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28 August 2015

The Manager - Companies
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

(47 pages by email)

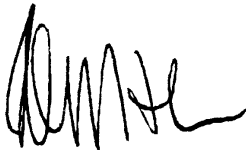
Dear Madam,

YEAR END ACCOUNTS AND PRELIMINARY FINAL REPORT

I attach the Company's Year End Accounts and Appendix 4E Preliminary Final Report for the year ended 30 June 2015.

Full details of the Company's Operating and Financial Review are contained in the attached Annual Report which forms part of this Preliminary Final Report.

Yours sincerely



Peter J. Nightingale
Company Secretary

pjn8208

Appendix 4E

Preliminary final report

Name of entity

BIOTRON LIMITED

ABN or equivalent company reference

60 086 399 144

Financial year ended ('current period')

30 JUNE 2015

Results for announcement to the market

Revenues from ordinary activities	N/A	Nil	to	Nil
Loss from ordinary activities after tax attributable to members	Down	11.8%	to	\$2,723,221
Net loss for the period attributable to members	Down	11.8%	to	\$2,723,221
Dividends (distributions)	Amount per security		Franked amount per security	
Final dividend	Nil		Nil	
Interim dividend	Nil		Nil	
Previous corresponding period				
Final dividend	Nil		Nil	
Interim dividend	Nil		Nil	
Record date for determining entitlements to the dividend.	N/A			
Brief explanation of any of the figures reported above and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:				
Refer attached Annual Report for the year ended 30 June 2015.				
NTA backing	Current period		Previous corresponding period	
Net tangible asset backing per ordinary security	1.4 cents		0.6 cents	

The attached Annual Report which forms part of this Appendix 4E has been audited.

BIOTRON LIMITED

A.B.N. 60 086 399 144

**ANNUAL REPORT
FOR THE YEAR ENDED
30 JUNE 2015**

BIOTRON LIMITED

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BIOTRON LIMITED

OPERATING AND FINANCIAL REVIEW

REVIEW OF OPERATIONS

Executive Summary

Biotron's strategy is to systematically grow the value of the Company and work towards a commercial outcome for shareholders. This is best achieved by the demonstration of positive data, from clinical trials and other supporting studies. To date, focus has been on the planned, step-wise clinical development of the Company's lead antiviral drug, BIT225. Significant progress has been made with all the Company's clinical programs, which include clinical trials in HIV, Hepatitis C virus ('HCV') and in HIV/HCV co-infected patients.

Positive data has been reported in all clinical studies completed to date, which have demonstrated that BIT225 has activity (the antiviral effectiveness) against both HIV and HCV.

A summary of significant events achieved in the period under review includes:

- Report of positive data from the Phase 2 trial (BIT225-006) of BIT225 in patients co-infected with HIV and HCV. This study showed that all genotype 3 patients who completed dosing were HCV-virus free 12 weeks after completing all drug treatment (known as SVR12), indicating that they were cured of HCV infection.
- Completion of enrolment of a longer term, 12 week dosing, Phase 2 trial (BIT225-008) of BIT225 in HCV genotype 1 and 3 patients.
- An independent Data and Safety Monitoring Committee (DSMC) review of preliminary interim data from the BIT225-008 trial recommended the Company focus further development of BIT225 in combination with new classes of HCV drugs.
- Report that BIT225 is able to reverse HIV-induced immune activation in HIV-infected patients.
- Showcasing the Company to the international investment community at various events in the USA and Australia.
- Successful completion of a fully underwritten rights issue, raising \$4.06 million in November 2014, and a placement, raising \$2 million in June 2015. Subsequent to the end of the 2015 financial year, an additional \$2 million was raised via a share purchase plan to eligible shareholders.

HCV and HIV Clinical Programs

As summarised below, significant progress has been made by the Company to date with clinical programs, which include clinical trials in HIV, HCV and HIV/HCV co-infected populations. BIT225 is in mid-stage clinical development with 7 clinical trials completed to date and one trial currently in progress. Encouraging efficacy results against both HCV and HIV in clinical studies completed to date include:

- 100% of HCV genotype 1 patients receiving 400mg of BIT225 plus interferon and ribavirin (IFN/RBV) were HCV virus free at 48 weeks (BIT225-005), compared to 75% of controls who received IFN/RBV alone.
- 100% of HCV genotype 3 and HIV co-infected patients completing dosing with 300mg of BIT225 plus 48 weeks of IFN/RBV were HCV virus free 12 weeks after completing treatment (SVR12) (BIT225-006).
- BIT225 accelerated viral load reductions in HCV genotype 3 patients (BIT225-006).

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OPERATING AND FINANCIAL REVIEW

- BIT225 shown to have HCV pan-genotype activity (i.e. activity against the 6 major strains of HCV) in *in vitro* laboratory studies.
- BIT225 shown to target HIV in monocyte reservoir cells, reducing virus production from these long-lived viral pools that are not cleared with current anti-HIV drugs (BIT225-004).
- BIT225 shown to reduce HIV-induced impairment of the immune system (BIT225-004).

BIT225 has a unique mode of action compared to other antiviral drugs in development. It works by targeting the assembly of virus particles and has dual activity against both HIV and HCV. Chronic viral diseases such as HCV and HIV need to be treated with two or more different classes of drugs in combination to stop the virus mutating and becoming resistant to treatment.

Both markets are large and growing. The worldwide anti-HCV drug market is forecast to grow from the current US\$4.7 billion to US\$19 billion by end of the decade. HIV drug sales in the major markets, which include the USA, Europe and Japan, were US\$11.9 billion in 2013. Due to growth in the HIV drug market, stimulated by new drug launches and increasing prevalence of HIV, this market is projected to reach US\$16.8 billion by 2020.

The Company aims to position BIT225 to maximise its chances of being licensed for use in combination with other anti-HCV drugs. To this end, a series of clinical trials have been undertaken in different HCV patient populations, designed to determine BIT225's anti-HCV activity profile. As demonstrated by the above summary of results of clinical trials, BIT225 has shown encouraging activity against HCV.

BIT225 is being positioned to fill treatment gaps that are being left by other new HCV drug classes, in particular in HCV genotype 3 and HIV/HCV co-infected patients. In trials to date, BIT225 has been used in combination with existing drugs IFN/RBV, which are being replaced with new, safer HCV drugs used in combination. To be considered for inclusion in future HCV drug combinations treatment regimes, BIT225 will need to be tested in patients in combination with other new HCV drugs.

During the 2015 financial year, the Company has progressed BIT225 along the path to commercialisation. Clinical data from the BIT225-006 HIV/HCV trial supports ongoing development of BIT225, in particular for the treatment of HCV genotype 3. Other new classes of HCV drugs are not as effective against this type of HCV. There is a real need for alternative classes of HCV drugs that can improve viral clearance and/or reduce the treatment time for genotype 3.

The completion of enrolment in the Phase 2 HCV 3-month dosing trial is a key milestone for the Company. This trial is important as it will provide key data for future dosing regimens with BIT225, as well as important longer-term dosing safety data. It will also provide additional efficacy data against HCV genotypes 1 and 3. The review of the preliminary interim data by the independent DSMC, which recommended that Biotron should focus on groups with unmet needs such as the HCV genotype 3 population in future studies with BIT225. This is in line with the Company's previously stated strategy.

The extent to which any virus remains in the blood 12 weeks after stopping all drug treatment (SVR12 = Sustained Virological Response at Week 12) is the measure of successful treatment with HCV drugs. The BIT225-008 trial protocol required administration of IFN/RBV to G1 and G3 patients for different periods after the 12 weeks of treatment with BIT225. This means that SVR12 will be reached at Week 36 of the trial for HCV genotype 3, and at Week 60 of the trial for HCV genotype 1. It is anticipated that SVR12 for G3 will be reported in september15 quarter, and SVR12 for G1 will be reported in march16 quarter.

Significant treatment gaps remain for HCV, such as genotype 3, despite new drugs coming on the market. There remains a need for additional drugs that will shorten treatment time and improve outcomes for particular patients who currently have limited treatment options. In addition, it is becoming apparent that more patients than anticipated are failing treatment with the new HCV drugs. The DSMC noted this

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OPERATING AND FINANCIAL REVIEW

and said that this population, which has very limited choices, may be an area of advantage for BIT225 given its novel and different anti-viral mechanism of action.

