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

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30 August 2004

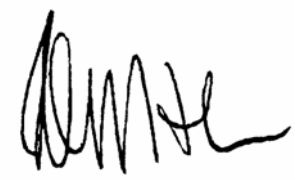
The Manager - Companies
Australian Stock Exchange Limited
20 Bridge Street
SYDNEY NSW 2000 (22 pages by email)

Dear Madam,

RE: PRELIMINARY FINAL REPORT

In accordance with Listing Rule 4.3A, I attach the Company's Appendix 4E, Preliminary Final Report, for the year ended 30 June 2004.

Yours sincerely



Peter J. Nightingale
Company Secretary

pjn2673

Appendix 4E

Preliminary final report

Name of entity

BIOTRON LIMITED

ABN or equivalent company reference	Financial year ended ('current period')
60 086 399 144	**30 JUNE 2004**

Results for announcement to the market

Revenues from ordinary activities	up	236%	to	$707,428
Profit (loss) from ordinary activities after tax attributable to members	up	3%	to	$(2,805,115)
Net profit (loss) for the period attributable to members	up	3%	to	$(2,805,115)

Dividends (distributions)	Amount per security	Franked amount per security
Final dividend Interim dividend	Nil¢ Nil¢	Nil¢ Nil¢
Previous corresponding period Final dividend Interim dividend	 Nil¢ Nil¢	 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 report.

NTA backing	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	4.6 cents	9.0 cents

The accounts which form part of this Appendix 4E are in the process of being audited.

CHAIRMAN'S REPORT

The past year has seen a continued focus on commercial development of the Company's two major projects, Virion and C-Test. Major advances have been made on both projects. Virion's substantial progress means that the Company is well placed to maximise the benefit of the increased value of this world-class technology.

During the year Biotron was successful in its applications for Biotechnology Innovation Fund (BIF) and Start grants from the Federal government. These grants will provide almost $2 million to the Company over the next one to two years. Successful application for the competitive grants is affirmation of the advances the Company has made.

The Virion antiviral technology has expanded to cover a wide range of economically significant viruses in addition to HIV-1. Outstanding research by our scientists has unveiled a potential new therapy for currently untreatable viral diseases including Hepatitis C, SARS and Dengue. Development of therapeutics for these viruses has progressed rapidly and we anticipate that this rapid progress will continue. One of the benefits of having a true platform technology is that the preclinical and clinical studies undertaken for the HIV technology will facilitate development of therapeutics which can target the other viral diseases currently being researched by the Company.

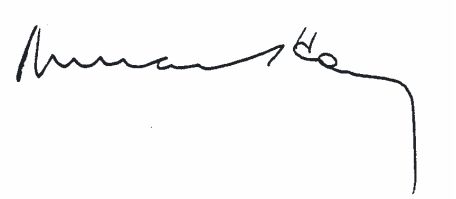
The Virion anti-HIV technology has progressed to preclinical testing and the Company is well along the path to clinical studies in humans. Biotron's compounds show characteristics that are essential for good clinical candidates, a significant advance which should not be underestimated.

The competitive position of C-Test has been significantly increased by improvements to methods of detection, resulting in decreased variability and increased sensitivity. Together with previous advances in sample processing and algorithm/software development, the C-Test cancer diagnostic test format is well placed to take advantage of recent upsurge in interest in biomarkers for disease diagnosis by the international scientific and medical community.

During 2004/05, the Company looks forward to reaping the benefit of these key advances in Virion and C-Test, with the aim of maximising returns to shareholders. The Company is intent on achieving a commercial outcome for these technologies while continually exercising rigorous control of costs.

On behalf of the shareholders and Directors, I would like to thank all Biotron staff for the untiring efforts during the year. Thanks to their commitment and dedication, your Company is well placed to meet the next stage of its development.

Yours sincerely



Michael J. Hoy
Chairman

REVIEW OF OPERATIONS

OVERVIEW

During the year ended 30 June 2004 there has been a continued focus on the commercial development of the key biomedical projects managed and funded by the Company.

The following significant events were achieved during the year under review:

- Demonstration that ion channel activity associated with the p7 protein of Hepatitis C virus can be blocked by Biotron's small molecule compounds, opening up a potential new therapeutic approach to this disease.
- Demonstration that the E protein of SARS coronavirus forms an ion channel and that this activity can be blocked by Biotron's small molecule compounds, opening up a potential therapy for SARS.
- Demonstration that the M protein of Dengue virus forms an ion channel and that this activity can be blocked by Biotron's small molecule compounds, opening up a potential therapy for Dengue and related flaviviruses.
- Awarded a Biotechnology Innovation Fund grant of $250,000 from the Australian Federal Government.
- Publication of two manuscripts describing of Biotron research into potential new therapeutics for HIV and for Hepatitis C virus in international, prestigious, peer-reviewed scientific journals.
- Awarded a Start grant of $1.7 million for preclinical development of the Virion anti-HIV technology.
- Successful completion of the first stage of preclinical toxicity testing of Biotron's lead antiviral compounds.

