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

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23 February 2018

The Manager Companies
ASX Limited
20 Bridge Street
Sydney NSW 2000 (20 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 2017. This Interim Financial Report should be read in conjunction with the Company's 30 June 2017 Annual Report.

Yours sincerely

Peter J. Nightingale
Company Secretary

pjn9282

Appendix 4D

Half Year Report

Name of entity

BIOTRON LIMITED

ABN or equivalent company reference	Financial year ended ('current period')
60 086 399 144	**31 DECEMBER 2017**

Results for announcement to the market

Revenues from ordinary activities	Down	47.5%	to	9,520
Loss from ordinary activities after tax attributable to members	Down	92%	to	159,799
Net loss for the period attributable to members	Down	92%	to	159,799

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

Record date for determining entitlements to the dividend. N/A

Brief explanation of any of the figures reported above and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:

Refer attached reports.

NTA backing	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	0.33 cents	0.37 cents

BIOTRON LIMITED

A.B.N. 60 086 399 144

INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

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 2017 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 & 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 on the boards of the Wound Management Innovation Cooperative Research Centre and Vectus Biosystems Ltd. In February 2017, she was appointed as Director of the University of Sydney Nano Institute. She is a Fellow of the Australian Institute of Company Directors, ATSE 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.

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.

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 and ceased to be a director on 20 November 2017.

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 Collerina Cobalt Limited, 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, primary focus has been on the HIV-1 clinical program. A key Phase 2 clinical trial of BIT225 for HIV-1, designed to demonstrate a clear clinical benefit for BIT225 over and above that provided by current anti-HIV drugs, continued throughout the second half of 2017. Post-trial analyses are currently in progress.

In addition, there has progression of the Company’s early stage programs with additional screening of the Company’s proprietary compound library against additional viral targets

The Company is now fully focused on achieving commercial transaction(s) for the Company’s portfolio of antiviral programs.

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

- Completion of enrolment of subjects into the Phase 2 human clinical trial (BIT225-009) of BIT225 in HIV-1 infected individuals.
- Several Biotron compounds showed significant antiviral activity against Hepatitis B virus (HBV) in cell culture assays.
- The Company has been showcased to the international investment community at various events in the USA and Australia.
- The Company received an R&D Tax Incentive refund of $1.621 million for the 2016/17 financial year.

Clinical Programs

The Company has had successful outcomes to date with its 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 8 clinical trials completed. Encouraging results in clinical studies completed to date indicate efficacy against both HCV and HIV-1.

Compared to other anti-HIV-1 drugs, BIT225 has a different mechanism of action and targets reservoirs of the virus. These long-lived pools of virus persist despite conventional 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 is an area where BIT225 has potential. For patients to be cured of their infection, all HIV-infected cells need to be eliminated. The cells that Biotron's approach target make up one of several key reservoirs, and it is anticipated that a combination approach with current and other new HIV drugs that target different reservoirs would be required to eradicate HIV from patients.

Despite advances in HIV-1 treatments, the virus continues to be a major global health issue. An estimated 36.7 million people are living with HIV-1; less than one third are receiving antiretroviral treatment (ART). In the USA, approximately 1.1 million people are infected, with 1 in 7 unaware of their infection status. Sales of drugs to treat HIV-1 in major markets (USA and Europe) are US$12 billion per annum. To date, eradication, or cure, of HIV-1 infections remains elusive, with only one person worldwide ever documented to have been cured of their infection.

Biotron has built a detailed data package on its HIV-1 program, including results from a clinical trial (BIT225-004) 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 reseeding HIV-1 infection.

That BIT225-004 study also indicated that BIT225 may reduce immune activation. Immune activation is responsible for a number of ongoing health issues in these patients. New treatment strategies are needed to prevent development of associated disorders that include accelerated aging and neurological dysfunction.

During the half-year period under review, the Company has continued with its key Phase 2 trial (BIT225-009) of BIT225 for HIV-1 infection. In July 2017, the Company announced that the BIT225-009 clinical trial was fully recruited, with all 36 subjects successfully enrolled into the study. The subjects completed treatment with BIT225 or placebo in November 2017, and then continued to receive standard anti-HIV-1 drugs. Samples continued to be collected from subjects for three months post-treatment, as per the trial protocol.

Post-trial analyses of samples taken throughout the trial and follow-up period are in progress. In parallel, auditing of the trial database and close-out of trial sites are progressing. Until all analyses are complete, and all data has been entered into the database, the trial remains blinded.

The purpose of this clinical trial is to demonstrate that the addition of BIT225 to current anti-HIV-1 drug treatments results in an additional, measurable benefit to patients. This is the key outcome that needs to be demonstrated to potential commercial partners.

