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20 February 2019

The Manager Companies  
ASX Limited  
20 Bridge Street  
Sydney NSW 2000

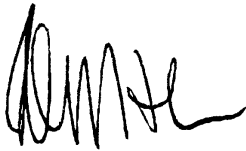
(20 pages by email)

Dear Madam

#### **HALF YEAR REPORTS**

In accordance with Listing Rule 4.2A, I attach the Company's Appendix 4D and Interim Financial Report for the half year ended 31 December 2018. This Interim Financial Report should be read in conjunction with the Company's 30 June 2018 Annual Report.

Yours sincerely



Peter J. Nightingale  
Company Secretary

pjn9815

# Appendix 4D

## Half Year Report

Name of entity

**BIOTRON LIMITED**

ABN or equivalent company  
reference

**60 086 399 144**

Financial year ended ('current period')

**31 DECEMBER 2018**

### Results for announcement to the market

Revenues from ordinary activities	Up	92.98%	to	18,372
Loss from ordinary activities after tax attributable to members	Up	63.41%	to	261,133
Net loss for the period attributable to members	Up	63.41%	to	261,133
<b>Dividends (distributions)</b>	Amount per security		Franked amount per security	
Final dividend	Nil¢		Nil¢	
Interim dividend	Nil¢		Nil¢	
Previous corresponding period				
Final dividend	Nil¢		Nil¢	
Interim dividend	Nil¢		Nil¢	
Record date for determining entitlements to the dividend.				
N/A				
Brief explanation of any of the figures reported above and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:				
Refer attached reports.				
NTA backing	Current period		Previous corresponding period	
Net tangible asset backing per ordinary security	1.13 cents		0.33 cents	

**BIOTRON LIMITED**

**A.B.N. 60 086 399 144**

**INTERIM FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED  
31 DECEMBER 2018**

# BIOTRON LIMITED

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# BIOTRON LIMITED

## DIRECTORS' REPORT

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The directors have pleasure in submitting their report together with the interim financial statements of Biotron Limited ('the Company') for the half-year ended 31 December 2018 and the review report thereon.

### Directors

The names and particulars of the directors of the Company at any time during or since the end of the half-year are:

**Mr Michael J. Hoy**  
***Independent and Non-Executive Chairman***

Mr Hoy has more than 30 years' corporate experience in Australia, the United Kingdom, USA and Asia. He is Chairman of Teleso Technologies Limited and Lipotek Pty Limited and a former director of John Fairfax Holdings Limited and FXF Trust.

Mr Hoy has been a director since 7 February 2000 and Chairman since 16 March 2000.

**Dr Michelle Miller, BSc, MSc, PhD, GCertAppFin (Finsia)**  
***Managing Director***

Dr Miller has worked for over 20 years in the bioscience industry, with extensive experience in commercial development of early to mid-stage technologies. She completed her PhD in the Faculty of Medicine at Sydney University investigating molecular models of cancer development. Her experience includes several years at Johnson & Johnson developing anti-HIV gene therapeutics through preclinical research to clinical trials. She has finance industry experience from time spent as an Investment Manager with a specialist bioscience venture capital fund.

Dr Miller was appointed as Managing Director on 21 June 2002.

**Dr Susan M. Pond AM, MD DSc, FTSE FAHMS**  
***Independent and Non-Executive Director***

Dr Pond has a strong scientific and commercial background having held executive positions in the biotechnology and pharmaceutical industry for 12 years, most recently as chairman and managing director of Johnson & Johnson Research Pty Limited (2003 - 2009). Previous non-executive positions include chair of AusBiotech Limited and director of Australian Nuclear Science and Technology Organisation, Wound Management Innovation CRC and Australian Academy of Technological Sciences and Engineering (ATSE). Dr Pond also served as a board member of Commercialisation Australia and Innovation Australia.

Dr Pond is currently chair of the New South Wales Smart Sensing Network and director of the Trusted Autonomous Systems Defence Cooperative Research Centre, Vectus Biosystems Ltd and Australian Phenomics Network. She is a Fellow of the Australian Institute of Company Directors, the Academy of Technological Sciences & Engineering, the Academy of Health and Medical Sciences and the Royal Society of NSW.

