BIOTRON LIMITED

A.B.N. 60 086 399 144

HALF YEAR
FINANCIAL REPORT
31 DECEMBER 2004

BIOTRON LIMITED

CONTENTS

BIOTRON LIMITED

DIRECTORS' REPORT

Your Directors have pleasure in submitting their report together with the financial report of Biotron Limited ('the Company') for the half year ended 31 December 2004 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 Holding Pty Ltd 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
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.

Professor Peter W. Gage, MB ChB, PhD, DSc FAA
Research Director

Professor Gage is a professor of Physiology at the John Curtin School of Medical Research at the Australian National University and President of the Australian Physiological and Pharmacological Society.

He has more than 35 years experience in medical research, including training medical researchers, particularly PhD students. For the past 25 years his research focus has been on ion channels.

Professor Gage was admitted as a fellow of the Australian Academy of Science in 1977 and was the recipient of an Award of a Special Research Centre by the government in 1982 for research on nerve and muscle ion channels.

He has been a Director since 23 February 1999.

Dr Michael S. Hirshorn, MBA, MB, BS
Independent and Non-Executive Director

Dr Hirshorn has over 20 years experience in the commercialisation of Australian Technology, particularly in the medical device industry, and extensive experience in collaboration with Australian research institutes.

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 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 and is currently Chief Executive of the St. George Innovation Fund which is run by the venture capital firm, Nanyang Ventures.

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

Mr Bruce Hundertmark, BE, BEc
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 was Managing Director of IMFC Limited, a merchant bank.

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.

Review of Operations

The half year ended 31 December 2004 has seen a continued focus on commercial development of the two major projects under development at Biotron, with a particular emphasis on the Virion anti-viral technology.

Significant events achieved in this half year period include:

- Substantial improvement in the design of many new Virion compounds based on results from past studies.
- Synthesising and testing the new Virion compounds with better efficacy and toxicity results.
- Successful completion of the second stage of preclinical toxicity testing of Biotron's lead antiviral compounds.
- Identification of probable Virion lead candidates.
- Publication in the prestigious international scientific journal, Virology, of a paper describing research associated with the SARS coronavirus drug discovery program.
- Issue of a key Virion patent covering the first generation of the Company's anti-HIV inhibitors.
- Successful completion of initial pharmacokinetic and chemical stability studies of one of the Company's anti-HIV compounds.
- Initiation and successful implementation of a Share Purchase Plan to eligible shareholders, raising in excess of $1.2 million.

During the half year period, the Company continued to receive grant funds under the Commonwealth Government's R&D Start and Biotechnology Innovation Fund (BIF) Programs.

Virion

As previously stated in the 30 June 2004 Annual Report, Biotron is deliberately focusing its efforts on commercial development of the Virion and C-Test projects. Of these two projects, the Virion project is the most advanced, and is the subject of the majority of current commercial development emphasis.

Company researchers have identified a new class of target for therapeutic intervention for several viruses, including HIV-1, Hepatitis C virus, Dengue virus and SARS coronavirus. The Virion project is developing novel antiviral agents that will interact with these new targets, with most effort currently focused on development of the Virion anti-HIV program.

Under this anti-HIV program, Biotron is developing small molecule inhibitors of the Vpu protein of HIV-1. Vpu is involved in releasing freshly-made virus from HIV-1-infected cells, and inhibition of this protein prevents budding or release of infectious virus, thereby preventing the spread of HIV-1.

Over the last 2 years, Biotron has designed, synthesised and tested over 200 compounds for anti-Vpu activity. The Company initially identified BIT009 as having anti-HIV activity, targeting the Vpu protein of the virus. While BIT009 had good activity levels, it displayed potentially unfavourable characteristics that may have affected how it would behave in humans. To enhance the characteristics of the Company's compounds, Biotron undertook an extensive program of drug design by designing new compounds starting from the initial BIT009 structure.

As compounds were designed and synthesised they underwent primary screening for activity against the Vpu protein target in Biotron's in-house proprietary rapid assay. These results were used by chemists working on the project to design the next round of compounds. This process of iterative drug design is the standard method used in the pharmaceutical industry to generate compounds with improved activity and profiles against a particular receptor.

Initially, Biotron had one active compound – BIT009. As a result of the achievements over the past year and several rounds of this iterative design process, the Company now has over 150 compounds with activity against the Vpu protein on HIV. This program has been highly successful and can be measured by the large number of compounds with greatly improved antiviral and toxicity characteristics *in vitro*.