BIOTRON'S PROJECTS

As stated in the Financial Report for year ended 30 June 2003 and re-iterated in the Update to Shareholders earlier this year, the Company's efforts are currently focused on commercial development of the Virion and C-test Projects. These projects the most advanced within the Company, and address unmet medical needs and have enormous commercial potential. Both have the potential to generate returns in a shorter time frame.

During the 2003-2004 financial year, Biotron has been successful in its applications for Biotechnology Innovation Fund (BIF) and Start grants from the Federal government. These grants will provide almost $2 million to the Company over the next one to two years. Successful application for the grants required Biotron to satisfy independent review committees of the international competitiveness, innovation, and commercial potential of the projects.

Biotron's model is to take projects such as C-Test and Virion through proof-of-concept studies into preclinical and early-stage clinical development. The Company then aims to form partnerships and alliances with international pharmaceutical or biotechnology companies for further late-stage clinical development and marketing of products. Income received from such alliances will be committed to further the commercial development of existing and new Tier 2 Projects.

Virion Project

The Virion Project is aimed at developing antiviral agents that will interact with viral proteins in several significant viral diseases. Over the last 12 months, the scope of the Virion technology has expanded from HIV alone, to include a wide range of other viral diseases. We have been able to demonstrate that the technology has potential to treat viruses such as SARS coronavirus, Hepatitis C virus, Dengue virus, and a number of viruses that cause the common cold. We are confident that the technology will have application against an even wider range of viral diseases.

The most advanced project with Virion is the anti-HIV program, developing small molecule inhibitors of the Vpu protein of HIV-1, a new drug target in the fight against HIV. Vpu plays important roles in the budding and release of newly formed viruses from infected cells, a process that is crucial for the progression of infection.

As of the end of 2003, an estimated 37.8 million people worldwide were living with AIDS, with more than 4.8 million new HIV infections occurring worldwide during 2003.

Current anti-AIDS drug therapies primarily target the HIV-1 reverse-transcriptase and protease enzymes. To counteract the ability of the HIV-1 virus to rapidly mutate and develop resistance, patients are given a cocktail of drugs as part of a Highly Active Anti-Retroviral Therapy (HAART). Discovery and development of new anti-HIV-1 drugs that attack different parts of the virus life cycle is essential in the continuing fight against resistance.

There is a particular need for therapeutics that target HIV in a particular type of cell known as monocyte/macrophages. Recent studies have shown that these cell types act as pools or reservoirs of virus in HIV-infected individuals. Existing regimens of HAART are ineffective at attacking HIV-1 in those cells.

Over the past 12 months, Biotron has designed, synthesized and screened more than 160 compounds with the potential to target specific viral proteins, starting from the design of the initial BIT009 compound. This process of iterative design and testing for activity has generated a focused library of compounds with significantly improved anti-Vpu activity compared to BIT009. Six of the most promising lead candidates have been independently tested overseas and shown to be able to inhibit replication of HIV-1 virus.

An ongoing preclinical development program is underway to ensure the compounds' safety and efficacy, leading up to a Phase I/IIa clinical trial in humans. These steps all form part of an ordered drug development program to maximise returns to shareholders in the commercialisation of the Virion Project by way of collaboration with a pharmaceutical company. The Company is currently in the process of selecting a lead candidate for the HIV study. It is essential that the best lead is selected to maximise the chance of successfully passing through the rigorous safety testing that is required by regulatory authorities before the compound can be tested in human trials. To assist in the lead candidate selection, the Company has retained the services of expert consultants with extensive and proven experience in drug development. We are well advanced in this lead candidate selection process and all results to date are very encouraging, indicating that the compounds have good, “druggable” characteristics (ie the compounds have characteristics that are essential if a drug is to specifically work against a given target in humans).

As part of a preclinical testing program, acute toxicity studies have been undertaken in mice to determine the 'no observed adverse effect levels' (NOAEL) of the six independently tested lead drug candidates. The results to date have indicated that all six compounds tested were metabolised by the mice after oral dosing; and that toxicity levels were within acceptable limits. These results are indicative of the druggable potential of the compounds, and move the Company one step closer to selection of a lead drug candidate.