BIT225 also has antiviral activity against HIV. Despite advances in HIV treatments, significant hurdles remain. The incidence of infections is on the rise, with rates in Australia at a 20-year high. The number new cases being diagnosed increased by over 10% in the last 12 months. Estimates are that there could be up to 10,000 Australians who do not know that they are HIV positive. In the USA, over 1.1 million people are living with HIV infection, with almost 1 in 6 unaware of their infection.

Reservoirs of HIV exist in patients despite treatment with current anti-HIV drugs. Biotron's BIT225 has shown that it can target HIV in one of the main reservoirs, with the potential to reduce viral burdens in patients, and reverse HIV-induced impairment of the immune system. BIT225 is able to cross the blood-brain barrier, and may have an impact on HIV associated dementia.

Other Viral Programs

Biotron has a portfolio of clinical and preclinical antiviral programs developing drugs targeting HCV, HIV, Dengue virus and Influenza virus. At present, focus is on the development of our lead compounds for the treatment of HCV and HIV. Resources will be committed to additional projects once the more advanced programs have been successfully commercialised or as more resources become available.

Outlook for the Next 12 Months

The Company's objective is to progress its HIV and HCV programs, with specific focus on ensuring the programs comply with US Food and Drug Administration ('FDA') regulatory guidelines, to position BIT225 within the HCV and HIV drug landscapes.

As detailed in the Prospectus released with the recent successful Rights Issue, Biotron proposes to continue to progress these programs through to a commercial outcome. A key milestone on this commercialisation pathway is the filing of Investigational New Drug ('IND') applications with the USA FDA. IND filings are necessary to undertake clinical trials in the USA and are key steps on the process towards final drug approvals.

The Company is currently well funded to complete its stated objectives, achievement of which will be important in the selection of a partner for the further development of BIT225 within the HCV treatment landscape. These include:

- The Phase 2 trial (BIT225-008) evaluating BIT225 as a potential new therapy for treatment of HCV in HCV genotype 1 (G1) and genotype 3 (G3) subjects and to extend efficacy data against HCV G1 and G3, and to provide further information regarding BIT225's safety and tolerability profile in longer term dosing using the capsule formulation of the drug.
- Modelling of pharmacokinetic data from previous trials to determine optimal BIT225 dose and frequency in future trials.
- Additional *in vitro* laboratory studies of BIT225's antiviral activity, including studies in combination with other HCV drugs.
- Determination of potential drug-drug interactions between BIT225 and other HCV drug(s), to assist with design of the proposed IND study.
- Progressing towards filing an IND with the US FDA.

The data from the BIT225-008 trial is key for completing pre-IND activities. With the data received, the Company expects to progress to an IND filing for the BIT225 HCV program.

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There is renewed industry interest in eradicating HIV reservoirs from patients. This is likely to require several different drug strategies working in combination and BIT225, with its unique anti-HIV activity, has the potential to be a key part of future HIV eradication strategies.

The Company has been in discussions with international HIV experts, designing a pivotal clinical study that will facilitate positioning BIT225 within the HIV treatment arena. The safety and pharmacokinetic data on BIT225 from the recent HCV trials have served a dual purpose - supporting both the HCV and HIV programs. One of the primary purposes of the recent successful capital raising is to fund preparation and submission of regulatory and ethics documentation, and if approved, initiate a Phase 2 HIV trial.

The results of these studies will assist with positioning BIT225 in the commercial HCV and HIV landscapes.

In parallel with undertaking activities associated with the IND filings, the Company plans to progress discussions with potential partners.

Patents

Biotron is focused on progressing patents related to its antiviral programs through the international patenting process. The Company recognises that the key to establishment of partnerships is the expansion and continued strengthening of Biotron's intellectual property portfolio. Strong, defensible, international patents are essential to attract partners and to ensure a competitive advantage for the Company's products in the marketplace.

A summary of Biotron's patent portfolio is as follows:

Title	Status
WO0021538 Method of modulating ion channel functional activity Priority - 12 October 1998	Granted in Australia, Canada, China, Germany, France, United Kingdom, The Netherlands, Japan, New Zealand and USA.
WO9813514 Method of determining ion channel activity of a substance Priority - 27 September 1996	Granted in Australia, Canada, Japan, Europe, United Kingdom and USA.
WO04112687 Antiviral compounds and methods Priority - 26 June 2003	Granted in Australia, Canada, China, India, Japan, Korea, New Zealand, Singapore, and South Africa. Under or awaiting examination in Brazil, Europe, Hong Kong, and USA.
WO06135978 Antiviral compounds and methods Priority - 24 June 2005	Granted in Australia, Canada, China, Japan, Europe and United Kingdom, New Zealand, Singapore, South Africa, and USA. Under or awaiting examination in Brazil and India.
WO2009/018609 Hepatitis C antiviral compounds and methods Priority - 3 August 2007	Granted in Australia, Europe, Japan, New Zealand, Singapore, and South Africa. Under or awaiting examination in Brazil, Canada, China, Hong Kong, India, Korea, and USA.

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Corporate

In April 2015, the Company received an R&D Tax Incentive rebate of \$1.7 million for the 2014 financial year. The R&D Tax Incentive is an Australian Government program under which companies receive cash refunds for 45% of eligible expenditure on research and development.

The cash refund results from expenditure on Biotron's HCV and HIV drug development programs. It is an important source of funds for the Company's ongoing research and development activities.

During the financial year and subsequent to the end of the financial year, the Company raised ~\$8 million in equity capital. The funds will be used to support the Company's ongoing activities described above, and will, by strengthening the Company's balance sheet, improve the Company's position to engage in the negotiation of a commercialisation transaction.

On behalf of the Board we would like to thank the Biotron staff for their commitment and dedication during the year. Biotron is poised to achieve the outcome that we have all been working towards - demonstration that its systematic approach to antiviral drug development can result in significant clinical benefit to patients and generate value for our shareholders.

We look forward to the next year with confidence.



Michael J. Hoy
Chairman



Michelle Miller
Managing Director

CORPORATE GOVERNANCE STATEMENT

The Board is committed to maintaining the highest standards of Corporate Governance. Corporate Governance is about having a set of core values and behaviours that underpin the Company's activities and ensure transparency, fair dealing and protection of the interests of stakeholders. The Company has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council.

The 2015 corporate governance statement is dated as at 6 August 2015 and reflects the corporate governance practices throughout the 2015 financial year. The 2015 corporate governance was approved by the board on 6 August 2015. A description of the Company's current corporate governance practices is set out in the Company's corporate governance statement which can be viewed at <http://www.biotron.com.au/corporate-governance/>

BIOTRON LIMITED

DIRECTORS' REPORT

The directors present their report together with the financial statements of Biotron Limited ('the Company') for the year ended 30 June 2015 and the auditor's report thereon.

Directors

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

Mr Michael J. Hoy
Independent and Non-Executive Chairman

Mr Hoy has more than 30 years' corporate experience in Australia, the United Kingdom, USA and Asia. He is Chairman of Telesso Technologies Limited and Lipotek Pty Limited and a former director of John Fairfax Holdings Limited and FXF Trust.

Mr Hoy has been a director since 7 February 2000 and Chairman since 16 March 2000.

Dr Michelle Miller, BSc, MSc, PhD, GCertAppFin (Finsia)
Managing Director

Dr Miller has worked for over 20 years in the bioscience industry, with extensive experience in commercial development of early to mid stage technologies. She completed her PhD in the Faculty of Medicine at Sydney University investigating molecular models of cancer development. Her experience includes several years at Johnson and Johnson developing anti-HIV gene therapeutics through preclinical research to clinical trials. She has finance industry experience from time spent as an Investment Manager with a specialist bioscience venture capital fund.

Dr Miller was appointed as Managing Director on 21 June 2002.