The outcome of these activities is the identification of the probable Virion lead candidates from the Company's library of compounds which will be selected for the final phases of preclinical development work, including animal trials leading to the Company's proposed Phase I/IIa human trials.

This identification of the best lead candidate has formed part of the Company's on-going, ordered drug development program:

- Based on activity levels in the Company's rapid screening assay, the most active compounds have been tested against HIV-1 virus in infected human cells.
- In parallel with this efficacy work, the compounds were tested for cellular toxicity against a range of cell types, including human blood cells.
- Researchers then undertook a series of preclinical tests on a set of the best compounds involving a series of studies aimed at determining toxicity levels in animals, as well as pharmacokinetic and chemical stability studies.
- These studies were designed to determine the metabolism and action of the drugs, with particular emphasis on the time required for the drug's absorption, duration of action, distribution in the body and excretion, as well as information regarding physicochemical properties of the drugs.

These preclinical studies have demonstrated that Biotron has a range of compounds with very good, druggable characteristics, including:

- Good bioavailability (the rate and extent that the active drug is absorbed from a dosage form and becomes available in the systemic circulation) following both oral and intravenous dosing.
- Good stability in various solvents.

Acute toxicity studies in mice and rats have been undertaken to determine 'no observed adverse effect levels' (NOAELs), and demonstrated that the tested compounds were absorbed and metabolised by the animals and that the toxicity levels were within acceptable levels.

The importance of these preclinical studies should not be underestimated. The results of these studies will form the basis of future regulatory approvals for Biotron's technology with organisations including the Therapeutic Goods Administration (TGA) in Australia and the Food and Drug Administration (FDA) in the USA, which control approvals for new drugs in humans.

The next step in this drug development process will be the final selection of the best lead compound (i.e. the one with the most favourable characteristics in terms of efficacy against HIV *in vitro,* toxicity in animals, bioavailability, drug half-life and ease of synthesis) to progress to the final stage of preclinical tests.

These final preclinical tests include longer-term, chronic, multiple-dosing toxicity tests in two species of animals, as well as additional *in vitro* safety tests. Due to the cost and time associated with these final studies only one compound can progress to this next stage. Biotron is completing some on-going tests on the short-listed candidates, and is in discussions with the expert consultants retained by the Company regarding the final choice.

Once a lead is selected, the final preclinical tests, which may take several months, will commence. Once the preclinical tests have been successfully completed the results will be subject to scrutiny by regulatory authorities and hospital ethics committees prior to initiation of a Phase I/IIa clinical trial in humans.

To expedite this process, Biotron has been in discussions with doctors specialising in treatment of HIV as well as clinical trial consultants, regarding design and location of the proposed trial and preliminary meetings have already been held with regulatory authorities.

During the half year ended 31 December 2004, Biotron has also progressed the Virion project's program for treatment of viruses other than HIV.

Studies demonstrating antiviral efficacy against other viruses, including Hepatitis C virus, Dengue virus and SARS coronavirus, are on-going, and have been supported in part by a BIF grant of $250,000 from the Federal government. As part of this program, Biotron is developing rapid, sensitive assays against the target viral proteins. These will significantly enhance the value of the Virion technology and assist in identification of the best compounds to progress into preclinical studies for these other viruses.

Hepatitis C is a particular challenge for the pharmaceutical industry due to the absence of good predictive *in vitro* assay systems. Biotron's work on development of a robust Hepatitis C virus assay will be of particular interest and value to the pharmaceutical industry.

Biotron has screened its library of compounds in the Company's proprietary assays for these other viruses, and has identified several candidates with excellent development potential. A number are the same compounds that have been shown to have activity against HIV-1, and which have been shown to have favourable development characteristics in preclinical studies for that program. This will expedite development of a lead candidate for at least one of these other viral infections.

Biotron is focused on building a strong defensible wall of patents around the Company's intellectual property), maximising the value of the technology which will ensure Biotron is in the strongest competitive position. The Company is well advanced in putting the prerequisite building blocks in place, in terms of increasing the value of the technology to a potential partner. A key patent was issued in late 2004, and additional patent applications will be filed as necessary. Biotron aims to take the Virion HIV technology through a Phase I/IIa clinical trial before forming an alliance with an international pharmaceutical company. This strategy is expected to maximise shareholder value.