Discussions are underway with doctors specialising in treatment of HIV as well as clinical trial consultants, regarding the design and location of a Phase I/IIa clinical trial in humans. Consultations with appropriate regulatory authorities are also in progress. The Start grant ($1.7 million) will expedite the development of an HIV therapeutic through preclinical testing and a Phase I/IIa trial in man which will be undertaken prior to partnering with an international pharmaceutical company for further development.

One of the benefits of having a true platform technology is that the preclinical and clinical studies undertaken for the HIV technology will facilitate development of therapeutics which can target the other viral diseases currently being researched by the Company.

During the last 12 months, the Virion project has evolved into a true platform technology, based on the discovery that Biotron's compounds inhibit ion channel activity associated with several other proteins from different viruses including Hepatitis C virus, SARS coronavirus and Dengue virus. This discovery opens up potential antiviral therapies for these currently untreatable viruses. Each is a medically significant virus, affecting very large numbers of people around the world. In late 2003, Biotron was awarded a $250,000 BIF grant to advance its work on viruses other than HIV. Over recent months, enormous progress has been made in this area, with results from independent antiviral studies undertaken both overseas and within Australia demonstrating that the compounds do inhibit growth of target viruses. Additional antiviral testing against a broader range of viruses is currently underway in conjunction with researchers at the National Institute of Health (NIH) in the USA.

Biotron's proprietary screening assays are important components of the Company's technology portfolio. Over the last 12 months, Biotron scientists have set up rapid screening assays covering all current viral target proteins, in addition to the original Vpu-based assay. These proprietary assays have proved invaluable in rapidly screening new compounds for activity against the various viral targets, and significantly increase the value of the Virion technology. Most antiviral assays are very time-consuming and labour-intensive, so access to rapid, high-throughput screens is a significant advantage in terms of time and money.

During the year, on-going discussions have been held with potential partners regarding the Virion technology. Whilst keen to secure a partner to take the compounds through into clinical development, Biotron can vastly increase the value of the technology by undertaking the proposed early (Phase I/IIa) clinical trial 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.

C-Test

Cancer cells have a number of characteristics that distinguish them from normal cells. Most tumour markers are neither sensitive nor specific enough to screen for cancer or diagnose for cancer without the support of other clinical findings. While a number of different tumour markers have been identified, they have generally been found to lack sensitivity and specificity for specific cancers. There is a real need for new tests that allow unambiguous cancer diagnoses to be made at an early stage. The best tests will be simple and non-invasive assays that allow rapid and accurate diagnosis of the type of cancer and its stage.

The C-Test project is developing sensitive, rapid, non-invasive assays to detect and diagnose specific types of cancer. The tests are based on detection of a range of small molecules, including carbohydrates, in the blood of patients. The expression of these molecules differs between patients with specific types of cancer and those without cancer.

Whilst C-Test has received a lower priority recently due to the Company's focus on the Virion project, excellent progress has been made. As reported previously, Biotron scientists have developed a simplified, robust method for preparing blood samples for analysis, which is more readily adaptable for automation in a pathology laboratory. Progress has also been made on the development of software for analysis of the samples into a more user-friendly interface.

Over the last 12 months, work has focused on reducing the variability inherent in the methods used to analyse the blood samples as well as improve the sensitivity of the system for detection of the specific molecules of interest. As a result of this work, the Company has a reliable, reproducible assay that reflects the underlying disease status of the patient. Biotron's primary aim is to generate a commercialisable product that can be moved into the marketplace as rapidly as possible.

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.

Tier 2 Projects

The remaining, Tier 2 Projects are underpinned by a platform technology, research on ion channels in membranes, which allows several scientists to work in different, yet related, areas of research with the results of work in one area providing benefits to other research activities. These projects are at an earlier stage of development than the Virion and C-Test Projects and, in accordance with the Company's focus on the commercial development of the Virion and C-test Projects, limited resources are committed to the Tier 2 Projects at this stage. As these projects develop and resources become available through the commercialisation of the more advanced Tier 1 Projects, additional resources will be committed as they reach specific commercially-focused milestones.

Research has progressed throughout the year on the Tier 2 Projects as discussed below.

Muscion

Contraction of muscle, including heart muscle, depends on release of calcium from stores inside cells through calcium channels called ryanodine receptors. The Muscion Project team is identifying compounds that selectively target ryanodine receptors in heart, skeletal and insect muscle. Biotron researchers are developing drugs to boost the output of a damaged or failing heart muscle, and as part of this process have identified peptides that stimulate heart muscle contraction in vitro.

