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21 February 2008

The Manager - Companies  
Australian Stock Exchange Limited  
20 Bridge Street  
SYDNEY NSW 2000

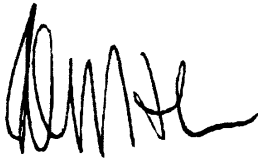
(18 pages by email)

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 2007. This Interim Financial Report should be read in conjunction with the Company's 30 June 2007 Annual Report.

Yours sincerely



Peter J. Nightingale  
Company Secretary

pjn4290

# 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 2007**

### Results for announcement to the market

Revenues from ordinary activities	Down	9%	to	454,570
Loss from ordinary activities after tax attributable to members	Down	58%	to	738,176
Net loss for the period attributable to members	Down	58%	to	738,176
<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	1.3 cents		3.2 cents	

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

**INTERIM FINANCIAL REPORT  
FOR THE HALF YEAR ENDED  
31 DECEMBER 2007**

# BIOTRON LIMITED

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# BIOTRON LIMITED

## DIRECTORS' REPORT

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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 2007 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 and Eiffel Technologies Limited and is 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 over 20 years' experience 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 is a leader in the Australian life sciences industry. He was a founding executive of Cochlear Limited and served as CEO. In 1988 he won BRW Businessman of the Year (Technology) for establishing Cochlear in the USA and Europe. He subsequently established Cochlear in Japan. He was also director of ResMed Inc., now listed on the NYSE and ASX. These two companies have a combined market capitalisation of more than \$4.0 billion.

In 2000, Dr Hirshorn moved into private equity, joining Kestrel Capital as a manager of one of its funds and has been a director or observer on the board of 10 portfolio companies. His current Kestrel directorships include Dynamic Hearing and TGR BioSciences.

He has significant international management expertise in all operational areas from manufacturing to research and development, intellectual property, worldwide marketing and sales, regulatory affairs, government relations, business development and developing strategic alliances with major multinationals.

In 2004 Dr Hirshorn was awarded an Order of Australia for his work in commercialising medical technology.

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 high technology based company start-up operations and promoting the formation of venture capital companies, including News Datacom Limited in Israel and PT Indo Bio Products in Indonesia.

He has been a director of News International PLC, Prudential Cornhill Insurance Limited and Eiffel Technologies Limited and was Managing Director of IMFC Limited, a merchant bank.

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

# BIOTRON LIMITED

## DIRECTORS' REPORT

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**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 and other 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 20 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 and Bolnisi Gold NL. Mr Nightingale is currently a director or company secretary of Cockatoo Coal Limited, BMDi International Limited and Planet Gas Limited.

### **Review of Operations**

The period under review has seen continued focus on clinical progression of Biotron's antiviral drug development program, with a major focus on developing new drugs for treatment of HIV and Hepatitis C virus (HCV).

Significant events achieved in this half year period include:

- Successful completion of Phase I clinical trial of the Company's lead antiviral drug BIT225. This was the first trial of BIT225 in humans.
- Receipt of a competitive Commercial Ready grant from the Australian Federal government for aspects of development of BIT225.
- Demonstration that BIT225 was highly synergistic with existing treatments for HCV, which significantly strengthens and advances the Company's HCV development program.
- Demonstration of activity of Biotron compounds against Hepatitis B virus.
- Presentation of Phase I data on BIT225 at international HCV meeting in Hawaii, USA in December 2007.
- Presentation of other data from the Company's HIV and HCV programs at several international scientific conferences.
- Issue of 3,628,800 fully paid ordinary shares for \$616,896 pursuant to a \$2.5 million underwritten Share Purchase Plan, raising funds for further clinical development of BIT225.

### **Clinical Development of BIT225**

The last few months have seen the maturing of Biotron from a research-based company to an antiviral drug development company with an exciting portfolio of clinical development programs. Biotron's HIV and HCV programs are truly world class, with a new first-in class drug, BIT225, offering the potential to significantly advance treatments of both these debilitating infections. The market for both these diseases is very large, with the worldwide market for HCV currently almost US\$3.0 billion. The US market alone for HIV is over US\$3.3 billion.

During this half year period Biotron has successfully completed a major value adding milestone for its antiviral drug development program, with the completion of the first human clinical trial of BIT225, following on from completing a comprehensive program of preclinical safety studies at the start of 2007. BIT225 is an investigational, orally administered, novel antiviral compound in development by Biotron for treatment of HIV and HCV infections.

