Biotron Limited
A.B.N. 60 086 399 144

**Level 2, 66 Hunter Street**
**Sydney NSW 2000**
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12 February 2009

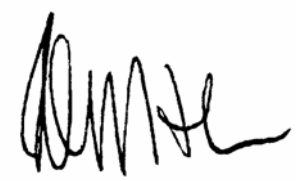
The Manager Companies
Australian Securities Exchange Limited
20 Bridge Street
SYDNEY NSW 2000 (19 pages by email)

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 2008. This Interim Financial Report should be read in conjunction with the Company's 30 June 2008 Annual Report.

Yours sincerely



Peter J. Nightingale
Company Secretary

pjn4675

# Appendix 4D

## Half Year Report

Name of entity

**BIOTRON LIMITED**

| ABN or equivalent company reference | Financial year ended ('current period') |
|---|---|
| **60 086 399 144** | **31 DECEMBER 2008** |

**Results for announcement to the market**

| | | | | |
|---|---|---|---|---|
| Revenues from ordinary activities | Down | 89% | to | 50,664 |
| Loss from ordinary activities after tax attributable to members | Up | 18% | to | 867,390 |
| Net loss for the period attributable to members | Up | 18% | to | 867,390 |

| **Dividends (distributions)** | Amount per security | Franked amount per security |
|---|---|---|
| Final dividend<br>Interim dividend | Nil¢<br>Nil¢ | Nil¢<br>Nil¢ |
| Previous corresponding period<br>Final dividend<br>Interim dividend | Nil¢<br>Nil¢ | Nil¢<br>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 | 0.9 cents | 1.3 cents |

# BIOTRON LIMITED

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

# INTERIM FINANCIAL REPORT
# FOR THE HALF YEAR ENDED
# 31 DECEMBER 2008

# BIOTRON LIMITED

## CONTENTS

# BIOTRON LIMITED

# DIRECTORS' REPORT

Your Directors have pleasure in submitting their report together with the interim financial report of Biotron Limited ('the Company') for the half year ended 31 December 2008 and the review report thereon.

## Directors

The names of the Directors of the Company in office 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 CityPrint Holdings Pty Limited, Chairman of Tellesso Technologies Limited and a former director of John Fairfax Holdings Limited and FXF Trust.

He 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 managing commercial bioscience research. She completed her PhD in the Faculty of Medicine at Sydney University investigating molecular models of cancer development. Her experience includes a number of years at Johnson and Johnson developing anti-HIV gene therapeutics through preclinical research to clinical trials. She has experience in early-stage start-ups from time spent as Investment Manager with a specialist bioscience venture capital fund.

She was appointed as Managing Director on 21 June 2002.

***Dr Michael S. Hirshorn, OAM, MBA, MBBS, FFin***
***Independent and Non-Executive Director***

Dr Hirshorn has a 30 years career of founding, building, managing and investing in technology companies. He played a major role in all commercial aspects of Cochlear Limited's development, was a founding director of Resmed Inc., and Chief Executive Marketing for Polartechnics Limited.

He has over eight years of private equity experience, raising a fund and investing and developing companies. He has served on numerous government advisory committees, including the Start IT and T Committee, the Start Grants Biological Sciences Committee of the Department of Industry, Science and Resources. He is currently a director of Dynamic Hearing and TGR BioSciences.

Dr Hirshorn was appointed as a director on 16 March 2000.

***Mr Bruce Hundertmark***
***Independent and Non-Executive Director***

Mr Hundertmark is an independent businessman and company director with a wide range of experience in diverse business operations. He has specialised in recent years in high technology based company start-up operations and in promoting the formation of venture capital companies including News Datacom Research Limited in Israel, News Datacom Limited in Hong Kong and both PT Indo Bio Products and PT Indo Bio Fuels in Indonesia.