During the past year, work has continued to be focused on the design, synthesis and testing of non-peptide compounds which mimic the activity of the previously identified peptides that target the cardiac ryanodine receptors. Additional small molecule compounds have been identified that have increased activity against the target ryanodine receptor. Work is on-going, testing these compounds for activity in different in vitro model systems, to further develop them as potential therapeutics for cardiovascular disease.

Hypoxion

The Hypoxion project involves developing compounds that will reduce damage in cells deprived of their blood supply (eg following heart attack or stroke). When blood supply is compromised, cells are starved of oxygen. The consequent build-up of calcium in cells exposed to hypoxia kills them. The aim is to significantly reduce the patient death/disablement rate by stopping the build-up of calcium and saving cells.

The project has two approaches, both aimed at preventing the flow of sodium ions through 'persistent' sodium channels that they have found are opened by hypoxia. The first approach is to screen for compounds that can specifically block persistent sodium channels. The second line of research that is in progress aims to find a way to break the link between hypoxia and the opening of persistent sodium channels.

GeneTrans

The GeneTrans project has focused on a drug transport protein called MRP2. Drug transport proteins have utility in drug screening tests that will help predict the metabolism and safety of new pharmaceuticals. Screening tests are a vital part of the drug development process. If toxicity is detected in the early pre-clinical stage of testing, further testing on animals is avoided and the cost of drug development is significantly decreased. Biotron has generated a novel cell line expressing MRP2 and has developed a drug screening assay using this technology. Discussions are underway with potential licensees for this technology.

Gabion

The Gabion Project team is researching the effects of known compounds that act on the GABAA receptor. Research undertaken as part of the Gabion Project to determine the effects of GABA receptor associated protein on expressed receptors is providing important new information about drug effects on these receptors and has implications for the development of high throughput screens that will assist and accelerate the drug discovery process.

PATENT APPLICATION DEVELOPMENTS

Biotron recognises that the key to establishment of partnerships is the expansion and continued strengthening of Biotron's intellectual property (IP) portfolio. Strong, defensible, international patents are essential to attract partners and to ensure a competitive advantage for our products in the marketplace. Due to the amount of interest now being shown by research groups around the world in the viral ion channel area, Biotron continues to build a strong defensible wall of patents around the Company's IP to maximise the value of the technology and to ensure Biotron's competitive position.

A summary of Biotron patent portfolio and status of patent applications is set out in the table below.

TITLE	COUNTRY	APPLICATION/ PATENT NO.	STATUS
A method of modulating ion channel functional activity	Australia	11370/00	Under examination
	New Zealand	510437	Awaiting examination
	Canada	2345896	Awaiting examination
	Europe	99970324	Awaiting examination
	China	99812019	Requested examination
	Japan	575514/00	Requested examination
	USA	09/807277	Under examination
A method of determining ion channel activity of a substance	Australia	724870	Granted
	USA	6355413	Granted
	Canada	12266334	Requested examination
	Europe	97918844	Awaiting examination
	Japan	515070/1998	Awaiting Official action
Antiviral compounds and methods	Australia	2003903251 (provisional)	Filed PCT application in June 2004
Method of identifying cancer markers and uses therefore in the diagnosis of cancer	Australia	200172220/01	Requested examination
	New Zealand	524197	Filed
	USA	10/333348	Awaiting examination
	Europe	1951237	Awaiting examination
	Canada	2416375	Awaiting examination
	Japan	2002514403	Awaiting examination
	China	1814937	Awaiting Official action
	Brazil	PI0112644	Awaiting Official action
	Singapore	200300370-4	Awaiting examination
A novel cancer marker and uses therefore in the diagnosis of cancer	Australia	2002313402	Awaiting examination
	New Zealand	531450	Under examination
	USA	10/212856	Requested examination
	Europe	752896	Requested examination
	Canada	2457437	Awaiting examination
	Japan		Awaiting examination
	China		Requested examination
	Brazil	PI011697	Awaiting Official action
Modified proteins, isolated novel peptides, and uses therefor	Australia	2001285578	Requested examination
	USA	10/363112	Awaiting examination
	Europe		Awaiting examination
	Japan		Awaiting examination
Method of modulating the activity of calcium channels in cardiac cells and reagents therefor	Australia	2002252850	Awaiting examination
	New Zealand	529940	Awaiting examination
	USA		Awaiting examination
	Europe	2721869	Awaiting examination
	Brazil	PI0210902	Awaiting examination
	Canada	2446839	Requested examination
	Japan	2002-589036	Awaiting examination
	China	2812056	Awaiting Official action

