

Appendix 4E

BTC health Limited ACN 091 979 172

Preliminary final report Financial year ended 30 June 2023

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 2023 together with comparative results for the year ended 30 June 2022.

All amounts shown are in Australian dollars unless otherwise stated.

2. Results for announcement to the market

	2023 \$	2022 \$	Increase/(Decrease) \$	% Change
2.1 Operating Revenue	13,260	95,004	(81,744)	(86%)
2.2 Loss after Tax attributable to equity holders	(10,167,862)	(576,076)	9,591,786	1665%
2.3 Net Loss attributable to equity holders	(10,167,862)	(576,076)	9,591,786	1665%
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

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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 2023 \$	30 June 2022 \$
Net tangible assets per security	\$0.0099	\$0.0456

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

Operating loss after income tax increased to \$10,167,862 (2022: \$576,076), primarily due to the downward revaluation of investments following cessation of product supply from a material supplier in the USA. A fair value non-cash downward movement of \$9,619,890 was recognised during the period, reducing the value of investments on the balance sheet to \$1,200,000 (2002: \$10,819,890).

Revenue from continuing operations for the year of \$13,260 (2022: \$95,004) comprised interest income.

Financial Position

At 30 June 2023, the Company's net assets were \$2,779,930 compared with \$12,861,964 at 30 June 2022. Cash reserves as at 30 June 2023 were \$1,736,899, compared with \$2,170,493 at 30 June 2022. The Company is an investment Entity and therefore cash reserves in its investee companies are not included in BTC health's balance sheet. The net tangible asset backing per share as at 30 June 2023 equated to 0.99 cents (2022: 4.56 cents).

15. Audit Status

This report is based upon the audited financial statements for the year ended 30 June 2023.

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BTC health Limited
ANNUAL REPORT
YEAR ENDING 30 JUNE 2023

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Chairman's Letter

Dear Shareholders,

Overview

With our investee Company BTC Speciality Health having emerged from the pandemic in a relatively strong position and ready to capitalize on the widespread backlog in elective surgeries, the Company found itself confronted with the sudden and unexpected loss of our largest product supplier. Avanos Medical provided notice in April 2023 that it planned to discontinue supply of its infusion pump range in all ex-US markets, including Australia and New Zealand by the end of December 2023. This was a profoundly disappointing development given that the ambIT infusion pumps distributed by BTC Speciality Health have a very strong market share position in the hospital market, having been built up over more than 12 years.

BTC's Board and management responded with three immediate measures. Firstly, to right-size the broader business and reduce overhead expenditure, secondly for BTC Speciality Health to maintain very high service levels to its hospital customers, reassuring them of the Company's ability to supply ambIT infusion products well into the middle of 2024, and thirdly, for the business to rapidly pivot and secure an alternative and much wider range of infusion products from around the world.

I am pleased to report that we have made good progress on all three fronts. Our combined overhead expenditure has been reduced by \$1.1m on an annualized basis, sales of ambIT infusion pumps have continued to perform well notwithstanding some supply disruptions from the US, and we have made tangible progress in sourcing and registering the Elasto-Q infusion pump with Medsafe and the TGA, with other new infusion products well advanced in our pipeline.

At an operational level, sales to hospitals by BTC Speciality Health were \$8.3m for the year ended 30 June 2023 (2022: \$8.2m) with gross margins in line with prior year. Total cash held by BTC and its investee companies was \$2.1m (2022: \$2.4m), and this cash position is expected to further increase in the second half of FY24 as the remaining ambIT inventory is sold through. BTC health's investee companies may choose to deploy cash resources into new product introductions.

We have continued to diversify our healthcare investments and our product portfolio 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 generating strong returns for our investors.

Government reforms

A large proportion of sales from BTC health's investee companies are from products which are reimbursed either through the Pharmaceutical Benefit Scheme (PBS) or via the Prescribed List of Medical Devices (PL). In recent years the Department of Health and Aged Care (DOHAC) has embarked on a series of healthcare funding reforms, and we continue to monitor these policy changes closely. In response, we are constantly exploring ways to maintain or indeed expand product margins, as well as patient access to our products, and we are choosing to give a relatively greater focus to products with general reimbursement outside the scope of the PBS and PL.

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Culture

The BTC values of outcomes, quality, collaboration, agility, integrity, and accountability are core to the organization. As a high-growth Company, we believe our competitive advantage lies in our ability to be agile, critically evaluate different ideas, whilst fostering a performance culture and dynamic work environment.

Diversity

BTC health celebrates and values a diverse workforce. Our dynamic team of employees and contractors represent different skills, backgrounds, religions, and genders. The BTC health group (including investee companies) recruits the best talent for each position and is proud to have a workforce and a Board comprising of 58% women at 30 June 2023.

Strategy

We have had a singular focus in recent months on right-sizing the business, extending our cash runway, maintaining high levels of customer service, and the alternative sourcing of new products to effectively re-build our revenues, once the last of the ambIT inventory has sold through in the middle of 2024.

Under current circumstances, we have chosen to focus our growth strategy on non-dilutive opportunities, specifically new agency distribution agreements. These new agencies generally provide incremental revenue and returns to BTC without the need for significant capital outlay.

Through its investee companies, BTC health has an active pipeline of opportunities presently under discussion, including infusion pumps and accessories, medical devices, consumables and novel speciality pharmaceuticals. We expect to announce progress on this front in the coming weeks and months.

In addition, BTC health is also evaluating opportunities to collaborate with similar medical companies around the world, with the goal of broadening the overall funnel of product opportunities presented to BTC which we may ultimately commercialize in Australia and New Zealand.

Acknowledgement

Given the last year has been dominated by change, on behalf of the Board I would like to thank our employees, customers, and shareholders for their ongoing support.