# BIOTRON LIMITED

## DIRECTORS' REPORT

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The data from this Phase I clinical trial indicated BIT225 was well tolerated, with no dose limiting toxicities. Preliminary analysis indicated that potentially therapeutic blood levels of BIT225 were achieved, based on calculations extrapolated from preclinical *in vitro* antiviral efficacy studies. The data from this Phase I trial is the first human clinical analysis of BIT225, and are important as they set the stage for further studies of the drug in patient populations. The data demonstrate that the absorption, distribution, half-life, and tolerability of BIT225 are acceptable, and that safety and pharmacokinetic (PK) profiles of BIT225 support ongoing clinical development.

BIT225 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.

In addition, 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 it is estimated that this market will expand to over US\$10.0 billion as safe, effective therapies enter the market.

During this half year period, independent research in the USA demonstrated that Biotron's lead antiviral drug, 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 commonly used HCV therapies - ribavirin and interferon- $\alpha$ . The addition of BIT225 to ribavirin and interferon- $\alpha$  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 diarrhoea 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.

Biotron has filed a new patent to extend the current protection over its lead antiviral drug BIT225 and analogues. This latest patent filing further strengthens Biotron's extensive intellectual property portfolio in the antiviral drug development field.

Biotron is now focused on progressing BIT225 into Phase Ib/IIa clinical trials in both HIV and HCV infected subjects. The completed Phase I clinical trial in healthy volunteers will support the trials in these two patient populations, which significantly reduces the costs and timelines of Biotron's clinical development program. Trial designs and regulatory and ethics submissions are in final review for two trials, one in HIV and one in HCV populations and, subject to regulatory and ethics approvals, with likely commencement of these trials in the second quarter of 2008 and concluding during third quarter of 2008.

These proposed 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 truly 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.

Biotron continues to leverage shareholder funds by accessing non-equity funding to support its development programs. During the half year period under review, the Company received a grant of \$441,944 from the Commonwealth Government's Commercial Ready Grant Program. The grant is a partial reimbursement of expenditures incurred in the Phase I clinical development and testing of BIT225.

This latest grant is in addition to the previous grants, including a Biotechnology Innovation Fund (BIF) grant which assisted with early-stage development of new drugs for various targeted viruses, and a Start Grant which facilitated the selection and preclinical testing of BIT225.

# BIOTRON LIMITED

## DIRECTORS' REPORT

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In December 2007 Biotron initiated a \$2.5 million underwritten Share Purchase Plan (SPP) to raise additional capital for clinical development of its antiviral programs. The funds raised by the SPP will be used to support the Company's ongoing operational costs, including funding the clinical development of the Company's drug BIT225 into Phase Ib/IIa clinical trials in infected patients.

### Other Viral Programs

In addition to excellent progress with the Company's anti-HIV and HCV development programs, Biotron further advanced its antiviral platform with the finding that several of its proprietary compounds have shown potent activity against the Hepatitis B virus (HBV).

According to the World Health Organisation (WHO), 350 to 400 million people are chronically infected with HBV. Chronic Hepatitis B (CHB) is a serious global health problem, with infection progressing to liver cirrhosis and hepatocellular carcinoma, resulting in up to 1.2 million deaths worldwide each year. Up to 80% of the world's primary liver cancer, which is currently the fifth most frequent cancer worldwide, is attributable to chronic CHB.

This latest activity data against HBV demonstrates the depth of Biotron's antiviral portfolio. The Company has an impressive portfolio of clinical and preclinical antiviral programs developing drugs targeting HIV, HCV, Dengue virus and Influenza virus. At present, focus is on development of the HIV and HCV programs into trials in infected patient populations, and additional resources will be committed to these additional programs once these more advanced programs have been successfully commercialised.

Discussions continue to be held with potential partners regarding the Virion technology. Whilst keen to secure a partner to take the Company's compounds through into clinical development, Biotron can significantly increase the value of the technology by undertaking the proposed Phase Ib/IIa clinical trials before forming an alliance. This will translate into much higher returns to the Company in the form of upfront payments as well as increased milestone and royalty payments in the future.

The level of interest by the international community in Biotron's antiviral programs is reflected by the selection of Biotron to participate in several prestigious international scientific conferences. In July 2007, Biotron was selected to give two presentations at the International AIDS Society conference in Sydney, NSW, and in December Biotron scientists were selected to present data at an HCV conference and at an HIV 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 2007.