Dr Susan M. Pond AM, MD DSc, FTSE
Independent and Non-Executive Director

Dr Pond has a strong scientific and commercial background having held executive positions in the biotechnology and pharmaceutical industry for 12 years, most recently as chairman and managing director of Johnson & Johnson Research Pty Limited (2003 - 2009). She has held many previous board positions including as executive director of Johnson & Johnson Pty Limited, non-executive director and chairman of AusBiotech Limited, director of the Australian Nuclear Science and Technology Organisation and board member of Innovation Australia.

Dr Pond is currently on the boards of the Australian Academy of Technological Sciences and Engineering, of which she is Vice-President. She is a Fellow of the Australian Institute of Company Directors and the Australian Academy of Health and Medical Sciences.

Dr Pond holds a first class honours degree in Bachelor of Medicine and Surgery from the University of Sydney and a Doctor of Medicine degree from the University of New South Wales. She obtained specialist clinical credentials in internal medicine, clinical pharmacology and clinical toxicology and has held academic appointments at the University of California, San Francisco and the University of Queensland before joining the industry.

Dr Pond was appointed as a director on 7 March 2012.

BIOTRON LIMITED

DIRECTORS' REPORT

***Mr Robert B. Thomas BEc, MSDIA, SF Fin, FICD
Independent and Non-Executive Director***

Mr Thomas has over 35 years' experience in the securities industry, with Potter Partners (now UBS), County NatWest and Citigroup.

He is the chairman of Starpharma Holdings Limited and a director of Aus Bio Limited, Heartware Inc, REVA Medical Limited and Virgin Australia Limited. He chairs Grahger Capital Securities and is a director of O'Connell Street Associates Pty Limited.

Mr Thomas has a Bachelor of Economics degree from Monash University (1963 - 1966). He has been a member of the Securities Institute of Australia since 1976 and was appointed as a Fellow to the Institute in 1997. He is a Master Stockbroker and is a Fellow of the Institute of Company Directors.

Mr Thomas was appointed as a director on 7 March 2012.

***Dr Denis N. Wade
Independent and Non-Executive Director***

Dr Wade has been involved for over 40 years with the development of research based pharmaceuticals and medical devices in both industry and academia. He has been a director of several private and public companies in the healthcare sector, including Heartware Limited and subsequently Heartware International Inc., since December 2004. He was a director and chairman of Gene Shears Pty Limited and, from 1987 until his retirement in 2002, was managing director and chairman of Johnson & Johnson Research Pty Ltd, a research and development company of Johnson & Johnson Inc. He was also a member of the J&J Corporate Office of Science and Technology. Prior to that, Dr Wade was the Foundation Professor of Clinical Pharmacology at the University of New South Wales and served as a member of a number of state and federal bodies related to the drug industry, including the P3 Committee.

He is a former chairman of the Australian Academy National Committee for Pharmacology, the Australasian Society for Clinical and Experimental Pharmacology and Toxicology and a former chairman of the Clinical Pharmacology Section of the International Union of Pharmacology.

Dr Wade holds a first class honours degree in Medicine and Science from the University of Sydney and a Doctorate of Philosophy from the University of Oxford. He was awarded an Honorary Doctorate of Science by the University of New South Wales and is a Fellow of the Royal Australasian College of Physicians and of the Australian Academy of Technological Sciences and Engineering. In 1999 he was made a Member of the Order of Australia.

Dr Wade was appointed as a director on 30 April 2010.

***Mr Peter J. Nightingale
Company Secretary***

Mr Nightingale graduated with a Bachelor of Economics degree from the University of Sydney and is a member of the Institute of Chartered Accountants in Australia. He has worked as a chartered accountant in both Australia and the USA.

As a director or company secretary Mr Nightingale has, for more than 25 years, been responsible for the financial control, administration, secretarial and in-house legal functions of a number of private and public listed companies in Australia, the USA and Europe including Bolnisi Gold N.L., Callabonna Uranium Limited, Cockatoo Coal Limited, Mogul Mining N.L., Pangea Resources Limited, Perseverance Corporation Limited, Sumatra Copper & Gold plc, Timberline Minerals, Inc. and Valdora Minerals N.L. Mr Nightingale is currently a director of ASX listed Augur Resources Ltd, Planet Gas Limited and unlisted public companies Nickel Mines Limited and Prospech Limited.

Mr Nightingale has been Company Secretary since 23 February 1999.

BIOTRON LIMITED

DIRECTORS' REPORT

Directors' Meetings

The number of directors' meetings held and number of meetings attended by each of the directors of the Company, while they were a director, during the year are:

Director	Directors' Meetings	
	No. of Eligible Meetings to Attend	No. of Meetings Attended
Michael J. Hoy	8	8
Michelle Miller	8	8
Susan M. Pond	8	8
Robert B. Thomas	8	8
Denis N. Wade	8	8

Directors' Interests

At the date of this report, the beneficial interests of each director of the Company in the issued share capital of the Company and options, each exercisable to acquire one fully paid ordinary share of the Company are:

	Fully Paid Ordinary Shares	Options	Option Terms (Exercise Price and Term)
Directors			
Michael J. Hoy	3,855,283	700,961	\$0.12 at any time up to 30 September 2016
Michelle Miller	-	2,000,000	\$0.21 at any time up to 30 October 2015
	-	3,000,000	\$0.24 at any time up to 30 October 2015
Susan M. Pond	305,556	55,556	\$0.12 at any time up to 30 September 2016
Robert B. Thomas	5,265,000	1,237,038	\$0.12 at any time up to 30 September 2016
Denis N. Wade	1,506,871	273,977	\$0.12 at any time up to 30 September 2016

In November 2014 the options issued to Michelle Miller were repriced. The 2,000,000 options issued were repriced from \$0.22 to \$0.21 and the 3,000,000 options issued were repriced from \$0.25 to \$0.24.

There were no options over unissued ordinary shares granted as compensation to directors or executives of the Company during or since the end of the financial year.

Unissued Shares Under Option

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

Number of Shares	Exercise Price	Expiry Date
2,000,000	\$0.21	30 October 2015
3,000,000	\$0.24	30 October 2015
50,720,453	\$0.12	30 September 2016

All options expire on the earlier of their expiry date or termination of the employee's employment provided the exercise period has been reached. In the event that the employment of the option holder 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. The persons entitled to exercise the options do not have, by virtue of the options, the right to participate in a share issue of the Company or any other body corporate.

BIOTRON LIMITED

DIRECTORS' REPORT

Shares Issued on Exercise of Options

During or since the end of the financial year, the Company issued ordinary shares as a result of the exercise of options as follows (there are no amounts unpaid on the shares issued):

Number of Shares	Amount paid on each share
12,201	\$0.12

Principal Activities

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

Financial Result and Review of Operations

The operating loss of the Company for the financial year after income tax was \$2,723,221 (2014 - \$3,085,814 loss).

A review of the Company's operations for the year is set out in the Operating and Financial Review.

Impact of Legislation and Other External Requirements

There were no changes in environmental or other legislative requirements during the year that have significantly impacted the results or operations of the Company.

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

In the opinion of the directors, there were no significant changes in the state of affairs of the Company that occurred during the year ended 30 June 2015.

Environmental Regulations

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

On 18 June 2015, the company offered all eligible shareholders the opportunity to participate in a Share Purchase Plan ("SPP"). The offer closed on 10 July 2015. The Shareholders subscribed for 17,361,111 ordinary shares under the SPP at \$0.1152 per share, raising \$2,000,000 before issue costs. All shares were issued 15 July 2015.

Other than the matter discussed above, 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 2015, the Company continued 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.

BIOTRON LIMITED

DIRECTORS' REPORT

Indemnification of Officers and Auditors

During or since the end of the financial year, the Company has not indemnified or made a relevant agreement to indemnify an officer or auditor of the Company against a liability incurred by such an officer or auditor. In addition, the Company has not paid or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an officer or auditor.

Remuneration Report - Audited

Principles of compensation - Audited

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company. Key management personnel comprise the directors of the Company and the Company Secretary. No other employees have been deemed to be key management personnel.

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 remuneration disclosed below represents the cost to the Company for the services provided under these arrangements.

No directors or senior executives receive performance related remuneration. Options issued in prior periods as remuneration were subject to minimum service periods being met. All outstanding options have fully vested at 30 June 2015.

There were no remuneration consultants used by the Company during the year ended 30 June 2015, or in the prior year.

