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24 February 2017

The Manager Companies
ASX Limited
20 Bridge Street
Sydney NSW 2000

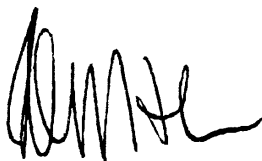
(19 pages by email)

Dear Madam

HALF YEAR REPORTS

In accordance with Listing Rule 4.2A, I attach the Company's Appendix 4D and Interim Financial Report for the half year ended 31 December 2016. This Interim Financial Report should be read in conjunction with the Company's 30 June 2016 Annual Report.

Yours sincerely



Peter J. Nightingale
Company Secretary

pjn8789

Appendix 4D

Half Year Report

Name of entity

BIOTRON LIMITED

ABN or equivalent company
reference

60 086 399 144

Financial year ended ('current period')

31 DECEMBER 2016

Results for announcement to the market

Revenues from ordinary activities	Down	59%	to	18,128
Loss from ordinary activities after tax attributable to members	Down	27%	to	2,010,803
Net loss for the period attributable to members	Down	27%	to	2,010,803
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 reports.				
NTA backing	Current period		Previous corresponding period	
Net tangible asset backing per ordinary security	0.37 cents		1.1 cents	

BIOTRON LIMITED

A.B.N. 60 086 399 144

**INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2016**

BIOTRON LIMITED

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BIOTRON LIMITED

DIRECTORS' REPORT

The directors have pleasure in submitting their report together with the interim financial statements of Biotron Limited ('the Company') for the half-year ended 31 December 2016 and the review report thereon.

Directors

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

Mr Michael J. Hoy
Independent and Non-Executive Chairman

Mr Hoy has more than 30 years' corporate experience in Australia, the United Kingdom, USA and Asia. He is Chairman of 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 FAHMS
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 Australian Academy of Technological Sciences and Engineering (ATSE) and board member of Commercialisation Australia and Innovation Australia.

Dr Pond is currently Director of the Australian Institute for Nanoscale Science & Technology at the University of Sydney and a board member of the Wound Management Innovation Cooperative Research Centre and Vectus Biosystems Ltd. She is Adjunct Professor in the Faculty of Engineering and Information Technologies at the University of Sydney, and Fellow of the Australian Institute of Company Directors, the Academy of Technology and Engineering (ATSE) and the Australian Academy of Health and Medical Sciences (AHMS).

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 industry.

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

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, REVA Medical Limited and Virgin Australia Limited. He chairs Grahger Retail Securities Pty Ltd and is a director of O'Connell Street Associates Pty Limited.

BIOTRON LIMITED

DIRECTORS' REPORT

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 Argent Minerals Limited, 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.

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. 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-1, Hepatitis C virus ('HCV') and in HIV-1/HCV co-infected patients.

Data from completed studies have demonstrated that BIT225 has activity (the antiviral effectiveness) against both HIV-1 and HCV.

During the half-year period under review, further progress has been achieved. The primary focus has been on the design of a Phase 2 clinical trial with BIT225 for HIV-1 infection, together with preparation, finalisation and submission of relevant documents for regulatory approvals. In addition, there has been expansion of the Company's early stage programs, with additional screening of the Company's proprietary compound library against additional viral targets.

BIOTRON LIMITED

DIRECTORS' REPORT

A summary of significant events achieved in this first half of the financial year includes:

- Compounds have been identified with activity against Zika virus.
- The Company executed an agreement under which the Company will utilise the non-clinical and pre-clinical services program offered by the United States National Institute of Allergy and Infectious Diseases (NIAID).
- The Company has been showcased to the international investment community at various events in the USA and Australia.

Clinical Programs

Significant progress has been made by the Company to date with clinical programs, which include clinical trials in HIV-1, HCV and HIV-1/HCV co-infected populations. BIT225 is in mid-stage clinical development with 9 clinical trials completed. Encouraging efficacy results against both HCV and HIV-1 have been achieved in clinical studies completed to date.