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

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Directors' Report

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The Directors of BTC health Limited present their report on the audited financial statements of BTC health Limited for the year ended 30 June 2023.

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
- Brendan York (appointed 10 October 2022)
- Felicity McNeill (appointed 10 October 2022)
- Jonathan Charles Pilcher (resigned 31 May 2023)
- Bruce Alwyn Hewett (resigned 31 May 2023)

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. The principal activities of the Company have not changed in the year.

Review of Operations and Results

Operating loss after income tax increased to \$10,167,862 (2022: \$576,076), primarily due to the downward revaluation of investments.

Revenue from continuing operations for the year of \$13,260 (2022: \$95,004) comprised interest income. Prior year income largely comprised management fees of \$94,368 (2023: \$nil). Operating costs increased \$9,9510,042 largely reflecting the devaluation of investments following cessation of product supply from a material supplier in the USA. A fair value non-cash downward movement of \$9,619,890 was recognised during the period, reducing the value of investments on the balance sheet to \$1,200,000 (2002: \$10,819,890).

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. Sales to hospitals for the year ended 30 June 2023 of \$8.3m grew marginally over prior year (2022: \$8.2m), with growth impacted by manufacturer supply. During the period, a material supplier of medical devices advised BTC Speciality Health it would no longer supply product ex-USA. Sales derived from this manufacturer account for \$6.9m of sales to hospitals during the year. BTC Speciality Health has a number of new products in its pipeline including potential products licensed from BioImpact Pty Ltd and other suppliers across the globe. BTC health's equity investment in BTC Speciality Health decreased to \$nil (2021: \$7.9m), reflecting the fair value impact associated with manufacturer cessation of its supply contract.

BioImpact Pty Ltd

BTC health's wholly owned investee Company BioImpact, licenses and holds intellectual property rights for healthcare products. BioImpact has built a portfolio of medical devices which will seek to provide alternative supply of infusion pumps for post-operative pain to hospitals. BioImpact has successfully secured a new range of elastomeric infusion pumps, branded Elasto-Q, which have been registered with the Therapeutic Goods Administration and have been licensed to BTC Speciality Health, expected to be launched in the quarter ended March 2024. A range of medical devices and specialty pharmaceutical products are being actively sourced and negotiated with manufacturers. BTC health's investment in BioImpact Pty Limited is valued at \$1,200,000 (2022: \$2,883,975).

Financial Position

At 30 June 2023, the Company's net assets were \$2,779,930 compared with \$12,861,964 at 30 June 2022. Cash reserves as at 30 June 2023 were \$1,736,899, compared with \$2,170,493 at 30 June 2022. The Company is an investment Entity and therefore cash reserves in its investee companies are not included in BTC health's balance sheet. The net tangible asset backing per share as at 30 June 2023 equated to 0.99 cents (2022: 4.56 cents).

Dividends

No dividends have been declared in respect of the financial year ended 30 June 2023 (2022: nil).

Business Strategies and Future Prospects

BTC health has undertaken a strategic review of its investments to ensure assets are able to generate sufficient cashflows to support the rebuild of revenue, following cessation of a material supplier contract. BTC's investee companies have sufficient inventory to meet expected demand until the end of the 2023/2024 financial year. The cessation of the contract is expected to have a material impact on the net cashflows in the financial year ended 30 June 2025. The strategic review considers the ability to meet hospital demand of product, sell through of inventory and launch of new medical consumables and infusion pump products. The strategic review confirms the investee companies have materially reduced their cost bases to preserve and build cash to enable investment as the investee companies rebuild its product offering and generate future sustainable cashflows. BTC health will continue to assess the returns on its investments with the objective of creating future value to shareholders.

Business Risks and Uncertainties

The Company is subject to general risks as well as risks that are specific to the Company and the Company's business activities. The following is a list of risks which the Directors believe are, or potentially will be material to the Company's business, however, this is not a complete list of all risks which the Company is or may be subject to.

General economic risks

Economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's procurement, production and export activities, as well as its ability to fund those activities.

Environmental risks

There are a number of environmental factors that may affect the operations and proposed activities of the Company. The climate change risks particularly attributable to the Company include:

- the emergence of new or expanded regulations associated with the transitioning to a lower-carbon economy and market changes related to climate change mitigation. The Company may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental damage. These examples sit amongst an array of possible restraints on the industry that may further impact the Company and its profitability. While the Company will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the Company will not be impacted by these occurrences; and
- climate change may cause certain physical and environmental risks that cannot be predicted by the Company, including events such as increased severity of weather patterns and incidence of extreme weather events and longer-term physical risks such as shifting climate patterns. All these risks associated with climate change may significantly change the industry in which the Company operates.

Reliance on key personnel

The Company's future depends in part, on its ability to attract and retain key personnel. It may not be able to hire and retain such personnel at compensation levels consistent with its existing compensation and salary structure. Its future also depends on the continued contributions of its executive management team and other key management and technical personnel, the loss of those services may be difficult to replace. In addition, the inability to continue to attract appropriately qualified personnel could have a material adverse effect on the Company's business.

Dependence on product supply agreements

The Company is inherently exposed to the risks experienced by manufacturers of its product supply agreements, including product quality, input supply, operational, transport and distribution constraints, financial strength or other issues including agreements which may be terminable by the Company's partners. Non-performance, suspension or termination of relevant agreements could negatively impact the progress or success of the Company's financial condition and results of operations.

Government Policy Changes

Adverse changes in government policies or legislation may affect future pricing reforms for medical and pharmaceutical products, taxation, royalties, land access, labour relations, export activities and Pooled Development Fund registration of the Company. In particular, it is possible that changes to pricing under the Prostheses List and Pharmaceutical Benefits Scheme may occur as a result of industry agreements being re-negotiated, potentially having an adverse impact on the financial condition and results of operations.

