BIOTRON LIMITED

A.B.N. 60 086 399 144

FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2001

BIOTRON LIMITED

CONTENTS

BIOTRON LIMITED

REVIEW OF OPERATIONS

OVERVIEW

The year ended 30 June 2001 has been a very significant year in the development of Biotron Limited ('Biotron' or the 'Company').

The following significant events were achieved during the year under review, establishing the foundation for Biotron to pursue its objectives to fund, manage and commercialise a number of biomedical projects resulting from many years of research at the John Curtin School of Medical Research ('JCSMR'), a leading research institute within the Australian National University ('ANU'):

- Completion of an agreement with the ANU, its commercial arm, Anutech Pty Limited and a number of researchers whereby the Company acquired an exclusive, royalty free worldwide licence to develop and commercialise a number of ANU patents and certain rights to research which has been carried out in a number of research programs conducted at the JCSMR.

- The issue of 24,008,750 fully paid ordinary shares and 6,000,000 30 June 2002 $0.60 options for $11,154,060, net of transaction costs of $851,190.

- The signing of a number of key research personnel and consultancy agreements whereby the researchers will provide exclusive research services to the Company.

- The listing of the Company on the Australian Stock Exchange on 24 January 2001.

- The establishment of research facilities on the campus of the ANU and a corporate office in Sydney.

- The employment of all key research and administrative personnel to manage the development and commercialisation of the Company's two leading and four tier two biomedical projects.

BIOTRON'S PROJECTS

Biotron has the rights to develop, exploit and commercialise six biomedical projects known as C-Test, Virion, Muscion, Hypoxion, Gabion and GeneTrans.

An independent expert's valuation of the Company's projects was completed during the financial year. The expert's report, dated 8 December 2000, concluded that the Company's projects have a value in the range $25.6 million to $36.8 million with a mean valuation of $31.2 million.

The Company has not revalued its projects for the purposes of the financial report. If the Company were to adopt the independent expert's mean valuation of $31.2 million for the Company's projects, the total assets reported on the Statement of Financial Position would be increased by $31.2 million.

The Company's main activity is currently focussed on two projects, C-Test and Virion, in which two cancer related diagnostic products and one class of HIV related therapeutic agents has already been identified. The remaining tier two 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.

C-Test

The C-Test Project is developing two simple diagnostic blood tests for the early detection of cancer and the identification of the specific type of cancer.

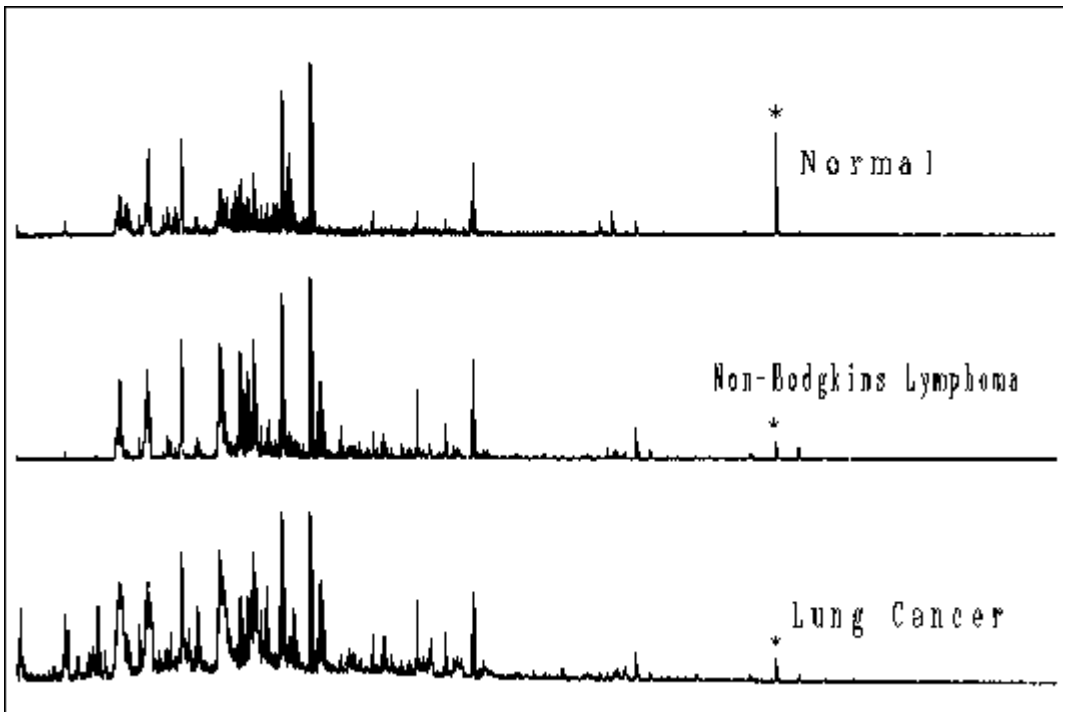
The development of diagnostic tests, which are less invasive and generate no significant side effects, to a commercial stage is significantly faster than the development of therapeutic drugs that require substantially more extensive clinical testing.

Unlike in therapeutic trials where compounds are normally required to be passed through three phases of clinical trials prior to marketing, the diagnostic clinical trial is a single clinical trial designed to meet all the requirements of international regulatory bodies.

The potential market for the Company's diagnostic tests, if successful, is very substantial. According to the Pharmaceutical Research and Manufacturers Foundation of America, cancer is the second largest cause of death in the USA and the Australian Commonwealth Government publication, Health Insite, identifies cancer as the leading cause of premature death in Australia. The NSW Cancer Council reported that there were 27,675 new cases of cancer in NSW in 1998 and 11,766 deaths. Figures are projected to be 27,610 new cases in 2001 and 31,615 new cases in 2006. Despite a decreasing trend in mortality rates the numbers of actual deaths are increasing due to population growth and aging.