Non-Clinical Programs

In addition to its potential as a new class of anti-HIV-1 and anti-HCV drug, BIT225 is an important asset as it demonstrates the robustness of Biotron's approach to antiviral drug development and that the Company can generate good drugs with activity against a new class of viral protein targets.

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.

BIT225 is only one of the Company's compounds. Biotron's proprietary compound library is a rich source of potential hits against other viruses. Screening against other viruses continues with hits from this screening acting as starting points for further chemistry to generate compounds with increased potency against specific viruses.

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.

During the half-year period under review, several of the Company's compounds demonstrated significant anti-viral activity against Hepatitis B virus (HBV). The studies were completed in the USA in cell culture models that are considered 'industry standard' and are well recognised by potential pharma and biotech partners. The World Health Organisation estimates that 257 million people are infected with HBV and that up to 900,000 die every year from the disease for which there is no cure. Estimates by GBI Research indicate that the market for HBV drugs is expected to reach US$3.5 billion by 2021.

The HBV therapeutic space is currently very active within the pharmaceutical and biotech industry, with significant investor interest in the search for and development of effective HBV treatments. While Biotron's work on its HBV compounds is preclinical, the data from these recent studies further validate Biotron's approach to antiviral drug development, and may provide the Company with an early stage development opportunity with an appropriate partner.

The Company remains focused on achieving a commercial outcome for its antiviral programs in worldwide markets, including the USA, Europe and China. The major focus is on partnering the HIV-1 program. Meetings have been held with potential partners throughout the period under review, and further meetings are anticipated during the second half of the financial year once the Company has data from the current HIV-1 clinical trial in hand.

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

- Completion of detailed analyses from the Phase 2 HIV-1 clinical trial, locking of the trial database, unblinding and statistical analyses of the data, and release of results.
- Continued testing of Biotron compounds for activity against other key commercially relevant virus targets.
- Aiming to execute partnership agreement(s) for the Company's antiviral programs in worldwide markets.

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 2017.

This report has been signed in accordance with a resolution of the directors and is dated 23 February 2018:

Michael J. Hoy
Chairman

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 review of Biotron Limited for the Half-year ended 31 December 2017 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

Brisbane
23 February 2018

BIOTRON LIMITED

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Notes	31 December 2017 $	31 December 2016 $
Continuing Operations			
Other income	12	**1,621,653**	-
Administration and consultants' expenses		**(340,999)**	(296,352)
Depreciation		**(5,639)**	(6,681)
Direct research and development expenses		**(995,332)**	(1,220,375)
Employee and director expenses		**(380,243)**	(412,248)
Legal expenses		**(5,706)**	(11,176)
Rent and outgoings expenses		**(38,370)**	(37,919)
Other expenses from ordinary activities		**(24,683)**	(44,180)
Operating loss before financing income		**(169,319)**	(2,028,931)
Interest income		**9,520**	18,128
Net finance income		**9,520**	18,128
Loss before tax		**(159,799)**	(2,010,803)
Income tax expense		**-**	-
Loss for the period		**(159,799)**	(2,010,803)
Other comprehensive income for the period		**-**	-
Total comprehensive loss for the period		**(159,799)**	(2,010,803)
Basic and diluted loss per share	7	(0.04) cents	(0.64) 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 2017

	31 December 2017 $	30 June 2017 $
Current assets		
Cash and cash equivalents	**1,558,275**	1,987,384
Other assets	**77,798**	42,730
Total current assets	**1,636,073**	2,030,114
Non-current assets		
Plant and equipment	**23,858**	29,496
Total non-current assets	**23,858**	29,496
Total assets	**1,659,931**	2,059,610
Current liabilities		
Trade and other payables	**122,327**	367,671
Employee entitlements	**246,272**	251,839
Total current liabilities	**368,599**	619,510
Total liabilities	**368,599**	619,510
Net assets	**1,291,332**	1,440,100
Equity		
Issued capital	**40,326,281**	40,325,345
Reserves	**288,514**	278,419
Accumulated losses	**(39,323,463)**	(39,163,664)
Total equity	**1,291,332**	1,440,100

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 2017

	Notes	31 December 2017 $	31 December 2016 $
Cash flows from operating activities			
Cash receipts in the course of operations		**1,621,653**	37,550
Payments for research and development		**(1,199,398)**	(1,235,752)
Cash payments in the course of operations		**(812,261)**	(821,302)
Interest received		**9,520**	18,128
Net cash used in operating activities		**(380,486)**	(2,001,376)
Cash flows from investing activities			
Net cash used in investing activities		**-**	-
Cash flows from financing activities			
Proceeds from issue of shares and options		**897**	8,942
Cost of Issue of shares and options	6	**(49,508)**	-
Net cash provided by/(used in) financing activities		**(48,611)**	8,942
Net decrease in cash and cash equivalents		**(429,097)**	(1,992,434)
Cash and cash equivalents at 1 July		**1,987,384**	3,418,453
Effect of exchange rate adjustments on cash held		**(12)**	115
Cash and cash equivalents at 31 December		**1,558,275**	1,426,134