Market conditions

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- general economic outlook;
- introduction of tax reform or other new legislation;
- interest rates and inflation rates;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

Litigation

The Company is not currently involved in any litigation. However, the Company may in the ordinary course of business become involved in litigation and disputes, for example with its contractors or employees over a broad range of matters. Any such litigation or dispute could involve significant economic costs and damage to relationships with contractors or other stakeholders. Any such outcomes may have an adverse impact on the Company's business, market reputation and financial condition and financial performance.

IT system failure and cyber security risks

Any information technology system is potentially vulnerable to interruption and/or damage from a number of sources, including but not limited to computer viruses, cyber security attacks and other security breaches, power, systems, internet and data network failures, and natural disasters. The Company is committed to preventing and reducing cyber security risks through having outsourced the IT management to a reputable services provider.

Information on Directors

Director	Experience	Special Responsibilities	Particulars of Directors' Interest as at 22 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 57.	Executive Chairman	29,376,000	6,000,000
B York	Chartered Accountant, BBA/BComm. Brendan York is a financial executive with 20 years' experience across public and private businesses. Brendan is currently a non-executive Director of Big River Industries Limited (ASX:BRI), BSA Limited (ASX:BSA), Wingara AG Limited (ASX:WNR) and Saunders International Limited (ASX:SND) and was formally the CFO of Enero Group Limited (ASX:EGG). Appointed 10 October 2022. Age 43.	Non-Executive Director	-	-
F McNeill	BA hons MAICD. Ms. McNeill is a senior executive with 25 years' experience across the public and private sector including almost 15 years in the regulatory and subsidy systems for medicines, vaccines, devices and diagnostics in Australia. Appointed 10 October 2022. Age 50.	Non-Executive Director	-	-

Company Secretary

Sharon Papworth resigned as Company Secretary on 14 August 2023. Tracy Weimer was appointed as Company Secretary on 18 August 2023.

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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 Treagus, Jonathan Pilcher (resigned 31 May 2023), Bruce Hewett (resigned 31 May 2023), Brendan York (appointed 10 October 2022), Felicity McNeill (appointed 10 October 2022), Sharon Papworth (resigned 14 August 2023).

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.

Jonathan Pilcher was paid a fixed non-executive Director and audit committee chairman fee of \$60,000 per annum until Mr. Pilcher resigned as Director on 31 May 2023. Mr. Pilcher received Director fees of \$50,417 for the financial year ended 30 June 2023. Bruce Hewett was paid a fixed non-executive Director fee of \$40,000 per annum until Mr. Hewett resigned as Director on 31 May 2023. Mr. Hewett received Director fees of \$36,666 for the financial year ended 30 June 2023. Brendan York commenced on 10 October 2022 and was paid a fixed non-executive Director fee of \$40,000 per annum. He was appointed to audit committee chairman on 1 June 2023, no additional fees are payable for audit committee chair. Mr. York received Director fees of \$30,000 for the financial year ended 30 June 2023. Felicity McNeill commenced on 10 October 2022 and was paid a fixed non-executive Director fee of \$40,000 per annum. Ms. McNeill received Director fees of \$30,000 for the financial year ended 30 June 2023. The Director fees are determined by the board.

Richard Treagus is an executive Director. Dr. Treagus received 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. 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 15). 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 were no bonuses earned for the financial year ended 30 June 2023.

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.

	2019	2020	2021	2022	2023
Revenue from continuing operations	187,763	169,604	19,190	95,004	13,260
Investment fair value adjustment	130,000	125,000	-	-	(9,619,890)
Net Profit/ (Loss) after tax	(692,742)	(283,036)	(391,686)	(576,076)	(10,167,862)
Dividend Paid	-	-	-	-	-
Share Placement	8,849,798	160,757	-	2,400,000	-
Net Assets	11,341,485	11,228,794	10,837,108	12,861,964	2,779,930
Share price at Year end (in cents)	0.085	0.10	0.074	0.04	0.026
Basic earnings per Share (in cents)	(0.51)	(0.12)	(0.16)	(0.20)	(3.61)

Remuneration of Directors:

2023	SHORT TERM EMPLOYEE BENEFITS	POST- EMPLOYMENT BENEFITS	EQUITY SETTLED SHARES	OTHER LONG- TERM BENEFITS	TOTAL
	\$	\$	\$	\$	\$
	Salary and Fees	Superannuation			
R STreagus (Chairman)	40,000	-	56,104	-	96,104
J C Pilcher (non-executive)	45,626	4,791	-	-	50,417
B Hewett (non-executive)	36,666	-	-	-	36,666
B York (non-executive)	27,149	2,851	-	-	30,000
F McNeill (non-executive)	27,149	2,851	-	-	30,000
Total Remuneration	176,590	10,493	56,104	-	243,187

2022	SHORT TERM EMPLOYEE BENEFITS	POST- EMPLOYMENT BENEFITS	EQUITY SETTLED SHARES	OTHER LONG- TERM BENEFITS	TOTAL
	\$	\$	\$	\$	\$
	Salary and Fees	Superannuation			
R STreagus (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

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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 2023. 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, a further 2,000,000 share options vested on 23 November 2022. Options expire 5 years from vesting date. The exercise price of the share options is \$0.12 each. Remaining options will vest, assuming service conditions are met. The value of vested and non-vested share options totaled \$190,059 (2022: \$133,955). There were no other share based payments issued to Directors during the year ended 30 June 2023.

Remuneration by investee companies

In addition to the remuneration disclosed above, Dr. Richard Treagus received \$360,000 for executive services (2022: \$270,000) 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 2023 (2022: \$nil).