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2004

	Note	2004 $	2003 $
Other revenues from ordinary activities	2	707,428	299,407
Total revenue		707,428	299,407
Administration and consultants' expenses		(462,773)	(474,832)
Depreciation	3	(182,848)	(211,582)
Employee and director expenses		(431,056)	(371,306)
Direct research and development expenses	3	(2,081,410)	(1,197,012)
Rent and outgoings expenses		(119,957)	(81,605)
Legal expenses		(16,710)	(60,636)
Other expenses from ordinary activities		(217,789)	(256,799)
Loss from ordinary activities before related income tax expense		(2,805,115)	(2,354,365)
Income tax (expense)/benefit relating to ordinary activities	5	-	(374,336)
Net Loss		(2,805,115)	(2,728,701)
Basic loss per share	4	4.38 cents	4.26 cents
Diluted loss per share	4	4.38 cents	4.26 cents

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2004

	Note	2004	2003
		$	$
CURRENT ASSETS			
Cash assets		2,617,629	5,375,413
Receivables	6	65,502	66,685
Inventories	7	64,590	65,511
Other	8	-	10,399
Total Current Assets		2,747,721	5,518,008
NON-CURRENT ASSETS			
Plant and equipment	9	361,509	391,080
Total Non-Current Assets		361,509	391,080
Total Assets		3,109,230	5,909,088
CURRENT LIABILITIES			
Payables	10	121,166	132,844
Provisions	11	32,167	15,232
Total Current Liabilities		153,333	148,076
Total Liabilities		153,333	148,076
Net Assets		2,955,897	5,761,012
EQUITY			
Contributed equity	12	11,444,960	11,444,960
Reserves	13	110,850	110,850
Accumulated losses	14	(8,599,913)	(5,794,798)
Total Equity		2,955,897	5,761,012

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2004

	Note	2004 $	2003 $
Cash flows from operating activities			
Cash receipts in the course of operations		572,218	-
Cash payments in the course of operations		(1,075,747)	(1,223,982)
Interest received		187,230	299,407
Payments for research and development		(2,289,551)	(1,197,012)
Net cash used in operating activities	15	(2,605,850)	(2,121,587)
Cash flows from investing activities			
Proceeds from sale of asset		3,018	-
Payments for plant and equipment		(154,952)	(80,479)
Net cash used in investing activities		(151,934)	(80,479)
Cash flows from financing activities			
Proceeds from issue of shares		-	-
Interest paid		-	-
Net cash provided by financing activities		-	-
Net decrease in cash held		(2,757,784)	(2,202,066)
Cash at the beginning of the financial year		5,375,413	7,577,479
Cash at the end of the financial year	15	2,617,629	5,375,413

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The significant policies which have been adopted in the preparation of this financial report are:

Basis of preparation
This financial report is a general purpose financial report which has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and 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, except where there is a change in accounting policy, are consistent with those of the previous year.

Revenue recognition
Interest revenue

Interest revenue is recognised as it accrues.

Research and development grants

Where a grant is received relating to research and development costs that have been expensed, the grant is recognised as revenue on a cash receipts basis.

Taxation
Income tax

The Company adopts the liability method of tax effect accounting. Income tax expense is calculated on operating profit adjusted for permanent differences between taxable and accounting income. The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is carried forward in the statement of financial position as a future income tax benefit or a provision for deferred income tax.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits relating to tax losses are only brought to account when their realisation is virtually certain. The tax effect of capital losses is not recorded unless realisation is virtually certain.

Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Earnings per Share
Basic earnings per share (EPS), is calculated by dividing the net profit for the reporting period by the weighted average number of ordinary shares of the company.

Research and development costs
Research and development expenditure is expensed as incurred except to the extent that its recoverability is assured beyond reasonable doubt, in which case it is deferred and amortised on a straight line basis over the period in which the related benefits are expected to be realised.

Plant and equipment
Items of plant and equipment are initially recorded at cost and are depreciated over their estimated useful lives using the reducing balance method from the date of acquisition at rates between 13% and 40% per annum.

Accounts payable
Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Company. Trade accounts payable are normally settled within 60 days.

Incentive option plan
Where options are issued as remuneration for services rendered, the difference between the fair value of the options issued and the consideration received, if any, is expensed and the fair value of the options is recorded in the option premium reserve.

Inventories
Stock is carried at the lower of cost allocated and net realisable value.

Employee Benefits
Wages, Salaries, Annual Leave and Sick Leave

Liabilities for employee benefits for wages, salaries, annual leave and sick leave represent present obligations resulting from employees' services provided to reporting date, calculated at undiscounted amounts based on remuneration wage and salary rates that the company expects to pay as to reporting date including related on-costs, such as workers compensation insurance and superannuation.

