

Appendix 4E

BTC health Limited ACN 091 979 172

Preliminary final report Financial year ended 30 June 2022

The following information is given to the ASX under listing rule 4.3A:

1. Reporting Period

BTC health Limited A.C.N. 091 979 172 presents the following information for the year ended 30 June 2022 together with comparative results for the year ended 30 June 2021.

All amounts shown are in Australian dollars unless otherwise stated.

2. Results for announcement to the market

	2022 \$	2021 \$	Increase/(Decrease) \$	% Change
2.1 Operating Revenue	95,004	19,190	75,814	395%
2.2 Loss after Tax attributable to equity holders	(576,076)	(391,686)	184,390	47%
2.3 Net Loss attributable to equity holders	(576,076)	(391,686)	184,390	47%
2.4 Dividends	N/A	N/A	N/A	N/A

3. Income Statement

Refer to attached Annual Report

4. Balance Sheet

Refer to attached Annual Report

5. Statement of Cash Flows

Refer to attached Annual Report

6. Statement of Changes in Equity

Refer to attached Annual Report

7. Dividends

No dividends were paid in the financial year. The directors do not recommend the payment of any dividends with respect to the financial year.

8. Dividend or Distribution Reinvestment Plan

Not applicable.

9. Net Tangible Assets per Security

	30 June 2022 \$	30 June 2021 \$
Net tangible assets per security	\$0.0456	\$0.044

10. Changes in Control Over Entities

Not applicable.

11. Associates and Joint Venture Entities

Not applicable.

12. Significant Information

None

13. Accounting Standards

The Financial Statements have been prepared in accordance with and comply with generally accepted accounting practice in Australia, International Financial Reporting Standards, and other applicable Financial Reporting Standards as appropriate for profit-oriented entities in Australia.

14. Commentary on the Results

Revenue from continuing operations for the year of \$95,004 (2021: \$19,190) largely comprised management fees of \$94,368 (2021: \$13,333). Operating loss after income tax increased to \$576,076 (2021: \$391,686), primarily due to cost of options issued \$200,932 (2021: \$nil) and partially offset by an increase in management fee income. Operating costs increased to \$671,080 (2020: \$410,876) which includes the cost of options issued. BTC health held active interests in 2 investment companies at 30 June 2022. The valuation of each investee company is recognised on the balance sheet. A movement in the valuation of BTC health's investments is recognised in the Company's statement of profit and loss. Further detail on BTC health's investments can be found in the attached Annual Report.

Financial Position

At 30 June 2022, the company's net assets were \$12,861,964 compared with \$10,837,108 at 30 June 2021. Cash reserves as at 30 June 2022 were \$2,170,493, compared with \$2,368,975 at 30 June 2021. The net tangible asset backing per share as at 30 June 2022 equated to 4.56 cents (2021: 4.40 cents).

15. Audit Status

This report is based upon the audited financial statements for the year ended 30 June 2022.

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BTC health.

ANNUAL REPORT

YEAR ENDING 30 JUNE 2022

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BTC HEALTH LIMITED
www.btchealth.com.au
ASX:BTC

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Chairman's Letter

Dear Shareholder,

We have continued to diversify our healthcare investments and the BTC health product portfolio currently distributed by our investee companies spans both medical devices and speciality pharmaceuticals. Our investment strategy is directed towards high-growth niches within the healthcare market, making novel technologies available to patients and clinical staff, with the goal of supporting improved clinical outcomes and strong returns for investors.

Sales to hospitals by our investee entities were \$8.2m for the year ended 30 June 2022 (2021: \$7.3m). Although full year sales were below our internal target, reflecting ongoing constraints in general hospital operating conditions, it was very pleasing nevertheless for the BTC health business to deliver top line sales growth of 12% over 2021.

Healthcare environment

The healthcare sector has navigated many challenges over the last year including fluctuating elective surgery rates, a surge in winter respiratory illnesses, hospital staff shortages and deferral of non-urgent medical procedures. Consequently, the number of patients waiting on elective surgery remains at an all-time high. BTC health's investee companies are well positioned to capitalise on the anticipated uplift in elective surgery rates, as well as a normalisation of patient visits to asthma and cystic fibrosis respiratory clinics.

Integration of new investments

I am pleased to confirm the speciality respiratory pharmaceutical products acquired by our investee company, BioImpact Pty Ltd, have been fully integrated and are being utilised by respiratory clinics across the country. Both Bronchitol® and Aridol® address unmet healthcare needs of a niche patient population and BTC health is proud to be able to make these products available, to support patients in ongoing disease management. Bronchitol® is used as a second line mucociliary clearance drug for patients suffering from cystic fibrosis and without this medication, lung clearance would prove challenging and patient mobility compromised. Aridol® is an innovative lung function test designed to help doctors diagnose and manage asthma by detecting active airway inflammation through measuring airway hyper-responsiveness. Sales of both products were \$1.3m in financial year 2022 and BTC's investee companies anticipate ongoing minimum growth of 3% per annum. These growth expectations are consistent with BTC health's initial investment expectations.

BTC health seeks to further expand its investments in speciality pharmaceutical assets including orphan drugs. Several opportunities are being actively considered by BioImpact Pty Ltd, which if concluded may allow for these novel products to be made available to Australian patients under the Special Access Scheme (SAS), in advance of BTC health making a full marketing application to the Therapeutic Goods Administration (TGA). We are pleased to be using the strength and reach of our global network to identify and source novel drug therapies, which whilst registered in other jurisdictions around the world, have yet to be made available to patients in Australia and New Zealand.

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Government reforms

The Department of Health (DOH) is presently working through a series of healthcare funding reforms in relation to the funding pathways for the Pharmaceutical Benefit Scheme (PBS) and the Prosthesis List (PL). These schemes regulate the funding of pharmaceuticals and medical devices in Australia. A large proportion of sales from BTC health's investee companies are from products which are reimbursed either through the PBS or via the PL. Although the commercial impact of these reforms has to date been relatively small, we anticipate further legislative changes over the course of the next 12 months. In response, we are engaging actively with the DOH, our suppliers and customers to ensure we maintain both product margins and patient access, and secondly that our in-licensing strategy gives a relatively greater focus to products with reimbursement falling outside the scope of the PBS and PL frameworks.

Community

BTC health, through its investee company BTC Speciality Health Pty Ltd, is proud to be a gold sponsor of Great Strides, a major cystic fibrosis fundraising event held annually in Melbourne and Sydney during September. Funds raised from Great Strides will be used to provide support services to people living with cystic fibrosis. As a small Australian healthcare company BTC health is committed to investing in our community in ways that provide a meaningful and positive impact.

Diversity

BTC health celebrates and values a diversified workforce. Our dynamic team of employees and contractors represent different skills, backgrounds, and genders. The BTC health group (including investee companies) recruits the best talent for each position and is proud to have a workforce that currently comprises 43% women. We believe that as a high-growth company a source of competitive advantage is in our ability to critically evaluate different ideas, whilst fostering an agile and engaging work environment that lives our shared company values.

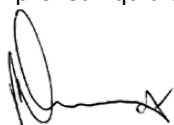
Growth Strategy

Notwithstanding the widely acknowledged disruptions from the pandemic, BTC continued to invest significant time and resources in the evaluation and due diligence of two significant potential transactions, one in the pharmaceutical space and the other in medical equipment and consumables. Both targets were considered transformative opportunities for BTC health's investee companies, providing a clear pathway towards greater scale and profitability for the combined business.

Despite the strong underlying rationale in each case, it is regrettable that these transactions did not proceed. In the one instance, BTC health and the vendor were unable to agree on key terms central to the investment case. And in the second instance, the recent state of capital markets, combined with certain constraints under the Pooled Development Fund Act, presented an uncertain funding environment for the transaction, circumstances which the BTC health board considered were not in shareholders' best interests to proceed.

Once capital markets improve, transformative merger and acquisition targets will again be considered, however in the present environment BTC health has chosen to focus its growth strategy on non-dilutive opportunities including new agency distribution agreements. New agencies generally provide incremental revenue and returns to BTC without the need for significant capital outlay. Through its investee companies, BTC health has four agency opportunities under discussion, two for novel medical devices and two in respect of novel speciality pharmaceuticals.

The Board would like to thank its employees, customers, shareholders, and supply partners for their ongoing support over the last 12 months. As a high-growth Australian SME we continue to set high expectations for our business as we create a path forward to achieve greater operating scale, sustainable profitability along with improved liquidity and valuation of our issued share capital.



Dr. Richard S Treagus
Chairman

Directors' Report



The directors of BTC health Limited present their report on the audited financial statements of BTC health Limited for the year ended 30 June 2022.