C-Test

As noted in the 30 June 2004 Annual Report, C-Test has received a lower priority recently due to the Company's focus on the Virion project. However, despite this, excellent progress continues to be made. As previously noted, a simplified, robust method for analysis, more readily adaptable for automation in a pathology laboratory, has been developed. In addition, good progress has been made on development of software for analysis of samples in a user-friendly interface. Recent progress has focused on identifying biomarkers present in the blood that are specific for prostate cancer. This work is on-going, and the Company expects to shortly complete the first stage of analysis of samples for this disease.

Analysis of biomarkers in the blood for diagnosis of diseases such as cancer is receiving increased attention in the scientific and medical field. Biotron's technology is well placed to take advantage of this upsurge of interest internationally to benefit shareholders.

Tier Two Projects

The remaining projects are underpinned by a platform technology, research on ion channels in membranes. These projects are at an earlier stage of development than the Virion and C-Test projects, and as such, limited resources are committed due to the Company's focus on commercial development of the Virion and C-test projects.

In the Muscion project, Biotron has identified peptides that have potential as drugs for treatment of damaged or failing heart muscle. Biotron scientists are designing small, synthetic versions or mimetics of these peptides, with the aim of producing small, cost effective compounds for advancement into preclinical and clinical development.

The Hypoxion project is focused on identifying compounds that prevent the symptoms of stroke and heart attack. Animal models of the diseases are being established.

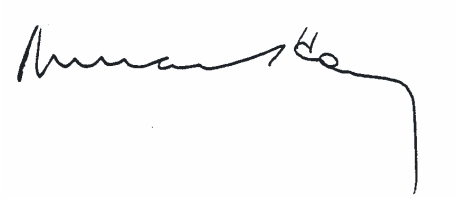
The GeneTrans project has generated a novel cell line that will have utility in drug screening tests to check the safety of new pharmaceutical drugs.

The Gabion project is investigating compounds that act on the GABA receptor, which has been implicated in numerous neurological disorders.

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

The lead auditor's independence declaration is set out on page 6 and forms part of the directors' report for the half year ended 31 December 2004.

This report has been signed in accordance with a resolution of the directors and is dated 25 February 2005:



Michael J. Hoy
Director

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Lead Auditor's Independence Declaration under Section 307C of the Corporation 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 2004, 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

S.J. Board
Partner

Brisbane
25 February 2005

BIOTRON LIMITED

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE HALF YEAR ENDED 31 DECEMBER 2004

	Note	31 December 2004 $	31 December 2003 $
Other revenues from ordinary activities		580,650	111,214
Total revenue		580,650	111,214
Administration and consultants' expenses		(155,623)	(267,413)
Depreciation		(69,513)	(81,717)
Direct research and development expenses		(688,745)	(677,743)
Employee and director expenses		(247,913)	(190,807)
Legal fees		(3,093)	(17,501)
Rent		(53,331)	(67,587)
Travel		(24,814)	(18,747)
Other expenses from ordinary activities		(113,338)	(111,563)
Loss from ordinary activities before related income tax expense		(775,720)	(1,321,864)
Income tax expense relating to ordinary activities		-	-
Net Loss	5	(775,720)	(1,321,864)
Basic loss per share	2	1.21 cents	2.06 cents
Diluted loss per share	2	1.21 cents	2.06 cents

BIOTRON LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2004

	Note	31 December 2004 $	30 June 2004 $
CURRENT ASSETS			
Cash assets		3,242,074	2,617,629
Receivables		22,212	65,502
Inventories		61,045	64,590
Total Current Assets		3,325,331	2,747,721
NON-CURRENT ASSETS			
Plant and equipment		292,180	361,509
Total Non-Current Assets		292,180	361,509
Total Assets		3,617,511	3,109,230
CURRENT LIABILITIES			
Payables		197,743	121,166
Provisions		33,183	32,167
Total Current Liabilities		230,926	153,333
Total Liabilities		230,926	153,333
Net Assets		3,386,585	2,955,897
EQUITY			
Contributed equity	3	12,651,368	11,444,960
Reserves	4	110,850	110,850
Accumulated losses	5	(9,375,633)	(8,599,913)
Total Equity		3,386,585	2,955,897