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 2017

Attributable to equity holders of the Company	**Issued Capital $**	**Option Premium Reserve $**	**Accumulated Losses $**	**Total $**
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)
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
Balance at 1 July 2017	**40,325,345**	**278,419**	**(39,163,664)**	**1,440,100**
Total comprehensive income for the period				
Loss for the period	**-**	**-**	**(159,799)**	**(159,799)**
Other comprehensive income	**-**	**-**	**-**	**-**
Total comprehensive loss for the period	**-**	**-**	**(159,799)**	**(159,799)**
Contribution by and distribution to owners				
Ordinary shares/options issued	**897**	**-**	**-**	**897**
Cost of shares/options issued	**-**	**-**	**-**	**-**
Share Based Payments	**-**	**10,134**	**-**	**10,134**
Exercise of Options	**39**	**(39)**	**-**	**-**
Expiry of options	**-**	**-**	**-**	**-**
Balance at 31 December 2017	**40,326,281**	**288,514**	**(39,323,463)**	**1,291,332**

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.

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 2017 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 2017 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 23 February 2018.

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 2017.

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 2017.

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 $159,799 in the half-year ended 31 December 2017 and has accumulated losses of $39,323,463 as at 31 December 2017. The Company has cash on hand of $1,558,275 at 31 December 2017 and used net cash of $380,486 in operations for the half-year ended 31 December 2017 following the receipt of grant income of $1,621,653. 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.

6. CAPITAL AND RESERVES

During the half-year, 14,944 fully paid ordinary shares were issued through the exercise of the listed options for cash totalling $897. The fair value of the options issued at the grant date was $39.

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

At 30 June 2017 creditors totalling $49,508 relating to the 27 June 2017 share and option placement remained outstanding. These creditors were settled in full during the period.

7. LOSS PER SHARE

	31 December 2017 $	31 December 2016 $
Basic and diluted loss per share have been calculated using:		
Net loss for the period	**159,799**	2,010,803
Weighted average number of ordinary shares	**392,303,591**	303,802,001

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 2017, 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 $72,000 (31 December 2016 - $84,000). There were no amounts outstanding at 31 December 2017 and 31 December 2016.

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 2017.

The terms and conditions of the options held by key management personnel at 31 December 2017 are as follows:

Grant date	Expiry date	Vesting date	Exercise price	Fair value of options granted $	Total granted 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
				84,557	5,000,000	5,000,000

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.

9. SHARE BASED PAYMENTS (CONTINUED)

Fair value of options (continued)

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%.

For the half-year ended 31 December 2017 an expense of $10,134 was recognised in respect of the 3,000,000 options which vested on 30 November 2017. At 31 December 2017 all options on issue are fully vested.

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.

12. OTHER INCOME

In November 2017 the Company received a research and development rebate totalling $1,621,653 which has been recognised as other income for the half year ended 31 December 2017.

BIOTRON LIMITED

DIRECTORS' DECLARATION

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

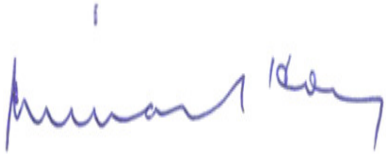
(a) the condensed interim financial statements and notes, set out on pages 6 to 12, are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Company's financial position as at 31 December 2017 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 23 February 2018:



Michael J. Hoy
Chairman

Michelle Miller
Managing Director

KPMG

Independent Auditor's Review Report

To the shareholders of Biotron Limited

Conclusion

We have reviewed the accompanying ***Interim Financial Report*** of Biotron Limited.

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:

- giving a true and fair view of the Company's financial position as at 31 December 2017 and of 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*.

The ***Interim Financial Report*** comprises:

- Condensed interim statement of financial position as at 31 December 2017
- 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 12 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

Material uncertainty related to going concern – emphasis of matter

We draw attention to Note 5, "Going Concern" in the Interim Financial Report. The conditions disclosed in Note 5, indicate a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the Interim Financial Report. Our conclusion is not modified in respect of this matter.

Responsibilities of the Directors 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*
- 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 for the review of the Interim Financial Report

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 a Financial Report 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 2017 and its performance for the Half-year period 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.

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

KPMG

Stephen Board
Partner

Brisbane
23 February 2018

BIOTRON LIMITED

CORPORATE DIRECTORY

Directors:

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

Company Secretary:

Mr Peter J. Nightingale.

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117 Victoria Street
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Phone: 61-7 3237 2100
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Auditors:

KPMG
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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.