Directors

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

- Richard Spencer Treagus
- Jonathan Charles Pilcher
- Bruce Alwyn Hewett

Principal Activities

BTC health is a Pooled Development Fund, registered under the Pooled Development Funds Act 1992. The Company holds investments, and continues to actively seek investment opportunities, in entities operating in the healthcare sector.

Review of Operations and Results

Revenue from continuing operations for the year of \$95,004 (2021: \$19,190) largely comprised management fees of \$94,368 (2021: \$13,333). Operating loss after income tax increased to \$576,076 (2021: \$391,686), primarily due to cost of options issued \$200,932 (2021: \$nil) and partially offset by an increase in management fee income. Operating costs increased to \$671,080 (2020: \$410,876) which includes the cost of options issued.

BTC health held active interests in two investment companies at 30 June 2022. The valuation of each investee company is recognised on the balance sheet. During the year, BTC health converted loans to the investee companies of \$2.6m to equity within the investee companies. A movement in the fair value of BTC health's investments is recognised in the Company's statement of profit and loss.

BTC Speciality Health Pty Ltd

BTC health's wholly owned investee company BTC Speciality Health is an established distributor of medical devices and consumables in the Australian and New Zealand healthcare markets. The company has been successful in executing its growth plan, with sales to hospitals growing 12% to \$8.2m for the financial year 30 June 2022 (2021: \$7.3m). BTC Speciality health is focused on continuing to grow and diversify its product portfolio to increase its product offering to the hospital sector and speciality clinics, and in so doing, deliver incremental returns to its shareholder BTC health Limited. BTC health's equity investment in BTC Speciality Health increased to \$7.9m (2021: \$6.0m), due to the conversion of loans outstanding from the investee company to equity at 30 June 2022

BioImpact Pty Ltd

BTC health's wholly owned investee company BioImpact, licenses and holds intellectual property rights for healthcare products. During the financial year, BioImpact acquired the sale and distribution rights to Bronchitol® and Aridol® from Pharmaxis for \$2.0m. These rights have been further sublicensed to BTC Speciality Health for the commercial distribution and promotion to clinical staff and patients. BioImpact will continue to acquire the rights to innovative drug and device

products from manufacturers around the world. BTC health values the equity investment in BiImpact Pty Ltd at \$2,883,975 (2021: \$2,000,100). Loans outstanding from the investee company were converted to equity in the investee company at 30 June 2022.

Financial Position

At 30 June 2022, the company's net assets were \$12,861,964 compared with \$10,837,108 at 30 June 2021. Cash reserves as at 30 June 2022 were \$2,170,493, compared with \$2,368,975 at 30 June 2021. The net tangible asset backing per share as at 30 June 2022 equated to 4.56 cents (2021: 4.40 cents).

Dividends

No dividends have been declared in respect of the financial year ended 30 June 2022 (2021: nil).

Business Strategies and Future Prospects

BTC health has undertaken a strategic review of its investments to ensure assets are able to generate sufficient returns in the medium term to shareholders. The Company is committed to supporting investee companies in the healthcare sector given the favorable drivers of demand for patient care. The Company is consistently assessing a pipeline of assets to in-license or acquire which align within its capabilities and growth strategy. This may include individual products or target companies within the hospital or specialised medical care sectors. The company will advise shareholders when additional capital is required for a material investment.

BTC health has supported investment in infrastructure to ensure its investee companies are well positioned to grow organically and through licensing and distribution agreements. The primary objective for BTC Speciality Health is to increase market share through organic growth and new product introductions. Whereas new medical devices, consumables and speciality pharmaceutical products will continue to be sourced by BiImpact.

Information on Directors

Director	Experience	Special Responsibilities	Particulars of Directors' Interest as at 16 August 2022	
			Shares	Options
R S Treagus	BScMed, MBChB, MPharmMed, MBA, MAICD. Dr Treagus is a physician and entrepreneur with over 25 years' experience in all aspects of the international pharmaceutical and biotechnology industry. Formerly a Director of Neuren Pharmaceuticals Limited. Appointed 4 August 2014. Age 56.	Executive Chairman	24,613,207	6,000,000
J C Pilcher	BSc, FCA. Mr Pilcher is a Chartered Accountant and holds a degree in biotechnology from the University of Reading in the UK. Currently the CEO and Managing Director of Neuren Pharmaceuticals Limited. Appointed 1 September 2015. Age 56.	Non-Executive Director	125,000	-
B A Hewett	B of App Sc (Pharm) GAICD. Bruce graduated as a pharmacist and has had over 30 years' experience in all aspects of the pharmaceutical industry. Appointed 5 August 2019. Age 68.	Non-Executive Director	100,000	-

Company Secretary

Sharon Papworth has over 20 years' finance experience, including over 10 years in the healthcare sector. She is a member of Chartered Accountants Australia and New Zealand

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Remuneration Report (Audited)

This report outlines the remuneration arrangements in place for key management personnel of BTC health Limited - ("Company"). As the company is an investment entity and the investee companies are not consolidated, the amounts disclosed in the tables below exclude amounts paid by the investee companies. Amounts paid by the investee companies are separately disclosed below.

The following persons acted as directors and were also the key management personnel of the company during the financial year: Richard Spencer Treagus Jonathan Charles Pilcher Bruce Alwyn Hewett Sharon Papworth

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 fees for services provided by Directors have been determined contractually and at arm's length. The Board has not appointed a Remuneration Committee and this function is being undertaken by the Board.

Bruce Hewett was paid a fixed non-executive director fee of \$40,000 per annum, effective 1 October 2021 (previously fixed at \$20,000 per annum). Mr. Hewett received director fees of \$35,000 for the financial year ended 30 June 2022. Jonathan Pilcher was paid a fixed non-executive director and audit committee chairman fee of \$60,000 per annum, effective 1 October 2021 (previously fixed at \$40,000 per annum). Mr. Pilcher received director fees of \$51,250 for the financial year ended 30 June 2022. The director fees are determined by the board.

Richard Treagus is an executive director. Effective 1 October 2021, Dr. Treagus receives a director fee of \$40,000 per annum and an executive fee of \$360,000 per annum, the latter is charged to BTC Speciality Health Pty Ltd. Previously Dr. Treagus received a combined director and executive fee of \$180,000 per annum. Executive director fees totaled \$97,500 for the financial year. The Company and BTC Speciality Health Pty Ltd have entered into service contracts with PharmaConnect Pty Ltd (an entity associated with Richard Treagus) and each contract may be terminated by either party providing three month's written notice. Other than payments to PharmaConnect Pty Ltd for directors fees, there were no material transactions with the company in the year (Note 16).

No Directors are entitled to long service leave or annual leave.

Company Performance and Link to Company Performance

Non-executive directors receive fixed rate remuneration, with no link to Company performance. The executive director may receive a bonus for executive services provided to BTC Speciality Health Pty, where investee company objectives and financial performance goals are achieved. There was no bonuses earned for the financial year ended 30 June 2022.

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

	2017	2018	2019	2020	2021	2022
Revenue from continuing operations	28,496	62,937	187,763	169,604	19,190	95,004
Investment fair value adjustment	-	144,900	130,000	125,000	-	-
Net Profit/ (Loss) after tax	(516,527)	(1,467,834)	(692,742)	(283,036)	(391,686)	(576,076)
Dividend Paid	-	-	-	-	-	-
Share Placement	1,973,346	347,628	8,849,798	160,757	-	2,400,000
Net Assets	3,978,873	2,973,002	11,341,485	11,228,794	10,837,108	12,861,964
Share price at Year end (in cents)	0.16	0.20	0.085	0.10	0.074	0.04
Basic earnings per Share (in cents)	(0.45)	(1.14)	(0.51)	(0.12)	(0.16)	(0.20)

Remuneration of Directors:

2022	SHORT TERM EMPLOYEE BENEFITS	POST- EMPLOYMENT BENEFITS	EQUITY SETTLED SHARES	OTHER LONG- TERM BENEFITS	TOTAL
	\$	\$	\$	\$	\$
	Salary and Fees	Superannuation			
R S Treagus (Chairman)	97,500	-	133,955	-	231,455
J C Pilcher (non-executive)	46,591	4,659	-	-	51,250
B Hewett (non-executive)	35,000	-	-	-	35,000
Total Remuneration	179,091	4,659	133,955	-	317,705

2021	SHORT TERM EMPLOYEE BENEFITS	POST- EMPLOYMENT BENEFITS	EQUITY SETTLED SHARES	OTHER LONG- TERM BENEFITS	TOTAL
	\$	\$	\$	\$	\$
	Salary and Fees	Superannuation			
R S Treagus (Chairman)	180,000	-	-	-	180,000
J C Pilcher (non-executive)	36,530	3,470	-	-	40,000
B Hewett (non-executive)	20,000	-	-	-	20,000
Total Remuneration	236,530	3,470	-	-	240,000

Equity Settled Shares

Other than Dr. Richard Treagus, no directors of the Company received any share-based payments as part of their remuneration during the financial year ended 30 June 2022 (2021: None). Dr. Richard Treagus was granted 6,000,000 share options, approved at the Annual General Meeting held on 23 November 2021. A total of 2,000,000 share options vested immediately and options expire 5 years from vesting date. The exercise price of the vested share options is \$0.12 each. The value of vested share options totaled \$133,955. Remaining options will be granted in two tranches, assuming service conditions are met. There were no other share based payments issued to directors during the year ended 30 June 2022.