BIOTRON LIMITED

STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2004

	Note	31 December 2004 $	31 December 2003 $
Cash flows from operating activities			
Cash receipts in the course of operations		571,217	6,000
Cash payments in the course of operations		(463,626)	(701,134)
Interest received		61,362	105,214
Payments for research and development		(750,732)	(677,743)
Net cash used in operating activities		(581,779)	(1,267,663)
Cash flows from investing activities			
Payments for plant and equipment		(184)	(120,076)
Proceeds from sale of plant and equipment		-	3,018
Net cash used in investing activities		(184)	(117,058)
Cash flows from financing activities			
Proceeds from issue of shares		1,206,408	-
Net cash provided by financing activities		1,206,408	-
Net increase/(decrease) in cash held		624,445	(1,384,721)
Cash at the beginning of the financial period		2,617,629	5,375,413
Cash at the end of the financial period		3,242,074	3,990,692

BIOTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2004

1. BASIS OF PREPARATION

The half year financial report is a general purpose financial report which has been prepared in accordance with Accounting Standard AASB 1029 *Interim Financial Reporting,* the recognition and measurement requirements of applicable AASB standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. This half year financial report is to be read in conjunction with the 30 June 2004 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.

It has been prepared on the basis of historical costs and, except where stated, does not take into account changing money values or fair values of non-current assets.

These accounting policies have been consistently applied and, are consistent with those applied in the 30 June 2004 Annual Financial Report.

The half year report does not include full note disclosures of the type normally included in an annual financial report.

	31 December 2004 $	31 December 2003 $
2. LOSS PER SHARE		
Basic and diluted loss per share have been calculated using:		
Net loss for the half year	775,720	1,321,864
Weighted average number of ordinary shares	64,311,074	64,055,750

Options disclosed in the contributed equity note below are potential ordinary shares, but are not included in the calculation of diluted loss per share as they are not dilutive.

	31 December 2004 $	30 June 2004 $
3. CONTRIBUTED EQUITY		
Issued and paid up capital		
69,800,550 fully paid ordinary shares (30 June 2004 - 64,055,750)	12,651,368	11,444,960

During the half year ended 31 December 2004 in excess of 300 shareholders participated in a Share Purchase Plan, resulting in the allotment of 5,744,800 new fully paid ordinary shares for cash consideration totalling $1,206,408.

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Company, ordinary shareholders rank after creditors and are fully entitled to any proceeds of liquidation.

Options
The following options were on issue at 31 December 2004, each exercisable to acquire one fully paid ordinary share:

900,000 (2002 - 900,000) exercisable at $0.50 each at any time up to 30 September 2005.
250,000 (2002 - 250,000) exercisable at $0.60 each at any time up to 14 January 2007.
500,000 (2002 - 500,000) exercisable at $0.75 each at any time from 30 June 2003 to 14 January 2007.
500,000 (2002 - 500,000) exercisable at $1.00 each at any time from 30 June 2004 to 14 January 2007.

	31 December 2004 $	30 June 2004 $
4. RESERVES		
Option premium reserve	110,850	110,850

This reserve represents the fair value, at the date of issue, of options on issue.

	Six Months Ended 31 December 2004 $	Six Months Ended 31 December 2003 $
5. ACCUMULATED LOSSES		
Accumulated losses at the beginning of the period	8,599,913	5,794,798
Net loss attributable to members of the Company	775,720	1,321,864
Accumulated losses at the end of the period	9,375,633	7,116,662

6. FINANCIAL REPORTING BY SEGMENTS

The Company operates in the biotechnology industry in Australia.

7. EVENTS SUBSEQUENT TO REPORTING DATE

International Financial Reporting Standards

For reporting periods beginning on or after 1 January 2005, the company must comply with Australian equivalents to International Financial Reporting Standards (AIFRS) as issued by the Australian Accounting Standards Board.

This half year financial report has been prepared in accordance with Australian Accounting Standards and other financial reporting requirements (Australian GAAP) applicable for reporting periods ending on 31 December 2004.

The Company plans to conduct a high level overview of the impacts of transition to AIFRS and to achieve compliance with AIFRS reporting for the financial year commencing 1 July 2005. The Company's implementation overview consists of three phases as described below.

Assessment and planning phase
The assessment and planning phase aims to produce a high level overview of the impacts of conversion to AIFRS reporting on existing account and reporting policies and procedures, systems and processes, business structures and staff.

This process includes:

- High level identification of the key differences in accounting policies and disclosures that are expected to arise from adopting AIFRS
- Assessment of new information requirements affecting management information systems, as well as the impact on the business and its key processes
- Evaluation of the implications for staff, for example training requirements
- Preparation of a conversion plan for expected changes to accounting policies, reporting structures, systems accounting and business processes and staff training.

The assessment and planning phase is expected to be completed by 30 June 2005.