Dr Pond holds a first-class honours degree in Bachelor of Medicine and Surgery from the University of Sydney and a Doctor of Medicine degree from the University of New South Wales. She obtained specialist clinical credentials in internal medicine, clinical pharmacology and clinical toxicology and held academic appointments at the University of California, San Francisco and the University of Queensland before joining industry.

Dr Pond was appointed as a director on 7 March 2012.

**Mr Robert B. Thomas BEc, MSDIA, SF Fin, FICD**  
***Independent and Non-Executive Director***

Mr Thomas has over 35 years' experience in the securities industry, with Potter Partners (now UBS), County NatWest and Citigroup.

He is the chairman of Starpharma Holdings Limited. He is a director of Aus Bio Limited and REVA Medical Limited and a former director of Virgin Australia Limited. He chairs Grahger Retail Securities Pty Ltd and is a director of O'Connell Street Associates Pty Limited.

Mr Thomas has a Bachelor of Economics degree from Monash University (1963 - 1966). He has been a member of the Securities Institute of Australia since 1976 and was appointed as a Fellow to the Institute in 1997. He is a Master Stockbroker and is a Fellow of the Institute of Company Directors.

Mr Thomas was appointed as a director on 7 March 2012.

# BIOTRON LIMITED

## DIRECTORS' REPORT

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**Prof Stephen Locarnini, BSc(Hons), PhD, MBBS, FRC(Path)**  
***Independent and Non-Executive Director***

Professor Locarnini, is currently a director of the World Health Organisation (WHO) Regional Reference Laboratory for Hepatitis B and D. His current major research interests include viral hepatitis, hepatitis vaccines and antiviral chemotherapy with an emphasis on the basic virology of the various agents of hepatitis, the molecular pathogenesis of hepatitis, as well as prevention and public health control measures.

Curative treatments for hepatitis B infections with antiviral agents represent a major focus for Professor Locarnini who is also interested in intellectual property issues when applied to clinical and diagnostic virology. He is a named inventor on over 20 internationally granted patents.

He worked at the Victorian Infectious Diseases Reference Laboratory (VIDRL, originally Fairfield Hospital Virus Laboratory) from 1989, as Director of Laboratory Services from 1990 to 1998 and, in 1993, he oversaw the amalgamation of all the Fairfield Laboratories into the one service of the VIDRL and subsequently assumed the position of Head, Research & Molecular Development of VIDRL when the laboratory relocated to Melbourne Health in 1998.

Professor Locarnini is the recipient of numerous awards including the European Association for the Study of Liver Disease (EASL) International Recognition Award and the Gastroenterological Society of Australia (GESA) Distinguished Research Prize. He is author of 289 peer-reviewed articles, 24 invited editorials and 100 book chapters and reviews and every year delivers numerous invited, plenary, and named lectures at major international meetings and conferences.

Professor Locarnini currently has an academic appointment at the University of Melbourne.

He is a member of the Scientific Advisory Board of a number of emerging as well as established pharmaceutical and biotechnology companies. In 2017, he co-founded the biotech start-up company CLEAR-B with the Morningside-Newton Investment group in Boston, USA focusing on curative strategies for chronic hepatitis B. He is also the Hepatitis Virus Editor for Antiviral Therapy.

Professor Locarnini was appointed as a Director on 23 October 2018.

**Mr Peter J. Nightingale**  
***Company Secretary***

Mr Nightingale graduated with a Bachelor of Economics degree from the University of Sydney and is a member of the Chartered Accountants Australia and New Zealand. He has worked as a chartered accountant in both Australia and the USA.

As a director or company secretary Mr Nightingale has, for more than 25 years, been responsible for the financial control, administration, secretarial and in-house legal functions of a number of private and public listed companies in Australia, the USA and Europe including Bolnisi Gold N.L., Callabonna Uranium Limited, Cockatoo Coal Limited, Mogul Mining N.L., Pangea Resources Limited, Perseverance Corporation Limited, Sumatra Copper & Gold plc, Timberline Minerals, Inc. and Valdora Minerals N.L. Mr Nightingale is currently a director of Alpha HPA Limited, Planet Gas Limited, Nickel Mines Limited and unlisted public company Prospech Limited.

Mr Nightingale has been Company Secretary since 23 February 1999.