He has been a director of numerous private and publicly listed companies including News International PLC, Sky Television PLC, Prudential Cornhill Insurance Limited, Harris Scarfe Limited, Bernkastel Wines Limited, Codan Limited, Samic Limited and Investment & Merchant Finance Corporation Limited.

Mr Hundertmark was appointed as a director on 16 March 2000.

***Mr Peter G. Scott***
***Non-Executive Director***

Mr Scott is a founding director of Biotron Limited with more than 30 years of commercial and entrepreneurial experience in Australia.

He is a director of Scott's Acorn Pty Ltd and was formerly Chairman and Managing Director of Scottcom Pty Ltd and Managing Director of ICAM Pty Ltd, audio visual and multimedia companies.

Mr Scott has been a director since 23 February 1999.

***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 Institute of Chartered Accountants in Australia. He has worked as a chartered accountant in both Australia and the USA.

As a director or company secretary Mr Nightingale has, for the past 21 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 Pangea Resources Limited, Timberline Minerals Inc., Perseverance Corporation Limited, Valdora Minerals N.L., ETT Limited, Bolnisi Gold NL and Palmarejo Silver and Gold Corporation. Mr Nightingale is currently a director of Cockatoo Coal Limited and Planet Gas Limited.

Mr Nightingale has been Company Secretary since 23 February 1999.

## Review of Operations

The period under review has seen significant advances on clinical progression of Biotron's antiviral drug development program, with continued focus on clinical development of the Company's lead drug, BIT225, in its HIV and Hepatitis C virus (HCV) programs.

Significant events achieved in this half year period include:

- Commencement of a Phase Ib/IIa clinical trial of Biotron's lead drug, BIT225, in Hepatitis C virus (HCV)-infected subjects. This marked a major milestone for the Company.
- Demonstration that BIT225 is highly synergistic when combined with a new class of Hepatitis C virus (HCV) antiviral agents known as NB5B polymerase inhibitors.
- Presentation of data from the Company's HIV and HCV programs at several international scientific conferences.

### *Clinical Development of BIT225*

BIT225 is an investigational, orally-administered, novel antiviral compound in development by Biotron for treatment of HIV and HCV infections. The successful completion of the first human trial of BIT225 during the second half of 2007 was a major value-adding milestone for Biotron. This trial followed on from the completion of a comprehensive program of preclinical safety studies, and demonstrated the safety of the drug in humans and its suitability for progression into trials in patient populations.

The completed Phase I clinical trial in healthy volunteers supported the continued development of BIT225 into proof-of-concept human trials. The trial data can be used to progress BIT225 in both HCV and HIV patient populations, which significantly reduces the costs and timelines of Biotron's clinical development program.

In the period under review, Biotron has commenced a Phase Ib/IIa trial of BIT225 in HCV-infected patients, after receipt of the necessary ethics and regulatory approvals. The commencement of this trial marks another major milestone for the Company. The trial, code-named BIT225-003, is being run over the two sites in Australia. The trial is a placebo-controlled, randomised study of the safety, pharmacokinetics and antiviral activity of BIT225 in patients with HCV infection. The primary objective is to assess the safety and tolerability of BIT225. The secondary objectives are to assess the pharmacokinetics of BIT225 as well as to assess the antiviral efficacy of BIT225 in these patients. Eighteen patients will be randomly assigned to receive one of two dose levels of BIT225 or placebo. The use of two trial sites, based in Sydney and Brisbane, is aimed at maximising the recruitment rate for the trial.

The trial is progressing well at both sites, and on current recruitment rates the trial is anticipated to be fully recruited by the end of the first quarter 2009.

BIT225 represents a first-in-class drug for treatment of HCV, targeting the p7 protein of HCV. It is estimated that in the USA alone, some 4 million people have been infected with Hepatitis C with 2.7 million suffering from chronic infection. Worldwide, 170 million people are infected. HCV causes inflammation of the liver, which may lead to fibrosis and cirrhosis, liver cancer and, ultimately, liver failure. Existing drugs for HCV have limited effectiveness and toxicity issues, leaving a significant need for new therapies. The worldwide market is currently almost US$3.0 billion, but is estimated that this market will expand to over US$10.0 billion as safe, effective therapies enter the market.