Consequences of performance on shareholder wealth - Audited

In considering the Company's performance and benefits for shareholders wealth, the Board have regard to the following indices in respect of the current financial year and the previous four financial years.

	2015	2014	2013	2012	2011
Net loss attributable to equity holders of the Company	\$2,723,221	\$3,085,814	\$3,850,745	\$2,378,052	\$1,907,527
Dividends paid	-	-	-	-	-
Change in share price	3.0 cents	2.0 cents	(2.0) cents	(1.0) cents	4.8 cents

The overall level of key management personnel's compensation is assessed on the basis of market conditions, status of the Company's projects, and financial performance of the Company.

BIOTRON LIMITED

DIRECTORS' REPORT

Remuneration Report - Audited (continued)

Details of remuneration for the year ended 30 June 2015 - Audited

Details of director and senior executive remuneration and the nature and amount of each major element of the remuneration of each director of the Company, and other key management personnel of the Company are set out below:

	Year	Primary Fees \$	Superannuation \$	Share Based Payments - Options \$	Total \$	Value of Options as a % of Remuneration
Directors						
<i>Non-executive</i>						
Michael J. Hoy	2015	68,807	6,537	-	75,344	-
(Chairman)	2014	68,807	6,365	-	75,172	-
Susan M. Pond	2015	36,697	3,486	-	40,183	-
	2014	36,697	3,394	-	40,091	-
Robert B. Thomas	2015	36,697	3,486	-	40,183	-
	2014	36,697	3,394	-	40,091	-
Denis N. Wade	2015	36,697	3,486	-	40,183	-
	2014	36,697	3,394	-	40,091	-
Bruce Hundertmark	2015	-	-	-	-	-
	2014	13,106	1,212	-	14,318	-
<i>Executive</i>						
Michelle Miller	2015	328,846	31,240	-	360,086	-
(Managing Director)	2014	343,254	29,885	-	373,139	-
Executives						
Peter J. Nightingale	2015	75,000	-	-	75,000	-
(Company Secretary)	2014	75,000	-	-	75,000	-

No bonuses were paid during the financial year and no performance based components of remuneration exist. The Company employed no other key management personnel.

Options granted as compensation - Audited

There were no options granted as compensation to key management personnel during the 2015 and 2014 financial years.

Modification of terms of equity-settled share-based payment transactions - Audited

In November 2014 the 5,000,000 options on issue to Michelle Miller were repriced. The modification resulted in an immaterial change to the fair value of the options and no expense has been recognised as a result.

No other terms of equity-settled share-based payment transactions (including options granted as compensation to a key management person) have been altered or modified by the issuing entity during 2015 and 2014 financial year.

Exercise of options granted as compensation - Audited

There were no shares issued on the exercise of options previously granted as compensation during the 2015 and 2014 financial years.

BIOTRON LIMITED

DIRECTORS' REPORT

Remuneration Report - Audited (continued)

Analysis of options and rights over equity instruments granted as compensation - Audited

All options refer to options over ordinary shares of Biotron Limited, which are exercisable on a one-for-one basis.

Director	Options granted		% vested in year	% forfeited in year	Financial year in which grant vests
	Number	Date			
Michelle Miller	1,000,000	24 December 2010	-%	-%	1 July 2010
	1,000,000	24 December 2010	-%	-%	1 July 2011
	3,000,000	24 December 2010	-%	-%	1 July 2012

The number of options that had vested as at 30 June 2015 is 5,000,000 (2014 - 5,000,000). No options were granted subsequent to year end.

Analysis of movements in options - Audited

Director	Granted in the year	Valuation of options exercised in the year	Lapsed in the year
Michelle Miller	-	-	-

Options and rights over equity instruments – Audited

The movement during the reporting period in the number of options over ordinary shares in the Company held directly, indirectly or beneficially, by each key management person, including their personally related entities, is as follows:

Option holdings 2015 - Audited

	Held at 1 July 2014	Purchased	Exercised	Expired	Held at 30 June 2015	Vested and exercisable at 30 June 2015
Directors						
Michael J. Hoy	-	700,961	-	-	700,961	700,961
Michelle Miller	5,000,000	-	-	-	5,000,000	5,000,000
Susan M. Pond	-	55,556	-	-	55,556	55,556
Robert B. Thomas	-	1,237,038	-	-	1,237,038	1,237,038
Denis N. Wade	-	273,977	-	-	273,977	273,977
Executives						
Peter J. Nightingale	-	1,151,924	-	-	1,151,924	1,151,924

Loans to key management personal and their related parties - Audited

There were no loans made to key management personnel or their related parties during the 2015 and 2014 financial years year and no amounts were outstanding at 30 June 2015 (2014 - \$nil).

BIOTRON LIMITED

DIRECTORS' REPORT

Remuneration Report - Audited (continued)

Other transactions with key management personnel - Audited

The following key management personnel holds a position in another entity that results in them having control or joint control over the financial or operating policies of that entity, and this entity transacted with the Company during the year as follows:

- During the year ended 30 June 2015, Peter J. Nightingale had a controlling interest in an entity, MIS Corporate Pty Limited, which provided full administrative services, including rental accommodation, administrative staff, services and supplies, to the entity. Fees paid to MIS Corporate Pty Limited during the year amounted to \$144,000 (2014 - \$144,000). There were no outstanding amounts at 30 June 2015 (2014 - \$nil).
- During the year ended 30 June 2015, Peter J. Nightingale had a controlling interest in an entity, Rosignol Consultants Pty Limited, which provided consulting services specifically in relation to the capital raise conducted by the Company in October 2014. The additional fees paid to Rosignol Consultants Pty Limited during the period amounted to \$5,000. There were no outstanding amounts at 30 June 2015.

Movements in shares - Audited

The movement during the reporting period in the number of ordinary shares in the Company held directly, indirectly or beneficially, by each key management person, including their personally-related entities, is as follows:

Fully paid ordinary shareholdings and transactions 2015 – Audited

	Held at 1 July 2014	Purchased	Received on exercise of options	Sales	Held at 30 June 2015
Directors					
Michael J. Hoy	3,154,322	700,961	-	-	3,855,283
Michelle Miller	-	-	-	-	-
Susan M. Pond	250,000	55,556	-	-	305,556
Robert B. Thomas	5,566,666	1,237,038	-	1,538,704	5,265,000
Denis N. Wade	1,232,894	273,977	-	-	1,506,871
Executives					
Peter J. Nightingale	4,348,076	1,151,924	-	-	5,500,000

Service contracts - Audited

There are no service contracts for the key management personnel.

Non-executive directors - Audited

Total compensation for all non-executive directors is determined by the Board based on market conditions.

BIOTRON LIMITED

DIRECTORS' REPORT

Non-audit Services

During the year KPMG, the Company's auditor, performed no other services in addition to their statutory duties.

A copy of the auditors' independence declaration as required under Section 307C of the *Corporations Act 2001* is included in the Directors' Report.

Details of the amounts paid and accrued to the auditor of the Company, KPMG, and its related practices for audit and non-audit services provided during the year are set out below.

	2015 \$	2014 \$
Statutory audit		
Audit and review of financial reports - KPMG	<u>38,500</u>	<u>31,300</u>

Lead Auditor's Independence Declaration

The Lead Auditor's Independence Declaration is set out on page 15 and forms part of the Directors' Report for the year ended 30 June 2015.