BIT225 has a different mechanism of action than other HIV-1 drugs. Unlike other treatments for HIV-1 infection, BIT225 specifically targets viral reservoirs. These long-lived pools of virus persist despite drug treatment, and are never completely eliminated. The reservoirs act as 'burning embers', producing low levels of virus that cause chronic disease in people infected with HIV-1 through constant activation of the body's immune system. These factors mandate life-long treatment using currently available drugs.

Eradication of HIV-1 is a current focus of scientists, clinicians and the pharmaceutical industry, and an area where BIT225 has potential.

Biotron has built up a detailed data package on its HIV-1 program, including results from a clinical trial in patients which showed that BIT225 targets and reduces levels of HIV-1 residing in long-lived monocyte/macrophage reservoirs. These reservoirs exist even in patients undergoing treatment with current antiretroviral drugs, and are responsible for ongoing cycles of reseeded HIV-1 infection.

The study also indicated that BIT225 may impact on immune activation. Immune activation is responsible for a number of ongoing health issues in these patients and treatment strategies are needed to prevent development of associated disorders that include accelerated aging and neurological dysfunction.

During this first half of the current financial year, Biotron finalised the design and protocol for a pivotal Phase 2 trial, designed in consultation with international medical and scientific HIV-1 experts. Documentation for the necessary regulatory and ethics committee approvals was completed and submitted to the relevant authorities. The purpose of this study is to demonstrate that adding BIT225 to current anti-HIV-1 drugs results in an additional, measurable clinical benefit to patients.

In addition, the Company has been designing and implementing a second HIV-1 study. This study will utilise a recently developed model of HIV-1 infection in mice that have a partial human immune system. This elegant model allows a more rapid assessment of drug activity, with study designs that would not be permitted in humans. Specifically, mice can be treated with anti-HIV-1 drugs and then have those drugs stopped to look at the impact of new treatments on viral rebound. It is problematic from an ethical perspective to take patients with well controlled HIV-1 infection off their anti-HIV-1 medications. Data from this humanised mouse study will complement existing data on BIT225 as well as data generated in the proposed Phase 2 human clinical trial.

These studies are key to a commercial outcome for Biotron's HIV-1 program.

It should be noted that the results for safety and the capsule formulation from previous BIT225 clinical trials against Hepatitis C virus (HCV) are also relevant for the Company's HIV-1 program. Completed studies done to predict drug-drug interactions and modelling of pharmacokinetic data from previous trials to determine optimal dosage of BIT225 benefit all BIT225 programs.

Non-Clinical Programs

Whilst BIT225 is an important asset in its own right and demonstrates the robustness of Biotron's approach to antiviral drug development, it is only one of the Company's compounds.

Biotron's core expertise lies in designing and developing drugs that target a class of virus protein known as viroporins. Viroporins are found in a very broad range of viruses, and have key roles in the virus life cycle.

BIOTRON LIMITED

DIRECTORS' REPORT

Biotron's proprietary compound library is a rich source of potential hits against other viruses. Screening against other viruses continues. Hits from this screening will act as starting points for further chemistry to generate compounds with increased potency against specific viruses.

There have been a number of high profile international outbreaks of viral diseases, including Ebola, Middle East Respiratory virus (MERS-CoV) and more recently, Zika virus. Covered extensively in the media, they are a reminder that there is an ongoing need for new drugs to treat life-threatening diseases.

During the period under review, Biotron has been expanding testing of its compounds for activity against other key commercially relevant virus targets, including Zika virus. Ongoing testing in cell culture assays has identified additional compounds that are able to inhibit replication of Zika virus, several of which have greater potency against the virus than the first two active compounds identified in the previous financial year. Subsequently, the Company executed an agreement under which the Company will utilise the non-clinical and pre-clinical services program offered by United States National Institute of Allergy and Infectious Diseases (NIAID). This allows Biotron to have its compounds tested for activity against Zika and other key viruses, at no cost to the Company.