This report has been signed in accordance with a resolution of the Directors and is dated 21 February 2008:



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 2007, 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.

A handwritten signature in black ink that reads 'KPMG' in a cursive, stylized font.

KPMG

A handwritten signature in black ink that reads 'S.J. Board' in a cursive, stylized font.

S.J. Board  
Partner

21 February 2008

**BIOTRON LIMITED**  
**INTERIM INCOME STATEMENT**  
**FOR THE SIX MONTHS ENDED 31 DECEMBER 2007**

	Notes	31 December 2007 \$	31 December 2006 \$
Gain on sale of intellectual property		-	402,457
Grant income		441,944	-
Administration and consultants' expenses		(179,866)	(231,459)
Depreciation		(22,896)	(25,516)
Direct research and development expenses		(704,120)	(1,387,823)
Employee and director expenses		(202,799)	(240,785)
Legal fees		(4,543)	(68,872)
Rent		(4,276)	(22,230)
Travel		(18,812)	(37,278)
Refund of grant		-	(127,177)
Other expenses from ordinary activities		(55,434)	(97,648)
<b>Operating loss before financing income</b>		<u>(1,192,746)</u>	<u>(1,836,331)</u>
Finance income		12,626	94,963
<b>Net finance income</b>		<u>12,626</u>	<u>94,963</u>
<b>Loss before tax</b>		(738,176)	(1,741,368)
Income tax expense		-	-
<b>Loss for the period</b>		<u>(738,176)</u>	<u>(1,741,368)</u>
Basic loss per share attributable to ordinary equity holders	7	<u>(0.82) cents</u>	<u>(1.94) cents</u>
Diluted loss per share attributable to ordinary equity holders	7	<u>(0.82) cents</u>	<u>(1.94) cents</u>

The interim income statement is to be read in conjunction with the notes to the interim financial statements set out on pages 10 to 11.

**BIOTRON LIMITED**

**INTERIM STATEMENT OF RECOGNISED INCOME AND EXPENSE  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2007**

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	<b>31 December 2007 \$</b>	<b>31 December 2006 \$</b>
<b>Income and expense recognised directly in equity</b>	-	-
<b>Loss for the period</b>	(738,176)	(1,741,368)
<b>Total recognised income and expense for the period</b>	<u>(738,176)</u>	<u>(1,741,368)</u>

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 11.

**BIOTRON LIMITED**

**INTERIM BALANCE SHEET  
AS AT 31 DECEMBER 2007**

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	Notes	31 December 2007 \$	30 June 2007 \$
<b>Current assets</b>			
Cash and cash equivalents		1,296,045	1,378,722
Trade and other receivables		7,343	41,051
Other		21,455	6,000
<b>Total current assets</b>		1,324,843	1,425,773
<b>Non-current assets</b>			
Property, plant and equipment		70,369	93,265
<b>Total non-current assets</b>		70,369	93,265
<b>Total assets</b>		1,395,212	1,519,038
<b>Current liabilities</b>			
Trade and other payables		134,382	117,618
Employee entitlements		61,484	45,405
<b>Total current liabilities</b>		195,866	163,023
<b>Total liabilities</b>		195,866	163,023
<b>Net assets</b>		1,199,346	1,356,015
<b>Equity</b>			
Issued capital	8	17,446,640	16,865,134
Reserves	8	271,385	296,497
Accumulated losses	8	(16,518,679)	(15,805,616)
<b>Total equity</b>		1,199,346	1,356,015

The interim balance sheet is to be read in conjunction with the notes to the interim financial statements set out on pages 10 to 11.

**BIOTRON LIMITED****INTERIM STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2007**

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	31 December 2007 \$	31 December 2006 \$
<b>Cash flows from operating activities</b>		
Cash receipts in the course of operations	486,138	-
Cash payments in the course of operations	(391,612)	(813,912)
Interest received	8,782	85,688
Payments for research and development	<u>(767,490)</u>	<u>(1,512,727)</u>
<b>Net cash used in operating activities</b>	<u>(664,183)</u>	<u>(2,240,951)</u>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	<u>-</u>	<u>(2,192)</u>
<b>Net cash used in investing activities</b>	<u>-</u>	<u>(2,192)</u>
<b>Cash flows from financing activities</b>		
Proceeds from Share purchase plan	8 <u>581,506</u>	<u>-</u>
<b>Net cash from financing activities</b>	<u>581,506</u>	<u>-</u>
<b>Net decrease in cash and cash equivalents</b>	(82,677)	(2,243,143)
Cash and cash equivalents at 1 July	<u>1,378,722</u>	<u>4,623,586</u>
<b>Cash and cash equivalents at 31 December</b>	<u><u>1,296,045</u></u>	<u><u>2,380,443</u></u>

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 11.