This report has been signed in accordance with a resolution of the directors and is dated 28 August 2015:



Michael J. Hoy
Chairman



Michelle Miller
Managing Director



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

To: the Directors of Biotron Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2015, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Adam Twemlow
Partner

Brisbane

28 August 2015

BIOTRON LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 \$	2014 \$
Continuing operations			
Other income	5	1,672,265	1,722,481
Administration and consultants' expenses		(300,112)	(302,636)
Depreciation	12	(16,957)	(11,193)
Employee and director expenses		(801,660)	(831,497)
Direct research and development expenses	6	(2,882,954)	(3,237,229)
Rent and outgoings expenses		(85,289)	(65,825)
Travel expenses		(44,776)	(90,842)
Other expenses from ordinary activities		(311,429)	(339,045)
Operating loss before financing income		(2,770,912)	(3,155,786)
Interest income		47,691	69,972
Net financing income		47,691	69,972
Loss before tax		(2,723,221)	(3,085,814)
Income tax expense	9	-	-
Loss for the year		(2,723,221)	(3,085,814)
Other comprehensive income		-	-
Total comprehensive loss for the year		(2,723,221)	(3,085,814)
Basic and diluted loss per share (cents)	7	(1.04) cents	(1.35) cents

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

BIOTRON LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

	Notes	2015 \$	2014 \$
Current assets			
Cash and cash equivalents	8	4,523,224	1,764,181
Trade and other receivables	10	10,184	-
Other assets	11	<u>35,025</u>	<u>35,033</u>
Total current assets		<u>4,568,433</u>	<u>1,799,214</u>
Non-current assets			
Plant and equipment	12	<u>47,769</u>	<u>64,726</u>
Total non-current assets		<u>47,769</u>	<u>64,726</u>
Total assets		<u>4,616,202</u>	<u>1,863,940</u>
Current liabilities			
Trade and other payables	13	283,319	295,327
Employee entitlements	14	<u>189,857</u>	<u>179,317</u>
Total current liabilities		<u>473,176</u>	<u>474,644</u>
Total liabilities		<u>473,176</u>	<u>474,644</u>
Net assets		<u>4,143,026</u>	<u>1,389,296</u>
Equity			
Issued capital	15	37,207,759	32,548,656
Reserves	15	1,339,848	522,000
Accumulated losses		<u>(34,404,581)</u>	<u>(31,681,360)</u>
Total equity		<u>4,143,026</u>	<u>1,389,296</u>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

BIOTRON LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2015

Attributable to equity holders of the Company

	Notes	Issued Capital	Option Reserves	Accumulated Losses	Total
		\$	\$	\$	\$
Balance at 1 July 2013		32,548,656	522,000	(28,595,546)	4,475,110
Total comprehensive income for the year					
Loss for the year		-	-	(3,085,814)	(3,085,814)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the year		-	-	(3,085,814)	(3,085,814)
Balance at 30 June 2014	15	<u>32,548,656</u>	<u>522,000</u>	<u>(31,681,360)</u>	<u>1,389,296</u>
Balance at 1 July 2014		32,548,656	522,000	(31,681,360)	1,389,296
Total comprehensive income for the year					
Loss for the year		-	-	(2,723,221)	(2,723,221)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the year		-	-	(2,723,221)	(2,723,221)
<i>Transactions with owners, recorded directly in equity</i>					
Contribution by and distribution to owners					
Ordinary shares/options issued		5,242,032	818,045	-	6,060,077
Cost of shares issued		(583,126)	-	-	(583,126)
Exercise of options		197	(197)	-	-
Balance at 30 June 2015	15	<u>37,207,759</u>	<u>1,339,848</u>	<u>(34,404,581)</u>	<u>4,143,026</u>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

BIOTRON LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015	2014
		\$	\$
Cash flows from operating activities			
Cash receipts in the course of operations		1,672,265	1,722,481
Payments for research and development		(2,932,696)	(3,162,882)
Cash payments in the course of operations		(1,507,222)	(1,605,482)
Interest received		<u>47,953</u>	<u>70,035</u>
Net cash used in operating activities	16	<u>(2,719,700)</u>	<u>(2,975,848)</u>
Cash flows from investing activities			
Payments for plant and equipment		<u>-</u>	<u>(52,408)</u>
Net cash used in investing activities		<u>-</u>	<u>(52,408)</u>
Cash flows from financing activities			
Proceeds from issue of shares and options		6,060,077	-
Cost of issue of shares and options		<u>(583,126)</u>	<u>-</u>
Net cash from financing activities		<u>5,476,951</u>	<u>-</u>
Net increase/(decrease) in cash held		2,757,251	(3,028,256)
Cash and cash equivalents at 1 July		1,764,181	4,792,437
Effect of exchange rate adjustments on cash held		<u>1,792</u>	<u>-</u>
Cash and cash equivalents at 30 June	8	<u><u>4,523,224</u></u>	<u><u>1,764,181</u></u>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

BIOTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1. REPORTING ENTITY

Biotron Limited (the 'Company') is a company domiciled in Australia. The address of the Company's registered office is at Level 2, 66 Hunter Street, Sydney, NSW 2000. The Company is a for-profit entity and is primarily engaged in the funding and management of intermediate and applied biotechnology research and development projects.

2. BASIS OF PREPARATION

(a) Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards ('AASBs') adopted by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*. The financial statements of the Company also comply with International Financial Reporting Standards ('IFRSs') adopted by the International Accounting Standards Board ('IASB').

The financial report was authorised for issue by the directors on 28 August 2015.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Company's functional currency.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the following notes:

- Note 9 Unrecognised deferred tax asset

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Company.

(a) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less.

(b) Trade and other receivables

Trade and other receivables are stated at their amortised cost less impairment losses.

BIOTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

3. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(c) Property, plant and equipment

Property plant and equipment are stated at their historical cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognised in profit or loss using the reducing balance method from the date of acquisition at rates between 13% and 40% per annum.

(d) Research and development

Grants

Where a grant is received relating to research and development costs that have been expensed, the grant is recognised as other income when the grant becomes receivable and the Company complies with all attached conditions.

Costs

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit and loss when incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in profit or loss when incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

(e) Trade and other payables

Trade and other payables are stated at their amortised cost, are non-interest bearing and are normally settled within 60 days.

(f) Employee entitlements

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short term cash bonus or profit sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Long term employee benefits

The Company's net obligation in respect of long term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

Share-based payment transactions

The grant-date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

BIOTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

3. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(g) Financial Instruments

Non-derivative financial assets

The Company holds loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. They are included in current assets, except for those with maturities greater than 12 months after the reporting period, which are classified as non-current assets. Loans and receivables comprise cash and cash equivalents and trade and other receivables.

The Company initially recognises loans and receivables on the date that they are originated.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Non-derivative financial liabilities

The Company initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Other financial liabilities comprise trade and other payables.

(h) Share Capital

Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(i) Tax

Income tax comprises of current tax and deferred tax and is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

BIOTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

3. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Goods and services tax

Revenue, 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 taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part 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 balance sheet.

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.

(j) Finance income

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

(k) Earnings per share

The Company presents basic and diluted earnings per share ('EPS') data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

(l) Impairment

Non-derivative financial assets

A financial asset not classified as at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Financial assets measured at amortised cost

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

BIOTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

3. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Losses are recognised within profit or loss. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit ('CGU') exceeds its recoverable amount. The recoverable amount of an asset or CGU is the greater of their fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Impairment losses are recognised in profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(m) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

(n) Segment reporting

Determination and presentation of operating segments

The Company determines and presents operating segments based on the information that is provided internally to the Managing Director, who is the Company's chief operating decision maker.

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are regularly reviewed by the Company's Managing Director to make decisions about resources to be allocated to the segment and assess its performance.

Segment results that are reported to the Managing Director include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities.

BIOTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

3. SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(o) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2014, and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these standards early.

AASB 9 Financial Instruments

AASB 9 replaces the existing guidance in AASB 139 *Financial Instruments: Recognition and Measurement*. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from AASB 139.

AASB 9 is effective for the Company's annual reporting period beginning 1 July 2018 and can be early adopted. The Company does not plan to adopt this standard early and the standard is not expected to have a significant effect on the financial statements.

4. DETERMINATION OF FAIR VALUES

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the measurement date. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

Share-based payment transactions

The fair value of employee share options is measured using the Black-Scholes formula. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value. Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions.

Non-derivative financial liabilities

Non-derivative financial liabilities are measured at fair value, at initial recognition, and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date.

BIOTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015	2014
	\$	\$
5. OTHER INCOME		
Research and development rebate	<u>1,672,265</u>	<u>1,722,481</u>

6. LOSS FROM OPERATING ACTIVITIES

Loss from ordinary activities has been arrived at after charging the following items:

Auditors' remuneration paid to KPMG		
- Audit and review of financial reports	38,500	31,300
Depreciation		
- Office equipment	15,817	9,351
- Plant and equipment	1,140	1,842
Direct research and development expenditure expensed as incurred	2,882,954	3,237,229
Provision for employee entitlements	10,540	7,062
Superannuation expense	109,051	99,464

7. LOSS PER SHARE

The calculation of basic and diluted loss per share at 30 June 2015 was based on the loss attributable to ordinary shareholders of \$2,723,221 (2014 - \$3,085,814 loss) and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2015 of 260,882,383 (2014 - 228,296,944), calculated as follows:

	2015	2014
	\$	\$
Net loss for the year	<u>2,723,221</u>	<u>3,085,814</u>
	2015	2014
	Number	Number
Weighted average number of ordinary shares (basic and diluted)		
Issued ordinary shares at 1 July	<u>228,296,944</u>	<u>228,296,944</u>
Weighted average number of ordinary shares at 30 June	<u>260,882,383</u>	<u>228,296,944</u>

As the Company is loss making, none of the potentially dilutive securities are currently dilutive.

	2015	2014
	\$	\$
8. CASH AND CASH EQUIVALENTS		
Cash at bank	<u>4,523,224</u>	<u>1,764,181</u>
Cash and cash equivalents in the statement of cash flows	<u>4,523,224</u>	<u>1,764,181</u>

BIOTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015	2014
	\$	\$
9. INCOME TAX EXPENSE		
Current tax expense		
Current year	(1,351,580)	(1,459,680)
Tax losses not recognised	<u>1,351,580</u>	<u>1,459,680</u>
	<u>-</u>	<u>-</u>
Deferred tax expense		
Current year	33,987	18,570
De-recognition of temporary differences	<u>(33,987)</u>	<u>(18,570)</u>
	<u>-</u>	<u>-</u>
Numerical reconciliation between tax expense and pre-tax net profit		
Loss before tax - continuing operations	<u>(2,723,221)</u>	<u>(3,085,814)</u>
Prima facie income tax benefit at the Australian tax rate of 30% (2014 - 30%)	(816,966)	(925,744)
Increase in income tax expense due to:		
- Adjustments not resulting in temporary differences	(500,626)	(515,366)
- Effect of tax losses not recognised	1,351,580	1,459,680
- Unrecognised temporary differences	<u>(33,988)</u>	<u>(18,570)</u>
Income tax expense current and deferred	<u>-</u>	<u>-</u>
Deferred tax assets have not been recognised in respect of the following items		
Deductible temporary differences (net)	226,406	85,455
Tax losses	<u>9,549,564</u>	<u>9,312,955</u>
Net	<u>9,775,970</u>	<u>9,398,410</u>

The deductible temporary differences and tax losses do not expire under the current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise the benefits of the deferred tax asset.

BIOTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 \$	2014 \$
10. TRADE AND OTHER RECEIVABLES		
Current		
Other debtors	<u>10,184</u>	<u>-</u>
11. OTHER ASSETS		
Current prepayments	19,894	19,902
Security deposits	<u>15,131</u>	<u>15,131</u>
	<u>35,025</u>	<u>35,033</u>
12. PLANT AND EQUIPMENT		
Office equipment - at cost	201,088	201,088
Accumulated depreciation	<u>(159,084)</u>	<u>(143,267)</u>
	<u>42,004</u>	<u>57,821</u>
Plant and equipment - at cost	506,463	506,463
Accumulated depreciation	<u>(500,698)</u>	<u>(499,558)</u>
	<u>5,765</u>	<u>6,905</u>
Total plant and equipment - net book value	<u>47,769</u>	<u>64,726</u>
Reconciliations		
Reconciliations of the carrying amounts for each class of plant and equipment are set out below:		
Office equipment		
Balance at 1 July	57,821	14,765
Additions	-	52,408
Depreciation	<u>(15,817)</u>	<u>(9,352)</u>
Carrying amount at the end of the financial year	<u>42,004</u>	<u>57,821</u>
Plant and equipment		
Balance at 1 July	6,905	8,746
Depreciation	<u>(1,140)</u>	<u>(1,841)</u>
Carrying amount at the end of the financial year	<u>5,765</u>	<u>6,905</u>
Total carrying amount at the end of the financial year	<u>47,769</u>	<u>64,726</u>

BIOTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015	2014
	\$	\$
13. TRADE AND OTHER PAYABLES		
Current		
Creditors	249,213	267,077
Accruals	34,106	28,250
	283,319	295,327
14. EMPLOYEE ENTITLEMENTS		
Current		
Employee annual leave provision	78,694	79,051
Long service leave provision	111,163	100,266
	189,857	179,317
Number of employees at the end of the financial year	4	4
15. CAPITAL AND RESERVES		
Issued and paid up capital		
296,402,910 (2014 - 228,296,944) fully paid ordinary shares	37,207,759	32,548,656
Fully paid ordinary shares		
Balance at the beginning of the financial year	32,548,656	32,548,656
Issue of shares	5,242,032	-
Exercise of options	197	-
Costs of issue	(583,126)	-
	37,207,759	32,548,656

The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid.

During the year ended 30 June 2015 the following shares and options were issued:

- In October 2014 the Company offered eligible shareholders to purchase one new share and one new listed option through a pro-rata renounceable rights issue. Under this offer, the Company issued 50,732,654 ordinary shares and 50,732,654 listed options for cash totalling \$4,058,613. Total issue cost of \$403,709 was recognised as a reduction in proceeds of issue of these shares. The listed options are each exercisable at 12 cents to acquire one fully paid ordinary share exercisable at any time up to 30 September 2016.
- In June 2015 the Company issued 17,361,111 ordinary shares through a share placement offer for cash totalling \$2,000,000. Total issue costs of \$179,417 were recognised as a reduction in the proceeds of the issue of these shares.

In addition to the above share issues 12,201 ordinary shares were issued through the exercise of the listed options for cash totalling \$1,464. The fair value of the options issued was \$197.

BIOTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

15. CAPITAL AND RESERVES (Cont.)

Terms and conditions - Shares

Holders of ordinary shares are entitled to receive dividends as declared 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.

	2015	2014
	\$	\$
Option Reserves		
Equity based compensation reserve (a)	522,000	522,000
Option premium reserve (b)	<u>817,848</u>	<u>-</u>
	<u>1,339,848</u>	<u>522,000</u>
 Movements during the period		
(a) Equity based compensation reserve		
Balance at the beginning of period	<u>522,000</u>	<u>522,000</u>
Balance at end of period	<u>522,000</u>	<u>522,000</u>
 (b) Option premium reserve		
Balance at the beginning of period	-	-
Issue of options	818,045	-
Exercise of options	<u>(197)</u>	<u>-</u>
Balance at end of period	<u>817,848</u>	<u>-</u>

Nature and purpose of reserves

Equity based compensation reserve:

The equity based compensation reserve is used to recognise the grant date fair value of options issued but not exercised

Option premium reserve:

The option premium reserve is used to accumulate proceeds received from the issuing of options.

BIOTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015	2014
	\$	\$
16. STATEMENT OF CASH FLOWS		
Reconciliation of cash flows from operating activities		
Loss for the period	<u>(2,723,221)</u>	<u>(3,085,814)</u>
Adjustments for:		
Depreciation of plant and equipment	16,957	11,193
Provisions	10,540	7,062
Effect of exchange rate adjustments	(1,792)	-
Changes in assets and liabilities		
Decrease/(Increase) in receivables	(10,184)	1,723
Decrease in prepayments	8	13,485
Decrease/(Increase) in payables	<u>(12,008)</u>	<u>76,503</u>
Net cash used in operating activities	<u>(2,719,700)</u>	<u>(2,975,848)</u>

17. RELATED PARTIES

Key management personnel and director transactions

The following key management personnel holds a position in another entity that results in them having control or joint control over the financial or operating policies of that entity, and this entity transacted with the Company during the year as follows:

- During the year ended 30 June 2015, Peter J. Nightingale had a controlling interest in an entity, MIS Corporate Pty Limited, which provided full administrative services, including rental accommodation, administrative staff, services and supplies, to the entity. Fees paid to MIS Corporate Pty Limited during the year, amounted to \$144,000 (2014 - \$144,000). There were no outstanding amounts at 30 June 2015 (2014 - \$nil).
- During the year ended 30 June 2015, Peter J. Nightingale had a controlling interest in an entity, Rosignol Consultants Pty Limited, which provided consulting services specifically in relation to the capital raise conducted by the Company in October 2014. The additional fees paid to Rosignol Consultants Pty Limited during the period amounted to \$5,000. There were no outstanding amounts at 30 June 2015.