Positive data from on-going antiviral screening are important as they demonstrate the additional depth beyond BIT225 of Biotron's library of compounds and approach to developing drugs that target serious viral diseases. This demonstration of Biotron's core expertise and validation of its assets is key to attracting a commercial partner for Biotron's entire platform.

As previously stated, Biotron proposes to continue to progress its clinical programs through to a commercial outcome. In parallel with progressing clinical development of BIT225, the Company continues to progress discussions with potential partners.

For the second half of the financial year, the Company will be focused on the following activities:

- Initiation and implementation of the Phase 2 HIV-1 clinical trial of BIT225 against HIV-1.
- Completion of the HIV-1 study in humanised mouse model of HIV-1 infection.
- Continued testing of Biotron compounds for activity against other key commercially relevant virus targets.

Subsequent Events

No matters or circumstances have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

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

The lead auditor's independence declaration is set out on page 5 and forms part of the Directors' Report for the half-year ended 31 December 2016.

This report has been signed in accordance with a resolution of the Directors and is dated 24 February 2017:



Michael J. Hoy
Chairman



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

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2016, there have been:

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

KPMG

Stephen J. Board
Partner

24 February 2017
Brisbane

BIOTRON LIMITED

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

	Notes	31 December 2016 \$	31 December 2015 \$
Administration and consultants' expenses		(296,352)	(216,536)
Depreciation		(6,681)	(7,875)
Direct research and development expenses		(1,220,375)	(2,006,803)
Employee and director expenses		(412,248)	(433,358)
Legal expenses		(11,176)	(66,859)
Rent and outgoings expenses		(37,919)	(25,196)
Other expenses from ordinary activities		(44,180)	(59,060)
Operating loss before financing income		(2,028,931)	(2,815,687)
Interest income		18,128	44,396
Net finance income		18,128	44,396
Loss before tax		(2,010,803)	(2,771,291)
Income tax expense		-	-
Loss for the period		(2,010,803)	(2,771,291)
Other comprehensive income for the period		-	-
Total comprehensive loss for the period		(2,010,803)	(2,771,291)
Basic and diluted loss per share	7	(0.64) cents	(0.89) cents

The above condensed interim statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes to the condensed interim financial statements.

BIOTRON LIMITED**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016**

	31 December 2016 \$	30 June 2016 \$
Current assets		
Cash and cash equivalents	1,426,134	3,418,453
Other assets	40,144	27,755
Total current assets	<u>1,466,278</u>	<u>3,446,208</u>
Non-current assets		
Plant and equipment	30,393	37,075
Total non-current assets	<u>30,393</u>	<u>37,075</u>
Total assets	<u>1,496,671</u>	<u>3,483,283</u>
Current liabilities		
Trade and other payables	94,922	115,959
Employee entitlements	247,111	230,357
Total current liabilities	<u>342,033</u>	<u>346,316</u>
Total liabilities	<u>342,033</u>	<u>346,316</u>
Net assets	<u>1,154,638</u>	<u>3,136,967</u>
Equity		
Issued capital	39,173,266	39,163,122
Reserves	62,433	860,729
Accumulated losses	<u>(38,081,061)</u>	<u>(36,886,884)</u>
Total equity	<u>1,154,638</u>	<u>3,136,967</u>

The above condensed interim statement of financial position is to be read in conjunction with the accompanying notes to the condensed interim financial statements.