Directors Meetings

The number of meetings of the Company's board of Directors (including committees of Directors) held for the year ended 30 June 2023, 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 AUDIT COMMITTEE MEETINGS ATTENDED
R S Treagus	11	11	2	2
J C Pilcher ¹	10	9	2	2
B A Hewett ¹	10	9	2	2
B York ²	8	8	1	1
F McNeill ²	8	8	1	1

1: Resigned 31 May 2023

2: Appointed 10 October 2022

CFO & Company Secretary

Sharon Papworth was appointed CFO and Company Secretary on 1 October 2019 (resigned 14 August 2023). Remuneration is recorded in BTC health's investee Company, BTC Speciality Health, where the majority of time is allocated. Sharon Papworth received \$293,555 in remuneration for the year ended 30 June 2023 (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, a further 666,666 vested on 23 November 2022. Options expire 5 years from vesting date. The exercise price of the share options is \$0.12 each. The value of vested and non-vested share options totaled \$63,353 (2022: \$44,652). 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 2023 (2022: \$nil).

Remuneration Practices

No Director appointed during the period received a payment as part of his or her consideration for agreeing to hold the position. The remuneration of each Director has been established on the basis of a flat fee, inclusive of any superannuation benefit. Thus, there is no direct link 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 2023

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	4,762,793	-	-	29,376,000
B York	-	-	-	-	-
F McNeill	-	-	-	-	-

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 2023

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 6,000,000 share options held at the start of the year, there were no changes to share options during the year. A total of 6,000,000 share options were held at the end of the year (2022: 6,000,000).

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 premiums 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 9,333,333 (2022: 9,000,000) 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, a further 2,999,999 vested on 23 November 2022. A further 333,333 share options were granted on 21 March 2023, vesting immediately. Options expire 5 years from vesting date. The exercise price of the share options is \$0.12 each. The fair value of vested and non-vested share based payments recognised in the year totaled \$85,828 (2022: \$200,932). Remaining options will vest, 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 \$83,969 (2022: \$64,020) were paid to Grant Thornton. Tax compliance fees of \$5,000 were paid during the year (2022: \$4,500). 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
22 August 2023

Corporate Governance Statement

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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 approved by the Board on 22 August 2023.

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, religion or gender and when a position becomes vacant the Company seeks to employ the best candidate available for the position. The board comprises 1 female and 2 male Directors.

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 formalised 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*

B York appointed 10 October 2022**

F McNeill appointed 10 October 2022

* R S Treagus is not considered to be independent as he is a related person to a substantial shareholder in BTC health and has an executive role

* B York 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, the CEO and the Chair roles are conducted by the same person and the Board is not majority 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, available at btchealth.com.au (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, available at btchealth.com.au (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, Brendan York and Felicity McNeill. Brendan chairs the Committee and has extensive financial qualifications and experience. The Audit Committee does not comprise a majority of independent Directors and does not have a minimum three members. The Audit Committee met two times during the 2023 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 2023 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 2023:
 - 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 22 August 2023. 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 adopted its continuous disclosure policy on 19 October 2020, available at btchealth.com.au 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 22 August 2023. (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.

Financial Report

30 June 2023

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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 2023

	Notes	30 June 2023 \$	30 June 2022 \$
Revenue from continuing operations	2	13,260	95,004
Executive Directors fees		(40,000)	(97,500)
Non-Executive Directors fees		(147,083)	(86,250)
Listing and CHES Fees		(36,668)	(48,106)
Legal Fees		(35,099)	(34,554)
Share based payments	9	(85,828)	(200,932)
Share registry fees		(17,753)	(29,942)
Audit Fees	14	(95,703)	(64,020)
Insurance		(56,365)	(56,599)
Filing Fees		(5,596)	(6,276)
Tax Fees		(5,150)	(8,380)
Subscriptions		(1,591)	(6,204)
Rent		(3,263)	(3,251)
Office expenses		-	(246)
Fair value movement in investments	6	(9,619,890)	-
Other expenses from operations		(31,133)	(28,820)
Loss before income tax		(10,167,862)	(576,076)
Income tax benefit	3	-	-
Loss after income tax attributable to members of BTC health Limited		(10,167,862)	(576,076)
Total comprehensive loss for the year		(10,167,862)	(576,076)
Loss per share			
Basic and diluted loss per share	18	(3.61) cents	(0.20) 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 2023

	Notes	30 June 2023 \$	30 June 2022 \$
Current Assets			
Cash and cash equivalents	4	1,736,899	2,170,493
Other assets	5	<u>4,775</u>	<u>27,188</u>
Total Current Assets		<u>1,741,674</u>	<u>2,197,681</u>
Non-Current Assets			
Other financial assets	6	1,200,000	10,819,890
Total Non-Current Assets		<u>1,200,000</u>	<u>10,819,890</u>
Total Assets		<u>2,941,674</u>	<u>13,017,571</u>
Current Liabilities			
Trade and other payables	7	57,163	51,026
Unclaimed monies		<u>104,581</u>	<u>104,581</u>
Total Current Liabilities		<u>161,744</u>	<u>155,607</u>
Total Liabilities		<u>161,744</u>	<u>155,607</u>
Net Assets		<u>2,779,930</u>	<u>12,861,964</u>
Equity			
Issued capital	8	55,665,612	55,665,612
Other reserves	9	286,760	200,932
Accumulated losses	10	<u>(53,172,442)</u>	<u>(43,004,580)</u>
Total Equity		<u>2,779,930</u>	<u>12,861,964</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 2023

	Notes	30 June 2023 \$	30 June 2022 \$
Cash Flows from Operating Activities			
Receipts from customers		-	67,755
Interest received		13,260	636
Payments to suppliers and Directors		(446,868)	(459,302)
Transfer from unclaimed monies account		-	(2,000)
Net cash used in operating activities	11	<u>(433,608)</u>	<u>(392,911)</u>
Cash Flows from Investing Activities			
Net Loans issued to investee companies		-	(205,571)
Equity investment to investee companies		-	(2,000,000)
Net cash used in investing activities		<u>-</u>	<u>(2,205,571)</u>
Cash Flows from Financing Activities			
Share placement		-	2,500,000
Capital raising costs		-	(100,000)
Net cash generated by financing activities		<u>-</u>	<u>2,400,000</u>
Net increase/ (decrease) in cash and cash equivalents held		(433,608)	(198,482)
Cash and cash equivalents at the beginning of the financial year		2,170,493	2,368,975
Cash and cash equivalents at the end of the Financial Year	4	<u>1,736,885</u>	<u>2,170,493</u>

The above statement of cash flows should be read in conjunction with the accompanying notes.