Studies performed by Southern Research Institute, Maryland, USA, during this last half year, using a surrogate cell culture system, has demonstrated that Biotron's lead antiviral drug, BIT225, is synergistic when combined with a particular class of antiviral drug. These drugs inhibit the RNA-dependent RNA polymerase of HCV (also known as NS5B). NS5B inhibitors have been the focus of several international research and development programs and a number are in early clinical development. The finding is significant as there is a recognised need to develop antiviral drugs that work in combination to attack HCV. The finding that BIT225 works in combination with NS5B inhibitors to enhance the virus killing ability of both BIT225 and the NS5B inhibitors further improves the standing of BIT225 within this field.

These results extend the previously reported finding that BIT225 is synergistic with the current standard of care treatment for HCV (interferon and ribavirin). The results of this latest research demonstrate that higher levels of virus death could be effected using significantly lower levels of both drugs than if either is used alone. The major practical benefit of synergism between two anti-viral drugs is that, for therapeutic purposes, each drug would remain effective at lower plasma concentrations than if the combined effect was merely additive. This has the potential to decrease the risk of adverse drug side effects and the potential for generation of drug resistant virus strains, as drug levels in the plasma fall below effective concentrations, is reduced.

The use of BIT225 in combination with either the current standard of care treatment, or with NS5B inhibitors, holds exciting potential therapeutic treatment of human HCV infections.

During the last 12 months independent research in the USA demonstrated that BIT225 significantly enhances the activity of existing HCV therapies in an *in vitro* model system. The results of this research, performed by Southern Research Institute, Maryland, USA, are significant as they indicate that BIT225 has the potential to be used in combination therapy to achieve a higher level of antiviral activity against HCV than is currently possible, while improving the potency of each of the drugs in the combination. The results demonstrated that BIT225 was highly synergistic in a triple combination with two of the most common HCV therapies in use today - ribavirin and interferon-α. The addition of BIT225 to ribavirin and interferon-α increased the level of inhibition of viral replication from 70% with the two other drugs to 100% when BIT225 was added to the mix. The potency of BIT225 was increased tenfold in this triple combination, compared to its activity on its own.

The studies were conducted *in vitro* against the widely accepted surrogate model of the HCV, bovine viral diarrhea virus (BVDV). BVDV is closely related to HCV and is an *in vitro* predictor of the efficacy of anti-HCV drugs in humans. Previously, Biotron reported that BIT225 is a potent inhibitor of activity in this HCV surrogate model system.

BIT225 also represents a novel, first in class approach to the treatment of HIV. BIT225 specifically targets HIV in reservoir cells and represents an opportunity to attack HIV at its source in the body. Current HIV therapies have little or no effect on HIV in the underlying reservoir of infected cells where the virus hides from the immune system.

The market for HIV is very large, with the US market alone for HIV worth over US$3.3 billion per annum. Biotron is currently progressing protocols and other documentation through the necessary ethics and regulatory processes, with the aim of progressing BIT225 into a Phase Ib/IIa trial in HIV-positive patients.

These trials in HIV and HCV patients are critical steps in the Company's development. Demonstration that BIT225 can attack these viruses in patients will be a major advance in terms of Company and technology valuations. The Company is focused on achieving a successful outcome, and has been progressing discussions with potential pharmaceutical companies in anticipation of finalising a deal once these trials have been completed. The proposed trials are designed to benefit shareholders through significantly increasing the value of Biotron in the market and to its future pharmaceutical company partners.

