

Appendix 4D

Half Year Report to the Australian Stock Exchange

Name of Entity	BioTech Capital Limited
ABN	45 091 979 172
Half Year Ended	31 December 2004
Previous Corresponding Reporting Period	31 December 2003

Results for Announcement to the Market

	\$'000	Percentage increase / (decrease) over previous corresponding period
Revenue from ordinary activities	915	92%
Profit / (loss) from ordinary activities after tax attributable to members	655	492%
Net profit / (loss) for the period attributable to members	655	492%
Dividends (distributions)	Amount per security	Franked amount per security
Final Dividend	Nil	Nil
Interim Dividend	Nil	Nil
Record date for determining entitlements to the dividends (if any)	N/A	
Brief explanation of any of the figures reported above necessary to enable the figures to be understood:		
<p>The entire investment in Xenome Ltd was disposed of following significant, intractable differences over the future direction of the company. This was despite extensive and ultimately unsuccessful attempts to resolve these differences. Total proceeds of \$3.9m were generated compared to our cost of \$3.5m, leading to a profit of \$514k.</p>		

Dividends

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

NTA Backing

	Current Period	Previous corresponding period
Net tangible asset backing per ordinary security	49 cents	52 cents

Control Gained Over Entities Having Material Effect

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

Loss of Control Gained Over Entities Having Material Effect

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

Details of Associates and Joint Venture Entities

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

Foreign Entities Accounting Framework

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

N/A

Audit/Review Status

This report is based on accounts to which one of the following applies:
(Tick one)

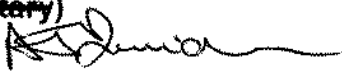
The accounts have been audited	<input type="checkbox"/>	The accounts have been subject to review	<input checked="" type="checkbox"/>
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If the accounts are subject to audit dispute or qualification, a description of the dispute or qualification:

No disputes

Attachments Forming Part of Appendix 4D

Attachment #	Details
1	Interim Financial Report
2	Review Report

Signed By (Director/Company Secretary) 	
Print Name AJ Davidson	
Date 28 th February 2005	

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BIOTECH CAPITAL LIMITED

ABN 45 091 979 172

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED

31 DECEMBER 2004

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**BIOTECH CAPITAL LIMITED ABN 45 091 979 172
AND CONTROLLED ENTITIES**

CORPORATE DIRECTORY

Principal and registered office in Australia	BioTech Capital Limited Level 40, Chifley Tower 2 Chifley Square SYDNEY NSW 2000 T (02) 9238 0750 F (02) 9238 0790
Directors	William Edward Baker Ireland Harry Karelis Irene Yun Lien Lee (Ceased 1 July 2004) Anthony Basten Alistair John Davidson Lisa Margaret McIntyre (Commenced 1 July 2004)
Company Secretary	Robert Brian Thomas
Bankers	ANZ Bank Limited
Share Register	Advanced Share Register Level 7, 200 Adelaide Terrace PERTH WA 6000 PO Box 6283 EAST PERTH WA 6892 T (08) 9221 7288 F (08) 9221 7869
Auditor	PKF Chartered Accountants Level 7, BGC Centre 28 The Esplanade PERTH WA 6000
Solicitors	Dibbs Barker Gosling Level 8, Angel Place 123 Pitt Street SYDNEY NSW 2000
Internet Address	www.biotechcapital.com.au

**BIOTECH CAPITAL LIMITED ABN 45 091 979 172
AND CONTROLLED ENTITIES**

INTERIM FINANCIAL REPORT

DIRECTOR'S REPORT

Your directors submit the financial report of the economic entity for the half-year ended 31 December 2004.

Directors

William Edward Baker Ireland (Chairman)
Harry Karelis
Irene Yun Lien Lee (Ceased 1 July 2004)
Anthony Basten
Alistair John Davidson
Lisa Margaret McIntyre (Commenced 1 July
2004)

Review of Operations

The following is a review of operations for the six-month period to 31 December 2004:

September 2004: An additional \$125,000 was invested in XRT via converting preference shares to provide additional working capital for the company to progress its re-location to the United Kingdom. These funds were invested along-side additional capital provided by selected UK investors.