It is widely recognised that simple and rapid blood tests for cancers have considerable clinical potential. Not only can such tests be used for the early diagnosis of cancer but they also allow the detection of tumour recurrence following surgery and chemotherapy. A number of cancer-specific blood tests have been developed which depend upon the detection of tumour-specific antigens in the circulation. However, depending on the tumour type, there is considerable variation in the reliability of the current tests. Furthermore, appropriate tumour-specific antigens have not been identified for many cancers.

Certain glycolipid-like molecules are secreted by the immune system and Biotron's work shows that the presence of malignant tumours results in a rapid disappearance of these glycolipids from the circulation. Based on this observation, C-Test (specifically CT-1, the first of the Company's two diagnostic tests) is being developed as a general diagnostic test for the presence of cancer. Unlike other tests that measure the increase in the blood levels of a cancer-specific antigen, CT-1 detects the loss of a normal blood constituent, which is, an immune system-derived molecule.



Preliminary results from the Company's study demonstrate the reduced height of the peak of interest in a healthy volunteer and two cancer patients (* indicates the peak of interest).

In previous studies, the immune system derived molecules were detected by inhibition assays that are laborious and tedious. Recently, the sensitive technique of matrix assisted laser desorption/ionisation time of flight ('MALDI-TOF') mass spectrometry has been applied to the detection of immune system derived molecules. Preclinical studies in mice and rats have validated this approach, with MALDI-TOF detecting low molecular weight species that are T cell dependent and rapidly disappear from the sera of tumour-bearing rats and mice. Furthermore, activation of the immune system dramatically enhances the serum levels of these molecules. Preliminary MALDI-TOF studies in humans have shown that the same molecular species are present in human sera and are not present in the serum of colon cancer patients.

Collaboration Agreement

Since the end of the financial year, the Company has entered into negotiations with Bruker Daltonics Inc. and Affiliates ('Bruker'), a multi-national leading developer and provider of innovative life science tools based on mass spectrometry, for a strategic collaboration.

The first stage of these negotiations has been for the Company to receive a financial concession for the acquisition of a Bruker OMNIFLEX™ mass spectrometer with reflector and associated software and hardware ('OMINFLEX™ System') which has been installed at the Company's ANU based laboratories.

It is intended that the OMINFLEX™ System may become an integral part of Biotron's C-Test diagnostic product, although Biotron is not limited to using the OMINFLEX™ System.

Training in the use of the OMINFLEX™ System has been provided by Bruker and the machine is in operation, providing the Company with the ability to conduct C-Test clinical trials which the Company has begun since the end of the financial year. The acquisition of the mass spectrometer significantly impacts on the efficiency of the laboratory as Biotron staff are no longer dependent on the availability of spectrometers at other facilities for testing.

The collaboration with Bruker will give considerable financial benefit to Biotron and extends the opportunities for the commercialisation of the final C-Test diagnostic product.

Clinical Trials

Following installation of the Bruker OMNIFLEX™ System at the Company's ANU based laboratories, the Company has commenced a pilot study which has been designed as a proof of concept of the C-Test theory. Biotron has completed limited human tests and animal tests and has used the pilot study to optimise collection, extraction and detection methods to be used in a full scale clinical trial.

Preliminary results from the pilot study have confirmed the C-Test theory and the Company is now moving to a full scale clinical trial.

In anticipation of successful results from the Company's pilot study, an agreement had been completed with National Health Sciences Centre Limited ('NHSC') for the conduct of the C-Test clinical trial. The key terms of this agreement are as follows:

- NHSC will provide services in three stages:
  - Stage 1, which is substantially completed, covers all aspects of trial preparation and design, including establishment of clinical trial protocols, identification of study sites, ethics committee and Therapeutic Goods Administration approvals.
  - Stage 2 covers all aspects of trial execution, up to and including the successful recruitment of the targeted number of cancer and control subjects, and processing of samples.
  - Stage 3 covers all aspects of trial completion, including site closure visits, final data collection and statistical analysis.
- The Company can stop the clinical trial at any of the above stages and it is expected that the trial will be completed in twelve months from the commencement of the second stage which is due to commence in October 2001.
- The clinical trial will involve testing blood samples from approximately 1,500 subjects.
- The trial will be blind and samples will be sourced from medical institutions in New South Wales, Victoria and the ACT.
- Prostate, breast, colo-rectal and lung cancers form the core of the trial.
- The clinical trial will meet the requirements of the International Conference on Harmonisation guidelines for Good Clinical Practice ('ICH-GCP').

NHSC was founded six years ago as a centre of innovation in clinical research with its founding members including the Australian National University, the University of Canberra, the Canberra Clinical School, the Canberra Hospital and the ACT Department of Health and Community Care. All clinical trials performed or coordinated by the NHSC are performed to ICH-GCP standards. The NHSC Clinical Trials Unit has close relationships with international pharmaceutical companies including Eli Lilly, Servier, NovoNordisk, Pharmacia, Novartis and Aventis.

Patent Application Developments

The first provisional patent applied for in regard to the C-Test project “Method of identifying cancer markers and uses therefore in the diagnosis of cancer” has now progressed to the Patent Co-operation Treaty ('PCT') stage. A second provisional specification relating to the nature of the biological marker for CT-1 (the detection of cancers) has been lodged and further patent applications are planned.

Virion

The Virion Project is aimed at developing novel antiviral agents that will interact with a new kind of target, virus ion channels, to depress HIV replication. One class of compounds already identified by Biotron researchers blocks the ion channel activity of one of the HIV proteins called Vpu, a new drug target in the fight against HIV.

Due to the nature of the market, the seriousness of the disease and the lack of treatment options, compounds for the treatment of AIDS may be fast tracked through clinical trials to market.

It is estimated that 36.1 million people are living with AIDS, with more than 5 million contracting the disease in 2000.

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. 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.

The Vpu protein represents a novel anti-HIV-1 drug target. It 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.

