

## Appendix 4D

### Half Year Report to the Australian Stock Exchange

|                                                |                         |
|------------------------------------------------|-------------------------|
| <b>Name of Entity</b>                          | BioTech Capital Limited |
| <b>ABN</b>                                     | 45 091 979 172          |
| <b>Half Year Ended</b>                         | 31 December 2013        |
| <b>Previous Corresponding Reporting Period</b> | 31 December 2012        |

#### Results for Announcement to the Market

Results for Financial Statement to the Market

|                                                                                                             |                     |                                                                     |
|-------------------------------------------------------------------------------------------------------------|---------------------|---------------------------------------------------------------------|
|                                                                                                             | \$'000              | Percentage increase / (decrease) over previous corresponding period |
| Revenue from ordinary activities                                                                            | 9                   | (69.7)%                                                             |
| Profit / (loss) from ordinary activities after tax attributable to members                                  | (1,821)             | (316.6)%                                                            |
| Net profit / (loss) for the period attributable to members                                                  | (1,821)             | (316.6)%                                                            |
| Dividends (distributions)                                                                                   | Amount per security | Franked amount per security                                         |
| Dividend 31/12/13                                                                                           | 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:    |                     |                                                                     |
| Loss for the half year ended 31 December 2013 includes an impairment loss of \$1,737,966 (2012: \$379,053). |                     |                                                                     |

### 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 | 1.8 cents      | 4.3 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             |
| <b>Aggregate Share of Net Profits</b> | 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)

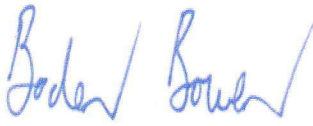
|                                |                          |                                          |                                     |
|--------------------------------|--------------------------|------------------------------------------|-------------------------------------|
| The accounts have been audited | <input type="checkbox"/> | The accounts have been subject to review | <input checked="" type="checkbox"/> |
|--------------------------------|--------------------------|------------------------------------------|-------------------------------------|

**If the accounts are subject to audit dispute or qualification, a description of the dispute or qualification:**

The auditors have issued a qualified review conclusion on the half-year financial report in relation to the unlisted investment held at directors' valuation. The auditors have been unable to satisfy themselves as to the fair value of the unlisted available for sale financial assets.

### Attachments Forming Part of Appendix 4D

| Attachment # | Details                  |
|--------------|--------------------------|
| 1            | Interim Financial Report |
|              |                          |
|              |                          |

|                                    |                                                                                      |
|------------------------------------|--------------------------------------------------------------------------------------|
| <b>Signed By Company Secretary</b> |  |
| <b>Print Name</b>                  | Baden M Bowen                                                                        |
| <b>Date: 20 February 2014</b>      |                                                                                      |

**BIOTECH CAPITAL LIMITED**

**ABN 45 091 979 172**

**HALF-YEAR FINANCIAL REPORT**

**FOR THE HALF YEAR ENDED**

**31 DECEMBER 2013**

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**BIOTECH CAPITAL LIMITED ABN 45 091 979 172**

**CORPORATE DIRECTORY**

|                                                     |                                                                                                                                                |
|-----------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Principal and registered office in Australia</b> | BioTech Capital Limited<br>1 Edmondson Crescent<br>KARRINYUP WA 6018<br>T +61 8 9446 5293<br>F +61 8 6210 1567                                 |
| <b>Directors</b>                                    | Alastair John Davidson<br>Harry Karelis<br>Edward Taylor                                                                                       |
| <b>Company Secretary</b>                            | Baden Maxwell Bowen                                                                                                                            |
| <b>Bankers</b>                                      | Westpac Banking Corporation                                                                                                                    |
| <b>Share Register</b>                               | Advanced Share Registry<br>150 Stirling Highway<br>NEDLANDS WA 6009<br>PO Box 1156<br>NEDLANDS WA 6909<br>T (08) 9389 8033<br>F (08) 9389 7871 |
| <b>Auditor</b>                                      | Deloitte Touche Tohmatsu<br>Level 14, Woodside Plaza<br>240 St Georges Terrace<br>PERTH WA 6000                                                |
| <b>Solicitors</b>                                   | Dibbs Barker<br>Level 8, Angel Place<br>123 Pitt Street<br>SYDNEY NSW 2000                                                                     |
| <b>Internet Address</b>                             | <a href="http://www.biotechcapital.com.au">www.biotechcapital.com.au</a>                                                                       |

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**BIOTECH CAPITAL LIMITED ABN 45 091 979 172**

**HALF-YEAR FINANCIAL REPORT**

**DIRECTORS' REPORT**

Your directors submit the financial report of the company for the half-year ended 31 December 2013.