October 2004: Proteome Systems commenced trading as a public company on the Australian Stock Exchange.

November 2004: The entire stake in Xenome Ltd was disposed of following significant, intractable differences over the future direction of the company. This was despite extensive and ultimately unsuccessful attempts to resolve these differences. Total proceeds of \$3.9m were generated compared to our cost of \$3.5m.

November 2004: An additional \$123,267 was invested in Pacific Knowledge Systems via ordinary shares to provide additional working capital for the company which is experiencing continued growth in its underlying business.

December 2004: A total of \$924,000 was invested in Prima Biomed Ltd as part of a larger \$10 million capital raising.

December 2004/January 2005: Announcement and approval for investment of \$2 million in Phylogica Ltd which is planning an IPO on the Australian Stock Exchange during 2005. Biotech Capital has committed to subscribe for an additional \$500,000 worth of shares at the IPO price.

BIOTECH CAPITAL LIMITED ABN 45 091 979 172

INTERIM FINANCIAL REPORT

DIRECTOR'S REPORT

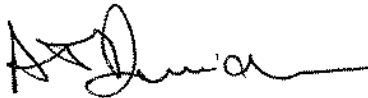
Auditor's Declaration of Independence

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

Rounding of Amounts

The Company is a company of the kind referred to in ASIC Class Order 98/0100, relating to the round off of amounts in the directors' and financial report. Amounts in the directors' and financial report have been rounded off to the nearest thousand dollars in accordance with that class order.

This report is signed in accordance with a resolution of the Board of Directors.



AJ Davidson
Director

Dated this 28th day of February 2005



Chartered Accountants
& Business Advisers

Level 7, BGC Centre
28 The Esplanade
Perth WA 6000
PO Box Z5066
St Georges Terrace
PERTH WA 6831

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www.pkf.com.au/wa

Auditor's Independence Declaration to the Directors of BioTech Capital Limited

As lead engagement partner for the review of BioTech Capital Limited for the half-year ended 31 December 2004, I declare that, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit/review.

A small, stylized version of the PKF logo.

PKF
Chartered Accountants

A handwritten signature in black ink, appearing to read 'Neil G Smith'.

NEIL G SMITH
Partner

Dated at Perth, Western Australia this 28th day of February 2005.

BIOTECH CAPITAL LIMITED ABN 47 090 671 819

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE HALF YEAR ENDED 31 DECEMBER 2004**

	31 December 2004 \$000's	31 December 2003 \$000's
Revenue from ordinary activities	915	476
Expenses from ordinary activities		
Management fees	(411)	(452)
Other expenses	(253)	(250)
Total expenses from ordinary activities	(664)	(702)
Profit / (Loss) taken from ordinary activities before income tax expense	251	(226)
Income tax (expense) / benefit relating to ordinary activities	404	59
Net Profit / (Loss) from ordinary activities after income tax attributable to members of BioTech Capital Limited	655	(167)
Net increase / (decrease) in asset revaluation reserve	(3,834)	5,135
Total revenues, expenses and valuation adjustments attributable to members of BioTech Capital Limited recognised directly in equity	(3,834)	5,135
Total changes in equity other than those resulting from transactions with owners as owners	(3,179)	4,968
Basic earnings per share (cents per share)	0.72	(0.17)
Diluted earnings per share (cents per share)	0.72	(0.17)