Biotron has developed a method to screen for new drugs that inhibit the Vpu protein and hence stop virus budding. Using this method, a number of candidate drugs have already been identified that inhibit HIV-1 replication in cultured human blood cells (macrophages) by inhibiting the budding process. These compounds are derivatives of a diuretic pharmaceutical, amiloride, and are already known to be well tolerated in animal trials. Their relative anti-HIV-1 potencies are currently being characterised as part of pre-clinical investigations.

In further ongoing research, the use of a green fluorescent protein fusion tag has been shown to improve the speed and efficiency of virus-like-particle (VLP) detection in an *in vitro* assay for virus budding driven by the HIV-1 proteins Gag and Vpu. This will improve both the speed and sensitivity of the method, with the ultimate aim of developing a commercially valuable high throughput assay for the screening of drug and natural product libraries.

Biotron has had approaches from pharmaceutical companies interested both in the lead compounds and in utilizing the screens that are in development. The screening research is being advanced so that new lead compounds can be identified more readily and to enable Biotron to be in a stronger negotiating position when in discussions with pharmaceutical companies.

ACT Government Grant

During the year, the Australian Capital Territory Government demonstrated confidence in the project by making a grant of $96,096 to Biotron for the development of the Virion high throughput assay to identify compounds that arrest the AIDS (HIV) virus.

International Recognition

A manuscript reporting publicly for the first time details of research from the Virion Project has been accepted for publication in the international scientific journal European Biophysics Journal. The manuscript entitled “Amiloride Derivatives Block Ion Channel Activity and Enhancement of Virus-Like Particle Budding Caused by HIV-1 Protein Vpu” details the discovery of the inhibitory effect of amiloride analogues on HIV-1 Vpu protein channel activity and enhancement of virus-like particle budding in HeLa cells. Dr Ewart was invited to present the research work at an international scientific conference, “Structure and Function of ion Channels – An Official Satellite of the 34th IUPS Congress”

Patent Application Development

Patents have been applied for in relation to the Virion Project:

National and regional phase entry of the patent “A method of modulating ion channel functional activity” has commenced in the United States of America, Australia, New Zealand, Europe, China, Canada and Japan. Applications have been filed in Australia and the United States for the patent “A method of determining ion channel activity of a substance”.

Future Work

In house research will focus on optimising the scale and efficiency of the anti-HIV-1 drug screen methodology. In work towards the third milestone of the ACT Government Research and Development Grant, a number of critical parameters will be explored, including:

- the fluorescent tag producing the best signal to noise ratio;
- the best method of fluorescence detection to optimise speed versus sensitivity;
- the minimum number of cells required to produce a detectable number of VLPs;
- the safest and most effective expression vectors for use in the assay; and
- further preclinical testing of the active compounds.

In the outsourced HIV-1 replication assay, the activity of a number of amiloride analogues is being characterised in macrophages and T-cells against both the laboratory adapted HIV-1BAL strain as well as primary isolates from infected patients. The data will be used to generate dose response curves to determine the most effective inhibitor. The rates of reversion to drug resistance will be analysed and revertants will be sequenced to determine what mutations have incurred in the Vpu gene. Initially nine analogues will be characterised allowing structure-activity relationship information to be generated. This information may be used to guide synthesis of novel compounds with improved specificity and efficacy.

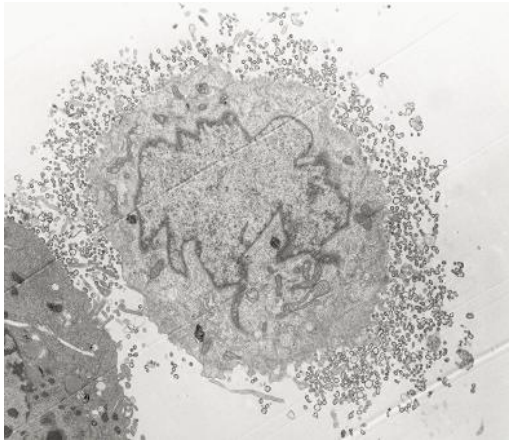


Figure A.

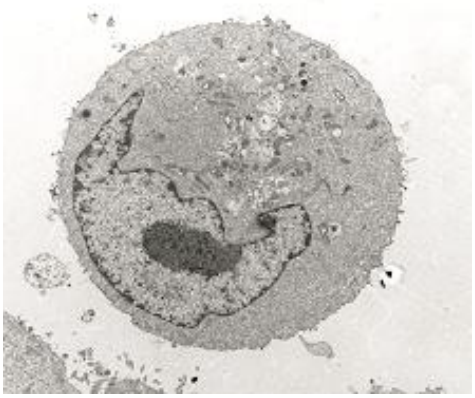


Figure B.

The effect of HMA on budding of virus-like particles

The figures represent the budding process that occurs during the replication of HIV1. Figure A demonstrates the budding process in the absence of the Company's Virion Project lead compound, BIT009, whilst the reduced number of new particles surrounding cells in the presence of BIT009 at 10μM is shown in Figure B.

Tier 2 Projects

As Tier 2 Projects develop and resources become available through the commercialisation of the more advanced Tier 1 Projects, projects showing most progress will receive increased resources and become Tier 1 projects.

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

According to the Heart Foundation, cardiovascular disease kills more people in Australia than any other disease and the issue is expected to become more acute in the future with the growing number of elderly Australians among whom cardiovascular disease is most common. The American Heart Association has issued statistics for 1998 that show that in the United States coronary heart disease (CHD) is the single leading cause of death in America with stroke the third largest cause of death and the leading cause of serious long term disability.

Hypoxion

The Hypoxion research team is developing compounds that will reduce damage in cells deprived of their blood supply (e.g. 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 research team

aims to significantly reduce the patient death/disablement rate by stopping the build-up of calcium and saving cells.

During the year Biotron researchers have been working on 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.

Rapid testing for new drug candidates is being accelerated through the development of an improved fluorescent assay where hypoxia is induced in cells with expressed sodium channels. The changes in intracellular calcium can then be measured quickly leading to a significant reduction in the time required to assess the activity of new compounds. Biotron has been contacted regarding the screening of compound libraries in our assays and the commercial possibilities are being investigated.