The level of interest by the international community in Biotron's antiviral programs was reflected by the selection of Biotron to participate in prestigious international scientific conferences over the last 6 months. In October 2008, Biotron was selected to present at the 6th Australasian Viral Hepatitis conference in Brisbane and in December 2008 Biotron scientists were selected to present data at the biannual HIV DART conference in the USA.

Presentation at these meetings provided an excellent opportunity to further discussions of the Company's technologies with potential pharmaceutical partners.

**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 2008.

This report has been signed in accordance with a resolution of the Directors and is dated 12 February 2009:

Michael J. Hoy
Director

## 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 for the half year ended 31 December 2008, 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

W. E. Austin
Partner

12 February 2009

## BIOTRON LIMITED

## INTERIM INCOME STATEMENT
## FOR THE SIX MONTHS ENDED 31 DECEMBER 2008

| | Notes | 31 December 2008 $ | 31 December 2007 $ |
|---|---|---|---|
| Other income | | 5,000 | - |
| Grant income | | - | 441,944 |
| Administration and consultants' expenses | | (124,544) | (179,866) |
| Depreciation | | (20,807) | (22,896) |
| Direct research and development expenses | | (483,247) | (704,120) |
| Employee and director expenses | | (195,759) | (202,799) |
| Legal expenses | | (4,768) | (4,543) |
| Rent and outgoings expenses | | (27,720) | (4,276) |
| Other expenses from ordinary activities | | (61,209) | (74,246) |
| **Operating loss before financing income** | | (913,054) | (750,802) |
| Interest income | | 45,664 | 12,626 |
| **Net finance income** | | 45,664 | 12,626 |
| **Loss before tax** | | (867,390) | (738,176) |
| Income tax expense | | - | - |
| **Loss for the period** | | (867,390) | (738,176) |
| Basic loss per share attributable to ordinary equity holders | 7 | (0.83) cents | (0.82) cents |
| Diluted loss per share attributable to ordinary equity holders | 7 | (0.83) cents | (0.82) cents |

The interim income statement is to be read in conjunction with the notes to the interim financial statements set out on pages 10 to 12.

# BIOTRON LIMITED

## INTERIM STATEMENT OF RECOGNISED INCOME AND EXPENSE FOR THE SIX MONTHS ENDED 31 DECEMBER 2008

| | 31 December 2008 $ | 31 December 2007 $ |
|---|---|---|
| **Income and expense recognised directly in equity** | - | - |
| **Loss for the period** | (867,390) | (738,176) |
| **Total recognised income and expense for the period** | (867,390) | (738,176) |

Other movements in equity arising from transactions with owners as owners are set out in note 8.

The interim statement of recognised income and expense is to be read in conjunction with the notes to the interim financial statements set out on pages 10 to 12.

# BIOTRON LIMITED

## INTERIM BALANCE SHEET
## AS AT 31 DECEMBER 2008

| | Notes | 31 December 2008 $ | 30 June 2008 $ |
|---|---|---|---|
| **Current assets** | | | |
| Cash and cash equivalents | | 996,429 | 2,063,596 |
| Trade and other receivables | | 25,658 | 59,483 |
| Other | | 15,131 | 29,160 |
| **Total current assets** | | 1,037,218 | 2,152,239 |
| **Non-current assets** | | | |
| Plant and equipment | | 94,276 | 115,083 |
| **Total non-current assets** | | 94,276 | 115,083 |
| **Total assets** | | 1,131,494 | 2,267,322 |
| **Current liabilities** | | | |
| Trade and other payables | | 53,336 | 317,627 |
| Employee entitlements | | 102,171 | 106,318 |
| **Total current liabilities** | | 155,507 | 423,945 |
| **Total liabilities** | | 155,507 | 423,945 |
| **Net assets** | | 975,987 | 1,843,377 |
| **Equity** | | | |
| Issued capital | 8 | 19,146,365 | 19,146,365 |
| Reserves | 8 | 359,608 | 359,608 |
| Accumulated losses | 8 | (18,529,986) | (17,662,596) |
| **Total equity** | | 975,987 | 1,843,377 |

The interim balance sheet is to be read in conjunction with the notes to the interim financial statements set out on pages 10 to 12.