The accompanying notes form part of these financial statements

BIOTECH CAPITAL LIMITED ABN 45 091 979 172

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2004**

	31 December 2004	30 June 2004
	\$000's	\$000's
CURRENT ASSETS		
Cash assets	15,328	12,389
Receivables	207	217
Deferred tax assets	6	691
TOTAL CURRENT ASSETS	15,541	13,747
NON-CURRENT ASSETS		
Investments	28,346	34,556
TOTAL NON-CURRENT ASSETS	28,346	34,556
TOTAL ASSETS	43,887	48,303
CURRENT LIABILITIES		
Payables	236	172
Provisions	22	-
Current tax liabilities	11	-
TOTAL CURRENT LIABILITIES	269	172
NON-CURRENT LIABILITES		
Deferred tax liabilities	-	1,334
TOTAL NON-CURRENT LIABILITIES	-	1,334
TOTAL LIABILITIES	269	1,506
NET ASSETS	43,618	46,797
EQUITY		
Contributed Equity	43,332	43,332
Reserves	3,534	7,368
Retained profits / (Accumulated losses)	(3,248)	(3,903)
TOTAL EQUITY	43,618	46,797

The accompanying notes form part of this financial report.

BIOTECH CAPITAL LIMITED ABN 45 091 979 172

**STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2004**

	31 December 2004	31 December 2003
	\$000's	\$000's
CASH FLOWS FROM OPERATING ACTIVITIES		
Proceeds from Sale of Investment	3,890	-
Interest received	321	483
Other income Received	80	-
Manager's paid	(346)	(390)
Payment to suppliers	(285)	(279)
Income taxes paid	-	(18)
Net cash provided by operating activities	3,660	(204)
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemption of Options	124	-
Payments for Investments	(1,295)	(6,594)
Net cash (used in) investing activities	(1,171)	(6,594)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Shares	-	7,576
Net cash (used in) financing activities	-	7,576
Net (decrease) in cash held	2,489	778
Cash at 1 July 2004	12,839	21,126
Cash at 31 December 2004	15,328	21,904

The accompanying notes form part of these financial statements

BIOTECH CAPITAL LIMITED ABN 45 091 979 172

**NOTES TO FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31
DECEMBER 2004**

Note 1: Basis of preparation

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, Accounting Standards AASB 1029: Interim Financial Reporting, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended June 2004 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 by the entities in the economic entity and are consistent with those applied in the 30 June 2004 annual report.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

Adoption of Australian Equivalents to International Financial Reporting Standards

For reporting periods beginning on or after 1 January 2005, BioTech Capital Limited must comply with Australian equivalents to International Financial Reporting Standards ("IFRS") as issued by the Australian Accounting Standards Board.

This financial information presented in this financial report been prepared in accordance with Australian Accounting Standards and Urgent Issues Group Consensus Views ("Australian GAAP"). The difference between Australian GAAP and Australian Equivalents to IFRS identified to date as potentially having a significant effect on the company's financial performance and financial position are summarised below. This summary should not be taken as an exhaustive list of all the differences between Australian GAAP and Australian Equivalent to IFRS.

The company has not quantified the effect of the differences discussed below. Accordingly, there can be no assurance that the consolidated financial performance and financial position as disclosed in this financial report would not be significantly different if determined in accordance with Australian Equivalents to IFRS.

The potential impacts on the company's financial performance and financial position on the adoption of Australian Equivalents to IFRS, including system upgrades and other implementation costs which may be incurred, have not been quantified as at the transition date of 1 July 2004 nor for the period ended 31 December 2004.

The board has established an IFRS Steering Committee supported by an implementation team to oversee the implementation of Australian Equivalents to IFRS at BioTech Capital Limited.

BIOTECH CAPITAL LIMITED ABN 45 091 979 172

**NOTES TO FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31
DECEMBER 2004**

The committee has completed an impact study which identifies key aspects of implementation of Australian Equivalents to IFRS. Particular, key aspects addressed by the study include.

- Key differences in accounting policies and disclosures
- Business issues associated with Australian Equivalents to IFRS
- Key milestones of implementation and their associated timetable for completion.
- An implementation plan

The key potential implications of the conversion to Australian Equivalents to IFRS highlighted by the impact study to the consolidated entity are as follows;

Under the new AASB 139 *Financial Instruments: Recognition and Measurement* there may be major impacts as a result of:

- Financial assets held by the company being subject to classification as either held for trading, held for maturity, available for sale or loans and receivables and depending upon classification measured at fair value or amortised cost. The most likely accounting change is that investments will be classified as available for sale and measured at fair value, with changes in fair value recognised directly in equity until the underlying asset is derecognised.
- Impairment of assets - the company currently determines whether assets are impaired by determining the recoverable amount of the asset on the basis of undiscounted future cash flows. Under IFRS the company will be required to determine the recoverable amount as the higher of fair value less costs to sell and value in using discounted cash flows. No profit impact is expected, however, there always remains the potential to write-down assets and thus reduce profits.