Key management personnel compensation

During the year ended 30 June 2015 compensation of key management personnel totalled \$630,979 (2014 - \$657,902), which comprised primary salary and fees of \$582,744 (2014 - \$610,257), superannuation of \$48,235 (2014 - \$47,645), and share based payments of Nil (2014 - Nil). During the 2015 and 2014 financial years, no long term benefits or termination payments were paid.

18. SHARE BASED PAYMENTS

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. The vesting conditions of options issued under the plan are based on minimum service periods being achieved. There are no other vesting conditions attached to options issued under the plan.

BIOTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

18. SHARE BASED PAYMENTS (Cont.)

In the event that the employment or office of the option holder 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.

During the 2015 and 2014 financial years, no options were issued under the Incentive Option Plan.

Options outstanding at 30 June 2015

Grant date	Number of options	Exercise price	Fair value at grant date	Vesting date*	Expiry date
24 December 2010	1,000,000	\$0.21	\$0.105	24 December 2010	30 October 2015
24 December 2010	1,000,000	\$0.21	\$0.105	30 October 2011	30 October 2015
24 December 2010	3,000,000	\$0.24	\$0.104	30 October 2012	30 October 2015

* Vesting conditions are based on minimum service periods being achieved.

The options on issue at 30 June 2015 were modified in November 2014. The strike price of the options was reduced by 1c for each option. The modification had an immaterial impact on the fair value of each option on issue, and accordingly no expense has been recognised in relation to the modification.

Options outstanding at 30 June 2014

Grant date	Number of options	Exercise price	Fair value at grant date	Vesting date*	Expiry date
24 December 2010	1,000,000	\$0.22	\$0.105	24 December 2010	30 October 2015
24 December 2010	1,000,000	\$0.22	\$0.105	30 October 2011	30 October 2015
24 December 2010	3,000,000	\$0.25	\$0.104	30 October 2012	30 October 2015

* Vesting conditions are based on minimum service periods being achieved.

Movement of options in the equity based compensation reserve during the year

	Number of options 2015	Weighted average exercise price 2015	Number of options 2014	Weighted average exercise price 2014
Outstanding at 1 July	5,000,000	\$0.23	5,000,000	\$0.24

The equity based compensation reserve is used to record the options issued to directors and executives of the Company as compensation. Options are valued using the Black-Scholes option pricing model.

The weighted average remaining contractual life of share options outstanding at the end of the year in the equity based compensation reserve was 0.33 years (2014 - 1.33 years).

No ordinary shares have been issued as a result of the exercise of any option granted pursuant to the Incentive Option Plan during the current and prior financial year.

BIOTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

19. SHARE BASED PAYMENTS (Cont.)

Fair value of options

The fair value of options granted is measured at grant date and recognised as an expense over the period during which the employee becomes unconditionally entitled to the options. The fair value of the options granted is measured using an option valuation methodology, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of options that vest.

When options on issue are modified and the modification is beneficial to the other party the incremental fair value at the date of the modification is recognised over the remaining modified vesting period and the original grant-date fair value is recognised over the remaining original vesting period. When the modification is to options on issue that have fully vested the incremental fair value is recognised as an expense in the period the modification occurs. The incremental fair value is the difference between the fair value of the share based payment at the date of modification between the old and new terms.

Expenses arising from share-based payment transactions

No expenses arising from share based payment transactions were recognised during the year ended 30 June 2015 (2014 - \$Nil).

20. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Company's financial instruments comprise deposits with banks, receivables, trade and other payables and from time to time short term loans from related parties. The Company does not trade in derivatives or in foreign currency.

The Company manages its risk exposure of its financial instruments in accordance with the guidance of the Board of Directors. The main risks arising from the Company's financial instruments are market risk, credit risk and liquidity risks. This note presents information about the Company's exposure to each of these risks, its objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Risk management framework

The Board has overall responsibility for the establishment and oversight of the risk management framework. Informal risk management policies are established to identify and analyse the risks faced by the Company. The primary responsibility to monitor the financial risks lies with the Managing Director and the Company Secretary under the authority of the Board.

Credit risk

Credit risk arises mainly from the risk of counterparties defaulting on the terms of their agreements.

The carrying amounts of the following assets represent the Company's maximum exposure to credit risk in relation to financial assets:

	Note	Carrying amount	
		2015	2014
		\$	\$
Cash and cash equivalents	8	4,523,224	1,764,181
Trade and other receivables	10	10,184	-
Security deposits	11	15,131	15,131
		<u>4,548,539</u>	<u>1,779,312</u>

BIOTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

19. FINANCIAL INSTRUMENTS (Cont.)

Cash and cash equivalents

The Company mitigates credit risk on cash and cash equivalents by dealing with regulated banks in Australia.

Trade and other receivables

Credit risk of trade and other receivables is very low as it usually consists predominantly of amounts recoverable from taxation and other government authorities in Australia.

All financial assets are current and are not past due or impaired and the Company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Company.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Ultimate responsibility for liquidity management rests with the Board. The Company monitors rolling forecasts of liquidity on the basis of expected fund raisings, trade payables and other obligations for the ongoing operation of the Company. At balance date, the Company has available funds of \$4,523,224 for its immediate use.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

	Carrying amount	Contractual cash flows	Less than one year	Between one and five years	Interest
	\$	\$	\$	\$	\$
30 June 2015					
Trade and other payables	283,319	(283,319)	(283,319)	-	-
30 June 2014					
Trade and other payables	295,327	(295,327)	(295,327)	-	-

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Market Risks

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

The Company's income statement is affected by changes in interest rates due to the impact of such changes on interest income from cash and cash equivalents and interest bearing security deposits. The average interest rate on funds held during the year was 1.64% (2014 – 2.41%).

BIOTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

19. FINANCIAL INSTRUMENTS (Cont.)

At balance date, the Company had the following mix of financial assets exposed to variable interest rate risk that are not designated as cash flow hedges:

	Note	2015 \$	2014 \$
Financial assets			
Cash and cash equivalents	8	4,523,224	1,764,181
Security deposits	11	<u>15,131</u>	<u>15,131</u>
Net exposure		<u>4,538,355</u>	<u>1,779,312</u>

The Company did not have any interest bearing financial liabilities in the current or prior year.

The Company does not have interest rate swap contracts. The Company always analyses its interest rate exposure when considering renewals of existing positions including alternative financing.

Sensitivity analysis

The following sensitivity analysis is based on the interest rate risk exposures at balance date.

An increase of 100 basis points in interest rates throughout the reporting period would have decreased the loss for the period by the amounts shown below, whilst a decrease would have increased the loss by the same amount. The Company's equity consists of fully paid ordinary shares. There is no effect on fully paid ordinary shares by an increase or decrease in interest rates during the period.

29,270

29,018

Currency risk

The Company is exposed to currency risk on cash and cash equivalents that are denominated in United States currency. The company's gross financial exposure to foreign currency risk at balance date was US\$433,934 (2014- nil).

Sensitivity analysis

The following sensitivity analysis is based on the currency risk exposures at balance date.

A 5% strengthening of the United States dollar to Australian dollar at 30 June 2015 would have decreased post tax profit and net assets for the period by the amounts shown below, while weakening would have increased the post-tax profit and net assets for the period.

28,334

-

The Company is not exposed to price risks.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Board ensures costs are not incurred in excess of available funds and will seek to raise additional funding through issues of shares for the continuation of the Company's operations. There were no changes in the Company's approach to capital management during the year.

The Company is not subject to externally imposed capital requirements.

BIOTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

19. FINANCIAL INSTRUMENTS (Cont.)

Estimation of fair values

The carrying amounts of financial assets and liabilities approximate their net fair values, given the short time frames to maturity and or variable interest rates.

20. FINANCIAL REPORTING BY SEGMENTS

The Company operates in one reportable operating and geographical segment, being the biotechnology industry in Australia.