BIOTRON LIMITED

**CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

	31 December 2016 \$	31 December 2015 \$
Cash flows from operating activities		
Cash receipts in the course of operations	37,550	-
Payments for research and development	(1,235,752)	(2,156,916)
Cash payments in the course of operations	(821,302)	(815,253)
Cash absorbed by operations	<u>(2,019,504)</u>	<u>(2,972,169)</u>
Interest received	18,128	44,396
Net cash used in operating activities	<u>(2,001,376)</u>	<u>(2,927,773)</u>
Cash flows from investing activities		
Payments for property plant and equipment	-	(4,763)
Net cash used in investing activities	<u>-</u>	<u>(4,763)</u>
Cash flows from financing activities		
Proceeds from issue of shares and options	8,942	2,000,157
Cost of Issue of shares and options	-	(44,816)
Net cash provided by financing activities	<u>8,942</u>	<u>1,955,341</u>
Net increase/(decrease) in cash and cash equivalents	(1,992,434)	(977,195)
Cash and cash equivalents at 1 July	3,418,453	4,523,224
Effect of exchange rate adjustments on cash held	115	25,755
Cash and cash equivalents at 31 December	<u>1,426,134</u>	<u>3,571,784</u>

The above condensed interim statement of cash flows is to be read in conjunction with the accompanying notes to the condensed interim financial statements.

BIOTRON LIMITED

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

**Attributable to equity holders of the
Company**

	Issued Capital \$	Option Premium Reserve \$	Accumulated Losses \$	Total \$
Balance at 1 July 2015	37,207,759	1,339,848	(34,404,581)	4,143,026
Total comprehensive income for the period				
Loss for the period	-	-	(2,771,291)	(2,771,291)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(2,771,291)	(2,771,291)
Ordinary shares/options issued	2,000,157	-	-	2,000,157
Cost of shares/options issued	(44,816)	-	-	(44,816)
Share Based Payments	-	25,826	-	25,826
Exercise of Options	21	(21)	-	-
Expiry of Options	-	(522,000)	522,000	-
Balance at 31 December 2015	39,163,121	843,653	(36,653,872)	3,352,902
Balance at 1 July 2016	39,163,122	860,729	(36,886,884)	3,136,967
Total comprehensive income for the period				
Loss for the period	-	-	(2,010,803)	(2,010,803)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(2,010,803)	(2,010,803)
Contribution by and distribution to owners				
Ordinary shares/options issued	8,942	-	-	8,942
Cost of shares/options issued	-	-	-	-
Share Based Payments	-	19,532	-	19,532
Exercise of Options	1,202	(1,202)	-	-
Expiry of options	-	(816,626)	816,626	-
Balance at 31 December 2016	39,173,266	62,433	(38,081,061)	1,154,638

The above condensed interim statement of changes in equity is to be read in conjunction with the accompanying notes to the condensed interim financial statements.

BIOTRON LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

1. REPORTING ENTITY

Biotron Limited (the 'Company') is a company domiciled in Australia. The Company is primarily involved in the research and development of new treatments for serious viral diseases such as HIV and Hepatitis C.

The annual financial statements of the Company as at and for the year ended 30 June 2016 are available upon request from the Company's registered office at Level 2, 66 Hunter Street, Sydney, NSW, 2000 or at www.biotron.com.au.

2. STATEMENT OF COMPLIANCE

The condensed interim financial statements are general purpose financial statements prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The Company's condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the 30 June 2016 annual financial statements and any public announcements by the Company during the half-year in accordance with continuous disclosure obligations arising under the *Corporations Act 2001*.

These condensed interim financial statements were authorised for issue by the directors on 24 February 2017.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these condensed interim financial statements are the same as those applied in the financial statements as at and for the year ended 30 June 2016.

4. ESTIMATES

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

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as at and for the year ended 30 June 2016.

5. GOING CONCERN

The condensed interim financial statements have been prepared on a going concern basis which contemplates the realisation of assets and settlement of liabilities in the ordinary course of business.

The Company has incurred a trading loss of \$2,010,803 in the half-year ended 31 December 2016 and has accumulated losses of \$38,081,061 as at 31 December 2016. The Company has cash on hand of \$1,426,134 at 31 December 2016 and used net cash of \$2,001,376 in operations for the half-year ended 31 December 2016. These conditions give rise to a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern. The ongoing operation of the Company is dependent on:

- the Company raising additional funding from shareholders or other parties; and/or
- the Company reducing expenditure in line with available funding.