### REVIEW OF OPERATIONS

Biotron has completed several significant milestones during the first half of the 2018-2019 financial year. These included:

- Reporting of positive headline data from the Company's pivotal Phase 2 BIT225 HIV-1 clinical trial.
- Presentation of data from the BIT225 HIV-1 trial at the HIV DART and Emerging Viruses 2018 conference in Miami, Florida USA, which received the Conference's 2018 Poster Award.
- Appointment of Professor Stephen Locarnini as a non-executive Director.
- Raising \$6.0 million in capital from the exercise of Company options.

# BIOTRON LIMITED

## DIRECTORS' REPORT

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### Clinical Programs

The major highlight during the first half of this year was the release of positive human clinical data from the Company's BIT225-009 Phase 2 trial of its lead drug BIT225 in HIV-infected patients in combination with current antiretroviral drugs.

The results of this Phase 2 clinical trial indicate that BIT225 has had a profound effect on a source of virus that persists in the presence of current antiretroviral drugs.

During HIV-1 infection, the virus hides in long-lived cells known as macrophages. This cellular source of virus persists even in people taking antiretroviral drugs, although there is no detectable virus in their blood. The continued presence of virus causes serious problems including accelerated aging of the immune system and HIV-associated neurocognitive disorder (also known as AIDS-related dementia). Eradication of virus from hidden reservoirs is key to further improving health outcomes in this population. Eradication of virus from hidden reservoirs is also key to any strategy to clear or "cure" patients infected with HIV-1.

In previously reported laboratory-based studies, Biotron has shown that BIT225 attacks HIV-1 growing in macrophages, resulting in the production of replication-incompetent (i.e. non-infectious) virus. An earlier Phase 1B/2A human clinical trial demonstrated that BIT225 targets replication of HIV-1 in macrophage lineage cells in infected individuals.

The data from this Phase 2 HIV-1 clinical trial indicates that the body's immune system recognises this non-infectious virus produced by BIT225-treated cells and then triggers a range of changes to the immune cells helping to fight HIV-1 in these patients.

In addition to these key immune changes, there was a statistically significant reduction in the level of the macrophage activation marker sCD163 in the blood of the BIT225-treated cohort by the end of the treatment period compared to the placebo group. Higher levels of sCD163 are linked with worse clinical outcomes in patients. This reduction of sCD163 by BIT225 provides additional evidence of potential clinical benefit in these patients.

BIT225 is a first-in-class drug, targeting HIV-1 by mechanisms that are different from other antiretroviral drugs. In contrast to these other drugs, the source of virus that BIT225 targets is not in the blood. This has made the task of measuring a clinical effect from treatment with BIT225 more challenging than for other HIV-1 drug trials. The importance of the BIT225-009 trial results cannot be overestimated. They open up a new and unique approach to dealing with significant health issues associated with the presence of long-term low level replication of HIV-1 that continues despite treatment with current antiretroviral drugs.

Analysis of safety data was another key aspect of the Phase 2 trial. In the BIT225-009 clinical trial, a once daily 200 mg dose was used for the first time and was shown to be well tolerated, with no severe adverse events or patient withdrawals.

In November 2018, Biotron presented a poster entitled "BIT225-009: Significant Immunological Outcomes after 12 weeks of BIT225 and Antiretroviral Therapy in an HIV-1 Phase 2 Clinical Trial" at the HIV DART and Emerging Viruses 2018 conference in Miami, Florida. In a notable acknowledgement of the importance of these results, the conference awarded Biotron's Head of Research and Development, Dr Carolyn Luscombe, the 2018 HIV DART Poster Award.

Biotron is focused on achieving a commercial outcome for its antiviral programs. The Company has been sharing information on its antiviral programs with potential partners in the pharmaceutical industry since early preclinical development. This has included regular updates on progress and discussions of the next stage of development.

Discussions with pharma companies are iterative in nature; every successful series of experiments or clinical trial generates another series of questions that will guide the decision making process on the side of commercial partners. Good, well founded science is core to success. Biotech companies, such as Biotron, also need to demonstrate how their drug(s) will fit within a changing treatment landscape, especially with new mode of action drugs such as BIT225.

The positive outcomes from this trial mean that Biotron is continuing discussions with key potential partners with compelling Phase 2 data in hand. Phase 2 is generally considered the best time to license technology to a major pharmaceutical company as they have the expertise and resources necessary for late stage clinical development and regulatory approvals in major markets such as the USA. This is not a fast process, nor is there a guarantee of a successful commercial outcome.