21. OPERATING LEASES

The Company leases an office in North Ryde, Sydney. The lease is for a period of 3 years starting from November 2013 with an option to renew lease after that 3 years.

During the year ended 30 June 2015, \$85,289 was recognised as an expense in profit or loss in respect of the operating lease (2014 - \$65,825).

The future minimum leases payments under non-cancellable operating leases are payable as follows:

	2015	2014
	\$	\$
Less than one year	66,640	66,640
Between one and five years	24,250	90,890

22. COMMITMENTS AND CONTINGENCIES

The Company may be party to commercial disputes and litigation in the normal course of business. No material liabilities are expected to arise in respect of the commercial disputes and litigation existing at balance date.

There are no capital commitments at the date of these financial statements.

23. SUBSEQUENT EVENTS

On 18 June 2015, the company offered all eligible shareholders the opportunity to participate in a Share Purchase Plan ("SPP"). The offer closed on 10 July 2015. The Shareholders subscribed for 17,361,111 ordinary shares under the SPP raising \$2,000,000 before issue costs. All shares were issued 15 July 2015.

Other than the matter discussed above, 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.

BIOTRON LIMITED

DIRECTORS' DECLARATION

1. In the opinion of the directors of Biotron Limited:
 - a) the financial statements and notes set out on pages 16 to 36, and the Remuneration Report in the Directors' Report, set out on pages 10 to 13, are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2015 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Regulations 2001*;
 - 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.
2. The directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the chief executive officer and chief financial officer for the financial year ended 30 June 2015.
3. The directors draw attention to note 2(a) of the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

This report has been signed in accordance with a resolution of the directors and is dated 28 August 2015:



Michael J. Hoy
Chairman



Michelle Miller
Managing Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BIOTRON LIMITED

Report on the financial report

We have audited the accompanying financial report of Biotron Limited (the Company), which comprises the Statement of Financial Position as at 30 June 2015, and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, notes 1 to 23 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In note 2(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Company's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS
OF BIOTRON LIMITED**

Report on the financial report (continued)

Auditor's opinion

In our opinion:

- a) the financial report of Biotron Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).

Report on the remuneration report

We have audited the Remuneration Report included in pages 10 to 13 of the directors' report for the year ended 30 June 2015. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the Remuneration Report of Biotron Limited for the year ended 30 June 2015 complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Adam Twemlow
Partner

Brisbane
28 August 2015

BIOTRON LIMITED

ADDITIONAL STOCK EXCHANGE INFORMATION

Home Exchange

The Company is listed on the ASX Limited. The home exchange is Sydney.

Use of Cash and Assets

Since the Company's listing on the ASX, 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.

Distribution of Equity Securityholders

As at 31 July 2015, the distribution of each class of equity was as follows:

Range	Fully Paid Ordinary Shares	30 October 2015 \$0.22 Unlisted Options	30 October 2015 \$0.25 Unlisted Options	30 September 2016 \$0.12 Listed Options
1 - 1,000	95	-	-	63
1,001 - 5,000	445	-	-	209
5,001 - 10,000	433	-	-	81
10,001 - 100,000	1,278	-	-	291
100,001 and over	464	1	1	96
	2,715	1	1	740

At 31 July 2015, 442 shareholders held less than a marketable parcel of shares and 340 listed option holders held less than a marketable parcel of options.

BIOTRON LIMITED

Twenty Largest Quoted Shareholders

At 31 July 2015 the twenty largest fully paid ordinary shareholders held 29.87% of fully paid ordinary as follows:

	Name	Fully Paid Ordinary Shares	%
1	Bond Street Custodians Limited <PDP-V24171 A/C>	10,000,000	3.19
2	Armco Barriers Pty Ltd	9,150,000	2.92
3	Scott's A V Pty Ltd <Scotts Acorn EMP S/F A/C>	9,014,000	2.87
4	Mr Mark Hamish Lochtenberg + Mr Michael Lochtenberg <The Rigi Super Fund A/C>	7,827,755	2.49
5	CBDF Pty Limited<Canberra Bus Dev Fund A/C>	6,060,000	1.93
6	Warman Investments Pty Ltd	5,280,556	1.68
7	Mr Robert Thomas +Mrs Kyrenia Thomas <Rob Thomas Super Fund A/C>	5,086,805	1.62
8	Pathold No 222 Pty Ltd	4,800,000	1.53
9	Rigi Investments Pty Limited	4,308,746	1.37
10	Umbiram Pty Ltd <Michael Hoy Superannuation Fund>	3,985,491	1.27
11	Twynam Agricultural Group Pty Ltd	3,830,208	1.22
12	Mr. Peter James Nightingale	3,594,903	1.15
13	Mrs Narelle Fay	3,279,402	1.05
14	Fordholm Investments Pty Ltd <Fordholm Super Fund A/C>	3,200,000	1.02
15	Mrs Wishny Sritharan Krishnarajah	2,620,000	0.84
16	Jey Investments Pty Ltd	2,560,445	0.82
17	Linkenholt Pty Limited <Grant Austin Family A/C>	2,500,000	0.80
18	Ramsab Pty Ltd <L Hamby & I Neering S/F A/C>	2,444,445	0.78
19	Rosignol Pty Ltd <Nightingale Family A/C>	2,165,513	0.69
20	Dr Peter Mun Sun Chan	2,000,000	0.64

There are no current on-market buy-backs.

BIOTRON LIMITED

Twenty Largest Quoted Option Holders

At 31 July 2015 the twenty largest option holders held 43.50% of listed options as follows:

	Name	Fully Paid Ordinary Shares	%
1	Armco Barriers Pty Ltd	4,650,000	9.17
2	Rigi Investments Pty Limited	2,003,112	3.95
3	Mr Russell Dean Thomson	1,760,000	3.47
4	BMMDH Pty Ltd <The Halder Super Fund A/C>	1,444,000	2.85
5	Mr Robert Thomas +Mrs Kyrenia Thomas <Rob Thomas Super Fund A/C>	1,181,482	2.33
6	CBDF Pty Limited<Canberra Bus Dev Fund A/C>	1,077,891	2.13
7	Bond Street Custodians Limited <PDP-V24171 A/C>	1,000,000	1.97
8	Mr Daryl John Halder	955,000	1.88
9	Viking Management Services Pty Ltd <VHK Superannuation A/C>	822,223	1.62
10	Mr Russel Wayne Halder	800,000	1.58
11	Pudd & Co Pty Ltd	727,278	1.43
12	Umbiram Pty Ltd <Michael Hoy Superannuation Fund>	700,961	1.38
13	Fordholm Investments Pty Ltd <Fordholm Super Fund A/C>	666,666	1.31
14	Mr Mark Hamish Lochtenberg + Mr Michael Lochtenberg <The Rigi Super Fund A/C>	666,666	1.31
15	Mrs Narelle Fay	632,619	1.25
16	Mr. Peter James Nightingale	629,945	1.24
17	Altinova Nominees Pty Ltd	625,000	1.23
18	Lenvat Pty Ltd Lenvat Super Fund A/C	600,000	1.18
19	Mr Donal Francis O'Sullivan	600,000	1.18
20	Rosignol Pty Ltd <Nightingale Family A/C>	521,979	1.03

BIOTRON LIMITED

CORPORATE DIRECTORY

Directors:

Mr Michael J. Hoy (Chairman)
Dr Michelle Miller (Managing Director)
Dr Susan M. Pond
Mr Robert B. Thomas
Dr Denis N. Wade

Company Secretary:

Mr Peter J. Nightingale

Registered Office:

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

Principal Administration Office:

Suite 19, 56 Delhi Road
NORTH RYDE NSW 2113
Phone: 61-2 9805 0488
Fax: 61-2 9805 0688

Share Registrar:

Computershare Investor Services Pty Limited
Level 4, 60 Carrington Street
SYDNEY NSW 2000
Phone: 1300 787 272 Fax: +61 3 9473 2500

Auditors:

KPMG Level 16, Riparian Plaza
71 Eagle Street
BRISBANE QLD 4000

Home Exchange:

ASX Limited 20 Bridge Street
SYDNEY NSW 2000

Solicitors:

Minter Ellison
88 Phillip Street
SYDNEY NSW 2000

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