## BIOTRON LIMITED

## INTERIM STATEMENT OF CASH FLOWS
## FOR THE SIX MONTHS ENDED 31 DECEMBER 2008

| | | 31 December 2008 $ | 31 December 2007 $ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash receipts in the course of operations | | 3,910 | 486,138 |
| Payments for research and development | | (558,741) | (767,490) |
| Cash payments in the course of operations | | (571,511) | (391,612) |
| Cash absorbed by operations | | (1,126,342) | (672,964) |
| Interest received | | 54,175 | 8,781 |
| **Net cash used in operating activities** | | (1,072,167) | (664,183) |
| **Cash flows from investing activities** | | | |
| Proceeds from sale of plant and equipment | | 5,000 | - |
| **Net cash used in investing activities** | | 5,000 | - |
| **Cash flows from financing activities** | | | |
| Proceeds from share purchase plan | 8 | - | 581,506 |
| **Net cash from financing activities** | | - | 581,506 |
| **Net decrease in cash and cash equivalents** | | (1,067,167) | (82,677) |
| Cash and cash equivalents at 1 July | | 2,063,596 | 1,378,722 |
| **Cash and cash equivalents at 31 December** | | 996,429 | 1,296,045 |

The interim statement of cash flows is to be read in conjunction with the notes to the interim financial statements set out on pages 10 to 12.

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## 1. REPORTING ENTITY

Biotron Limited (the 'Company') is a company domiciled in Australia.

The annual financial report of the Company as at and for the year ended 30 June 2008 is available upon request from the Company's registered office at Level 2 66 Hunter Street, Sydney, NSW, 2000 or at www.biotron.com.au.

## 2. STATEMENT OF COMPLIANCE

The interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

The Company's interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the 30 June 2008 annual financial report and any public announcements by the Company during the half year in accordance with continuous disclosure obligations arising under the Corporations Act 2001.

The interim financial report was authorised for issue by the Directors on 12 February 2009.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Company in this interim financial report are the same as those applied by the Company in its financial report as at and for the year ended 30 June 2008.

## 4. GOING CONCERN

The interim financial report has been prepared on a going concern basis which contemplates the realisation of assets and settlement of liabilities in the ordinary course of business.

The Company has incurred significant trading losses of $867,390 in the half year ended 31 December 2008 and has accumulated losses of $18,529,986 as at 31 December 2008. These conditions give rise to a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern. The ongoing operation of the Company is dependent on:

- The Company raising additional funding from shareholders or other parties; and/or
- The Company reducing expenditure in line with available funding.

The directors have prepared cash flow projections that support the ability of the Company to continue as a going concern. These cash flow projections assume the Company obtains sufficient additional funding from shareholders or other parties. If such funding is not achieved, the Company plans to reduce expenditures significantly.

In the event that the Company does not obtain additional funding and /or reduce expenditure in line with available funding, it may not be able to continue its operations as a going concern and therefore may not be able to realise its assets and extinguish its liabilities in the ordinary course of operations and at the amounts stated in the interim financial statements.

## 5. ESTIMATES

The preparation of the interim financial report 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 this interim financial report, 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 financial report as at and for the year ended 30 June 2008.

## 6. FINANCIAL REPORTING BY SEGMENTS

The Company operates in the biotechnology industry in Australia.