# BIOTRON LIMITED

## CONDENSED NOTES TO THE INTERIM FINANCIAL REPORT

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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 2007 is available upon request from the Company's registered office at Level 8, 261 George Street, Sydney, NSW, 2000 or at [www.biotron.com.au](http://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 Reports* 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 2007 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 21 February 2008.

### 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 2007.

### 4. GOING CONCERN

As at 31 December 2007, the Company had cash funds of \$1,296,045. During the half year ended 31 December 2007, the Company's cash outflows were lower than normal, primarily due to less research expenditure on preclinical development studies. The available cash funds at 31 December 2007 are sufficient to meet the Company's minimum research, development and operating cost commitments until at least 31 March 2009. The directors will seek to raise additional equity in the future to fund additional research, development and operating activities above its minimum commitments.

### 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 2007.

### 6. FINANCIAL REPORTING BY SEGMENTS

The Company operates in the biotechnology industry in Australia.

### 7. LOSS PER SHARE

	31 December 2007 \$	31 December 2006 \$
Basic and diluted loss per share have been calculated using:		
Net loss for the six months ended 31 December	<u>738,176</u>	<u>1,741,368</u>
Weighted average number of ordinary shares	<u>89,940,966</u>	<u>89,743,565</u>

**BIOTRON LIMITED****CONDENSED NOTES TO THE INTERIM FINANCIAL REPORT****8. CAPITAL AND RESERVES****Reconciliation of movement in capital and reserves**

	<b>Share capital \$</b>	<b>Equity remuneration reserve \$</b>	<b>Retained losses \$</b>	<b>Total \$</b>
Balance at 1 July 2006	16,865,134	251,076	(12,620,362)	4,495,848
Transfer from reserve to retained losses	-	-	-	-
Total recognised income and expense	-	-	(1,741,368)	(1,741,368)
Equity settled transactions net of tax	-	94,171	-	94,171
Balance at 31 December 2006	<u>16,865,134</u>	<u>345,247</u>	<u>(14,361,730)</u>	<u>2,848,651</u>
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	<u>17,446,640</u>	<u>271,385</u>	<u>(16,518,679)</u>	<u>1,199,346</u>

**Dividends**

There were no dividends paid or declared during the six months ended 31 December 2007, or during the six months ended 31 December 2006.

**Share Purchase Plan**

During the six months ended 31 December 2007:

- Approximately 200 shareholders elected to participate in the Share Purchase Plan resulting in the allotment, on the 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 has underwritten the issue of 14,700,000 shares, \$2.5 million, to be issued pursuant to the SPP.

**Options**

During the six months ended 31 December 2007:

- 400,000 options, each exercisable at 35 cents for one fully paid ordinary share at any time up to 30 September 2010, lapsed unexercised.

# BIOTRON LIMITED

## DIRECTORS' DECLARATION

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In the opinion of the directors of Biotron Limited:

- (a) the financial statements and notes, set out on pages 6 to 11, 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 2007 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 21 February 2008:

A handwritten signature in blue ink, appearing to read 'Michael J. Hoy', is written over a horizontal line.

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 2007, 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 selected explanatory notes 1 to 8 and the directors' declaration set out on pages 6 to 12.

### **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 Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001. This responsibility includes designing, implementing 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 an Interim 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 2007 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.

### **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 2007 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.

KPMG

21 February 2008

S.J. Board

Partner

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

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**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 8, 261 George Street  
SYDNEY NSW 2000  
Phone: 61-2 9247 8212  
Fax: 61-2 9247 3932  
E-mail: enquiries@biotron.com.au  
Homepage: www.biotron.com.au

**Research Facilities:**

Innovations Building  
Eggleston Road  
Australian National University  
CANBERRA ACT 2601  
Phone: 61-2 6125 8001  
Fax: 61-2 6125 8070

**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:**

Australian Stock Exchange 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.