In parallel with updating potential partners on the data from the HIV-1 Phase 2 trial, the Company is continuing to perform additional experimental analyses on clinical trial samples. These analyses are supplementary in nature and will not change the reported key positive findings from the clinical trial. However, they are important as they may assist with further understanding and characterising the unique immunological outcomes observed in the BIT225-009 clinical trial.

# BIOTRON LIMITED

## DIRECTORS' REPORT

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### Non-Clinical Programs

In parallel with supplementary analyses on the BIT225-009 HIV-1 trial samples and progressing the HIV-1 program towards a commercial outcome, Biotron continues to evaluate the activity of the Company's extensive compound library for activity against Hepatitis B virus (HBV). The HBV therapeutic space remains very active in the pharmaceutical industry, with significant investor and partner interest in the search for, and development of, effective HBV treatments. Although Biotron's HBV program is preclinical, the level of interest in this space is sufficiently high for there to be potential for partnering this program at an early stage with a joint collaboration and development agreement possible.

The Company has identified compounds in its library that have activity against key industry recognised markers including cccDNA. Additional in vitro cell-based testing is currently in progress and this information will confirm which part of the HBV life cycle is targeted by these compounds. In parallel, the Company has been designing and synthesizing additional compounds with the aim of generating novel, potent leads for this important program.

### Corporate

In October 2018, Biotron was pleased to announce the appointment of Professor Stephen Locarnini as a non-executive Director of the Company. Professor Locarnini, BSc(Hons), PhD, MBBS, FRC(Path), is currently a director of the World Health Organisation (WHO) Regional Reference Laboratory for Hepatitis B and D. Curative treatments for hepatitis B infections with antiviral agents represent a major focus for Professor Locarnini who also was the Head, Research & Molecular Development of Victorian Infectious Diseases Reference Laboratory (VIDRL). He is a member of the Scientific Advisory Board of a number of emerging as well as established pharmaceutical and biotechnology companies. His skills and networks will be of real benefit to Biotron at its current stage of development.

During the half year, the Company raised a total of \$5,989,095 from the exercise of options, including options exercised by the Company's Managing Director, Dr Michelle Miller, which had been granted as part of her remuneration package. This significant injection of funds combined with the receipt of the Australian Government's R&D Tax rebate places the Company in a sound financial position as it focuses on achieving commercial outcomes for its programs.

During the second half of the financial year, the Company will be focused on:

- Continuing detailed supplementary analyses of samples from the Phase 2 HIV-1 trial seeking to further characterise the clinical efficacy of BIT225.
- Ongoing discussions and sharing of data from the HIV-1 Phase 2 clinical trial with potential partners.
- Undertaking additional in vitro cell-based preclinical testing of compounds for the HBV program, including screening of newly designed and synthesized compounds for potential anti-HBV activity.
- Continued testing of Biotron compounds for activity against other key commercially relevant virus targets.

### Subsequent Events

No matters or circumstances have arisen since the end of the half-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.

### Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 5 and forms part of the Directors' Report for the half-year ended 31 December 2018.

This report has been signed in accordance with a resolution of the directors and is dated 20 February 2019:



**Michael J. Hoy**  
Chairman



# Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

## To the Directors of Biotron Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Biotron Limited for the Half-year ended 31 December 2018 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Stephen Board  
Partner  
Brisbane  
20 February 2019

**BIOTRON LIMITED**

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

	Notes	31 December 2018 \$	31 December 2017 \$
<b>Continuing Operations</b>			
Other income	11	1,072,832	1,621,653
Administration and consultants' expenses		(404,625)	(340,999)
Depreciation		(7,875)	(5,639)
Direct research and development expenses		(497,221)	(995,332)
Employee and director expenses		(368,834)	(380,243)
Legal expenses		(2,140)	(5,706)
Rent and outgoings expenses		(34,840)	(38,370)
Other expenses from ordinary activities		(36,802)	(24,683)
<b>Operating loss before financing income</b>		<u>(279,505)</u>	<u>(169,319)</u>
Interest income		18,372	9,520
<b>Net finance income</b>		<u>18,372</u>	<u>9,520</u>
<b>Loss before tax</b>		(261,133)	(159,799)
Income tax expense		-	-
<b>Loss for the period</b>		(261,133)	(159,799)
Other comprehensive income for the period		-	-
<b>Total comprehensive loss for the period</b>		<u>(261,133)</u>	<u>(159,799)</u>
Basic and diluted loss per share	6	<u>(0.05) cents</u>	<u>(0.04) cents</u>

The above condensed interim statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes to the condensed interim financial statements.