## 7. LOSS PER SHARE

| | 31 December 2008 $ | 31 December 2007 $ |
|---|---|---|
| Basic and diluted loss per share have been calculated using: | | |
| Net loss for the six months ended 31 December | 867,390 | 738,176 |
| Weighted average number of ordinary shares | 104,443,565 | 89,940,966 |

## 8. CAPITAL AND RESERVES

**Reconciliation of movement in capital and reserves**

| | Share capital $ | Equity compensation reserve $ | Retained losses $ | Total $ |
|---|---|---|---|---|
| Balance at 1 July 2007 | 16,865,134 | 296,497 | (15,805,615) | 1,356,016 |
| Transfer from reserve to retained losses | | (25,112) | 25,112 | - |
| Total recognised income and expense | - | - | (738,176) | (738,176) |
| Issue of ordinary shares | 581,506 | - | - | 581,506 |
| Equity settled transactions net of tax | - | - | - | - |
| Balance at 31 December 2007 | 17,446,640 | 271,385 | (16,518,679) | 1,199,346 |
| Balance at 1 July 2008 | 19,146,365 | 359,608 | (17,662,596) | 1,843,377 |
| Transfer from reserve to retained losses | | | | |
| Total recognised income and expense | - | - | (867,390) | (867,390) |
| Issue of ordinary shares | - | - | - | - |
| Equity settled transactions net of tax | - | - | - | - |
| Balance at 31 December 2008 | 19,146,365 | 359,608 | (18,529,986) | 975,987 |

***Dividends***

There were no dividends paid or declared during the six months ended 31 December 2008, or during the six months ended 31 December 2007.

***Share Purchase Plan***

No shares were issued during the six months ended 31 December 2008.

During the six months ended 31 December 2007:

- Approximately 200 shareholders elected to participate in the Share Purchase Plan, ('SPP') resulting in the allotment on 21 December 2007 of 3,628,800 new fully paid ordinary shares for $616,896, before share issue costs of $35,390. Martin Place Securities Pty Limited underwrote the issue of 14,700,000 shares, $2.5 million, issued pursuant to the SPP.

**8. CAPITAL AND RESERVES (Cont.)**

***Options***
No options were issued during the six month ended 31 December 2008

During the six months ended 31 December 2007:

- 400,000 options, each exercisable at 35 cents for one fully paid ordinary share, lapsed unexercised.

# BIOTRON LIMITED

## DIRECTORS' DECLARATION

In the opinion of the directors of Biotron Limited:

(a) the 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 2008 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 12 February 2009:

Michael J. Hoy
Director

# INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF BIOTRON LIMITED

We have reviewed the accompanying interim financial report of Biotron Limited (the "Company"), which comprises the interim balance sheet as at 31 December 2008, income statement, statement of recognised income and expense and cash flow statement for the half year ended on that date, a description of significant accounting policies and other explanatory notes 1 to 8 and the directors' declaration.

***Directors' Responsibility for the Financial Report***
The directors of the Company are responsible for the preparation and fair presentation of the interim financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the interim financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

***Auditor's Responsibility***
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 Interim and Other Financial Reports 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 2008 and 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*. 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.

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

***Conclusion***
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:

a) giving a true and fair view of the Company's financial position as at 31 December 2008 and of its performance for the half year ended on that date; and
b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

***Material Uncertainty Regarding Continuation as a Going Concern***
Without qualifying our conclusion, we draw attention to Note 4, "Going Concern" in the interim financial report. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the interim financial report.

KPMG

12 February 2009

W.E. Austin

Partner

# BIOTRON LIMITED

## CORPORATE DIRECTORY

**Directors:**

Mr Michael J. Hoy (Chairman)
Dr Michelle Miller (Managing Director)
Dr Michael S. Hirshorn
Mr Bruce Hundertmark
Mr Peter G. Scott

**Company Secretary:**

Mr Peter J. Nightingale

**Registered Office:**

Level 2, 66 Hunter Street
SYDNEY NSW 2000
Phone: 61-2 9300 3344
Fax: 61-2 9221 6333
E-mail: enquiries@biotron.com.au
Homepage: www.biotron.com.au

**Share Registrar:**

Computershare Investor Services Pty Limited
PO Box 523
BRISBANE QLD 4001
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.