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. They have discovered that some small peptides and insect toxins can modulate ryanodine receptors. Following identification of lead compounds from this research, Biotron will develop drugs to boost the output of a damaged or failing heart muscle.

New lead compounds have been identified leading to the filing of the provisional patent "Method of modulating the activity of calcium channels in cardiac cells and reagent therefore". These compounds have been found *in vitro* to stimulate heart muscle contraction leading to increased cardiac output. Work is ongoing to optimise delivery, potency and specificity in these new lead compounds prior to undertaking further pre-clinical evaluation. This work is being assisted by researchers at the University of Queensland.

Gabion

The Gabion Project team is researching the effects of known compounds that act on the GABAA receptor. At present it is not known how general anaesthetics, tranquillisers or anti-epileptic drugs work. All were discovered by serendipity and have unwanted side-effects. Biotron is using detailed information about the effects of known drugs in order to discover new drugs with these properties but better targeted so that they have fewer side-effects.

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.

GeneTrans

Research as part of the GeneTrans Project has identified the mechanism by which a drug transport protein called MRP2 is directed to membranes surrounding cells and research results have been published recently in the Journal of Biological Chemistry.

It is planned to use the underlying technology to develop screening tests that will help predict the metabolism and safety of new pharmaceuticals. The proposed screening program represents an extension of the original GeneTrans Project. 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. A library of toxicity results from the screening process can be compiled for future use. High throughput screening tests of this type provide a short-cut in product development and are in demand by the international pharmaceutical industry.

A United States provisional patent application titled "Modified proteins, isolated novel peptides and uses therefore" was filed in August 2000 and an international patent application has now been filed.

BIOTRON LIMITED

CORPORATE GOVERNANCE STATEMENT

This statement outlines the main Corporate Governance practices that were in place throughout the financial year, unless otherwise stated.

Board of Directors

The board of directors is responsible for the overall Corporate Governance of the Company including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

Because the Company has only recently been established as a public listed company, the full board is actively involved in the activities of the Company and no committees have been established.

The composition of the board has been determined on the basis of providing the Company with the benefit of a broad range of technical, administrative and financial skills, combined with an appropriate level of experience at a senior corporate level.

The composition of the board is monitored constantly to ensure that it provides the Company with the appropriate levels of both expertise and experience.

When a vacancy exists, through whatever cause, or where it is considered that the board would benefit from the services of a new director with particular skills, the board identifies a panel of candidates with appropriate expertise and experience. A selection procedure is then completed and the board appoints the most suitable candidate who must stand for election at the next general meeting of shareholders.

Each director has the right to seek independent professional advice at the Company's expense. Prior approval of the Chairman is required, but such approval is not unreasonably withheld.

In the event that a potential conflict of interest may arise, involved directors must withdraw from all deliberations concerning the matter.

The remuneration of the directors is determined by the board as a whole, with the director to whom a particular decision relates being absent from the meeting during the time that the remuneration level is discussed and decided upon.

Internal Controls

The board of directors acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities. The system of internal control adopted by the Company seeks to provide an appropriate division of responsibility and careful selection and training of personnel relative to the level of activities and size of the Company.

The full board takes responsibility for reviewing financial reporting procedures, internal controls and the performance of the financial management and the external auditors. The full board reviews financial statements and other information distributed externally prior to distribution.

External Auditors

Board nominees review the performance of the external auditors and meet with them at the commencement of the half yearly review and annual audit to discuss any issues that have arisen with respect to accounting policies, any significant operational issues and level of proposed audit fees.

Ethical Standards

All directors, managers and employees are expected to act with the utmost integrity and objectivity, endeavouring at all times to enhance the performance and reputation of the Company. Every employee has direct access to a director to whom they may refer any ethical issues that may arise from their employment.

The Role of Shareholders

The board ensures that the shareholders are informed of all major developments affecting the Company by the following means:

- distribution of the annual report to all shareholders which contains relevant information about the operations of the Company during the year in addition to disclosures required by the Corporations Act 2001;
- lodgement of the half yearly report with the Australian Stock Exchange, which contains summarised and audit reviewed financial information. Copies of half yearly financial statements prepared in accordance with the Corporations Act 2001 are available to any shareholder on request;
- lodgement of quarterly reports with the Australian Stock Exchange which show summarised financial information for the quarter. Copies of these reports are available to shareholders on request;
- announcements to the Australian Stock Exchange concerning any significant development in the Company's operations, financing and administration. All announcements are immediately available to the general public; and
- disclosure of all major announcements to the Australian Stock Exchange on the Company's website.

BIOTRON LIMITED

DIRECTORS' REPORT

The directors present their report together with the financial report of Biotron Limited ('the Company') for the year ended 30 June 2001 and the auditors' report thereon.

Directors

The names of the directors of the Company holding office at any time during or since the end of the financial year are:

Mr Michael J. Hoy
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 Motoron.com 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 Noel J. Chambers, BSc (Hons), PhD, MRACI, C.Chem
Managing Director

Dr Chambers completed his PhD at Sydney University's Department of Pharmacology, investigating and synthesising new chemical entities affecting potassium channels. This research led to a commercial venture between Sydney University and Circadian Technologies Limited with Dr. Chambers as the principal scientist and project manager.

He has extensive experience in the biotechnology sector, having been Business Development Manager for Promega Corporation Limited, an American based multinational biotechnology company, responsible for technology transfer outside the USA.

He has been awarded the Biota Award for Medicinal Chemistry by the Royal Australian Chemical Institute and is currently the industry division convenor for the Australasian Research Management Society.

He was appointed as Managing Director on 9 October 2000.

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
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 an Investment Manager with a venture capital firm, Nanyang Ventures.

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

Mr Bruce Hundertmark, BE, BEc
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.