BIOTECH CAPITAL LIMITED ABN 45 091 979 172

**NOTES TO FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31
DECEMBER 2004**

Note 2: Individually Significant Items

	31 December 2004 \$000's	31 December 2003 \$000's
Profit on sale of investment	514	-
	<hr/> 514	<hr/> -

Note 3: Contingent Liabilities

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

Note 4: Subsequent Events

Subsequent to 31 December 2004, BioTech has invested \$2,000,000 to acquire a 28% equity interest and a Board position, in Phylogica Limited. BioTech is also committed to investing a further \$500,000 at the time Phylogica undergoes an Initial Public Offering ("IPO").

Phylogica is undergoing a research program into novel therapies to provide improved treatments for major diseases such as breast cancer, stroke and allergy to house dust mite.

No other events have arisen between the end of the half-year ended 31 December 2004 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 5: Segment Information

BioTech Capital Limited operates in predominantly one business segment being the investment in entities operating in life science / biotechnology sectors. The company operates in one geographical segment being Australia.

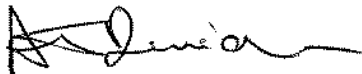
BIOTECH CAPITAL LIMITED ABN 45 091 979 172

DIRECTOR'S DECLARATION

The directors of the company declare that:

1. The financial statements and notes;
 - (a) Comply with the Accounting Standard AASB 1029: Interim Financial Reporting and the Corporations Regulations; and
 - (b) Give a true and fair view of the economic entity's financial position as at 31 December 2004 and of its performance for the half-year ended on that date.
2. 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.



AJ Davidson
Director

Dated this 28th day of February 2005



Chartered Accountants
& Business Advisers

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INDEPENDENT REVIEW REPORT

To the Members of Biotech Capital Limited

Scope

We have reviewed the financial report of BioTech Capital Limited for the half-year ended 31 December 2004. The financial report of the company comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the director's declaration for BioTech Capital Limited (the company). The company's directors are responsible for the financial report. We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standards AASB 1029: Interim Financial Reporting and other mandatory professional reporting requirements and statutory requirements, so as to present a view which is consistent with our understanding of the company's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the company to lodge the financial report with the Australian Securities and Investments Commission/Australian Stock Exchange Limited.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than is given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Statement

Based on our review, which is not an audit, 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:

- (a) The *Corporations Act 2001*, including:
 - (i) Giving a true and fair view of the company's financial position as at 31 December 2004 and of its performance for the half-year ended on that date; and
 - (ii) Complying with the Accounting Standard AASB 1029: Interim Financial Reporting and the Corporation Regulations 2001; and
- (b) Other mandatory professional reporting requirements in Australia.

PKF
Chartered Accountants

NEIL G SMITH
Partner

Dated at Perth, Western Australia this 28th day of February 2005.

Biotech Capital Half Yearly Results

(Period ending 31 December 2004)

From the perspective of the Australian biotechnology sector, the latter half of 2004 proved to be a mixed bag for companies and investors in the sector.

Financing activity in the sector was very robust with a significant number of companies going public or raising additional capital through placements and rights issues. In the second half of 2004, 10 biotech companies listed on the Australian Stock Exchange raising \$126 million in the process. Furthermore the December quarter was an active period for capital raisings by listed companies with an additional \$112 million of capital raised. This was in line with the very strong performance of the broader equity market which finished the year at record highs. This reflects the very positive underlying investor sentiment currently prevailing which has been driven by continued strength in the domestic economy.