Remuneration by investee companies

In addition to the remuneration disclosed above, Dr. Richard Treagus received \$270,000 for executive services (2021: \$nil) from BTC Speciality Health, where time is spent leading the investee entities growth strategy. The executive director may receive a performance based bonus where investee company objectives and financial performance goals are achieved. There was no bonus earned for the financial year ended 30 June 2022 (2021: \$11,250).

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Directors Meetings

The number of meetings of the company's board of directors (including committees of directors) held for the year ended 30 June 2022, and the number of meetings attended by each director were:

	NUMBER OF DIRECTOR MEETINGS	NUMBER OF DIRECTOR MEETINGS ATTENDED	NUMBER OF AUDIT COMMITTEE MEETINGS	NUMBER OF MEETINGS ATTENDED
R S Treagus	11	11	-	-
J C Pilcher	11	11	2	2
B A Hewett	11	11	2	2

CFO & Company Secretary

Sharon Papworth was appointed CFO and Company Secretary on 1 October 2019. Remuneration is recorded in BTC health's investee company, BTC Speciality Health, where the majority of time is allocated. Sharon Papworth received \$285,000 in remuneration for the year ended 30 June 2022 (2021: \$285,000), including post-employment benefits. Under the Employee Share Option Plan, 2,000,000 share options were granted to the CFO and Company Secretary on 23 November 2021. A total of 666,666 share options vested immediately and options expire 5 years from vesting date. The exercise price of the vested share options is \$0.12 each. The value of vested share options totaled \$44,652. Remaining options will be granted in two tranches, assuming service conditions are met. The CFO and Company Secretary may receive a performance based bonus where investee company objectives and financial performance goals are achieved. There was no bonus earned for the financial year ended 30 June 2022 (2021: \$13,200).

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 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 BTC health Limited, including their personally related entities, are set out below:

Year ended 30 June 2022

NAME	BALANCE AT THE START OF THE YEAR	ADDITIONS	EQUITY SETTLED SHARES	OTHER NET CHANGES DURING THE YEAR	BALANCE AT THE END OF THE YEAR
Ordinary shares					
R S Treagus	24,613,207	-	-	-	24,613,207
J C Pilcher	125,000	-	-	-	125,000
B A Hewett	45,000	55,000	-	-	100,000

Share option holdings

The terms and conditions of each grant of share options in the company held during the financial year by each director of BTC health Limited, including their personally related entities, are set out below:

Year ended 30 June 2022

NAME	NUMBER OF OPTIONS GRANTED	GRANT DATE	VESTING DATE AND EXERCISABLE DATE	EXPIRY DATE	EXERCISE PRICE	FAIR VALUE PER OPTION AT GRANT DATE
Share options						
R S Treagus	2,000,000	23.11.2021	23.11.2021	23.11.2026	\$0.12	\$0.038
R S Treagus	2,000,000	23.11.2021	23.11.2022	23.11.2027	\$0.12	\$0.033
R S Treagus	2,000,000	23.11.2021	23.11.2023	23.11.2028	\$0.12	\$0.030

There were no share options held at the start of the year, and no changes to share options other than as shown in the table above. A total of 6,000,000 share options were held at the end of the year.

Transactions with directors and director related entities

The terms and conditions of transactions with directors and their related entities were no more favorable 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

Auditor Independence Declaration to the Directors

The directors have received the auditors' independence declaration which is included on page 39 of this report.

Insurance of Directors and Officers

During the financial year, the Company paid a premium of \$59,950 (2021: \$59,550) including GST to insure the directors and officers 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, BTC health Limited has 9,000,000 (2021: 5,000,000) unissued ordinary shares under option. Under the Employee Share Option Plan, 9,000,000 share options were granted on 23 November 2021, a total 2,999,999 share options vested immediately, options expire 5 years from vesting date. The exercise price of the vested share options is \$0.12 each. The value of vested share options totaled \$114,526. Remaining options will be granted in two tranches, assuming service conditions are met.

Significant Events after the Balance Date

No 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 company in future financial years.

Likely Developments and Expected Results of Operations

BTC health is committed to supporting the business objectives of its wholly owned investee companies in order that they grow their revenues and ultimately their profitability. BTC health also continues to seek and carefully evaluate additional investment opportunities in healthcare, more specifically, technologies and companies that in the Board's view will benefit from greater access to management expertise and development capital.

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

Audit fees of \$64,020 (2020: \$55,844) were paid to Grant Thornton. No other fees were paid to Grant Thornton.

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, Chairman Melbourne
16 August 2022

Corporate Governance Statement

BTC health's board of directors ("Board") aims to ensure that the company operates with a corporate governance framework and practices that promote an appropriate governance culture throughout the organisation and that are relevant, practical and cost-effective for the current size and stage of development of the business. The Board will continue to review the framework and practices as the business size and complexity changes. The corporate governance statement was adopted on 16 August 2022.

A description of the framework and practices is set out below, laid out under the structure of the ASX Listing Rules and the Corporate Governance Principles (the "Principles") and Recommendations (the "Recommendations") 4th Edition issued by the ASX Corporate Governance Council in February 2019.

Principle 1. Lay solid foundations for management and oversight:

The Board is responsible for the overall corporate governance of the company. The Board acts on behalf of and is accountable to the shareholders. The Board seeks to identify the expectations of shareholders as well as other regulatory and ethical expectations and obligations. The Board is responsible for identifying areas of significant business risk and ensuring mechanisms are in place to manage those risks adequately. In addition, the Board sets the overall strategic goals and objectives, and monitors achievement of goals. In accordance with Recommendation 1.2, the board charter sets out the roles and responsibilities of the Board and Management.

The Board has delegated the responsibility for the operation and administration of the company to the Executive Chairman and the Company Secretary. The Board will ensure that management is appropriately qualified to discharge its responsibilities.

The Board will ensure management's objectives and activities are aligned with the expectations and risks identified by the Board through a number of mechanisms including the following:

- establishment of the overall strategic direction and leadership of the company;
- approving and monitoring the implementation by management of the company's strategic plan to achieve those objectives;
- reviewing performance against its stated objectives, by receiving regular management reports on business situation, opportunities and risks;
- monitoring and review of the companies controls and systems including those concerned with regulatory matters to ensure statutory compliance and the highest ethical standards; and
- review and adoption of budgets and forecasts and monitoring the results against stated targets.

The Board sets the corporate strategy and financial targets with the aim of creating long-term value for shareholders. In accordance with Recommendation 1.2, the Board undertakes appropriate checks before appointing a new director or putting forward to shareholders a candidate for election and provides shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director. The company has written agreements with each director of the company in accordance with Recommendation 1.3. The Company Secretary is accountable directly to the Board on all matters to do with the proper functioning of the Board, in accordance with Recommendation 1.4.

At this stage of the company's development, considering the very small size of the workforce, the Board has chosen not to establish a formal diversity policy or formal objectives for gender diversity, as described in Recommendation 1.5. The company does not discriminate on the basis of age, ethnicity or gender and when a position becomes vacant the company seeks to employ the best candidate available for the position. Currently all directors are male.

Given the size and nature of the company a formal process for evaluating the performance of the Board and the directors in accordance with Recommendation 1.6 has not been developed. The company has formalized a process to review the performance of senior executives, as described in Recommendation 1.7. Performance of senior executives includes but is not limited to the achievement of goals set by the Board and performance behaviours in line with company values.

Principle 2. Structure the Board to add value

The Board has not considered it necessary or value-adding to establish a separate Nomination Committee framework of the skills required. The Board may also engage an external consultant where appropriate to identify and assess suitable candidates who meet the Board's specifications. The composition of the board is discussed regularly, and

each director may propose changes for discussion.

The company has established a skills matrix which sets out the mix of skills that the Board seeks to achieve in its membership (recommendation 2.2).

The current Board consists of 2 non-executive directors and 1 executive director. The skills and experience of each of the directors are detailed in the Directors' Report. Each of the current directors has held office continuously since their date of appointment and these details are:

Current Directors

R S Treagus appointed 4 August 2014*

J C Pilcher appointed 1 September 2015 (independent director) B A Hewett appointed 5 August 2019 (independent director)

* R S Treagus is not considered to be independent as he is a related person to a substantial shareholder in BTC health.

The directors believe that the current structure, small size and membership profile of the Board provides the maximum value to the business at this stage of its development, notwithstanding that they do not follow Recommendation 2.5 as the chair is not independent. The Board will continue to assess whether this is the optimum membership and structure for the business as it grows and develops. In the event the composition of the board changes, the company has formalised an induction program for new directors, as described in Recommendation 2.6.

Principle 3. Promote ethical and responsible decision-making

The Board is committed to the highest standards of conduct and ethical behaviour in all business activities. The company's values underpin the performance and behaviour of directors and employees. At BTC we:

- Deliver outcomes that make a difference
- Are committed to quality and continuous improvement
- Foster collaboration and value long term relationships
- Are agile and act with integrity
- Hold ourselves accountable to all stakeholders.

The Board established a formal Code of Conduct (Recommendation 3.2) on 19 October 2016, which requires that Board members and employees:

- will act honestly, in good faith and in the best interests of the whole company
- owe a fiduciary duty to the company as a whole
- have a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office will undertake diligent analysis of all proposals placed before the Board
- will act with a level of skill expected from Directors and key executives of a publicly listed company
- will use the powers of office for a proper purpose, in the best interests of the company as a whole
- will demonstrate commercial reasonableness in decision-making
- will not make improper use of information acquired as Directors and key executives
- will not disclose non-public information except where disclosure is authorised or legally mandated
- will keep confidential information received in the course of the exercise of their duties and such information remains the property of the company from which it was obtained and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by the person from whom the information is provided, or required by law
- will not take improper advantage of the position of Director or use the position for personal gain or to compete with the company

- will not take advantage of company property or use such property for personal gain or to compete with the company
- will protect and ensure the efficient use of the company's assets for legitimate business purposes
- will not allow personal interests, or the interest of any associated person, to conflict with the interests of the company
- have an obligation to be independent in judgement and actions and Directors will take all reasonable steps to be satisfied as to the soundness of all decisions of the Board
- will make reasonable enquiries to ensure that the company is operating efficiently, effectively and legally, towards achieving its goals
- will not engage in conduct likely to bring discredit upon the company
- will encourage fair dealing by all employees with the company's customers, suppliers, competitors and other employees
- will encourage the reporting of unlawful/unethical behaviour and actively promote ethical behaviour and protection for those who report violations in good faith
- will give their specific expertise generously to the company
- have an obligation, at all times, to comply with the spirit, as well as the letter of the law and with the principles of this Code of Conduct

Consistent with Recommendation 3.4, the Board established a formal anti-bribery and corruption policy (Recommendation 3.2) on 16 March 2021, which requires that Board members and employees:

- must not give, offer, promise, accept, request, authorise, assist or cover up any form of bribe, whether directly or indirectly
- have an obligation, at all times, to report any incident which involves bribery and or corrupt conduct
- must not engage or participate in victimisation, bullying, harassment or any other action against a person who makes a report under this policy or is cleared of an allegation made under this policy.

The Board has adopted the following controls in its anti-bribery and corruption policy:

- all gifts, entertainment or hospitality valued at \$100 or more must be approved before the gift, entertainment or hospitality is accepted. The offering or acceptance of gifts, entertainment or hospitality must comply with legal restrictions, be done in an open and transparent manner, must not include cash, loans or cash equivalents, and cannot be construed as an attempt to unduly influence business or government decision making.
- all gifts and benefits valued at \$100 or more, must be declared and recorded in the Gift and Entertainment Register
- political donations shall not be made, whether in cash or kind, in support of any political parties or candidates, or to any political cause or election fund
- charitable support and donations require approval and the company must ensure that charitable contributions are not made for the purposes of gaining commercial advantage or concealing bribery.

The Company is committed to complying with all applicable laws and regulations and acting in a manner that is consistent with the principles of honesty, integrity, fairness and respect. The Board established a formal Whistleblower policy (Recommendation 3.4) on 19 October 2020, which provides a safe and secure framework for any persons who are aware of possible wrongdoing with respect to the Company Group, to be able to disclose the wrongdoing in a safe and secure environment with confidence that they will be protected and supported. Employees are encouraged to raise concerns about any issue or suspicion of bribery and corruption at the earliest stage.

Principle 4. Safeguard integrity in financial reporting

With regards to Recommendation 4.1, The Board has established an Audit Committee, which currently consists of two non-executive directors, Jon Pilcher and Bruce Hewett. Jon chairs the Committee and has extensive financial qualifications and experience. The Audit Committee holds a majority of independent directors, although currently does not have three members. The Audit Committee met two times during the 2022 financial year and these meetings were attended by all members.

The current Committee operates under a charter approved by the Board on the 19 October 2016, a summary of which is available on the BTC health website.

It is responsible for undertaking a broad review of, ensuring compliance with, and making recommendations in respect

of, the company's internal financial controls and legal compliance obligations. It is also responsible for:

- review of audit assessment of the adequacy and effectiveness of internal controls over the company's accounting and financial reporting systems, including controls over computerised systems;
- review of the audit plans and recommendations of the external auditors;
- evaluating the extent to which the planned scope of the audit can be relied upon to detect weaknesses in internal control, fraud and other illegal acts;
- review of the results of audits, any changes in accounting practices or policies and subsequent effects on the financial statements and make recommendations to management where necessary and appropriate;
- review of the performance and fees of the external auditor;
- oversight of legal compliance including trade practices, corporations law, occupational health and safety and environmental statutory compliance, and compliance with the Listing Rules of the ASX;
- supervision of special investigations when requested by the Board;

In undertaking these tasks, the Audit Committee meets separately with management and external auditors where required.

In accordance with Recommendation 4.2, the Board sought assurances in writing from the Executive Chairman and the Company Secretary that in their opinion the financial records of the company for the financial year 30 June 2022 were;

- a) properly maintained in accordance with section 286 of the Corporations Act 2001; and
- b) the financial statements, and the notes to the financial statements, of the entity, for the financial year ended 30 June 2022:
 - i. comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - ii. give a true and fair view of the entity's financial position as at 30 June 2021 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date.

The Board received those assurances on 16 August 2022.

In accordance with Recommendation 4.3, the Board ensures that its external auditor attends the AGM and is available to answer questions from security holders relevant to the audit.

Principle 5. Make timely and balanced disclosure

The Board recognises the importance of communicating effectively with shareholders and providing equal access to information. The company has established the standards, protocols and requirements expected to comply with continuous disclosure obligations under the ASX Listing Rules and the Corporations Act 2001. The Board formalised its continuous disclosure policy on 19 October 2020 which endeavours to provide communication to third parties that a reasonable person would expect to have a material effect on the price or value of the Company's securities. The company will disclose to third parties, including but not limited to shareholders, investment community, the media and the ASX which:

- is timely; and
- is factual and accurate; and
- does not omit material or relevant information ; and
- is expressed in a clear manner to ensure third parties are able to assess the impact of information disclosed.

The Company's obligation to disclose price-sensitive information does not apply if, and only if, each of the following conditions is and remains satisfied:

- a reasonable person would not expect to be disclosed (because, for example, the result of disclosure would be unreasonably prejudicial to the Company); and
- the information is confidential; and
- one or more of the conditions apply: it would be a breach of law to disclose the information; and/or the information concerns an incomplete proposal or negotiation; and/or information is insufficiently definite to warrant

disclosure; and/or information is generated for internal management purposes; and or the information is a trade secret.

The Board may request a trading halt where confidential information is inadvertently made public and further time is required to enable the company to prepare an appropriate public announcement; or the company is preparing to make a major announcement. The company will provide information to the ASX under Listing Rule 3.1B to prevent or correct a false market.

Principle 6. Respect the rights of shareholders

The Board strives to communicate effectively with shareholders, give them ready access to balanced and understandable information about the business and make it easy for them to participate in shareholder meetings.

In accordance with Recommendation 6.1, comprehensive information about the company and its governance is provided via the website www.btchealth.com.au. This includes information about the Board, as well as corporate governance policies. All announcements, presentations, financial information and meetings materials disclosed to the ASX are placed on the website, so that current and historical information can be accessed readily.

The company's investor relations program facilitates effective two-way communication with investors (Recommendation 6.2). The Chairman interacts with institutional investors, private investors, analysts and media on an ad hoc basis, conducting meetings in person or by teleconference and responding personally to enquiries. The Board seeks practical and cost-effective ways to promote informed participation at shareholder meetings (Recommendation 6.3). This includes providing access to clear and comprehensive meeting materials and electronic proxy voting. In accordance with Recommendation 6.4, shareholders are provided with and encouraged to use electronic methods to communicate with the company and with the share registry.

Principle 7. Recognise and manage risk

The Directors have not considered it necessary to form a separate Risk Committee. The Board thus retains direct responsibility, oversight and management for material business risks. (Recommendation 7.1)

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

Given that the company's business focus is to provide 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 subsequently fails, or commercially suffers in a significant way, e.g. due to marketing difficulties or delays, product failure, serious management or funding problems, etc. 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;
- ensuring proper evaluation of new investment opportunities by means of a thorough due diligence assessment;
- 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 Board reviewed the company's risk management framework and satisfied itself that it continues to be sound on 16 August 2022. (Recommendation 7.2)

The Board considers that it is not necessary to have an internal audit function. The Board processes described above are adequate, given the size and complexity of the business (Recommendation 7.3).

The company does not have a material exposure to economic, environmental or social sustainability risks. (Recommendation 7.4)

Principle 8. Remunerate fairly and responsibly

Due to the current size and structure of the company, the Board has not considered it necessary to form a Remuneration Committee (Recommendation 8.1) and any remuneration matters are dealt with by the Board. Particulars concerning Directors' remuneration are set out in the Directors' Report. The company's current policy is that non-executive directors receive only fixed cash remuneration.

The total remuneration pool for non-executive directors is approved by shareholders. There is currently only one executive director and his executive fee has been determined and agreed upon by the board. The level of the fee was determined by the directors based on professional experience, market forces and the amount of time required to execute the role.

In accordance with Recommendation 8.3, any participants in an equity-based remuneration scheme are not permitted to enter into any transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme.

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Financial Report - 30 June 2022

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BTC health Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

BTC health Limited
Level 1
10 Oxley Road,
Hawthorn VIC 3122

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Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2022

	Notes	30 June 2022 \$	30 June 2021 \$
Revenue from continuing operations	2	95,004	19,190
Executive Directors fees		(97,500)	(180,000)
Non-Executive Directors fees		(86,250)	(60,000)
Listing and CHES Fees		(48,106)	(34,412)
Legal Fees		(34,554)	(8,360)
Share based payments	10	(200,932)	-
Share registry fees		(29,942)	(21,130)
Audit Fees	15	(64,020)	(55,844)
Insurance		(56,599)	(39,188)
Filing Fees		(6,276)	(5,859)
Tax Fees		(8,380)	-
Subscriptions		(6,204)	(1,364)
Rent		(3,251)	(2,491)
Office expenses		(246)	(1,447)
Other expenses from operations		(28,820)	(781)
Loss before income tax		(576,076)	(391,686)
Income tax benefit	3	-	-
Loss after income tax attributable to members of BTC health Limited		(576,076)	(391,686)
Total comprehensive loss for the year		(576,076)	(391,686)
Loss per share			
Basic and diluted loss per share	19	(0.20) cents	(0.16) cents

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

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Statement of Financial Position

As at 30 June 2022

	Notes	30 June 2022 \$	30 June 2021 \$
Current Assets			
Cash and cash equivalents	4	2,170,493	2,368,975
Loans to investee companies	7	-	2,614,219
Other assets	5	<u>27,188</u>	<u>930</u>
Total Current Assets		<u>2,197,681</u>	<u>4,984,124</u>
Non-Current Assets			
Other financial assets	6	10,819,890	8,000,100
Total Non-Current Assets		<u>10,819,890</u>	<u>8,000,100</u>
Total Assets		13,017,571	12,984,224
Current Liabilities			
Trade and other payables	8	51,026	2,040,535
Unclaimed monies		<u>104,581</u>	<u>106,581</u>
Total Current Liabilities		<u>155,607</u>	<u>2,147,116</u>
Total Liabilities		155,607	2,147,116
Net Assets		12,861,964	10,837,108
Equity			
Issued capital	9	55,665,612	53,265,612
Other reserves	10	200,932	171,857
Accumulated losses	11	<u>(43,004,580)</u>	<u>(42,600,361)</u>
Total Equity		<u>12,861,964</u>	<u>10,837,108</u>

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

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Statement of Cash Flows

For the year ended 30 June 2022

	Notes	30 June 2022 \$	30 June 2021 \$
Cash Flows from Operating Activities			
Receipts from customers		67,755	68,019
Interest received		636	857
Payments to suppliers and directors		(459,302)	(434,882)
Transfer from unclaimed monies account		(2,000)	(146)
Net cash used in operating activities	12	<u>(392,911)</u>	<u>(366,152)</u>
Cash Flows from Investing Activities			
Proceeds on sale of Investments	6	-	500,000
Net Loans issued to investee companies		(205,571)	(515,162)
Equity investment to investee companies		(2,000,000)	-
Net cash used in investing activities		<u>(2,205,571)</u>	<u>(15,162)</u>
Cash Flows from Financing Activities			
Share placement		2,500,000	-
Capital raising costs		(100,000)	-
Net cash generated by financing activities		<u>2,400,000</u>	<u>-</u>
Net increase/ (decrease) in cash and cash equivalents held		(198,482)	(381,314)
Cash and cash equivalents at the beginning of the financial year		2,368,975	2,750,289
Cash and cash equivalents at the end of the Financial Year	4	<u>2,170,493</u>	<u>2,368,975</u>

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 2022

	Issued capital \$	Accumulated losses \$	Other reserves \$	Total \$
At 1 July 2020	53,265,612	(42,251,664)	214,846	11,228,794
Loss for the year	-	(391,686)	-	(391,686)
Total comprehensive (loss) for the year	-	(391,686)	-	(391,686)
Transaction with owners in their capacity as owners:				
Share placement (net of capital raising costs)	-	-	-	-
Share based payments	-	-	-	-
Expiry of share options	-	42,989	(42,989)	-
At 30 June 2021	53,265,612	(42,600,361)	171,857	10,837,108
At 1 July 2021	53,265,612	(42,600,361)	171,857	10,837,108
Loss for the year	-	(576,076)	-	(576,076)
Total comprehensive (loss) for the year	-	(576,076)	-	(576,076)
Transaction with owners in their capacity as owners:				
Share placement (net of capital raising costs)	2,400,000	-	-	2,400,000
Share based payments	-	-	200,932	200,932
Expiry of share options	-	171,857	(171,857)	-
At 30 June 2022	55,665,612	(43,004,580)	200,932	12,861,964

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

Note 1 Summary of Significant Accounting Policies

The Financial Report of BTC health Limited for the year ended 30 June 2022

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 16 August 2022.

BTC health 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.

Both the functional currency and presentation currency of BTC health 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').

Adoption of New and Revised Accounting Standards

New and amended Australian Accounting Standards that are effective for the current year

The company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The new, revised or amending Accounting Standards and Interpretations adopted do not have a material effect on the company.

New and revised Australian Accounting Standards in issue but not yet effective

At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB. The company has considered Standards, amendments and Interpretations which have been issued but are not yet effective, identifying the following which are relevant to the company:

- AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as current or non-current*
- AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates*

When these amendments are first adopted for the year ending 30 June 2024 there will be no material impact on the financial statements.

Other Standards, amendments and Interpretations which have been issued but are not yet effective are not relevant to the company, or their impact is editorial only.

Significant Accounting Policies

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

a) Investment Entity

The Company meets the definition of investment entities which are exempt from consolidation under *AASB 10 Consolidated Financial Statements*. Instead of consolidating controlled investments the Company measures its investments at fair value in the Statement of Financial Position and recognises changes in the fair value through the profit or loss.

b) Revenue Recognition

The Company recognises revenue from management fees for services rendered to investee companies.

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. Management fee revenue is recognised over time as the customer simultaneously receives the benefits provided by the entity's performance.

c) Interest Income

Interest income 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) Income Tax

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

Deferred income tax is provided on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Deferred income tax assets and liabilities are measured at the tax rates expected to apply to the year when the asset is realised, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

e) Financial Instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured 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. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss. 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, except for share-based payment transactions that are within the scope of AASB 2.

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.

Financial Assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

The company classifies its financial assets as debt instruments measured subsequently at amortised cost only if both the following criteria are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All the Company's financial liabilities are measured subsequently at amortised cost using the effective interest method.

f) 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.

g) Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of the number of equity instruments that will eventually vest. At each reporting date, the Company revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

h) 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.

i) 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 net basis.

j) Critical 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.

Determination of investment entity status

BTC health was admitted to the Australian Securities Exchange as an investment entity and continues to meet the criteria set out under *AASB 10 Consolidated Financial Statements* to qualify as an investment entity. This judgement is reconsidered by management and the Board at each reporting date. Consequently, investee companies are not consolidated in BTC health's financial statements. Instead, the investments held by BTC health in these companies is recorded as an investment held at fair value through profit or loss in BTC health's financial statements.

Valuation of investments

Investments in investee companies are held at fair value. These investments are 'Level 3' in the fair value hierarchy, based on unobservable inputs, as the investee companies are unlisted and not traded in an active market. Consequently, they are valued in accordance with the directors' valuations. The directors have used the historical and budgeted performance of the investee companies as the basis for the valuation of the investments, adjusted for reasonable assumptions about future performance (such as estimated cash flows, projected business growth plans and other market data available).

Should the assumptions used by the directors change in subsequent periods, the fair value may be impacted and accounted for through the profit or loss. Further disclosure as required by *AASB 13* is set out in Note 18.

No other critical judgements, other than in the determination of accounting policies as set out within this note, have been made.

Note 2 Revenues from Ordinary Activities

	30 June 2022 \$	30 June 2021 \$
Interest income	636	857
Management Fee	94,368	13,333
Other revenue	-	5,000
Closing balance	95,004	19,190

Note 3 Income Tax

Major components of income tax expense for the years ended 30 June 2021 and 2020 are:

	30 June 2022 \$	30 June 2021 \$
Statement of Profit or Loss and other Comprehensive Income		
<i>Current Income</i>		
Current income tax benefit	-	-
<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	-	-
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 2022 and 2021 is as follows:		
Accounting profit / (loss) before tax from continuing operations	(576,076)	(391,686)
At the statutory income tax rate of 25% (2021: 25%)	(144,019)	(97,922)
Temporary differences and tax losses not brought to account as a deferred tax asset	8,071	95
Permanent differences	-	-
Temporary differences and tax losses not brought to account as a deferred tax asset to retained earnings	(152,090)	(97,827)
At effective income tax rate of (0%) (2021: (0%))	-	-
Income tax expense reported in statement of profit or loss	-	-

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

	30 June 2022 \$	30 June 2021 \$
Unrecognised deferred tax losses		
Deferred tax assets have not been recognised in respect of the following items:		
Tax Losses – Revenue	6,851,918	6,707,899
Temporary differences	72,373	64,302
Tax Losses – Capital	225,000	225,000
Closing balance	7,149,291	6,997,201

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 in the immediate future against which the company can utilise the benefits.

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Note 4 Cash and cash equivalents

	30 June 2022 \$	30 June 2021 \$
Cash at bank and on hand	2,170,493	2,368,975
Closing balance	<u>2,170,493</u>	<u>2,368,975</u>

Cash at bank and on hand earns interest at floating rates based on daily bank deposit rates.

Note 5 Other assets

	30 June 2022 \$	30 June 2021 \$
Prepayments	575	930
Trade debtors	26,613	-
Closing balance	<u>27,188</u>	<u>930</u>

Prepayments comprise insurance policies which are amortised on a straight line basis. Trade debtors are all related party transactions from BTC health's subsidiaries and relate to Management Fees invoiced in June. All trade debtors are payable with 30 days.

Note 6 Other financial assets

	30 June 2022 \$	30 June 2021 \$
Other financial assets carried at fair value through profit or loss		
Non - Current		
BioImpact Pty Ltd	2,883,975	2,000,100
BTC Speciality Health Pty Ltd	7,935,915	6,000,000
Sensear Pty Ltd	-	-
Total Non-Current other financial assets	<u>10,819,890</u>	<u>8,000,100</u>
Closing balance	<u>10,819,890</u>	<u>8,000,100</u>

Summary of changes in investments in financial assets

Opening	8,000,100	6,500,100
Revaluation of unlisted investment	-	-
Additions	2,819,790	2,000,000
Disposals	-	(500,000)
Closing balance	<u>10,819,890</u>	<u>8,000,100</u>

BTC health Limited, as an investment entity, has applied the exception to consolidation and instead accounts for its investments in its subsidiaries at fair value through profit or loss in accordance with AASB 10.

BioImpact Pty Ltd is 100% owned by BTC health Limited. BioImpact licenses and holds intellectual property

rights for healthcare products for commercialisation in the Asia/Pacific region. Technologies and products are sourced from international supply partners. During the year, BTC health limited acquired 883,875 new shares in BioImpact Pty Ltd for \$1 each. The funds were used by BioImpact to fully repay the loan payable to BTC health Limited. As at 30 June 2022, there were nil loans outstanding from BioImpact Pty Ltd.

BTC Speciality Health Pty Ltd is 100% owned by BTC health Limited. BTC Speciality Health is an established distributor of BTC health group's medical devices and consumables in the Australian and New Zealand public and private hospital market. During the year, BTC health limited acquired 183,879,529 new shares in BTC Speciality Health Pty Ltd for \$1.03 each. The funds were used by BTC Speciality Health Pty Ltd to fully repay the loan payable to BTC health Limited. As at 30 June 2022, there were nil loans outstanding from BTC Speciality Health Pty Ltd.

BioImpact and BTC Speciality Health's principal place of business is Level 1, 10 Oxley Road, Hawthorn VIC 3122.

Unlisted shares

The fair value of each unlisted investment is determined by directors' valuation, which is based on their experience in the industry. These investments are considered to be Level 3 in the fair value hierarchy. The directors have used assumptions, such as estimated cash flows, project plans and other market data available in determining their valuation of the unlisted investments. Should these assumptions change in subsequent periods the fair value may be impacted and accounted for through the profit or loss. The directors have used several different valuation tools to determine the fair value of the investee companies, including discounted cash flows and multiples of revenues and profits.

Further disclosures required by AASB 13 Fair Value Measurement are included at Note 18.

Note 7 Loans to investee companies

	30 June 2022 \$	30 June 2021 \$
Loans to investee companies		
BioImpact Pty Ltd	-	678,304
BTC Speciality Health Pty Ltd	-	1,935,915
Closing balance	<u>-</u>	<u>2,614,219</u>

Loans issued to BioImpact Pty Ltd and BTC Speciality Health Pty Ltd were fully repaid during the year through the issuance of equity in the investee companies. Loans are non-interest bearing and have no fixed terms of repayment. The estimated loss allowance for loans to investee companies at 30 June 2022 is \$nil (2021: \$nil).

Note 8 Trade and other payables

	30 June 2022 \$	30 June 2021 \$
Current		
Trade creditors	5,576	39,985
Accruals	45,450	2,000,550
Closing balance	<u>51,026</u>	<u>2,040,535</u>

Trade and other payables are non-interest bearing and are generally settled on 30-day terms.

Note 9 Issued Capital

	2022 Shares	2022 \$	2021 Shares	2021 \$
a) Ordinary Shares				
Issued and fully paid – Opening Balance	246,132,068	53,265,612	246,132,068	53,265,612
Share Placement 9 July 2021	32,015,233	2,241,066	-	-
Capital raising costs	-	(100,000)	-	-
Share Placement 12 July 2021	3,699,053	258,934	-	-
Closing Balance	281,846,354	55,665,612	246,132,068	53,265,612

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 10 Share Based Payments / Other Reserves

	30 June 2022 \$	30 June 2021 \$
Opening balance	171,857	214,846
Options – Additions	200,932	-
Expiry of share options	(171,857)	(42,989)
Closing balance	200,932	171,857

Unlisted options are valued using the Black-Scholes valuation model and are expensed over the vesting period of the options. The Employee Share Option Plan was approved at the Annual General Meeting on 23 November 2021. A total of 9,000,000 share options were issued and vested on 23 November 2021. At the date of the report, there are 9,000,000 unlisted ordinary shares under option of which 2,999,999 had vested (2021: 5,000,000). A total of 5,000,000 share options expired on 21 June 2022.

The following share-based payment arrangements in the form of share options were in existence during the current reporting period:

2019 Financial Year Grant

The below options were granted in relation to the settlement of a short term loan that was issued and repaid in the financial year ended 30 June 2019. There has been no alteration of the terms and conditions of the above share-based payment arrangements since the grant date.

Options Granted	Grant Date	Grant date fair value \$	Exercise Price \$	Expiry Date	Vesting Date
5,000,000	21.06.2019	0.03	0.10	21.06.2022	21.06.2019

All options outstanding from the 2019 Financial Year Grant expired in the current year. Nil options were exercised.

2022 Financial Year Grant

The below options were granted under the Employee Share Option Plan, approved at the Company's Annual General Meeting on 23 November 2021. There have been no alteration of terms and conditions of the above share-based payment arrangements since the grant date.

Options Granted	Grant Date	Grant date fair value \$	Exercise Price \$	Expiry Date	Vesting Date
2,999,999	23.11.2021	0.038	0.12	23.11.2026	23.11.2021
2,999,999	23.11.2021	0.033	0.12	23.11.2027	23.11.2022
3,000,002	23.11.2021	0.030	0.12	23.11.2022	23.11.2023

The opening number of options at 1 July 2021 was 5,000,000. At the date of the report, there are 9,000,000 unlisted ordinary shares under option (2021: 5,000,000), with 9,000,000 options granted and 5,000,000 options which expired during the year. At the date of the report, nil share options had been exercised.

Fair value of share options granted in the year

The weighted average fair value of the share options granted during the 2022 financial year is \$0.038 (2019: \$0.034). Options were priced using a Black Scholes option pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability and exercise restrictions, including the probability of meeting service conditions attached to the option. Expected volatility was based on the historical share price volatility in the 3 year period leading up to the grant date.

Note 11 Accumulated Losses

	30 June 2022 \$	30 June 2021 \$
Accumulated losses at the beginning of the year	(42,600,361)	(42,251,664)
Expiry of share options	171,857	42,989
Total comprehensive loss for the year	(576,076)	(391,686)
Accumulated losses at the end of the year	(43,004,580)	(42,600,361)

Note 12 Reconciliation of Operating Loss after Income Tax to the Net Cash Flow from Operating Activities

	30 June 2022 \$	30 June 2021 \$
Loss after income tax	(576,076)	(391,686)
<i>Adjustment for:</i>		
Increase in valuation of unlisted investment	-	-
Share based payments	200,932	-
Increase / (Decrease) in trade and other payables	8 10,491	(80,874)
(Increase) / Decrease in other assets	5 (26,258)	106,554
Increase / (Decrease) in unclaimed monies account	(2,000)	(146)
Net cash used in operating activities	(392,911)	(366,152)

Note 13 Subsequent Events

No 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 company in future financial years.

Note 14 Key Management Personnel

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

R Treagus – Executive Chairman
J Pilcher – Non-executive Director
B Hewett – Non-executive Director
S Papworth – CFO and Company Secretary

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 2022 \$	30 June 2021 \$
Short term benefits	179,091	236,530
Post-employment benefits	4,659	3,470
Share based payments	133,955	-
Closing balance	317,705	240,000

There are no other long-term benefits and no termination benefits for key management personnel.

Note 15 Remuneration of Auditors

	30 June 2022 \$	30 June 2021 \$
Grant Thornton		
Remuneration for audit or review of the financial statements	64,020	55,844
Total audit remuneration	64,020	55,844

Note 16 Related Party Disclosures

Transactions with, and amounts owing to and from, the investee companies during and at 30 June 2022 were as follows:

Investee Company	Revenue	Expenses	Receivable	Payable
BTC Speciality Health Pty Ltd	\$94,368	\$3,251	\$26,613	-
BioImpact Pty Ltd	-	-	-	-

Comparatives for the above are as follows:

Investee Company	Revenue	Expenses	Receivable	Payable
BTC Speciality Health Pty Ltd	-	\$2,491	\$26,613	-
BioImpact Pty Ltd	-	-	-	-

In June 2021, BTC health accrued \$2,000,000 investment in BioImpact Pty Ltd. This was paid during the 2022 financial year.

Amounts outstanding at 30 June 2022 are unsecured and repayable on demand (2021: unsecured and repayable on demand). No provision for doubtful debts has been recognised related to amounts outstanding (2021: none).

The company held loans to investee companies of \$nil (2021: \$2,614,219). During the year, \$2.7m loans were converted to equity in the investee companies. Further disclosures pertaining to investee company loans can be obtained in note 7.

Related party transactions with directors and key management personnel are disclosed in the Remuneration Report and in Note 14.

Fees to the Chairman were paid through PharmaConnect Pty Ltd, which is a related entity. No material transactions other than those disclosed in the Remuneration Report pertaining to the Chairman occurred with PharmaConnect Pty Ltd in the year-ended 30 June 2022 (2021: none).

While other related party relationships have been identified by management, there were no material transactions with those related parties in the year-ended 30 June 2022 (2021: none). No other related parties where control exists have been identified other than as set out above.

Note 17 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 Executive Chairman. BTC health has a single operating segment, being the making and managing of investments in healthcare ventures.

Note 18 Financial Risk Management Objectives and Policies

Financial Risk Management Overview

The company has exposure to the following risks from the 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 has 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 that 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(e).

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 risk by using a mix of fixed and variable rates and trades only with recognised credit worthy third parties.

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The following table sets out the carrying amount, by maturity, of the financial instruments that are exposed to interest rate risk:

	Balance \$	Interest Rate	Weighted Average Effective Interest Rate
30 June 2022			
Financial Assets			
Cash	<u>2,170,493</u>	Floating	0.01%
Total financial assets	<u>2,170,493</u>		
Financial liabilities -			
Trade and other payables	51,026	N/A	-
Unclaimed monies	104,581	N/A	-
Total financial liabilities	<u>155,607</u>		
Net Financial Assets	<u>2,014,866</u>		
30 June 2021			
Financial Assets			
Cash	<u>2,368,975</u>	Floating	0.01%
Total financial assets	<u>2,368,975</u>		
Financial liabilities -			
Trade and other payables	<u>2,040,535</u>	N/A	-
Total financial liabilities	<u>2,040,535</u>		
Net Financial Assets	<u>328,440</u>		

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

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the company's:

Loss for the year ended 30 June 2021 would decrease/increase by \$32,787 (2021: decrease/increase by \$50,236). This is mainly attributable to the company's exposure to interest rates on its variable rate savings.

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 cash and cash equivalents, other assets and loans to investee companies. The company's maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount of these assets.

Liquidity Risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities:

	Carrying amount	Contractual cash flows	6 months or less	Greater than 6 months, less than 1 year	Greater than 1 year
30 June 2022	\$	\$	\$	\$	\$
Trade and other payables	(51,026)	(51,026)	(51,026)	-	-
Unclaimed monies	<u>(104,589)</u>	<u>(104,589)</u>	<u>(104,589)</u>	-	-
	(155,607)	(155,607)	(155,607)	-	-
30 June 2021					
Trade and other payables	(2,040,535)	(2,040,535)	(2,040,535)	-	-
Unclaimed monies	<u>(106,581)</u>	<u>(106,581)</u>	<u>(106,581)</u>	-	-
	(2,147,116)	(2,147,116)	(2,147,116)	-	-

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 financial assets 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. Unlisted investments are designated as a financial asset held at fair value through profit or loss. 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 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 2021.

	Carrying Value	Profit or loss before tax		Equity	
		20% increase	20% decrease	20% increase	20% decrease
30 June 2022	\$	\$	\$	\$	\$
Financial assets carried at fair value through profit or loss before tax:					
Unlisted investments	10,819,890	<u>2,163,978</u>	<u>(2,163,978)</u>	<u>2,163,978</u>	<u>(2,163,978)</u>
		<u>2,163,978</u>	<u>(2,163,978)</u>	<u>2,163,978</u>	<u>(2,163,978)</u>

	Carrying Value	Profit or loss Before tax		Equity	
		20% increase	20% decrease	20% increase	20% decrease
30 June 2021					
Financial assets carried at fair value through profit or loss before tax:					
Unlisted investments	8,000,100	<u>1,600,020</u>	<u>(1,600,020)</u>	<u>1,600,020</u>	<u>(1,600,020)</u>
		1,600,020	(1,600,020)	1,600,020	(1,600,020)

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

The fair values of unlisted investments are determined in accordance by directors' valuations, which are based on their experience in the industry. These investments are considered to be Level 3 in the fair value hierarchy. Directors have used assumptions, such as estimated cash flows, project plans and other market data available in determining their valuation of unlisted investments. Directors have reviewed discounted cash flows and multiple of revenue and profit calculations to determine the fair value holding costs of the investments.

Name of Investment	Core Activity	Basis of Valuation
BiolImpact Pty Ltd	In licence speciality pharmaceuticals and medical devices	<p>Valuation is based on an 'income approach', being a present value technique taking into account the future cash flows expected from the investment.</p> <p>The approach has been consistent year-on-year. The company reviews its valuation policy at each reporting date to ensure it remains appropriate. The valuation model used by the company is updated at each reporting date, taking into account changes in assumptions in the period, updated financial results and budgeted performance of the investee companies, and analysis of past performance against initial forecasts.</p>
BTC Speciality Health Pty Ltd	Commercialisation and distribution of pharmaceuticals and medical devices	<p>Valuation is based on an 'income approach', being a present value technique taking into account the future cash flows expected from the investment.</p> <p>The approach has been consistent year-on-year. The company reviews its valuation policy at each reporting date to ensure it remains appropriate. The valuation model used by the company is updated at each reporting date, taking into account changes in assumptions in the period, updated financial results and budgeted performance of the investee companies, and analysis of past performance against initial forecasts.</p>

The key inputs used in the determination of the fair value of the investments includes the execution of strategic plans which are commercial in confidence. The strategic plans considers cashflow forecasts for the on-market portfolio which are currently marketed and distributed by BTC health's investee companies. Risk weighted pipeline cash flows for expected future licensed products have not been included in the fair value assumptions. BTC's investee companies have a range of pipeline products which will require little or no investment and therefore the net margin net of working capital may flow through into operating cashflows, should these contracts be executed. The uplift from such products at modest sales of \$0.25m per annum would yield a 6% surplus on the current fair value. In the event the number of elective surgeries reduced 5% against forecast, the fair value of investments may be impaired -5%; although the expectation of this occurring in the medium to long term is considered low, given the commitment from both State and Federal Governments to invest in hospital health care and reduce elective surgery wait times.