**Directors**

Alastair John Davidson  
Harry Karelis  
Edward Taylor

**Review of Operations**

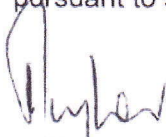
The following is a review of operations for the six-month period to 31 December 2013:

The loss of \$1,820,936 (2012: \$437,136) included an impairment loss on unlisted investments of \$1,737,966 (2012: \$379,053). The Company maintained its one remaining investment in Sensear Pty Ltd.

**Auditor's Declaration of Independence**

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

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the Corporations Act 2001.



**E Taylor  
Director**

Dated this 20th day of February 2014

20 February 2014

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

Dear Board Members

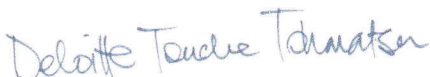
**BioTech Capital Limited**

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

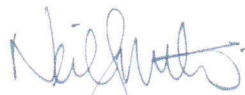
As lead audit partner for the review of the half-year financial statements of BioTech Capital Limited for the period ended 31 December 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely



DELOITTE TOUCHE TOHMATSU



**Neil Smith**  
Partner  
Chartered Accountants

**BIOTECH CAPITAL LIMITED ABN 45 091 979 172**

**CONDENSED  
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE  
INCOME  
FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

|                                                                            | 31 December 2013   | 31 December 2012 |
|----------------------------------------------------------------------------|--------------------|------------------|
|                                                                            | \$                 | \$               |
| <b>Revenue from continuing operations (Note 2)</b>                         | <b>8,722</b>       | <b>28,812</b>    |
| Other gains and losses (Note 2)                                            | -                  | 99,889           |
| <b>Expenses from continuing operations</b>                                 |                    |                  |
| Director fees                                                              | (30,000)           | (25,000)         |
| Other expenses                                                             | (61,692)           | (161,784)        |
| Impairment loss on unlisted Investments                                    | (1,737,966)        | (379,053)        |
| <b>Total expenses from continuing operations</b>                           | <b>(1,829,658)</b> | <b>(565,837)</b> |
| <b>Loss from continuing operations before income tax expense</b>           | <b>(1,820,936)</b> | <b>(437,136)</b> |
| Income tax benefit (expense) relating to continuing operations             | -                  | -                |
| <b>Net Loss for the period from continuing operations after income tax</b> | <b>(1,820,936)</b> | <b>(437,136)</b> |
| <b>Other comprehensive income</b>                                          |                    |                  |
| <b>Items that may be reclassified subsequently to profit or loss</b>       |                    |                  |
| Net fair value losses on available for sale financial assets (net of tax)  | -                  | (188,890)        |
| Other comprehensive income for the period, net of tax                      | -                  | (188,890)        |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>                           | <b>(1,820,936)</b> | <b>(626,026)</b> |
| <b>Basic earnings per share (cents per share)</b>                          | <b>(2.44)</b>      | <b>(0.59)</b>    |
| <b>Diluted earnings per share (cents per share)</b>                        | <b>(2.44)</b>      | <b>(0.59)</b>    |

The accompanying notes form part of this financial report.

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**BIOTECH CAPITAL LIMITED ABN 45 091 979 172**

**CONDENSED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2013**

|                                  | <b>31 December 2013</b> | <b>30 June 2013</b> |
|----------------------------------|-------------------------|---------------------|
|                                  | <b>\$</b>               | <b>\$</b>           |
| <b>CURRENT ASSETS</b>            |                         |                     |
| Cash and cash equivalents        | 339,913                 | 429,957             |
| Trade and other receivables      | 5,397                   | 585                 |
| Financial assets (Note 3)        | -                       | 2,737,966           |
| <b>TOTAL CURRENT ASSETS</b>      | <b>345,310</b>          | <b>3,168,508</b>    |
| <b>NON CURRENT ASSETS</b>        |                         |                     |
| Financial assets (Note 3)        | 1,000,000               | -                   |
| <b>TOTAL NON CURRENT ASSETS</b>  | <b>1,000,000</b>        | <b>-</b>            |
| <b>TOTAL ASSETS</b>              | <b>1,345,310</b>        | <b>3,168,508</b>    |
| <b>CURRENT LIABILITIES</b>       |                         |                     |
| Trade and other payables         | 11,382                  | 13,644              |
| <b>TOTAL CURRENT LIABILITIES</b> | <b>11,382</b>           | <b>13,644</b>       |
| <b>TOTAL LIABILITIES</b>         | <b>11,382</b>           | <b>13,644</b>       |
| <b>NET ASSETS</b>                | <b>1,333,928</b>        | <b>3,154,864</b>    |
| <b>EQUITY</b>                    |                         |                     |
| Issued Capital                   | 39,338,817              | 39,338,817          |
| Accumulated Losses               | (38,004,889)            | (36,183,953)        |
| <b>TOTAL EQUITY</b>              | <b>1,333,928</b>        | <b>3,154,864</b>    |

The accompanying notes form part of this financial report

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**BIOTECH CAPITAL LIMITED ABN 45 091 979 172**

**CONDENSED STATEMENT OF CASH FLOWS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

|                                                | <b>31 December 2013</b> | <b>31 December 2012</b> |
|------------------------------------------------|-------------------------|-------------------------|
|                                                | <b>\$</b>               | <b>\$</b>               |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>    |                         |                         |
| Interest received                              | 8,722                   | 28,812                  |
| Management agreement payments                  | -                       | (178,184)               |
| Payments to suppliers and employees            | (98,766)                | (193,139)               |
| <b>Net cash (used in) operating activities</b> | <b>(90,044)</b>         | <b>(342,511)</b>        |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>    |                         |                         |
| Proceeds from sale of investments              | -                       | 721,402                 |
| <b>Net cash from investing activities</b>      | <b>-</b>                | <b>721,402</b>          |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>     |                         |                         |
| Dividend paid                                  | -                       | (745,540)               |
| <b>Net cash (used in) financing activities</b> | <b>-</b>                | <b>(745,540)</b>        |
| <b>Net (decrease) in cash held</b>             | <b>(90,044)</b>         | <b>(366,649)</b>        |
| <b>Cash at 1 July 2013</b>                     | <b>429,957</b>          | <b>877,026</b>          |
| <b>Cash at 31 December 2013</b>                | <b>339,913</b>          | <b>510,377</b>          |

The accompanying notes form part of this financial report

**BIOTECH CAPITAL LIMITED ABN 45 091 979 172**

**CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

|                                           | Issued<br>Capital | Retained<br>Earnings<br>(Accumulated<br>Losses) | Other<br>Reserves | Total            |
|-------------------------------------------|-------------------|-------------------------------------------------|-------------------|------------------|
|                                           | \$                | \$                                              | \$                | \$               |
| <b>At 1 July 2012</b>                     | <b>39,338,817</b> | <b>(34,936,664)</b>                             | <b>188,890</b>    | <b>4,591,043</b> |
| Profit (loss) for the period              | -                 | (437,136)                                       | -                 | (437,136)        |
| Other comprehensive income                | -                 | -                                               | (188,890)         | (188,890)        |
| Total comprehensive income for the period | -                 | (437,136)                                       | (188,890)         | (626,026)        |
| Dividend paid                             | -                 | (745,540)                                       | -                 | (745,540)        |
| <b>At 31 December 2012</b>                | <b>39,338,817</b> | <b>(36,119,340)</b>                             | <b>-</b>          | <b>3,219,477</b> |
| <b>At 1 July 2013</b>                     | <b>39,338,817</b> | <b>(36,183,953)</b>                             | <b>-</b>          | <b>3,154,864</b> |
| Profit (loss) for the period              | -                 | (1,820,936)                                     | -                 | (1,820,936)      |
| Other comprehensive income                | -                 | -                                               | -                 | -                |
| Total comprehensive income for the period | -                 | (1,820,936)                                     | -                 | (1,820,936)      |
| <b>At 31 December 2013</b>                | <b>39,338,817</b> | <b>(38,004,889)</b>                             | <b>-</b>          | <b>1,333,928</b> |

The accompanying notes form part of this financial report

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**BIOTECH CAPITAL LIMITED ABN 45 091 979 172**

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF YEAR  
ENDED 31 DECEMBER 2013**

**Note 1: Significant Accounting Policies**

**Basis of Preparation**

The financial report of BioTech Capital Limited for the half-year ended 31 December 2013 was authorised for issue in accordance with a resolution of the directors on 20 February 2014. BioTech Capital Limited is a company incorporated in Australia and limited by shares which are publicly traded on the Australian Securities Exchange.

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

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

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2013 and any publications made by BioTech Capital Limited during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The accounting policies have been consistently applied and are consistent with those applied in the 30 June 2013 annual report, except for the adoption of amending standards mandatory for annual periods beginning on or after 1 July 2013, as noted below.

The half-year financial report has been prepared on a historical cost basis, except for financial assets that have been measured at fair value.

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

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

In the half-year ended 31 December 2013, the Company has reviewed all of the new and revised standards and interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2013. The company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to their operations and are effective for the current financial reporting period. It has been determined by the Company that there is no impact, material or otherwise, of the new and revised standards and interpretations on its business and, therefore no change is necessary to the Company's accounting policies.

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## **BIOTECH CAPITAL LIMITED ABN 45 091 979 172**

### **NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

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

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

#### **Impact of the application of AASB13**

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

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

AASB 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, the Company has not made any new disclosures required by AASB 13 for the 2012 comparative period, the application of AASB 13 has not had any material impact on the amounts recognised in the financial statements.

#### **Accounting Standards and Interpretations issued but not yet effective**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the consolidated entity for the half year ending 31 December 2013. Management are in the process of assessing the impact of the adoption of these standards and interpretations on the entity.

**BIOTECH CAPITAL LIMITED ABN 45 091 979 172**

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF YEAR  
ENDED 31 DECEMBER 2013**

**Note 2: Revenue from continuing operations**

|                                                 | 31 December 2013 | 31 December 2012 |
|-------------------------------------------------|------------------|------------------|
|                                                 | \$               | \$               |
| <b>Revenue from continuing operations</b>       |                  |                  |
| Finance Revenue                                 | 8,722            | 28,812           |
| <b>Total revenue from continuing operations</b> | <u>8,722</u>     | <u>28,812</u>    |
| <br><b>Other gains and losses</b>               |                  |                  |
| Net gain on remeasurement of liability          | -                | 99,889           |
| <b>Total other gains and losses</b>             | <u>-</u>         | <u>99,889</u>    |

**Note 3: Financial Assets**

|                                                         | 31 December 2013 | 30 June 2013     |
|---------------------------------------------------------|------------------|------------------|
|                                                         | \$               | \$               |
| <b>Current</b>                                          |                  |                  |
| <b>Available for Sale Financial Assets:</b>             |                  |                  |
| Investment in Sensear Pty Ltd – at directors' valuation | -                | 2,737,966        |
| <b>Total Available for sale Financial Assets</b>        | <u>-</u>         | <u>2,737,966</u> |
| <br><b>Non-Current</b>                                  |                  |                  |
| <b>Available for Sale Financial Assets:</b>             |                  |                  |
| Investment in Sensear Pty Ltd – at directors' valuation | 1,000,000        | -                |
| <b>Total Available for sale Financial Assets</b>        | <u>1,000,000</u> | <u>-</u>         |
| <br><b>Movement</b>                                     |                  |                  |
| Opening balance                                         | 2,737,966        | 4,051,046        |
| Impairment loss on unlisted investments                 | (1,737,966)      | (379,053)        |
| Disposals                                               | -                | (711,804)        |
| Revaluations                                            | -                | (222,223)        |
| <b>Closing balance</b>                                  | <u>1,000,000</u> | <u>2,737,966</u> |

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF YEAR  
ENDED 31 DECEMBER 2013**

**Note 3: Financial Assets (continued)**

On 12 August 2010, the Company announced it was adopting a change in investment strategy and restructuring. It is currently the Board's intention to liquidate the current portfolio in an orderly manner with proceeds being returned to shareholders through dividends. Only one investment remains being Sensear Pty Ltd. The Board acknowledges, due to the nature and liquidity of unlisted investments, that realisation of this investment may take longer than 12 months.

*Unlisted shares*

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

*Impairment Loss on Unlisted Investments*

An allowance for impairment loss is recognised when there is objective evidence that unlisted investments are impaired. Based on the best estimate of information available, the Board decided to record an impairment loss of \$1,737,966 (31 December 2012: \$379,053) for the period.

*Other Comprehensive Income*

Included in movements in other comprehensive income are net fair value losses on available for sale financial assets of \$Nil (31 December 2012 \$222,223) relating to unlisted investments.

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BIOTECH CAPITAL LIMITED ABN 45 091 979 172

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF YEAR  
ENDED 31 DECEMBER 2013

**Note 4: Contingent Liabilities**

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

**Note 5: Subsequent Events**

No matters have arisen between the end of the half-year ended 31 December 2013 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 6: Operating Segments Information**

Operating segments have been identified on the basis of internal reports of the company that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. The chief operating decision maker has been identified as the Board of Directors. On a regular basis, the board receives financial information on a company basis similar to the financial statements presented in the financial report, to manage and allocate their resources.

**Note 7: Financial Instruments**

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

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

| Financial assets/<br>financial liabilities   | Fair value<br>as at                                                      | Fair value<br>as at                                                      | Fair<br>value<br>hierarchy | Valuation<br>techniques<br>and key<br>inputs        | Significant<br>unobservable<br>inputs     | Relationship<br>of<br>unobservable<br>inputs to<br>fair value |
|----------------------------------------------|--------------------------------------------------------------------------|--------------------------------------------------------------------------|----------------------------|-----------------------------------------------------|-------------------------------------------|---------------------------------------------------------------|
|                                              | 31/12/2013                                                               | 31/12/2012                                                               |                            |                                                     |                                           |                                                               |
| Available<br>for sale<br>financial<br>assets | Unlisted<br>equity<br>securities<br>in Sensear<br>Pty Ltd<br>\$1,000,000 | Unlisted<br>equity<br>securities<br>in Sensear<br>Pty Ltd<br>\$2,737,966 | Level 3                    | Board<br>valuation<br>as<br>described<br>in Note 3. | Discount for<br>lack of<br>marketability. | The higher<br>the discount,<br>the lower the<br>fair value.   |

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**BIOTECH CAPITAL LIMITED ABN 45 091 979 172**

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF YEAR  
ENDED 31 DECEMBER 2013**

If the above unobservable inputs to the valuation model were 10% higher/lower while all the other variables were held constant, the carrying amount of the financial asset would decrease / increase by \$100,000 (31 December 2012: decrease / increase by \$273,797).

There were no transfers between levels in the period.

**7.2 Reconciliation of Level 3 fair value measurements**

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

| <b>31 December 2012</b>         | <b>Available for sale unlisted shares</b> |
|---------------------------------|-------------------------------------------|
|                                 | \$                                        |
| Opening balance                 | 3,339,242                                 |
| Total gains or losses:          |                                           |
| - in profit or loss             | (379,053)                                 |
| - in other comprehensive income | (222,223)                                 |
| Closing balance                 | 2,737,966                                 |

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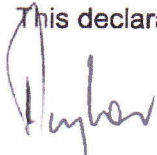
**BIOTECH CAPITAL LIMITED ABN 45 091 979 172**

**DIRECTORS' DECLARATION**

In the opinion of the directors:

1. The financial statements and notes of the entity, are in accordance with the Corporations Act 2001:
  - a) Comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
  - b) give a true and fair view of the company's financial position as at 31 December 2013 and of its performance for the half-year ended on that date.
2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



**E Taylor**  
**Director**

Dated this 20th day of February 2014

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

We have reviewed the accompanying half-year financial report of BioTech Capital Limited, which comprises the condensed statement of financial position as at 31 December 2013, and the condensed statement of profit or loss and other comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration as set out on pages 6 to 16.

## *Directors' Responsibility for the Half-Year Financial Report*

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

## *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of BioTech Capital Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

## *Auditor's Independence Declaration*

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

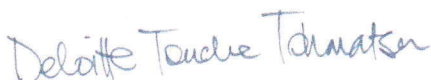
## *Basis for Qualified Conclusion*

As disclosed in Note 3 to the half-year financial report, the company has within available for sale financial assets, an investment in an unlisted company at directors' valuation of \$1,000,000 as at 31 December 2013 (30 June 2013: \$2,737,966) ("the asset"). Further, included in the statement of profit or loss and other comprehensive income are impairment losses of \$1,737,966 (31 December 2012: \$379,053) and in other comprehensive income are net fair value losses of Nil (31 December 2012: losses of \$188,890) relating to the asset. As set out in Note 3, the directors have valued the asset based on their experience in the industry and the average realisable value in the short term based on their change in investment strategy. Australian Accounting Standard AASB 139 "*Financial Instruments: Recognition and Measurement*" requires financial assets classified as available for sale financial assets to be recognised and measured at their fair values, with subsequent changes in fair values to be recognised in other comprehensive income, except for impairment losses. We have been unable to obtain sufficient appropriate evidence of the fair value of the asset and, accordingly, we have been unable to determine whether the fair values at those dates and changes in fair values and impairment losses have been appropriately recognised.

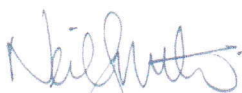
## *Qualified Conclusion*

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

- (a) giving a true and fair view of the company's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



DELOITTE TOUCHE TOHMATSU



Neil Smith  
Partner  
Chartered Accountants  
Perth, 20 February 2014