		2004 $	2003 $
2.	**REVENUE FROM ORDINARY ACTIVITIES**		
	Other revenues:		
	From operating activities		
	Interest - other parties	187,230	299,407
	Research and development grants	520,198	-
	Total revenue from ordinary activities	707,428	299,407
3.	**LOSS FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE**		
	Loss from ordinary activities before income tax expense has been arrived at after charging the following items:		
	Auditors' remuneration paid to KPMG		
	- Audit and review of financial reports	16,233	15,234
	- Other regulatory audit services	3,000	-
	Depreciation		
	- Office equipment	16,721	21,095
	- Plant and equipment	166,127	190,487
	Borrowing costs - interest paid to other parties	-	-
	Direct research and development expenditure expensed as incurred	2,081,410	1,197,012
	Provision for employee entitlements	16,935	9,831
	Loss on sale of non-current assets	1,343	-

		2004 $	2003 $
4.	**EARNINGS PER SHARE**		
	Basic and diluted loss per share has been calculated using:		
	Net loss for the year	2,805,115	2,728,701
	Weighted average number of ordinary shares	64,055,750	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.

5.	**INCOME TAX EXPENSE**		
	Prima facie income tax benefit on operating loss at 30% (2003 - 30%)	841,535	706,310
	Tax effect of:		
	Tax losses not brought to account	(840,202)	(705,243)
	Research and development expenditure rebated	-	-
	Permanent differences	(1,333)	(1,067)
		-	-
	Income tax underprovided in prior year	-	(374,336)
	Income tax benefit/(expense) attributable to profit from ordinary activities	-	(374,336)

The following potential income tax benefit calculated at 30% (2003 - 30%) arising from tax losses has not been recognised as an asset because recovery is not virtually certain.

Tax losses	2,811,748	1,970,214

The potential future income tax benefit will only be obtained if:

(a) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit to be realised;
(b) the Company continues to comply with the conditions for deductibility imposed by law; and
(c) no changes in tax legislation adversely affect the Company in realising the benefit.

The Company has no franking credits.

6.	**RECEIVABLES**		
	Current		
	Other debtors	65,502	66,685
7.	**INVENTORIES**		
	Stores - at cost	64,590	65,511
8.	**OTHER CURRENT ASSETS**		
	Prepayments	-	10,399

		2004 $	2003 $
9.	**PLANT AND EQUIPMENT**		
	Office equipment - at cost	91,227	87,658
	Accumulated depreciation	(63,019)	(49,990)
		28,208	37,668
	Plant and equipment - at cost	892,480	746,464
	Accumulated depreciation	(559,179)	(393,052)
		333,301	353,412
	Total plant and equipment - net book value	361,509	391,080
	Reconciliations		
	Reconciliations of the carrying amounts for each class of plant and equipment are set out below:		
	Office equipment		
	Carrying amount at beginning of year	37,668	49,612
	Additions	8,936	9,151
	Disposals	(1,675)	-
	Depreciation	(16,721)	(21,095)
	Carrying amount at end of year	28,208	37,668
	Plant and equipment		
	Carrying amount at beginning of year	353,412	472,571
	Additions	146,016	71,328
	Depreciation	(166,127)	(190,487)
	Carrying amount at end of year	333,301	353,412
10.	**PAYABLES**		
	Current		
	Other creditors and accruals	121,166	132,844
11.	**PROVISIONS**		
	Current		
	Employee entitlement provisions	32,167	15,232
	Number of employees at year end	12	2

	2004 $	2003 $
Issued and paid up capital		
64,055,750 (2003 - 64,055,750) fully paid ordinary shares	11,444,960	11,444,960

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 30 June 2004, each exercisable to acquire one fully paid ordinary share:

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

13. RESERVES

Option premium reserve

Balance at beginning of year	110,850	110,850
Issue of options at a premium	-	-
Transfer to accumulated losses on lapse of options	-	-
Balance at end of year	110,850	110,850

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

14. ACCUMULATED LOSSES

Accumulated losses at beginning of year	5,794,798	3,066,097
Net loss attributable to members of the Company	2,805,115	2,728,701
Accumulated losses at end of year	8,599,913	5,794,798

		2004 $	2003 $
15.	**STATEMENT OF CASH FLOWS**		
	Reconciliation of operating loss after tax to net cash used in operating activities		
	Operating loss after tax	(2,805,115)	(2,728,701)
	Items classified as investing/financing activities		
	Gain on disposal of non-current assets	-	-
	Non-cash items		
	Depreciation	182,848	211,582
	Provisions	16,935	9,831
	Changes in assets and liabilities		
	(Increase)/decrease in prepayments	10,399	19,353
	(Increase)/decrease in receivables	1,183	346,054
	(Increase)/decrease in inventories	921	24,944
	(Decrease)/increase in payables	(11,678)	(4,650)
	Net cash used in operating activities	(2,605,850)	(2,121,587)
	Reconciliation of cash		
	For the purposes of the Statement of Cash Flows, cash includes cash on hand and at bank and cash on deposit net of bank overdrafts and excluding security deposits. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:		
	Cash	2,617,629	5,375,413