Directors' Meetings

The number of directors' meetings and number of meetings attended by each of the directors of the Company during the year are:

Director	*Board Meetings*	
	Held	*Attended*
Michael J. Hoy	9	9
Noel J. Chambers	8	8
Peter W. Gage	9	9
Michael S. Hirshorn	9	7
Bruce Hundertmark	9	7
Peter G. Scott	9	9

Directors' Interests

At the date of this report, the interests of each director of the Company in the issued share capital and options of the Company are:

	Fully Paid Ordinary Shares	30 September 2005 $0.50 Options	24 January 2006 $0.75 Options	24 January 2006 $1.00 Options	24 January 2006 $1.50 Options
Michael J. Hoy	1,000,000	500,000	-	-	-
Noel J. Chambers	-	-	500,000	500,000	500,000
Peter W. Gage	9,500,000	-	-	-	-
Michael S. Hirshorn	-	200,000	-	-	-
Bruce Hundertmark	-	200,000	-	-	-
Peter G. Scott	8,550,000	-	-	-	-

Directors' and Senior Executives' Emoluments

The policy of remuneration of directors and senior executives is to ensure the remuneration package properly reflects the person's duties and responsibilities, and that remuneration is competitive in attracting, retaining and motivating people of the highest quality. The Board is responsible for reviewing its own performance. 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. The evaluation process is intended to assess the Company's business performance, whether long term strategic objectives are being achieved and the achievement of individual performance objectives.

Remuneration generally comprises salary and superannuation. Longer term incentives are able to be provided through the Company's Incentive Option Plan which acts to align the directors and senior executives actions with the interests of the shareholders. The emoluments disclosed below represent the cost to the Company for the services provided under these arrangements.

Details of options granted to directors and senior executives as part of their remuneration and the nature and amount of each major element of the emoluments of each director and senior executive of the Company are:

	Base Emolument $	Service Charge $	Super Contributions $	Options Issued $	Total $
Directors					
Executive					
Noel J. Chambers	102,500	-	8,200	23,500	134,200
Peter W. Gage	25,000	33,333	2,000	-	60,333
Non-Executive					
Michael J. Hoy	41,667	-	3,333	34,500	79,500
Michael S. Hirshorn	25,000	-	2,000	13,800	40,800
Bruce Hundertmark	25,000	-	2,000	13,800	40,800
Peter G. Scott	25,000	40,000	2,000	-	67,000
Executive Officer					
Peter J. Nightingale	-	50,000	-	-	50,000

Each option entitles the holder to purchase one ordinary share in the Company. A fair value of the options, totalling $85,600, has been estimated at the date of granting, using the Black-Scholes options pricing formula.

Options

During the financial year ended 30 June 2001, the Company granted 6,000,000 options, each to acquire one fully paid ordinary share at any time up to 30 June 2002 at an exercise price of $0.60. During or since the year ended 30 June 2001, the Company issued ordinary shares as a result of the exercise of options as follows:

Number of Shares	Amount Paid on each Share	Market Value of Shares on Date of Exercise
10,000	$0.60	$0.39 to $0.53

The following options, each to acquire one fully paid ordinary share, were also granted during the financial year ended 30 June 2001 to the following directors as part of their remuneration:

	Number of Options Granted	Exercise Price	Exercise Period
Directors			
Michael J. Hoy	500,000	$0.50	up to 30 September 2005
Michael S. Hirshorn	200,000	$0.50	up to 30 September 2005
Bruce Hundertmark	200,000	$0.50	up to 30 September 2005
Noel J. Chambers	500,000	$0.75	30 September 2002 to 24 January 2006
Noel J. Chambers	500,000	$1.00	30 September 2004 to 24 January 2006
Noel J. Chambers	500,000	$1.50	30 September 2005 to 24 January 2006

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 date may be exercised within three months of the date of termination of employment. Any options not exercised within this three month period will lapse.

At the date of this report, unissued ordinary shares of the Company under option are:

Expiry Date	Exercise Price	Number of Options
30 June 2002	$0.60	5,990,000
30 September 2005	$0.50	900,000
24 January 2006	$0.75	500,000
24 January 2006	$1.00	500,000
24 January 2006	$1.50	500,000

The options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

Indemnification and Insurance of Officers

During the financial year ended 30 June 2001, the Company has indemnified its directors and secretary against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as officers of the Company, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses where the Company is legally obliged.

Since the end of the previous financial year the Company has insured its directors, the company secretary and executive officers in respect of directors' and officers' liability and legal expenses. Details of the nature of the liabilities covered or the amount of the premium paid in respect of the insurance have not been disclosed because such disclosure is prohibited under the terms of the contract.

Principal Activities

The principal activities of the Company during the financial year were the funding and management of intermediate and early applied biotechnology research and development projects.

During the year ended 30 June 2001, the Company completed a capital raising to fund its principal activities, contracted and employed a number of key research and administrative personnel, established its research facilities and corporate offices and commenced full scale research activities.

Financial Result and Review of Operations

The operating loss of the Company for the financial year after income tax was $1,279,663 (2000 - $142,040).

The operations of the Company for the year are set out in the Review of Operations.

Dividends

The directors recommend that no dividend be paid by the Company. No dividend has been paid or declared since the end of the previous financial year.

State of Affairs

Significant changes in the state of affairs of the Company that occurred during the financial year under review were:

- the completion of an agreement with the Australian National University, its commercial arm, Anutech Pty Limited ('ANU') and a number of researchers whereby the Company acquired an exclusive, royalty free worldwide licence to develop and commercialise a number of ANU patents and certain rights to research which has been carried out in a number of research programs conducted at the John Curtin School of Medical Research ('JCSMR') at the ANU;
- the issue of 24,008,750 fully paid ordinary shares and 6,000,000 30 June 2002 $0.60 options for $11,154,060, net of transaction costs of $851,190;

- the signing of a number of key research personnel and consultancy agreements whereby the researchers will provide exclusive research services to the Company;
- the listing of the Company on the Australian Stock Exchange on 24 January 2001;
- the establishment of research facilities on the campus of the ANU and a corporate office in Sydney; and
- the employment of all key research and administrative personnel to manage the development and commercialisation of the Company's two leading and four tier two major biomedical projects which result from many years of research at the JCSMR.

