74,554,108	39,338,817
Share Placement 4 August 2014 (net of capital raising costs)*	11,183,116	277,143	–	–
Closing Balance	85,737,224	39,615,960	74,554,108	39,338,817

\*This placement included 10,000,000 shares issued to two directors.

## Note 8. Issued Capital (continued)

### (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 2015 \$	30 June 2014 \$
Accumulated Losses at the beginning of the year	(38,072,926)	(36,183,953)
Net (Loss)	(507,019)	(1,888,973)
Accumulated losses at the end of the year	(38,579,945)	(38,072,926)

## Note 10. Reconciliation of Operating (Loss) after Income Tax to the Net Cash Flow from Operating Activities

	30 June 2015 \$	30 June 2014 \$
Operating (loss) after Income tax	(507,019)	(1,888,973)
<i>Adjustment for:</i>		
Impairment Loss on Unlisted Investments	300,000	1,737,966
<i>Changes in Assets and Liabilities:</i>		
(Decrease) / Increase in trade and other payables	(2,510)	5,333
Net cash flow from operating activities	(209,529)	(145,675)

# Notes to the Financial Statements (continued)

## Note 11. Subsequent Events

On 1 September 2015, Mr Bruce Hancox and Mr Jonathan Pilcher were appointed to the Board of directors. Mr Alastair Davidson resigned as a director on the same date. The company made a share placement within its 15% placement capacity being 12,860,583 shares at 8 cents per share. The funds raised of \$1,028,847 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 12. Key Management Personnel

(a) **Name and position of key management personnel of the company in office at any time during the financial year:**

(i) Directors

A J Davidson – Non-executive resigned 1 September 2015

R S Treagus – Chairman appointed 4 August 2014

H Karelis – Non-executive resigned 4 August 2014

E W Taylor – Non-executive

P J Jones – Non-executive appointed 4 August 2014

(ii) Executives

None noted.

(b) **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 2015 \$	30 June 2014 \$
Short term benefits	83,001	60,000
Post-employment benefits	–	–
Share based payments	–	–
Other Long Term Benefits	–	–
	83,001	60,000

### Note 13. Remuneration of Auditors

	30 June 2015 \$	30 June 2014 \$
Deloitte Touche Tohmatsu		
Remuneration for audit or review of the financial statements	27,500	19,572
Remuneration for non-audit – taxation and other services	–	–

### Note 14. Related Party Disclosures

Other than key management personnel information as disclosed in the remuneration report, FY 2015: \$83,011 (PY 2014: \$60,000), there are no further related party transactions.

### Note 15. 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 16. 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).



# Notes to the Financial Statements (continued)

## Note 16. 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 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 2015**

	Balance \$	Interest Rate	Weighted Average Effective Interest Rate
<b>Financial Assets</b>			
Cash	351,896	Floating	1.10%
Receivables	2,084	N/A	–
Available for sale financial assets:			
Unlisted investments	700,000	N/A	
Total financial assets	1,053,980		
<b>Financial Liabilities</b>			
Payables	17,965	N/A	–
Total financial liabilities	17,965		
Net Financial Assets	1,036,015		

## Note 16. Financial Risk Management Objectives and Policies

(continued)

30 June 2014

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

### 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 2014.

# Notes to the Financial Statements (continued)

## Note 16. Financial Risk Management Objectives and Policies (continued)

		Profit or loss		Equity	
	Carrying Value	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
<b>30 June 2015</b>	\$	\$	\$	\$	\$
Cash and cash equivalents	351,896	3,519	(3,519)	3,519	(3,519)
Cash flow sensitivity (net)		3,519	(3,519)	3,519	(3,519)
<b>30 June 2014</b>					
Cash and cash equivalents	284,282	2,843	(2,843)	2,843	(2,843)
Cash flow sensitivity (net)		2,843	(2,843)	2,843	(2,843)

### 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:

## Note 16. Financial Risk Management Objectives and Policies

(continued)

	Carrying amount	Contractual cash flows	6 months or less	Greater than 6 months, less than one year	Greater than one year
<b>30 June 2015</b>	\$	\$	\$	\$	\$
Trade and other payables	(17,965)	(17,965)	(17,965)	–	–
	(17,965)	(17,965)	(17,965)	–	–
<b>30 June 2014</b>	\$	\$	\$	\$	\$
Trade and other payables	(18,977)	(18,977)	(18,977)	–	–
	(18,977)	(18,977)	(18,977)	–	–

### 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 2014.

# Notes to the Financial Statements (continued)

## Note 16. Financial Risk Management Objectives and Policies (continued)

		Profit or loss		Equity	
	Carrying Value	20% increase	20% decrease	20% increase	20% decrease
<b>30 June 2015</b>	\$	\$	\$	\$	\$
Available for sale financial assets:					
Unlisted investments	700,000	–	(140,000)	140,000	(140,000)
		–	(140,000)	140,000	(140,000)
<b>30 June 2014</b>	\$	\$	\$	\$	\$
Available for sale financial assets:					
Unlisted investments	1,000,000	–	(200,000)	200,000	(200,000)
		–	(200,000)	200,000	(200,000)

### Impairment losses

An impairment loss of \$300,000 (2014: \$1,737,966) 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:

- 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).
- 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.

## Note 16. Financial Risk Management Objectives and Policies

(continued)

*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
<b>30 June 2015</b>	\$	\$	\$	\$
Financial assets:				
Unlisted investments – available for sale	–	–	700,000	700,000
	–	–	700,000	700,000
<b>30 June 2014</b>				
Financial assets:				
Unlisted investments – available for sale	–	–	1,000,000	1,000,000
	–	–	1,000,000	1,000,000

There were no transfers between levels during the year.

# Notes to the Financial Statements (continued)

## Note 16. Financial Risk Management Objectives and Policies (continued)

### *Reconciliation of Level 3 fair value measurements of financial assets*

	2015 Unlisted investments	2015 Total	2014 Unlisted investments	2014 Total
<b>Opening balance</b>	\$ 1,000,000	\$ 1,000,000	\$ 2,737,966	\$ 2,737,966
Total gains or losses:				
– in profit and loss	(300,000)	(300,000)	(1,737,966)	(1,737,966)
– in other comprehensive income	–	–	–	–
– disposals	–	–	–	–
<b>Closing balance</b>	700,000	700,000	1,000,000	1,000,000

### *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 2014.

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.

## Note 16. Financial Risk Management Objectives and Policies

(continued)

	30 June 2015 \$	30 June 2014 \$
<b>Categories of financial instruments</b>		
<b>Financial assets</b>		
Cash and cash equivalents	351,896	284,282
Trade and other receivables	2,084	586
Available for sale financial assets	700,000	1,000,000
<b>Financial liabilities</b>		
Trade and other payables	17,965	18,977

## Note 17. Earnings / (Loss) per share

	30 June 2015	30 June 2014
Basic earnings / (loss) per share, based on the after tax benefit loss of (\$507,019) (2014: (\$1,888,973))	(0.60) cents per share	(2.53) cents per share
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	84,664,870 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 18. Contingent Liabilities

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



# Directors' Declaration

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The directors of the company declare that:

1. in the directors opinion, the financial statements and notes and the Remuneration Report in the Directors Report set out on pages 4 to 8 are in accordance with the Corporations Act 2001 including;
  - a) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001; and
  - b) gives a true and fair view of the company's financial position as at 30 June 2015 and of its performance, as represented by the results of its operations and its cash flows for the financial year ended on that date.
2. the Audit Committee Director and Company Secretary have given declarations in accordance with section 295A of the Corporations Act 2001.
3. the financial statements also complies with International Financial Reporting Standards as disclosed in Note 1.
4. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the board of directors pursuant to section 295(5) of the Corporations Act 2001.

A handwritten signature in black ink, appearing to read 'R S Treagus', with a stylized flourish at the end.

**R S Treagus**

Chair

Melbourne

21 September 2015

# Independent Auditor's Report



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

### Report on the Financial Report

We have audited the accompanying financial report of BioTech Capital Limited, which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 18 to 48.

#### *Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the company's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

#### *Auditor's Independence Declaration*

In conducting our audit, 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 report.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited

*Basis for Qualified Opinion*

As disclosed in Note 6 to the financial report, the company has within current available for sale financial assets, an investment in an unlisted company at directors' valuation with a carrying value of \$700,000 as at 30 June 2015 (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 \$300,000 (30 June 2014: \$1,737,966) relating to the asset. As set out in Note 6, 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 boards' 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 audit evidence of the fair values 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, measured and disclosed.

*Qualified Opinion*

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph:

- (a) the financial report of BioTech Capital Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

**Report on the Remuneration Report**

We have audited the Remuneration Report included on pages 4 to 8 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

*Opinion*

In our opinion the Remuneration Report of BioTech Capital Limited for the year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001*.

**DELOITTE TOUCHE TOHMATSU**

**Neil Smith**  
Partner  
Chartered Accountants  
Perth, 21 September 2015

# Shareholder Information

## A. Spread of equity security holdings (as at 10 September 2015)

Shares			Holders
1	–	1,000	8
1,001	–	5,000	326
5,001	–	10,000	235
10,001	–	100,000	489
100,001	and over		58
			<u>1,116</u>

## B. Substantial holders

Notice under Section 671B of the Corporations Act, disclosing a relevant interest in the company's shares, have been received from the following substantial holders as at the date of this report:

	Number of shares/votes	Voting power
Richard and Karen Treagus	17,000,000	17.24%
Stuart Andrew Pty Ltd	13,515,810	13.71%
Auckland Trust Company Ltd	12,860,583	13.04%
Mr Nicholas Dermott McDonald	7,456,990	7.56%

## C. Equity security holders

The names of the twenty largest holders of quoted equity securities at 10 September 2015 are listed below:

Name	Ordinary shares	
	Number held	Percentage of issued shares
Mrs Karen Elizabeth Treagus	13,185,810	13.37
Stuart Andrew Pty Ltd	13,185,810	13.37
Auckland Trust Company Ltd	12,860,583	13.04
Mrs Susan Marie Whiting	4,300,000	4.36

# Shareholder Information (continued)

## C. Equity security holders (continued)

Name	Ordinary shares	
	Number held	Percentage of issued shares
Dr Richard Spencer Treagus	3,814,190	3.87
Mr Campbell Dinwoodie Taylor	3,700,000	3.75
Mr Nicholas Dermott McDonald	3,600,000	3.65
Ms Despina Makris	2,739,121	2.78
Mr Nicholas Dermott McDonald	2,192,990	2.22
Mr Patrick Joseph Moore	1,881,244	1.91
Pritdown Pty Ltd	1,549,000	1.57
Mrs Liliana Teofilova	1,074,000	1.09
Mr Robert Beaumont Frost	1,000,000	1.01
Mrs Tracey Anne Whiting	1,000,000	1.01
Mr James Dowse Collins	1,000,000	1.01
Cowan Financial Services	790,434	0.80
Alimoc Pty Ltd	765,000	0.78
Dr Lester Craig Cowell	704,000	0.71
Mr William Kearsley Whiting	700,000	0.71
Mr Paul James Madden	635,000	0.64
	70,677,182	71.68%

## D. Less than marketable parcel holders

The number of holders holding less than a marketable parcel based on the market price at 10 September 2015 was 92.

## E. Voting rights

The voting rights attaching to each class of equity securities are set out below:

### Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

# Corporate Directory

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## Registered Office

BioTech Capital Limited  
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Karrinyup WA 6018  
T 08 9446 5293

## Principal Contact

Richard Treagus  
Chairman  
T 0417 520 509  
[richard.treagus@bigpond.com](mailto:richard.treagus@bigpond.com)

## Advanced Share Registry Services

110 Stirling Highway  
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PO Box 1156  
Nedlands WA 6909  
T 08 9389 8033  
F 08 9262 3723

## Auditors

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

## NOTES

## NOTES



## NOTES