16. DIRECTOR AND EXECUTIVE DISCLOSURE FOR DISCLOSING ENTITIES

Directors' Remuneration

Remuneration levels are competitively set to attract and retain appropriately qualified and experienced directors and senior executives and to properly reflect the person's duties and responsibilities. Remuneration packages include a mix of fixed remuneration, performance-based remuneration, and equity-based remuneration. The non-executive directors are responsible for evaluating the performance of the executive directors who, in turn, evaluate the performance of all other senior executives.

Directors' base fees are presently up to $30,000 per annum. The Chairperson receives up to twice the base fee and the Managing director receives up to five times the base fee. Director's fees cover all main board activities.

Options are issued under the Company's Incentive Option Plan which acts to align the directors and senior executives' actions with the interests of the shareholders.

The following table provides the details of all directors ("specified directors") of the Company and the executives ("specified executives") with the greatest authority and the nature and amount of the elements of their remuneration for the year ended 30 June 2004.

		Primary	Post-employment	Equity compensation	Total
		Salary and fees $	Super-annuation benefits $	Value of options $	$
Specified directors					
Non-executive					
Michael J. Hoy (Chairperson)	2004	60,000	5,400	-	65,400
	2003	60,000	5,400	-	65,400
Michael S. Hirshorn	2004	30,000	2,700	-	32,700
	2003	30,000	2,700	-	32,700
Bruce Hundertmark	2004	30,000	2,700	-	32,700
	2003	30,000	2,700	-	32,700
Peter G. Scott	2004	30,000	2,700	-	32,700
	2003	30,000	2,700	-	32,700
Executive					
Michelle Miller (Managing Director)	2004	152,500	13,725	5,000	171,225
	2003	125,039	11,244	19,000	155,283
Peter W. Gage	2004	70,000	2,700	-	72,700
	2003	70,000	2,700	-	72,700
Total, all specified directors	2004	372,500	29,925	5,000	407,425
	2003	345,039	27,444	19,000	391,483
Specified executives					
Peter J. Nightingale (Company Secretary)	2004	66,000	-	-	66,000
	2003	65,000	-	-	65,000
Total, all specified executives	2004	66,000	-	-	66,000
	2003	65,000	-	-	65,000

	2004 Number	2003 Number
The number of directors of the Company whose income from the Company or any related party falls within the following bands:		
$20,000 - $29,999	-	-
$30,000 - $39,999	3	3
$50,000 - $59,999	-	-
$60,000 - $69,999	1	1
$70,000 - $79,999	1	1
$150,000 - $159,999	-	1
$170,000 - $179,999	1	-

	2004 $	2003 $
Total income paid or payable, or otherwise made available, to all directors of the Company from the Company or any related party	423,548	391,483

Executives' Remuneration

	2004 Number	2003 Number
The number of executive officers of the Company, whose remuneration from the Company or related parties falls within the following bands:		
$150,000 - $159,999	-	1
$170,000 - $179,999	1	-

	2004 $	2003 $
Total income received, or due and receivable, from the Company or related parties by executive officers of the Company whose income is $100,000 or more	171,225	155,283

The executive was also a director of the Company.

Options and rights over equity instruments granted as remuneration

During the reporting period, the following options over ordinary shares were granted and vested during the current year under the Incentive Option Plan.

	Number of options granted during the year	Number of options vested during the year
Specified director		
Michelle Miller	-	500,000

The options vested in the current year were vested on 30 June 2004, have an expiration date of 14 January 2007, an exercise price of $1.00 per share, and a fair value of $0.19 per share at vesting date. No options have been granted since the end of the financial year. The options were provided at no cost to the recipient.

17. RELATED PARTY DISCLOURES

Directors

The name of each person holding the position of director of the Company during the financial year is Michael J. Hoy, Michelle Miller, Peter W. Gage, Michael S. Hirshorn, Bruce Hundertmark, and Peter G. Scott. Details of directors' remuneration are set out above.

Details of relevant interests of directors of the Company and their director-related entities in shares and options of the Company at year end are as follows:

	2004 Number	2003 Number
Fully paid ordinary shares	18,950,000	18,950,000
30 September 2005 $0.50 options	900,000	900,000
14 January 2007 $0.60 options	250,000	250,000
14 January 2007 $0.75 options	500,000	500,000
14 January 2007 $1.00 options	500,000	500,000

During the year ended 30 June 2004, directors and director-related entities did not purchase any fully paid ordinary shares or options and disposed of 100,000 fully paid ordinary shares for no consideration as a charitable contribution.