Environmental Regulation

The Company's operations are not subject to significant environmental regulations under Commonwealth or State legislation in relation to its research projects.

Events Subsequent to Balance Date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

Likely Developments

During the year ended 30 June 2001, the Company completed a capital raising to fund its principal activities, being the management of intermediate and early applied biotechnology research and development projects, contracted and employed a number of key research and administrative personnel, established its research facilities and corporate offices and commenced full scale research activities.

The Company will continue to fund and manage its research and development projects. The success of these research projects, which cannot be assessed on the same fundamentals as trading and manufacturing enterprises, will determine future likely developments.

In the opinion of the directors, it would prejudice the interests of the Company to provide additional information, except as reported in this Annual Report, relating to likely developments in the operations of the Company.

This report has been signed in accordance with a resolution
of the directors and dated 28 September 2001:

Michael J. Hoy
Director

BIOTRON LIMITED

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2001

	Note	2001 $	2000 $
Other revenues from ordinary activities	2	266,501	3,471
Total revenue	2	266,501	3,471
Administration and consultants' expenses		(345,905)	-
Depreciation	3	(5,117)	-
Employee expenses		(102,500)	-
Direct research and development expenses	3	(542,241)	(41,350)
Other expenses from ordinary activities		(550,401)	(104,161)
Loss from ordinary activities before related income tax expense		(1,279,663)	(142,040)
Income tax (expense)/benefit relating to ordinary activities	5	-	-
Net Loss		(1,279,663)	(142,040)

BIOTRON LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2001

	Note	2001 $	2000 $
CURRENT ASSETS			
Cash assets		9,713,082	143,045
Receivables	6	110,618	-
Inventories	7	100,341	-
Total Current Assets		9,924,041	143,045
NON-CURRENT ASSETS			
Plant and equipment	8	268,065	-
Total Non-Current Assets		268,065	-
Total Assets		10,192,106	143,045
CURRENT LIABILITIES			
Payables	9	111,449	22,385
Total Current Liabilities		111,449	22,385
Total Liabilities		111,449	22,385
Net Assets		10,080,657	120,660
EQUITY			
Contributed equity	10	11,416,760	262,700
Reserves	11	85,600	-
Accumulated losses	12	(1,421,703)	(142,040)
Total Equity		10,080,657	120,660

BIOTRON LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2001

	Note	2001 $	2000 $
Cash flows from operating activities			
Cash payments in the course of operations		(1,021,815)	(123,126)
Interest received		253,441	3,471
Payments for research and development		(542,241)	-
Net cash used in operating activities	13	(1,310,615)	(119,655)
Cash flows from investing activities			
Payments for plant and equipment		(273,182)	-
Net cash used in investing activities		(273,182)	-
Cash flows from financing activities			
Proceeds from issue of shares		11,154,060	261,700
Interest paid		(226)	-
Net cash provided by financing activities		11,153,834	261,700
Net increase in cash held		9,570,037	142,045
Cash at the beginning of the financial year		143,045	1,000
Cash at the end of the financial year	13	9,713,082	143,045

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.

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures.

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.

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.

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.

		2001 $	2000 $
2.	**REVENUE FROM ORDINARY ACTIVITIES**		
	Other revenues:		
	From operating activities		
	Interest - other parties	253,441	3,471
	Research and development grants	13,060	-
	Total revenue from ordinary activities	266,501	3,471
3.	**LOSS FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE**		
	Loss from ordinary activities before income tax expense has been arrived at after charging/(crediting) the following items:		
	Auditors' remuneration paid to KPMG		
	- Audit services	8,000	500
	- Other services	6,000	-
	Depreciation		
	- Office equipment	4,679	-
	- Plant and equipment	438	-
	Borrowing costs - interest paid to other parties	226	-
	Direct research and development expenditure expensed as incurred	542,241	41,350
4.	**EARNINGS PER SHARE**		
	Basic loss per share	(2.54) cents	(0.90) cents
	Weighted average number of ordinary shares	50,326,668	15,606,088
	Diluted earnings per share is not materially different from basic earnings per share.		
	Options disclosed in the Contributed Equity note below are potential ordinary shares.		

		2001 $	2000 $
5.	**INCOME TAX EXPENSE**		
	Prima facie income tax benefit on operating loss at 34% (2000 - 36%)	435,085	51,134
	Tax effect of:		
	Tax losses not brought to account	(433,934)	(26,799)
	Permanent differences	(1,151)	(24,335)
	Income tax expense	-	-
	The following potential income tax benefit calculated at 30% (2000 - 30%) arising from tax losses has not been recognised as an asset because recovery is not virtually certain.		
	Tax losses	405,216	22,333

The Company has no franking credits.

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.

6.	**RECEIVABLES**		
	Current		
	Other debtors	110,618	-
7.	**INVENTORIES**		
	Stores - cost	100,341	-
8.	**PLANT AND EQUIPMENT**		
	Office equipment - at cost	48,783	-
	Accumulated depreciation	(4,679)	-
		44,104	-
	Plant and equipment - at cost	224,399	-
	Accumulated depreciation	(438)	-
		223,961	-
	Total plant and equipment - net book value	268,065	-

	2001 $	2000 $
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	-	-
Additions	48,783	-
Depreciation	(4,679)	-
Carrying amount at end of year	44,104	-
Plant and equipment		
Carrying amount at beginning of year	-	-
Additions	224,399	-
Depreciation	(438)	-
Carrying amount at end of year	223,961	-

9. PAYABLES

Current		
Other creditors and accruals	111,449	22,385

10. CONTRIBUTED EQUITY

Issued and paid up capital		
64,008,750 (2000 - 40,000,000) fully paid ordinary shares	11,416,760	262,700

During the year ended 30 June 2001, the Company issued 24,000,000 fully paid ordinary shares and 6,000,000 options exercisable at $0.60 each at any time up to 30 June 2002 pursuant to a prospectus for cash totalling $11,148,810, net of transaction costs of $851,190, to fund its biotechnological research and development activities and working capital. A further 8,750 fully paid ordinary shares were issued for cash totalling $5,250, as a result of the exercise of 30 June 2002 options.