OUTLOOK

The continued strength of the broader market is a two-edged sword for investor appetite in the biotechnology sector. On the one hand, a broadly positive market can only be positive for the more risky technology sector. Conversely, the traditional investors who invest in the riskier end of the market are pre-occupied with the strong price gains being experienced in the resources/oil & gas sectors.

Similarly, the mainstream institutional investors are currently enjoying very strong returns from the less risky Top 100 sector and are therefore not in great need to search out for higher return biotechnology investments.

Fortunately, these conditions have been experienced in the past as part of normal investment cycles. It seems we are currently into the second year of an upswing for the biotech market within a well established 5-7 year investment cycle. This suggests that the attractiveness of the sector should continue to improve over the next 12 months.

The BioTech Capital portfolio is well positioned going into 2005 with a number of tangible value-adding milestones for individual companies and several potential IPO's that can take advantage of improving sentiment not only for primary capital raisings but also for investors to drive the after-market price performance.

RESULTS

In the second half of 2004 there was a decrease in net tangible asset backing of the fund from 55.52 cents to 48.41 cents per share. The decrease can mainly be attributed to the loss in value of the Proteome Systems holding and the decline in the share price of the Clinical Cell Culture shareholding although from a high base.

The performance of Proteome Systems since its IPO has been extremely disappointing and arguably does not accurately reflect the strength of the company's core intellectual property platform. The challenge for this company now is to embark on the slow process of re-building credibility and confidence with investors.



NEW INVESTMENTS



PHYLOGICA LIMITED

Phylogica

The most recent investment of the fund has been in Phylogica, a private biopharmaceutical company using an innovative technology to develop novel therapies for a range of diseases such as asthma, inflammation, cancer and stroke.

Phylogica's unique enabling technology was developed from collaborative research between the Telethon Institute for Child Health Research in Western Australia (headed by Australian of the Year in 2003, Professor Fiona Stanley) and the Fox Chase Cancer Center in Philadelphia, US.

BioTech Capital has invested \$2 million into Phylogica for an equity holding of 28% in the company and a board position. The Company lodged a prospectus for an Initial Public Offering (IPO) on 22nd February 2005 and is scheduled to list by April of this year. Biotech Capital will invest an additional \$500,000 as part of this IPO at the 20 cent issue price.



Prima Biomed

Prima Biomed (ASX:PRR) is a publicly-listed biotechnology company developing technologies to produce products specialising in the areas of immunology and cancer.

Prima Biomed has a core portfolio of four innovative projects which stem from research undertaken at the Austin Research Institute in Melbourne and have an excellent scientific pedigree. The projects in development are within the four subsidiary companies named below;

- CancerVac: potential treatment for ovarian cancer
- Arthon: a molecule for the treatment of autoimmune diseases such as rheumatoid arthritis
- Panvax: a technology advancing towards trials in colon cancer
- Oncomab: developing a suite of antibodies to develop as therapies in key cancer disease areas

BioTech Capital took part in a \$10 million capital placement for the company with an investment of \$924,000 resulting in an approximate 4.9% shareholding in the company. BioTech Capital and other investors in the placement received a free option issued on a 1:3 basis. The funds will be used to progress the company's portfolio of projects, including completion of a phase 2 clinical trial for CancerVac and submitting an application for a phase 1 trial of the DCtag technology in colon cancer.

PORTFOLIO



Alchemia

Alchemia – (ASX:ACL)

Alchemia has core expertise in the chemistry of carbohydrates. Carbohydrates, which include sugars and starches, are found on the surface of every cell in our body. They play a critical role in the biochemical processes of human health. Alchemia's technology makes it possible to explore, develop and exploit the potential of carbohydrates in drug discovery far more efficiently than previously possible.

Alchemia continues to progress well with a strong share price performance in the latter half of 2004 reflecting this progress. The company successfully completed the large scale production of synthetic heparin on schedule which puts the company on track to be able to have its product in this US\$4 billion market in 2008. The company also announced a breakthrough in its antibiotic drug discovery efforts which can potentially address serious shortcomings of current generation antibiotic drugs.