The directors have prepared cash flow projections that support the ability of the Company to continue as a going concern. These cash flow projections assume the Company obtains sufficient additional funding from shareholders or other parties. If such funding is not achieved, the Company plans to reduce the level of discretionary expenditure which may relate to planned research activities.

In the event that the Company does not obtain additional funding and/or reduce expenditure in line with available funding, it may not be able to continue its operations as a going concern and therefore may not be able to realise its assets and extinguish its liabilities in the ordinary course of operations and at the amounts stated in the condensed interim financial statements.

BIOTRON LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

6. CAPITAL AND RESERVES

During the half-year, 74,519 fully paid ordinary shares were issued through the exercise of the listed options for cash totalling \$8,942. The fair value of the options issued at the grant date was \$1,202.

No dividends were declared or paid by the Company during the current or prior period.

7. LOSS PER SHARE

	31 December 2016 \$	31 December 2015 \$
Basic and diluted loss per share have been calculated using:		
Net loss for the period	<u>2,010,803</u>	<u>2,771,291</u>
Weighted average number of ordinary shares	<u>313,802,001</u>	<u>312,437,142</u>

As the Company is loss making, none of the potentially dilutive options on issue are currently dilutive in the calculation of total earnings per share.

8. RELATED PARTIES

Key management personnel and director transactions

During the half-year ended 31 December 2016, 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 Company. Fees paid to MIS Corporate Pty Limited during the half-year, which were in the ordinary course of business and on normal terms and conditions, amounted to \$84,000 (31 December 2015 - \$72,000). There were no amounts outstanding at 31 December 2016 and 31 December 2015.

9. SHARE BASED PAYMENTS

The Company has a share option program that entitles key management personnel to be granted options in the Company.

There were no options issued during the half-year ended 31 December 2016.

The terms and conditions of the grants made during the half-year ended 31 December 2015 were as follows:

Grant date	Expiry date	Vesting date	Exercise price	Fair value of options granted	Granted during the period Number	Balance at end of the period Number
25 November 2015	30 November 2018	25 November 2015	\$0.15	\$17,903	1,000,000	1,000,000
25 November 2015	30 November 2018	30 November 2016	\$0.15	\$17,903	1,000,000	1,000,000
25 November 2015	30 November 2018	30 November 2017	\$0.18	\$48,751	3,000,000	3,000,000
				<u>\$84,557</u>	<u>5,000,000</u>	<u>5,000,000</u>

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 key management become 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.

BIOTRON LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

The fair value of options granted on 25 November 2015 was \$84,557. The Black-Scholes formula model inputs were the Company's share price of \$0.046 at the grant date, the 2 and 3 year volatility factor of 112.6% and 100.6% respectively based on historic share price performance, a risk free interest rate of 2.11% based on government bonds, and a dividend yield of 0%.

10. SEGMENT REPORTING

The Company operates solely in the biomedical industry in Australia.

11. SUBSEQUENT EVENTS

No matters or circumstances have arisen since the end of the half-year which significantly affected or may significantly affect 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

In the opinion of the directors of Biotron Limited ("the Company"):

- (a) the condensed interim financial statements and notes, set out on pages 6 to 12, are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Company's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This report has been signed in accordance with a resolution of the directors and is dated 24 February 2017:



Michael J. Hoy
Chairman



Michelle Miller
Managing Director



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

We have reviewed the accompanying interim financial report of Biotron Limited (the 'Company'), which comprises the condensed interim statement of financial position as at 31 December 2016, condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows for the half-year ended on that date, notes 1 to 11 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Interim Financial Report

The directors of the Company are responsible for the preparation of the interim 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 interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Biotron Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Biotron Limited is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Company's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material uncertainty regarding continuation as a going concern

Without modifying our conclusion, we draw attention to note 5, 'Going Concern' in the interim financial report. The conditions disclosed in note 5, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the interim financial report.

KPMG
24 February 2017
Brisbane

Stephen J. Board
Partner

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.

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Solicitors:

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