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 2001, each exercisable to acquire one fully paid ordinary share:

5,991,250 (2000 - nil) at $0.60 each at any time up to 30 June 2002.
900,000 (2000 - nil) at $0.50 each at any time up to 30 September 2005.
500,000 (2000 - nil) at $0.75 each at any time from 30 September 2002 to 24 January 2006.
500,000 (2000 - nil) at $1.00 each at any time from 30 September 2004 to 24 January 2006.
500,000 (2000 - nil) at $1.50 each at any time from 30 September 2005 to 24 January 2006.

	2001 $	2000 $
11. RESERVES		
Option premium reserve		
Balance at beginning of year	-	-
Issue of options at a premium	85,600	-
Balance at end of year	85,600	-

This reserve represents the fair value of options issued.

12. ACCUMULATED LOSSES		
Accumulated losses at beginning of year	142,040	-
Net loss attributable to members of the Company	1,279,663	142,040
Accumulated losses at end of year	1,421,703	142,040
13. STATEMENT OF CASH FLOWS		
Reconciliation of operating loss after tax to net cash used in operating activities		
Operating loss after tax	(1,279,663)	(142,040)
Items classified as investing/financing activities		
Interest paid	226	-
Non-cash items		
Depreciation	5,117	-
Options granted as part of directors' remuneration	85,600	-
Changes in assets and liabilities		
Receivables	(110,618)	-
Inventories	(100,341)	-
Payables	89,064	22,385
Net cash used in operating activities	(1,310,615)	(119,655)

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 statements of financial positions as follows:

Cash	9,713,082	143,045

14. DIRECTORS' REMUNERATION

	2001 Number	2000 Number
The number of directors of the Company whose income from the Company or any related party falls within the following bands:		
$0 - $9,999	-	10
$40,000 - $49,999	2	-
$60,000 - $69,999	2	-
$70,000 - $79,999	1	-
$130,000 - $139,999	1	-

	2001 $	2000 $
Total income paid or payable, or otherwise made available, to all directors of the Company from the Company or any related party	422,633	-

Directors' remuneration does not include amounts paid by the Company for directors' indemnity insurance.

15. EXECUTIVES' REMUNERATION

	2001 Number	2000 Number
The number of executive officers of the Company, whose remuneration from the Company or related parties falls within the following bands:		
$130,000 - $139,999	1	-

	2001 $	2000 $
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	134,200	-

The executive is also a director of the Company.

16. RELATED PARTY DISCLOURES

Directors

The names of each person holding the position of director of the Company during the financial year are Michael J. Hoy, Noel J. Chambers, 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:

	2001 Number	2000 Number
Fully paid ordinary shares	19,050,000	21,000,000
30 September 2005 $0.50 options	900,000	-
30 September 2002 to 24 January 2006 $0.75 options	500,000	-
30 September 2004 to 24 January 2006 $1.00 options	500,000	-
30 September 2005 to 24 January 2006 $1.50 options	500,000	-

During the year ended 30 June 2001, directors and director-related entities disposed of 2,000,000 and acquired 50,000 fully paid ordinary shares of the Company.

During the year ended 30 June 2001, directors and director-related entities were granted 2,400,000 options as set out above. A fair value of the options, totalling $85,600, has been estimated at the date of granting using the Black-Scholes options pricing formula and included in the directors' remuneration set out above.

During the year ended 30 June 2001, 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 $44,012 (2000 - nil).

17. EMPLOYEES AND INCENTIVE OPTION PLAN

At 30 June 2001, the Company had 1 employee (2000 - nil). 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.

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.

Details of options granted pursuant to the Incentive Option Plan during the year ended 30 June 2001 are set out above.

These options are not listed and accordingly have no market value at year end.

18. 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
		%	$	$	$
2001					
Financial assets					
Cash assets		4.75	9,713,082	-	9,713,082
Receivables	6	-	-	110,618	110,618
Financial liabilities					
Payables	9	-	-	111,449	111,449

	Note	Weighted average interest rate %	Floating interest rate $	Non-interest bearing $	Total $
2000					
Financial assets					
Cash assets		4.85	143,045	-	143,045
Financial liabilities					
Payables	9	-	-	22,385	22,385

Credit risk exposure

The credit risk exposure on financial assets of the Company which have been recognised on 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.

19. FINANCIAL REPORTING BY SEGMENTS

The Company operates in the biotechnology industry in Australia.

BIOTRON LIMITED

DIRECTORS' DECLARATION

In the opinion of the directors of Biotron Limited:

(a) the financial statements and notes, set out on pages 14 to 24, 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 30 June 2001 and of its performance, as represented by the results of its operations and its cash flows for the year ended on that date; and

  (ii) complying with Accounting Standards 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 dated 28 September 2001:

Michael J. Hoy
Director

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF BIOTRON LIMITED

Scope

We have audited the financial report of Biotron Limited for the financial year ended 30 June 2001, consisting of the statement of financial performance, statement of financial position, statement of cash flows, accompanying notes, and the directors' declaration set out on pages 14 to 25. The Company's directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the Company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements and statutory requirements in Australia so as to present a view which is consistent with our understanding of the Company's financial position, and performance as represented by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of Biotron Limited is in accordance with:

(a) the Corporations Act 2001, including:

  (i) giving a true and fair view of the Company's financial position as at 30 June 2001 and of its performance for the year ended on that date; and

  (ii) complying with Accounting Standards and the Corporations Regulations 2001; and

(b) other mandatory professional reporting requirements.