Design phase
The design phase aims to formulate the changes required to existing accounting policies and procedures and systems and processes in order to transition to AIFRS.

The design phase has commenced and incorporates:

- Formulating revised accounting policies and procedures for compliance with AIFRS requirements
- Identifying potential financial impacts as at the transition date and for subsequent reporting periods prior to adoption of AIFRS
- Developing revised AIFRS disclosures
- Designing accounting and business processes to support IFRS reporting obligations
- Identifying and planning required changes to financial reporting and business source systems
- Developing training programs for staff

The design phase is expected to be completed by 30 June 2005.

Implementation phase
The implementation phase will include implementation of identified changes to accounting and business procedures processes and systems and operational training for staff. It will enable the Company to generate the required disclosures of AASB 1 as it progresses through its transition to AIFRS.

Except for certain training that has been given to operational staff, the company has not yet commenced the implementation phase. However this phase is expected to be substantially complete by 30 June 2005

Impact of transition to AIFRS
The differences between Australian Generally Accepted Accounting Principles (Australian GAAP) and AIFRS identified to date as potentially having a significant impact on the company's financial performance and financial position are summarised below. The summary should not be taken as an exhaustive list of all differences between Australian GAAP and AIFRS. No attempt has been made to identify all disclosure, presentation or classification differences that would affect the manner in which transactions or events are presented.

The Company has not completed a project to assess the impact of adoption of AIFRS and has not quantified the effects of all the differences discussed below.

Any assessments made in respect of the transition to AIFRS may require adjustment before inclusion in the first complete annual/half year financial report prepared in accordance with AIFRS due to new or revised standards or interpretations, changes in the operations of the business, or additional guidance on the application of AIFRS in a particular industry or to a particular transaction.

The key potential implications of the conversion to IFRS on the Company are as follows:

- Income tax will be calculated based on the "balance sheet" approach, which will result in more deferred tax assets and liabilities and, as tax effects follow the underlying transaction, some tax effects will be recognised in equity.

- Changes in accounting policies will be recognised by restating comparatives rather than making current year adjustments with note disclosure of prior year effects.

- Internally generated assets (other than development phase expenditure in certain circumstances) will not be recognised as assets. Start-up costs may not be capitalised. Research costs must be expensed.

- Equity-based compensation in the form of shares and options will be recognised as expenses in the periods during which the employee provides related services.

BIOTRON LIMITED

DIRECTORS' DECLARATION

In the opinion of the directors of Biotron Limited:

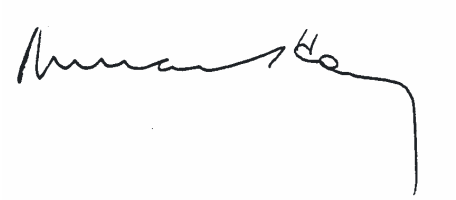
(a) the financial statements and notes, set out on pages 7 to 12, are in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the financial position of the Company as at 31 December 2004 and of its performance, as represented by the results of its operations and cash flows for the half year ended on that date; and

  (ii) complying with Australian Accounting Standard AASB 1029 "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 25 February 2005:



Michael J. Hoy
Director

BIOTRON LIMITED

INDEPENDENT REVIEW REPORT TO THE MEMBERS OF BIOTRON LIMITED

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration set out on pages 7 to 13 for the Biotron Limited ("the Company"), for the half year ended 31 December 2004.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review in order for the Company to lodge the financial report with the Australian Securities and Investments Commission. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements.

We performed procedures in order to state whether on the basis of the procedures described anything has come to our attention that would indicate the financial report does not present fairly, in accordance with the Corporations Act 2001, Australian Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Company's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our statement on the basis of the review procedures performed, which were limited primarily to:

- enquiries of Company personnel; and
- analytical procedures applied to the financial data.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

The procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

A review cannot guarantee that all material misstatements have been detected.

Independence

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

BIOTRON LIMITED

INDEPENDENT REVIEW REPORT TO THE MEMBERS OF BIOTRON LIMITED

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe the half year financial report of Biotron Limited is not in accordance with:

a) the Corporations Act 2001, including:

   i. giving a true and fair view of the Company's financial position as at 31 December 2004 and of its performance for the half year ended on that date; and

   ii. complying with Australian Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and

b) other mandatory financial reporting requirements in Australia.

KPMG

S.J. Board
Partner

Brisbane
25 February 2005

BIOTRON LIMITED

CORPORATE DIRECTORY

Directors:

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

Company Secretary:

Mr Peter J. Nightingale

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