A pre-tax discount rate of 12% has been used to derive the Net Present Value of cashflows. The discount rate has not changed over prior periods and considers the Weighted Average Cost of Capital (WACC). Given BTC health and its investee companies do not leverage debt to fund its growth plans and therefore the discount rate reflects returns expected by shareholders. The discount rate from other healthcare companies listed on the Australian Securities and Exchange ranges between 12-15%, although these companies are not comparable to BTC health given they are highly geared and the healthcare products sold may attract higher risk given the Research and Development (R&D) costs associated with enabling the product to be registered with the Therapeutic Goods Administration (TGA). The products licensed by BTC health's investee companies do not require R&D nor clinical trials to gain approval and listing on the TGA. A increase/decrease in the discount rate by 100 bpts would result in a change in valuation of +8/- 5%.

There were no gains or losses recognised in the profit or loss for the year-ended 30 June 2022 (2021: \$nil). During the year, loans outstanding from the investee companies were converted to additional equity in the investee companies (Note 16).

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.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- 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).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
30 June 2022	\$	\$	\$	\$
Financial assets				
Unlisted investments– Financial assets carried at fair value through profit or loss	-	-	<u>10,819,890</u>	<u>10,819,890</u>
	-		<u>10,819,890</u>	<u>10,819,890</u>
30 June 2021				
Financial assets				
Unlisted investments– Financial assets carried at fair value through profit or loss	-		<u>8,000,100</u>	<u>8,000,100</u>
	-		<u>8,000,100</u>	<u>8,000,100</u>

There were no transfers between levels during the year.

Reconciliation of Level 3 fair value measurements of financial assets

	2022 Total \$	2021 Total \$
Opening balance	8,000,100	6,500,100
Total gains or losses:		
- acquisitions	2,819,790	2,000,000
- divestments	-	(500,000)
- investment fair value adjustment	-	-
Closing balance	<u>10,819,890</u>	<u>8,000,100</u>

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

The fair value of unlisted investments is determined by directors' valuations and assumptions, such as impacts on estimated cash flows, project plans and market data available. Significant assumptions used in determining the fair value of unlisted investments are set out in Note 1(j).

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 2021.

The capital structure of the Company consists of cash and cash equivalents and equity attributable to equity holders, comprising issued capital, reserves and retained earnings. Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax and general administrative outgoings.

	30 June 2022	30 June 2021
	\$	\$
Categories of financial instruments		
Financial assets		
Cash and cash equivalents	2,170,493	2,368,975
Other assets	27,188	930
Loans to investee companies	-	2,614,219
Financial assets carried at fair value through profit or loss	10,819,890	8,000,100
Financial liabilities		
Trade and other payables	(51,026)	(2,040,535)
Unclaimed monies	(104,581)	(106,581)

Note 19 Loss Per Share

	30 June 2022	30 June 2021
Basic and diluted loss per share, based on the after tax loss of \$391,686 (2020: (\$283,036)) *	(0.20) cents per share	(0.16) cents per share
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	281,846,354 shares	246,132,068 shares

*The options issued are not included in the diluted EPS as they are non-dilutive.

Note 20 Contingent Liabilities

There were no contingencies of which the company is aware as at the date of this report (2021: none).

Directors' Declaration

The directors declare that,

- a) in the director's 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,
- b) in the director's opinion, the attached financial statements are in compliance with International Financial Reporting Standards as disclosed in Note 1 to the financial statements,
- c) in the director's opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the entity, and
- d) the directors have been given the declarations required by s.295A of the Corporations Act 2001.

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



R S Treagus
Chairman
Melbourne
16 August 2022

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Auditor's Independence Declaration

To the Directors of BTC Health Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of BTC Health Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



Grant Thornton Audit Pty Ltd
Chartered Accountants



M A Cunningham
Partner – Audit & Assurance

Melbourne, 16 August 2022

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Independent Auditor's Report

To the Members of BTC health Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of BTC health Limited (the Company), which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- a Giving a true and fair view of the Company's financial position as at 30 June 2022 and of its performance for the year ended on that date; and
- b Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key audit matter

How our audit addressed the key audit matter

Other financial assets (Note 1j, Note 6, Note 18)

As at 30 June 2022, the Company's investment portfolio consisted of two unlisted companies carried at a fair value of \$10,819,890.

These investments are classified as 'Level 3' financial assets under Australian Accounting Standards, which are defined as having significant unobservable inputs which make their valuation complex.

This area is a key audit matter due to the quantum of the financial assets and the significant estimation involved in determining the value of Level 3 financial assets.

Our procedures included, amongst others:

- Obtaining a detailed understanding of the underlying processes for valuing the financial assets through discussion with individuals across the organisation and reviewing the relevant documentation;
- Assessing the design and implementation of relevant controls concerning estimating the fair value of the financial assets at the year-end date;
- Assessing and challenging management's valuation methodology and key assumptions applied, utilising an auditor's expert to support this work;
- Evaluating the actual financial performance of each of the investments by:
 - Comparing actual financial and operational results to management forecasts;
 - Performing analytical procedures to identify unusual trends or movements;
 - Holding discussions with management and reviewing supporting documentation surrounding business performance and future business plans;
 - Considering whether the forecasts are appropriate and consistent with the strategies of the business; and
 - Assessing whether the disclosures in the financial statements, including critical judgements and estimates, are appropriate.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Company's report for the year ended 30 June 2022 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of the Directors' 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 preparing the financial report, the Directors are responsible for assessing the Company's/Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company/Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 6 to 9 of the Directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of BTC health Limited, for the year ended 30 June 2022 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.



Grant Thornton Audit Pty Ltd
Chartered Accountants



M A Cunningham
Partner – Audit & Assurance

16 August 2022

Shareholder Information

As at 8 August 2022

Spread of equity security holdings

Size of Holding	Ordinary Shareholders	Unlisted Option holders
1 – 1,000	35	-
1,001 – 5,000	294	-
5,001 – 10,000	241	-
10,001 – 100,000	442	-
100,001 and over	140	2
Total	1,152	2

Substantial holders

Notices 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:

Name	Number of shares/votes	Voting power
NAOS ASSET MANAGEMENT LIMITED	87,150,504	30.92%
SIGMA COMPANY LIMITED	28,627,553	10.16%
RICHARD AND KAREN TREAGUS	24,613,207	8.73%
LHC CAPITAL PARTNERS PTY LTD	22,319,290	7.92%
COPIA	14,435,715	5.12%

Equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

Rank	Name	A/C designation	Ordinary Shares held	Voting Percentage
1	NATIONAL NOMINEES LIMITED		94,287,400	33.45
2	MRS KAREN ELIZABETH TREAGUS	<TREAGUS FAMILY A/C>	24,613,207	8.73
3	UBS NOMINEES PTY LTD		22,600,000	8.02
4	SIGMA COMPANY LIMITED		16,856,467	5.98
5	BNP PARIBAS NOMS PTY LTD	<DRP>	10,168,276	3.61
6	MR THOMAS CHRISTOPHER FENNELL		8,682,787	3.08
7	SIGMA COMPANY LIMITED		8,143,533	2.89
8	MR CAMPBELL DINWOODIE TAYLOR		7,199,751	2.55
9	MRS SUSAN MAREE WHITING		5,300,000	1.88
10	WINDARRI INVESTMENTS PTY LTD	<HERZ FAMILY A/C>	4,213,727	1.50
11	SIGMA COMPANY LIMITED		3,627,553	1.29
12	NAMARONG INVESTMENTS PTY LTD	HANSEN INVESTMENT	3,125,000	1.11
13	PRITDOWN PTY LTD	<MCDONALD SUPER FUND A/C>	2,903,419	1.03
14	LINWIERIK INVESTMENTS PTY LTD		2,600,000	0.92
15	ABEILLE INVESTMENTS PTY LIMITED	<WRIGHT FAMILY S/F A/C>	2,393,771	0.85
16	MR NICHOLAS DERMOTT MCDONALD		1,894,239	0.67

Rank	Name	A/C designation	Ordinary Shares held	Voting Percentage
17	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD	<DRP A/C>	1,817,476	0.64
18	GRAY LANE HOLDINGS PTY LTD	<VOIGT FAMILY A/C>	1,327,804	0.47
19	MR ROBERT BEAUMONT FROST		1,187,500	0.42
20	MR NIRMAL GREWAL	<NSG INVESTMENT A/C>	1,100,000	0.39
			224,041,910	79.49

Less than marketable parcel holders

The number of holders holding less than a marketable parcel based on the market price was 481.

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.

Options

There are no voting rights attached to unlisted options until they are exercised.

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Corporate Directory

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