KPMG

W.E. Austin
Partner

Brisbane
2001

BIOTRON LIMITED

ADDITIONAL STOCK EXCHANGE INFORMATION

Home Exchange

The Company is listed on the Australian Stock Exchange Limited. The home exchange is Sydney.

Audit Committee

As at the date of the Directors' Report, there was no Audit Committee. An Audit Committee is not considered to be warranted because the involvement of the full board of directors in the activities of the Company.

Use of Cash and Assets

Since the Company's listing on the Australian Stock Exchange, the Company has used its cash and assets in a way consistent with its stated business objectives.

Class of Shares and Voting Rights

There is only one class of shares in the Company, fully paid ordinary shares.

The rights attaching to shares in the Company are set out in the Company's Constitution. The following is a summary of the principal rights of the holders of shares in the Company.

Every holder of shares present in person or by proxy, attorney or representative at a meeting of shareholders has one vote on a vote taken by a show of hands, and, on a poll every holder of shares who is present in person or by proxy, attorney or representative has one vote for every fully paid share registered in the shareholder's name on the Company's share register.

A poll may be demanded by the chairperson of the meeting, by at least 5 shareholders entitled to vote on the resolution or shareholders with at least 5% of the votes that may be cast on the resolution on a poll.

Substantial Shareholders

As at the date of the Directors' Report, the Register of Substantial Shareholders showed the following:

Peter G. Scott	4,300,450 fully paid ordinary shares
Gail S. Scott	4,300,000 fully paid ordinary shares

Distribution of Equity Securityholders

As at 20 September 2001, the distribution of each class of equity was as follows:

Range	Fully Paid Ordinary Shares	30 June 2002 $0.50 Options	30 September 2005 $0.50 Options	24 January 2006 $0.75 Options	24 January 2006 $1.00 Options	24 January 2006 $1.50 Options
1- 1,000	37	380	-	-	-	-
1,001 - 5,000	772	589	-	-	-	-
5,001 - 10,000	488	65	-	-	-	-
10,001 - 100,000	483	78	-	-	-	-
100,001 and over	27	4	3	1	1	1
	1,807	**1,116**	**3**	**1**	**1**	**1**

At 20 September 2001, 110 shareholders held less than a marketable parcel of 1,666 shares.

Twenty Largest Quoted Shareholders and Optionholders

At 20 September 2001 the twenty largest fully paid ordinary shareholders held 65.7% of fully paid ordinary shares and the twenty largest quoted optionholders held 31.5% of the 30 June 2002 options as follows:

	Name	Fully Paid Ordinary Shares	%		Name	Fully Paid Ordinary Shares	%
1	Peter Gage	9,500,000	14.8	11	Commonwealth Custodial Services Ltd	1,000,000	1.6
2	Australian National University	4,500,000	7.0	12	Michael Hoy	1,000,000	1.6
3	Peter Scott	4,250,000	6.6	13	Peter Nightingale	1,000,000	1.6
4	Gail Scott	4,249,500	6.6	14	Huntley Investment Co. Ltd	500,000	0.8
5	Angela Dulhunty	2,600,000	4.1	15	CBDF Pty Ltd	500,000	0.8
6	Chris Parish	2,600,000	4.1	16	Gary Ewart	500,000	0.8
7	Philip & Marylyn Board	2,599,950	4.1	17	Dorvell Pty Ltd	400,000	0.6
8	Altinova Nominees Pty Ltd	2,000,000	3.1	18	Vince Truda	320,000	0.5
9	Carrington Services Pty Ltd	2,000,000	3.1	19	Imnau Holdings Pty Ltd	314,678	0.5
10	Tom Mann	2,000,000	3.1	20	Rosignol Pty Ltd	200,000	0.3

	Name	30 June 2002 $0.50 Options	%		Name	30 June 2002 $0.50 Options	%
1	Commonwealth Custodial Services Ltd	250,000	4.2	11	Dorvell Pty Ltd	75,000	1.2
2	Kembla No 20 Pty Ltd	191,000	3.2	12	Robert McCauley	73,200	1.2
3	Contango Nominees No 2 Pty Ltd	126,800	2.1	13	John Reardon	72,500	1.2
4	Huntley Investment Company Ltd	125,000	2.1	14	Southern Management Consultants Pty Ltd	67,500	1.1
5	HBK Management Pty Ltd	100,000	1.7	15	Pasquale & Anna La Vista	65,500	1.1
6	Imnau Holdings Pty Ltd	100,000	1.7	16	Peter Ashwin	65,000	1.1
7	Perpetual Trustees Cons Ltd	100,000	1.7	17	Peppertree Investments Pty Ltd	65,000	1.1
8	Beda Nominees Pty Ltd	95,000	1.6	18	Aus Ed 2000 Pty Ltd	50,500	0.8
9	Dowhaven Pty Ltd	90,000	1.5	19	Tom & Ilse Hilton	50,000	0.8
10	John & Catharina Herweynen	79,000	1.3	20	Terence & Louise Moran	50,000	0.8

There are no current on-market buy-backs.

Restricted Securities

At 20 September 2001 the Company had the following restricted securities on issue:

500,000 fully paid ordinary shares restricted until 4 December 2001
39,000,000 fully paid ordinary shares restricted until 24 January 2003
900,000 30 September 2005 $0.50 options restricted until 24 January 2003
500,000 24 January 2006 $0.75 options restricted until 24 January 2003
500,000 24 January 2006 $1.00 options restricted until 24 January 2003
500,000 24 January 2006 $1.50 options restricted until 24 January 2003

BIOTRON LIMITED

CORPORATE DIRECTORY

Directors:

Mr Michael J. Hoy (Chairman)
Dr Noel J. Chambers (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

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

Share Registrar:

Computershare Registry Services Pty Limited
Level 32, Central Plaza One
345 Queen Street
BRISBANE QLD 4000
Phone: 61-7 3237 2100
Fax: 61-7 3229 9860

Auditors:

KPMG
Level 30, Central Plaza One
345 Queen 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.