**BIOTRON LIMITED**

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2018**

	31 December 2018 \$	30 June 2018 \$
<b>Current assets</b>		
Cash and cash equivalents	6,995,694	1,543,002
Other assets	77,872	58,354
<b>Total current assets</b>	<b>7,073,566</b>	<b>1,601,356</b>
<b>Non-current assets</b>		
Plant and equipment	31,230	17,854
Other financial assets - bond deposit	12,444	-
<b>Total non-current assets</b>	<b>43,674</b>	<b>17,854</b>
<b>Total assets</b>	<b>7,117,240</b>	<b>1,619,210</b>
<b>Current liabilities</b>		
Trade and other payables	181,614	160,778
Employee entitlements	195,624	176,924
<b>Total current liabilities</b>	<b>377,238</b>	<b>337,702</b>
<b>Total liabilities</b>	<b>377,238</b>	<b>337,702</b>
<b>Net assets</b>	<b>6,740,002</b>	<b>1,281,508</b>
<b>Equity</b>		
Issued capital	47,471,026	41,439,162
Reserves	287,418	599,655
Accumulated losses	(41,018,442)	(40,757,309)
<b>Total equity</b>	<b>6,740,002</b>	<b>1,281,508</b>

The above condensed interim statement of financial position is to be read in conjunction with  
the accompanying notes to the condensed interim financial statements.

# BIOTRON LIMITED

## CONDENSED INTERIM STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Notes	31 December 2018 \$	31 December 2017 \$
<b>Cash flows from operating activities</b>			
Cash receipts in the course of operations		1,072,832	1,621,653
Payments for research and development		(511,473)	(1,199,398)
Cash payments in the course of operations		(809,145)	(812,261)
Interest received		18,372	9,520
<b>Net cash used in operating activities</b>		<b>(229,414)</b>	<b>(380,486)</b>
<b>Cash flows from investing activities</b>			
Payments for planet and equipment		(21,250)	-
Rental bond payment		(11,949)	-
<b>Net cash used in investing activities</b>		<b>(33,199)</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares and options		5,989,095	897
Cost of Issue of shares and options	5	(286,797)	(49,508)
Consideration received- option exercise, shares not yet granted		13,000	-
<b>Net cash provided by/(used in) financing activities</b>		<b>5,715,298</b>	<b>(48,611)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>5,452,685</b>	<b>(429,097)</b>
Cash and cash equivalents at 1 July		1,543,002	1,987,384
Effect of exchange rate adjustments on cash held		7	(12)
<b>Cash and cash equivalents at 31 December</b>		<b>6,995,694</b>	<b>1,558,275</b>

The above condensed interim statement of cash flows is to be read in conjunction with the accompanying notes to the condensed interim financial statements.

**BIOTRON LIMITED**

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

**Attributable to equity holders of the Company**

	<b>Issued Capital \$</b>	<b>Option Premium Reserve \$</b>	<b>Accumulated Losses \$</b>	<b>Total \$</b>
Balance at 1 July 2017	40,325,345	278,419	(39,163,664)	1,440,100
<b>Total comprehensive income for the period</b>				
Loss for the period	-	-	(159,799)	(159,799)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(159,799)	(159,799)
Ordinary shares/options issued	897	-	-	897
Cost of shares/options issued	-	-	-	-
Share based payments	-	10,134	-	10,134
Exercise of options	39	(39)	-	-
Expiry of options	-	-	-	-
Balance at 31 December 2017	40,326,281	288,514	(39,323,463)	1,291,332
Balance at 1 July 2018	41,439,162	599,655	(40,757,309)	1,281,508
<b>Total comprehensive income for the period</b>				
Loss for the period	-	-	(261,133)	(261,133)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(261,133)	(261,133)
<b>Contribution by and distribution to owners</b>				
Ordinary shares/options issued	5,989,095	-	-	5,989,095
Cost of shares/options issued	(269,468)	-	-	(269,468)
Exercise of Options	312,237	(312,237)	-	-
Expiry of options	-	-	-	-
Balance at 31 December 2018	47,471,026	287,418	(41,018,442)	6,740,002

The above condensed interim statement of changes in equity is to be read in conjunction with the accompanying notes to the condensed interim financial statements.