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Statement of Changes in Equity

For the year ended 30 June 2023

	Issued capital \$	Accumulated losses \$	Other reserves \$	Total \$
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
At 1 July 2022	55,665,612	(43,004,580)	200,932	12,861,964
Loss for the year	-	(10,167,862)	-	(10,167,862)
Total comprehensive (loss) for the year	-	(10,167,862)	-	(10,167,862)
Transaction with owners in their capacity as owners:				
Share based payments	-	-	85,828	85,828
At 30 June 2023	55,665,612	(53,172,442)	286,760	2,777,930

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

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Note 1 Summary of Significant Accounting Policies

The Financial Report of BTC health Limited for the year ended 30 June 2023

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 22 August 2023. 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.

Going Concern

The financial statements for the year ended 30 June 2023 have been prepared on the going concern basis that contemplates the continuity of normal business activities and the realisation of assets and extinguishment of liabilities in the ordinary course of business.

For the year ended 30 June 2023, the Company recorded a loss after tax of \$10,167,862 (2022: \$576,076) and operating cash outflows of \$433,602 (2022: \$392,911). The Company has a surplus of total assets to current liabilities of \$2,779,930 (2022: \$12,861,964). At year-end, the Company had \$1,736,885 (2022: \$2,179,492) cash on hand.

The most significant item which contributed to the Company's loss after tax for the year was the non-cash downward movement in fair value of investments (\$9,619,890). The downward movement in fair value of investments has arisen due to the assessment of the fair value at year-end, which was significantly impacted by the announcement during the year regarding ambIT supply outside the US. The non-cash downward movement in fair value has no impact on the Company's liquidity or other banking facilities.

The Directors regularly monitor the Company's cash position and cash forecast, and the cash positions and cash forecasts of its investee entities, and on an ongoing basis consider a number of strategic and operational plans and initiatives to ensure that adequate funding continues to be available for the Company and investee entities to meet their business objectives.

The Company's cash forecast for the period to August 2024 (i.e., 12 months after the issue of the Company's financial statements) indicates that it will generate positive cashflow and that it does not require additional funding from external debt or equity providers. The Directors are also satisfied that this is the position in the Company's investee entities.

The Directors have undertaken solvency tests at year-end and as at the date of signing the Company's financial statements, which consider the Company's ability to pay liabilities that are due within 30 days of each date. These tests consider the current assets and liabilities expected to be settled within 30 days, and indicate that the Company and its investee entities have sufficient funding headroom.

The Directors have taken the factors above into consideration and determined that there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable and the Directors consider the going concern basis of preparation to be the appropriate for these financial statements.

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 2022-6 *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 is expected to 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 has all the typical characteristics of an investment entity as set out in *AASB10*. 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 basis of the valuation has changed from an enterprise basis in the prior year, to a contract basis reflecting material assets held by BTC's investee companies. The change in approach is consistent with the fair value movement in investments recorded during the year ended 30 June 2023. 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). Directors have considered the remaining life of supplier contracts, option periods, anticipated increase / decline in demand, product price and supplier cost increases. An allocation of resources to train and educate clinicians has also been considered when deriving future cashflows. Further information can be obtained in Note 17.

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 17.

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 2023 \$	30 June 2022 \$
Interest income	13,260	636
Management Fee	-	94,368
Closing balance	13,260	95,004

Note 3 Income Tax

Major components of income tax expense for the years ended 30 June 2023 and 2022 are:

	30 June 2023 \$	30 June 2022 \$
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 and tax losses	-	-
Income tax expense reported in the statement of profit or loss and other comprehensive income	-	-

	30 June 2023 \$	30 June 2022 \$
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 2023 and 2022 is as follows:	-	-
Accounting profit / (loss) before tax from continuing operations	(10,167,862)	(576,076)
At the statutory income tax rate of 25% (2022: 25%)	(2,541,966)	(144,019)
Temporary differences and tax losses not brought to account as a deferred tax asset	7,136	(8,071)
Permanent differences	(2,549,102)	(152,090)
Temporary differences and tax losses not brought to account as a deferred tax asset to retained earnings	-	-
At effective income tax rate of (0%) (2022: (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 2023 \$	30 June 2022 \$
Unrecognised deferred tax losses		
Deferred tax assets have not been recognised in respect of the following items:		
Tax Losses – Revenue	9,401,020	6,851,918
Temporary differences	65,237	72,373
Tax Losses – Capital	225,000	225,000
Closing balance	9,691,257	7,149,291

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.

Note 4 Cash and cash equivalents

	30 June 2023 \$	30 June 2022 \$
Cash at bank and on hand	1,736,899	2,170,493
Closing balance	1,736,899	2,170,493

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

Note 5 Other assets

	30 June 2023 \$	30 June 2022 \$
Prepayments	4,775	575
Trade debtors	-	26,613
Closing balance	4,775	27,188

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. Management Fees are invoiced in accordance with Company policy. Nil Management Fees were earned during the year ended 30 June 2023 (2022: \$26,613). All trade debtors are payable with 30 days.

Note 6 Other financial assets

	30 June 2023 \$	30 June 2022 \$
Other financial assets carried at fair value through profit or loss		
Non – Current		
BioImpact Pty Ltd	1,200,000	2,883,975
BTC Speciality Health Pty Ltd	-	7,935,915
Sensear Pty Ltd	-	-
Total Non-Current other financial assets	1,200,000	10,819,890
Closing balance	1,200,000	10,819,890

Summary of changes in investments in financial assets

Opening	10,819,890	8,000,100
Devaluation of unlisted investments	(9,619,890)	-
Additions	-	2,819,790
Closing balance	1,200,000	10,819,890

BiolImpact Pty Ltd is 100% owned by BTC health Limited. BiolImpact 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.

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.

BiolImpact 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 17.

Note 7 Trade and other payables

	30 June 2023 \$	30 June 2022 \$
Current		
Trade creditors	10,855	5,576
Accruals	46,308	45,450
Closing balance	57,163	51,026

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

Note 8 Issued Capital

	2023 Shares	2023 \$	2022 Shares	2022 \$
a) Ordinary Shares				
Issued and fully paid – Opening Balance	281,846,354	55,665,612	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	281,846,354	55,665,612

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 9 Share Based Payments / Other Reserves

	30 June 2023 \$	30 June 2022 \$
Opening balance	200,932	171,857
Options – Additions	85,828	200,932
Expiry of share options	-	(171,857)
Closing balance	<u>286,760</u>	<u>200,932</u>

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 granted on 23 November 2021, a further 333,333 share options were issued and vested on 21 March 2023. At the date of the report, there are 9,333,333 unlisted ordinary shares under option of which 6,333,331 had vested (2022: 2,999,999).

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

2022 Financial Year Grant

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	23.11.2028	23.11.2023

2023 Financial Year Grant

Options Granted	Grant Date	Grant date fair value \$	Exercise Price \$	Expiry Date	Vesting Date
333,333	21.03.2023	0.005	0.12	21.03.2028	21.03.2023

The opening number of options at 1 July 2022 was 2,999,999. At the date of the report, there are 6,333,331 vested ordinary shares under option (2022: 2,999,999), with 9,333,333 options granted. 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 2023 financial year is \$0.005 (2022: \$0.038). 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.

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Note 10 Accumulated Losses

	30 June 2023 \$	30 June 2022 \$
Accumulated losses at the beginning of the year	(43,004,580)	(42,600,361)
Expiry of share options	-	171,857
Total comprehensive loss for the year	(10,167,862)	(576,076)
Accumulated losses at the end of the year	(53,172,442)	(43,004,580)

Note 11 Reconciliation of Operating Loss after Income Tax to the Net Cash Flow from Operating Activities

	30 June 2023 \$	30 June 2022 \$
Loss after income tax	(10,167,862)	(576,076)
<i>Adjustment for:</i>		
(Increase) / Decrease in fair value adjustment of unlisted investment	9,619,890	-
Share based payments	85,828	200,932
Increase / (Decrease) in trade and other payables	8 6,137	10,491
(Increase) / Decrease in other assets	5 22,405	(26,258)
Increase / (Decrease) in unclaimed monies account	-	(2,000)
Net cash used in operating activities	(433,602)	(392,911)

Note 12 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 13 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

B York – Non-executive Director (appointed 10 October 2022)

F McNeill – Non-executive Director (appointed 10 October 2022)

J Pilcher – Non-executive Director (resigned 31 May 2023)

B Hewett – Non-executive Director (resigned 31 May 2023)

S Papworth – CFO and Company Secretary (resigned 14 August 2023)

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 2023 \$	30 June 2022 \$
Short term benefits	176,591	179,091
Post-employment benefits	10,492	4,659
Share based payments	56,104	133,955
Closing balance	243,187	317,705

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

Note 14 Remuneration of Auditors

	30 June 2023 \$	30 June 2022 \$
Grant Thornton		
Remuneration for audit or review of the financial statements	95,703	64,020
Total audit remuneration	95,703	64,020

Note 15 Related Party Disclosures

Transactions with, and amounts owing to and from, the investee companies during and at 30 June 2023 were as follows:

Investee Company	Revenue	Expenses	Receivable	Payable
BTC Speciality Health Pty Ltd	-	-	-	-
BioImpact Pty Ltd	-	-	-	-

Comparatives for the above are as follows:

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

Amounts outstanding are unsecured and repayable on demand (2022: unsecured and repayable on demand). No amounts were outstanding at 30 June 2023 (2022: \$nil). No provision for doubtful debts has been recognised related to amounts outstanding (2021: none). In June 2021, BTC health accrued \$2,000,000 investment in BioImpact Pty Ltd. This was paid during the 2022 financial year.

The Company held loans to investee companies of \$nil (2021: \$nil). During the year ended 30 June 2022, \$2.7m loans were converted to equity in the investee companies.

Related party transactions with Directors and key management personnel are disclosed in the Remuneration Report and in Note 13.

Fees to the Chairman were paid through PharmaConnect Pty Ltd, which is a related entity. No transactions other than

those disclosed in the Remuneration Report pertaining to the Chairman occurred with PharmaConnect Pty Ltd in the year-ended 30 June 2023 (2022: 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 2023 (2022: none). No other related parties where control exists have been identified other than as set out above.

Note 16 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 17 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, 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.

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 2023			
Financial Assets			
Cash	1,736,999	Floating	1.45%
Total financial assets	<u>1,736,999</u>		
Financial liabilities -			
Trade and other payables	57,163	N/A	-
Unclaimed monies	104,581	N/A	-
Total financial liabilities	<u>161,744</u>		
Net Financial Assets	<u>1,898,743</u>		

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	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	-
Total financial liabilities	<u>104,581</u>	N/A	-
Net Financial Assets	<u>155,607</u>		

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 2023 would decrease/increase by \$4,571 (2022: decrease/increase by \$32,787). 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 2023					
	\$	\$	\$	\$	\$
Trade and other payables	(57,163)	(57,163)	(57,163)	-	-
Unclaimed monies	<u>(104,581)</u>	<u>(104,581)</u>	<u>(104,581)</u>	-	-
	(161,744)	(161,744)	(161,744)	-	-
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)	-	-

Unclaimed monies relate to past dividends declared but not claimed by shareholders.

Fair Value of Financial Assets and Liabilities

There is no difference between the fair values and the carrying amounts of financial assets and liabilities at amortised cost are a reasonable approximation of fair value, due to their short-term nature.

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 2022.

	Carrying Value	Profit or loss before tax		Equity	
		20% increase	20% decrease	20% increase	20% decrease
30 June 2023	\$	\$	\$	\$	\$
Financial assets carried at fair value through profit or loss before tax:					
Unlisted investments	1,200,000	<u>240,000</u>	<u>(240,000)</u>	<u>240,000</u>	<u>(240,000)</u>
		<u>240,000</u>	<u>(240,000)</u>	<u>240,000</u>	<u>(240,000)</u>

	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>

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 with Directors' valuations, which are based on their experience in the industry. These investments are considered to be Level 3 in the fair value hierarchy. The Company has primarily utilised forecast cash flows to determine the fair value of its investments. In order to assess the reliability of these forecasts and valuations, the Company has made reference to the multiples of revenue and profits relative to company value of other similar entities, noting that other entities are not directly comparable..

Name of Investment	Core Activity	Basis of Valuation
BioImpact Pty Ltd	In licence speciality pharmaceuticals and medical devices	Valuation is based on an 'income approach', being a present value technique taking into account the future cash flows expected from the investment. The valuation considers net cash inflows and net cash outflows to achieve the Company's strategic plan. Net cash outflows includes services which BioImpact contracts with BTC Speciality Health Pty Ltd.
		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, analysis of past performance and expected future performance.
		BTC health Limited has valued its investment in BioImpact at \$1,200,000 (2022: \$2,883,975).

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BTC Speciality Health Pty Ltd Commercialisation and distribution of pharmaceuticals and medical devices

Valuation is based on an 'income approach', being a present value technique taking into account the future cash flows expected from the investment.

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, analysis of past performance and expected future performance.

BTC health Limited has valued its investment in BTC Speciality Health at \$nil (2022: \$7,935,915). BTC health Limited has valued its investment in BTC Speciality Health at \$nil (2022: \$7,935,915). The Company has determined there is \$nil fair value at 30 June 2023, on the basis that cash reserves will be utilised to commercialise BTC Speciality Health's product pipeline and the uncertainty over the generation of future positive net cash inflows. Products not yet secured have been excluded from future cashflows. The Company will reassess the fair value of BTC Speciality Health as products are contracted, commercialized and cashflows are realised.

The key inputs used in the determination of the fair value of the investments includes the execution of strategic plans and in licensing distribution agreements which are commercial in confidence. During the year, BTC's investee Company, BTC Speciality Health Pty Ltd, received notification that a material supplier of medical devices had advised it will no longer supply products to Australia and other countries ex-USA. The value of sales generated from hospitals from this agreement in 2023 totals \$6.9m (2022: \$6.7m), representing over 80% of investee Company revenue. The Company has assessed the impact of this change on future discounted cashflows and subsequently revised its valuation of investee companies at 30 June 2023 to \$1,200,000 (2022: \$10,819,890). A fair value movement charge of \$9,619,890 has been reflected in BTC's accounts at 30 June 2023 (2022: \$nil). BTC health Limited has valued its investment in Biolmpact at \$1,200,000 (2022: \$2,883,975) and its investment in BTC Speciality Health at \$nil (2022: \$7,935,915).

The valuation at 30 June 2023 reflects in licensed contract risk weighted cashflows and has been assessed considering a pre-tax discount rate of 17.68% (2022: 12.0%) to derive the Net Present Value of cashflows of the Company's investments. The Company has applied a current average growth rate of 5.1%, reflecting expected growth of products licensed. Fair value has been calculated based on the expected life of the contract, taking into account the Company's best estimate of the exercise of extension options rather than perpetual terminal value.

The Company has considered a range of risk weighted cashflow scenarios in determining the value of investments. A relative increase/decrease in the discount rate by +/-100 bps would result in a change in valuation of +5.9/-5.4%. Investee companies are in negotiations with potential partners to secure a range of medical devices, medical consumables and speciality pharmaceutical products for distribution in the Australian and New Zealand market. Pipeline cash flows for expected future licensed products have not been included in the fair value assumptions. A change in product demand may result in a change in product volume sold by investee companies. A range of volume assumptions have been considered including a decrease in increase in clinician demand for products. The impact of a change in volume due to an increase/decrease in treatment demand of 50% for Bronchitol may result in a valuation uplift/decline of +22.9%/-21.9%.

Fair value measurements recognised in the statement of financial position:

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- a) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- b) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- c) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
30 June 2023	\$	\$	\$	\$
Financial assets				
Unlisted investments– Financial assets carried at fair value through profit or loss	-	-	1,200,000	1,200,000
	-	-	1,200,000	1,200,000
30 June 2022				
Financial assets				
Unlisted investments– Financial assets carried at fair value through profit or loss	-	-	10,819,890	10,819,890
	-	-	10,819,890	10,819,890

There were no transfers between levels during the year.

Reconciliation of Level 3 fair value measurements of financial assets

	2023 Total \$	2022 Total \$
Opening balance	10,819,890	8,000,100
Total gains or losses:		
- acquisitions	-	2,819,790
- divestments	-	-
- investment fair value adjustment	(9,619,890)	-
Closing balance	1,200,000	10,819,890

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 2022.