Alchemia also completed the first stage of the process towards a full listing on the NASDAQ market which will significantly strengthen the company's profile and ability to raise capital in the key United States market.



Biocomm

Biocomm is one of Australia's leading technology management and commercialisation organisations. It undertakes a wide range of tasks to achieve these aims including providing seed funding, scientific and commercial assessment and licensing. Members and partners of the Biocomm network include many prestigious research institutions in Victoria and several financial partners with deep life science investment experience.

Biocomm successfully concluded its second investment, as part of a syndicate, in Hatchtech. Hatchtech is developing a novel technology to control ectoparasites, initially targeting a product to better treat head lice in humans and subsequently as a platform to target livestock animals such as cattle and sheep. They are also in the final stages of legal documentation to conclude an investment into CNS Bio. CNS Bio will develop novel therapies targeting pain relief for cancer patients. They will form a portfolio along with Biocomm's first investment Cryptopharma, a biopharmaceutical company developing compounds with broad potential as anti-inflammatory agents with potential in the treatment of asthma, pulmonary fibrosis and other chronic lung inflammatory diseases.

Biocomm has also continued to expand its client base for commercialisation services including new international clients and has completed transactions on behalf of clients in the United Kingdom and Japan.



Clinical Cell Culture – (ASX:CCE)

Clinical Cell Culture (C3) is an ASX-listed tissue engineering company. The company has a pipeline of products to treat burns, wounds and other defects requiring skin replacement. These products have significant advantages over existing competing products including rapid culturing, and time and ease of use which result in an improved outcome for the patient. The company's key ReCell product is expected to be launched in a number of markets during 2005. ReCell will target the plastic/reconstructive and cosmetic surgery markets. C3 also has other technologies under development for the chronic wound market,

C3 has relocated senior management to Cambridge in the United Kingdom as a more appropriate base from which to grow the company's global operations.

BioTech Capital sold its entire holding of unlisted options in Clinical Cell Culture (ASX:CCE) in an off-market transfer prior to their expiry on 31 Dec. These options were negotiated as part of the terms of the initial investment into Clinical Cell Culture and were obtained at no cost.



Continenace Control Systems

Continenace Control Systems (CCS) is a start-up company formed to commercialise a new treatment for severe urinary incontinence, the involuntary loss of urine from the bladder. This treatment will address a currently unmet medical need for large numbers of people around the world where other surgical treatments have failed. CCS combined the intellectual property and science from the University of Melbourne and customised implantable stimulation technology developed by Cochlear Ltd, the world leader in cochlear implants.

The company has developed a management team who will be leading the commercialisation effort with considerable experience in the implantable medical device field. CCS is currently performing pre-clinical trials of the device as a precursor to pilot human trials scheduled to commence in 2005. Results to date have been very encouraging.

PACIFICKNOWLEDGESYSTEMS

Pacific Knowledge Systems

Pacific Knowledge Systems (PKS) has commercialised technology known as Ripple-Down-Rules into a product specifically designed for the pathology industry known as LabWizard-TM. This product is designed as a productivity tool for pathologists in the interpretation of pathology results and is in use at a range of sites across Australia. The underlying technology has multiple applications providing an opportunity for developing other products.

Recently the company has successfully piloted a new application of the technology within the pathology industry and entered a pilot agreement to extend its client base into Europe. The company also successfully tendered for a new multi-year contract for a major new client in the Australian market. Currently under development is a new product which gives the user the ability to easily access and filter data for research purposes. This development is currently being sponsored by one of the world's largest pharmaceutical companies. If early success can be translated into a sustained market opportunity this provides the company with the potential to significantly expand its revenue base.



Proteome Systems – (ASX:PXL)

Proteome Systems is a leading proteomics technology and discovery company. With its technology partners, Proteome Systems has developed and commercialised a comprehensive solution for high volume proteomics - or the detailed study of proteins. These technologies are implemented in Proteome Systems' discovery programs in the areas of cystic fibrosis, cancer, infectious disease and aging.

Proteome Systems listed on the ASX on 30 September 2004 raising \$20 million. However, the share price performance post listing has been poor with the stock price declining more than 50% in value.



Starpharma – (ASX:SPL)

Starpharma is a publicly-listed world leader in the field of nanomedicine. Starpharma is developing properties of compounds known as dendrimers across a range of applications including therapeutics, drug delivery and other non-pharmaceutical applications. Its lead product, Vivagel is a microbicide that protects against contracting HIV through sexual activity. Starpharma is also a 33% shareholder in US-based Dendritic Nanotechnologies ("DNT"), which is a large generator of valuable intellectual property in the area of dendrimers with several non-therapeutic applications under active development. The Dow Chemical Company holds 31% of DNT following a recently announced transaction involving the transfer of Dow's intellectual property portfolio around dendrimers to DNT in exchange for equity.

Starpharma has recently announced positive preliminary results of its phase 1 trial of its lead product Vivagel which is the first drug product in the world based upon nanoscale dendrimers to enter human trials. Vivagel was named one of the top five nanotechnology breakthroughs of 2004 by a leading nanotech industry publication, the Forbes/Wolfe Nanotech Report. Starpharma will also lead a consortium funded by a US \$5.4 million grant from the US National Institutes of Health to develop a second generation microbicide for the prevention of HIV and other sexually transmitted diseases.



Stem Cell Sciences

Stem Cell Sciences (SCS) is a stem cell therapy company located in Australia, the UK and Japan. It has a focus on growing its core expertise in stem cell culture, differentiation and selection of purified cell types for drug discovery and optimisation services to the pharmaceutical sector. SCS's longer-term plans will apply these same core technologies to the delivery of cell-based regenerative therapies for diseases such as Parkinson's and diabetes. SCS's technologies have already been licensed to world leading pharmaceutical companies such as Aventis, Pfizer and GlaxoSmithKline, as well as other biopharmaceutical companies.

Recent achievements of the company include the signing of two new licensing agreements with US biotechnology partners, successfully meeting several new pharmaceutical company research and development milestones and new corporate alliances which have provided the resources to greatly expand the scope and size of the research team. The company has also been successful in being chosen to participate in key European research programs such as the European Union Framework Six projects. These programs involve significant funding and the Intellectual Property generated from these projects is likely to be of considerable value, SCS will be in a unique position to commercialise the resulting intellectual property.



x e n o m e

Xenome

During the period, BioTech Capital proceeded with the sale of its entire shareholding in Xenome to the Queensland Biocapital Fund. In addition, the University of Queensland and Cytopia Ltd also disposed of their stakes to the same group. The decision to sell this holding came about due to significant, intractable differences over the future direction of the company. This was despite extensive and ultimately unsuccessful attempts to resolve these differences.

The price and terms cannot be disclosed due to a confidentiality agreement although the transaction proceeds were in excess of our \$3.5 million investment resulting in a profit for the fund.

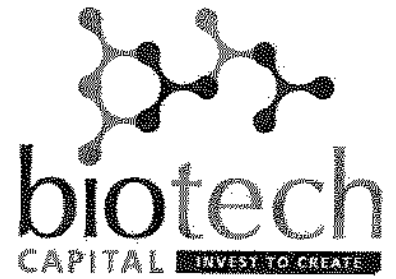


XRT

XRT was formed as a spinout company from the leading Australian research organisation, CSIRO. XRT is a global pioneer in ultra-high resolution imaging based on its state-of-the-art patented phase contrast imaging techniques. The technology allows for imaging of unparalleled quality in a range of medical and industrial applications.

XRT is continuing along the path of a relocation of its business base to the United Kingdom in order to be closer to relevant market opportunities and partners.

The company is in negotiations with several organisations operating in a variety of fields who are interested in gaining access to XRT's technology. The company's objective is to pursue a listing on the Alternative Investment Market (AIM) in London following the completion of late stage negotiations with key groups who are industry leaders in their respective fields.



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