# BIOTRON LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

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### 1. REPORTING ENTITY

Biotron Limited (the 'Company') is a company domiciled in Australia. The Company is primarily involved in the research and development of new treatments for serious viral diseases such as HIV and Hepatitis C.

The annual financial statements of the Company as at and for the year ended 30 June 2018 are available upon request from the Company's registered office at Level 2, 66 Hunter Street, Sydney, NSW, 2000 or at [www.biotron.com.au](http://www.biotron.com.au).

### 2. STATEMENT OF COMPLIANCE

The condensed interim financial statements are general purpose financial statements prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The Company's condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the 30 June 2018 annual financial statements and any public announcements by the Company during the half-year in accordance with continuous disclosure obligations arising under the *Corporations Act 2001*.

These condensed interim financial statements were authorised for issue by the directors on 20 February 2019.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these condensed interim financial statements are the same as those applied in the financial statements as at and for the year ended 30 June 2018.

The Company has adopted the newly effective accounting standards AASB 15 Revenue from Contracts with Customers and AASB 9 Financial Instruments from 1 July 2018. The adoption of these standards has not had a material effect on the Company's financial statements.

### 4. ESTIMATES

The preparation of the condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as at and for the year ended 30 June 2018.

### 5. CAPITAL AND RESERVES

During the half-year, 78,429,130 fully paid ordinary shares (31 December 2017 – 14,944) were issued through the exercise of 30 November 2018 \$0.06 listed options for cash totalling \$4,705,748 (31 December 2017 - \$897). The fair value of the options issued at the grant date was \$203,916 (31 December 2017 - \$39). During the year, the Company entered into an agreement with CPS Capital Group Pty Ltd to underwrite any shortfall arising from the exercise of 30 November 2018 \$0.06 options. 1,336,137 Options were underwritten by CPS Capital Pty Ltd. Total issue cost of \$260,645 was recognised as a reduction in proceeds of issue of these shares.

During the half-year, 8,866,950 fully paid ordinary shares were issued through the exercise of 12 December 2019 \$0.05 listed options for cash totalling \$443,347. The fair value of the options issued at the grant date was \$23,764.

During the half year, 2,000,000 fully paid ordinary shares were issued to Michelle Miller through the exercise of 30 November 2018 \$0.15 unlisted options for cash totalling \$300,000. The fair value of the options issued at the grant date was \$35,806. Total issue cost of \$2,919 was recognised as a reduction in proceeds of issue of these shares.

During the half year, 3,000,000 fully paid ordinary shares were issued to Michelle Miller through the exercise of 30 November 2018 \$0.18 unlisted options for cash totalling \$540,000. The fair value of the options issued at the grant date was \$48,751. Total issue cost of \$5,904 was recognised as a reduction in proceeds of issue of these shares.

No dividends were declared or paid by the Company during the current or prior period.

At 30 June 2018, creditors totalling \$22,211 relating to the 14 June 2018 share and option placement remained outstanding. These creditors were settled in full during the period.

# BIOTRON LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

### 6. LOSS PER SHARE

	31 December 2018 \$	31 December 2017 \$
Basic and diluted loss per share have been calculated using:		
Net loss for the period	261,133	159,799
Weighted average number of ordinary shares	523,563,234	392,303,591

As the Company is loss making, none of the potentially dilutive options on issue are currently dilutive in the calculation of total earnings per share.

### 7. RELATED PARTIES

#### Key management personnel and director transactions

During the half-year ended 31 December 2018, Peter J. Nightingale had a controlling interest in an entity, MIS Corporate Pty Limited, which provided full administrative services, including rental accommodation, administrative staff, services and supplies, to the Company. Fees paid to MIS Corporate Pty Limited during the half-year, which were in the ordinary course of business and on normal terms and conditions, amounted to \$72,000 (31 December 2017 - \$72,000). There were no amounts outstanding at 31 December 2018 and 31 December 2017.