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

Note 18 Loss Per Share

	30 June 2023	30 June 2022
Basic and diluted loss per share, based on the after tax loss of \$10,156,128 (2022: (\$576,076)) *	(3.61) cents per share	(0.20) cents per share
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	281,846,354 shares	281,846,354 shares

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

Note 19 Contingent Liabilities

There were no contingencies of which the Company is aware as at the date of this report (2022: 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
22 August 2023

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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 2023, 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, 22 August 2023

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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 2023, 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 2023 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.

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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.

Key audit matter	How our audit addressed the key audit matter
Other financial assets (Note 1j, Note 6, Note 17)	
<p>As BTC Health Limited is classified as an investment entity under <i>AASB 10 Consolidated Financial Statements</i>, it accounts for investments in investee entities at fair value. As at 30 June 2023, the Company's investment portfolio consisted of two unlisted companies carried at a fair value of \$1,200,000.</p> <p>These investments are classified as 'Level 3' financial assets under <i>AASB 13 Fair Value Measurement</i>, which are defined as having significant unobservable inputs which make their valuation complex.</p> <p>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</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none">• 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:<ul style="list-style-type: none">– 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.
Going Concern (Note 1)	
<p>Under <i>AASB 101 Presentation of financial statements</i>, the financial statements are prepared on a going concern basis unless the entity has no reasonable alternative but to cease trading.</p> <p>For the year ended 30 June 2023 the Company recorded a loss after tax of \$10,167,862, cash outflows of \$433,602, and a surplus of current assets to current liabilities of \$1,579,930. The fair value of the Company's investments in investee entities declined by \$9,619,890 in the year ended 30 June 2023.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none">• Performing an analysis of key financial ratios and an assessment of BTC Health's financial performance in the year, to gain an understanding as to whether any events or conditions exist that may cast significant doubt on the Company's ability to continue as a going concern;• Obtaining and evaluating management's assessment of the Company's ability to continue as a going concern;

At year end the Company had \$1,736,899 of cash and cash equivalents, which in the opinion of the Directors will support the Company's funding requirements for twelve months from the date of this report.

Accordingly, testing the availability of sufficient funding for the Company to meet its obligations is considered a key part of our going concern assessment. This has been assessed as a key audit matter due to the judgement required by management in preparing their forecasts, preparing their solvency assessment and evaluating their ability to continue as a going concern.

- Discussing with management their future plans for the Company;
- Reviewing ASX announcements to gather an understanding of the strategy of the Company;
- Reviewing cash flow forecasts for the twelve-month period from the expected date of signing, evaluating underlying data and assumptions, and assessing whether any additional facts or information have come to light which may impact that assessment;
- Analysing and challenging key assumptions in the Company's budget for the twelve-month period from the expected date of signing;
- Reviewing the solvency position of the Company;
- Considering whether changes in the valuation of investee entities indicate potential going concern issues in the investee entities which may have a consequent impact on BTC Health's ability to continue as a going concern;
- Inquiring of management as to whether they are aware of any events or conditions beyond the period of management's assessment that may cast significant doubt on the Company's ability to continue as a going concern; and
- Assessing whether the disclosures in the financial statements, including on 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 annual report for the year ended 30 June 2023, 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.

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 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 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/ar2_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 8 to 11 of the Directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of BTC Health Limited, for the year ended 30 June 2023 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

Melbourne, 22 August 2023

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Shareholder Information

As at 7 August 2023

Spread of equity security holdings

Size of Holding	Ordinary Shareholders	Unlisted Option holders
1 – 1,000	35	-
1,001 – 5,000	286	-
5,001 – 10,000	229	-
10,001 – 100,000	426	-
100,001 and over	114	4
Total	1,120	4

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	80,065,587	28.4
SIGMA COMPANY LIMITED	28,627,553	10.16
RICHARD AND KAREN TREAGUS	29,376,000	10.42
NAMARONG INVESTMENTS PTY LTD	15,000,000	5.32

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		84,265,587	29.90
2	MRS KAREN ELIZABETH TREAGUS	<TREAGUS FAMILY A/C>	29,376,000	10.42
3	SIGMA COMPANY LIMITED		16,856,467	5.98
4	NAMARONG INVESTMENTS PTY LTD	THE HANSEN INVESTMENT	15,000,000	5.32
5	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED		10,150,000	3.60
6	MR CAMPBELL DINWOODIE TAYLOR		8,941,314	3.17
7	MR THOMAS CHRISTOPHER FENNELL		8,682,787	3.08
8	SIGMA COMPANY LIMITED		8,143,533	2.89
9	ARGUS NOMINEES PTY LTD	<THE HALSTEAD SUPER FUND A/C>	5,500,000	1.95
10	MRS SUSAN MAREE WHITING		5,300,000	1.88
11	WINDARRI INVESTMENTS PTY LTD	<HERZ FAMILY A/C>	4,213,727	1.50
12	ABEILLE INVESTMENTS PTY LIMITED	<WRIGHT FAMILY S/F A/C>	3,800,000	1.35
13	MR NICHOLAS DERMOTT MCDONALD		3,644,239	1.29
14	SIGMA COMPANY LIMITED		3,627,553	1.29
15	NAMARONG INVESTMENTS PTY LTD	HANSEN INVESTMENT	3,125,000	1.11
16	LINWIERIK INVESTMENTS PTY LTD		2,600,000	0.92

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Rank	Name	A/C designation	Ordinary Shares held	Voting Percentage
17	CHANUK NOMINEES PTY LTD	<FISHERMAN'S FOUNDATION A/C>	2,080,000	0.74
18	PRITDOWN PTY LTD	<MCDONALD SUPER FUND A/C>	2,000,000	0.71
19	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD	<DRP A/C>	1,780,600	0.63
20	MR NICHOLAS DERMOTT MCDONALD		1,604,892	0.57
			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 746.

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.

Corporate Directory

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