During the year ended 30 June 2004, Michael J. Hoy had an interest in an entity, CityPrint Pty Limited, which provided printing services to the Company. Payments to CityPrint Pty Limited, which were in the ordinary course of business and on normal terms and conditions, amounted to $16,123 (2003 - $22,377).

18. EMPLOYEES AND INCENTIVE OPTION PLAN

At 30 June 2004, the Company had 12 employees (2003 - 2). All other personnel are contracted by the Company on a consultancy basis.

The Company has an Incentive Option Plan to provide eligible persons, being employees or directors, or individuals whom the Plan Committee determine to be employees for the purposes of the Plan, with the opportunity to acquire options over unissued ordinary shares in the Company. The number of options granted or offered under the Plan will not exceed 10% of the Company's issued share capital and the exercise price of options will be the greater of the market value of the Company's shares as at the date of grant of the option or such amount as the Plan Committee determines. Options have no voting or dividend rights.

In the event that the employment or office of the optionholder is terminated, any options which have not reached their exercise period will lapse and any options which have reached their exercise period may be exercised within three months of the date of termination of employment. Any options not exercised within this three month period will lapse.

No options were granted pursuant to the Incentive Option Plan during the year ended 30 June 2004. No ordinary shares have been issued as a result of the exercise of any options granted pursuant to the Incentive Option Plan.

These options are not listed and accordingly have no market value at year end. The market value of the ordinary shares under option at 30 June 2004 was $0.19 (2003 - $0.31) each.
The amount recognised in the financial statements in relation to the Incentive Option Plan during the financial year was $5,000 (2003 - $19,000). Options issued pursuant to the plan are summarised below:

Grant Date	Exercise Date	Expiry Date	Exercise Price	Number of Options		
				30 June 2003	30 June 2004	
				On Issue	On Issue	Vested
24/01/03	24/01/03	30/09/05	$0.50	900,000	900,000	900,000
06/02/02	06/02/02	14/01/07	$0.60	250,000	250,000	250,000
28/06/03	30/06/03	14/01/07	$0.75	500,000	500,000	500,000
28/06/03	30/06/04	14/01/07	$1.00	500,000	500,000	500,000
				2,150,000	2,150,000	2,150,000

19. FINANCIAL INSTRUMENTS DISCLOSURE

Interest rate risk
The Company's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is as follows:

	Note	Weighted average interest rate %	Floating interest rate $	Non-interest bearing $	Total $
2004					
Financial assets					
Cash assets		4.38	2,617,629	-	2,617,629
Receivables	6		-	65,502	65,502
Financial liabilities					
Payables and provisions	10 and 11	-	-	153,333	153,333

	Note	Weighted average interest rate %	Floating interest rate $	Non-interest bearing $	Total $
2003					
Financial assets					
Cash assets		4.62	5,375,413	-	5,375,413
Receivables	6		-	66,685	66,685
Financial liabilities					
Payables and provisions	10 and 11	-	-	148,076	148,076

Credit risk exposure
The credit risk exposure on financial assets of the Company which have been recognised in the statement of financial position is the carrying amount, net of any provision for doubtful debts.

Credit risk on cash assets is minimised by dealing with Australian regulated banks.

Net fair values of financial assets and liabilities
The carrying amounts of financial assets and liabilities approximate their net fair values.

20. FINANCIAL REPORTING BY SEGMENTS

The Company operates in the biotechnology industry in Australia.

21. EVENTS SUBSEQUENT TO REPORTING DATE

Research and development grants received

Since 30 June 2004, Biotron Limited has received $204,818 from the Department of Industry, Tourism and Resources claimed through the START Grant agreement and relating to research and development costs incurred during the financial year.

International Financial Reporting Standards

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

This financial report has been prepared in accordance with Australian accounting standards. The differences between Australian accounting standards and IFRS identified to date as potentially having a significant effect on the Company's financial performance and financial position are summarised below. The summary should not be taken as an exhaustive list of all the differences between Australian accounting standards and IFRS. 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 potential impacts on the Company's financial performance and financial position of the adoption of IFRS have not been quantified as at the transition date of 1 July 2004 due to the short timeframe between finalisation of the IFRS standards and the date of preparing this report. The impact on future years will depend on the particular circumstances prevailing in those years.

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; and
- 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.

The Company's application of Australian accounting standards in the preparation of this financial report complies with the IFRS.