### 8. SHARE BASED PAYMENTS

The Company has a share option program that entitles key management personnel to be granted options in the Company.

There were no options issued during the half-years ended 31 December 2018 and 31 December 2017.

The terms and conditions of the options held by key management personnel during the half year ended 31 December 2018 are as follows:

Grant date	Expiry date	Vesting date	Exercise price	Fair value of options granted \$	Total granted Number	Total Exercised Number	Balance at end of the period Number
25 November 2015	30 November 2018	25 November 2015	\$0.15	17,903	1,000,000	1,000,000	-
25 November 2015	30 November 2018	30 November 2016	\$0.15	17,903	1,000,000	1,000,000	-
25 November 2015	30 November 2018	30 November 2017	\$0.18	48,751	3,000,000	3,000,000	-
				84,557	5,000,000	5,000,000	-

#### Fair value of options

The fair value of options granted is measured at grant date and recognised as an expense over the period during which the key management become unconditionally entitled to the options. The fair value of the options granted is measured using an option valuation methodology, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of options that vest.

The fair value of options granted on 25 November 2015 was \$84,557. The Black-Scholes formula model inputs were the Company's share price of \$0.046 at the grant date, the 2 and 3 year volatility factor of 112.6% and 100.6% respectively based on historic share price performance, a risk free interest rate of 2.11% based on government bonds, and a dividend yield of 0%.

For the half-year ended 31 December 2017 an expense of \$10,134 was recognised in respect of the 3,000,000 options which vested on 30 November 2017. At 31 December 2017 all options on issue were fully vested.

During the half-year ended 31 December 2018, 2,000,000 30 November 2018 \$0.15 unlisted options and 3,000,000 30 November 2018 \$0.18 unlisted options were fully exercised by Michelle Miller for cash totalling \$840,000.

## BIOTRON LIMITED

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

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#### **9. SEGMENT REPORTING**

The Company operates solely in the biomedical industry in Australia.

#### **10. SUBSEQUENT EVENTS**

No matters or circumstances have arisen since the end of the half-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.

#### **11. OTHER INCOME**

In October 2018, the Company received a research and development rebate totalling \$1,072,832 (31 December 2017 - \$1,621,653) which has been recognised as other income for the half year ended 31 December 2018.

**BIOTRON LIMITED**  
**DIRECTORS' DECLARATION**

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In the opinion of the directors of Biotron Limited ("the Company"):

- (a) the condensed interim financial statements and notes, set out on pages 6 to 12, are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Company's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
  - (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This report has been signed in accordance with a resolution of the directors and is dated 20 February 2019:



**Michael J. Hoy**  
Chairman



**Michelle Miller**  
Managing Director



# Independent Auditor's Review Report

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To the shareholders of Biotron Limited

## Conclusion

We have reviewed the accompanying *Interim Financial Report* of Biotron Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Biotron Limited is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Company's financial position as at 31 December 2018 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The *Interim Financial Report* comprises:

- Condensed interim statement of financial position as at 31 December 2018
- Condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows for the Half-year ended on that date
- Notes 1 to 11 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.



### Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- for such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that is free from material misstatement, whether due to fraud or error.

### Auditor's responsibility for the review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Interim Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2018 and its performance for the Half-year period ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Biotron Limited *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

KPMG

Stephen Board  
Partner  
Brisbane  
20 February 2019

**BIOTRON LIMITED**  
**CORPORATE DIRECTORY**

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**Directors:**

Mr Michael J. Hoy (Chairman).  
Dr Michelle Miller (Managing Director).  
Dr Susan M. Pond.  
Mr Robert B. Thomas.  
Prof Stephen Locarnini.

**Company Secretary:**

Mr Peter J. Nightingale.

**Registered Office:**

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**Principal Administration Office:**

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**Share Registrar:**

Computershare Investor Services Pty Limited  
117 Victoria Street  
WEST END QLD 4101  
Phone: 61-7 3237 2100  
Fax: 61-7 3229 9860

**Auditors:**

KPMG  
Level 16, Riparian Plaza  
71 Eagle Street  
BRISBANE QLD 4000

**Home Exchange:**

ASX Limited  
20 Bridge Street  
SYDNEY NSW 2000

**Solicitors:**

Minter Ellison  
88 Phillip Street  
SYDNEY NSW 2000

Biotron Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares.