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27 February 2020

The Manager Companies
ASX Limited
20 Bridge Street
Sydney NSW 2000

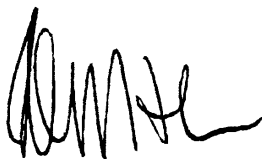
(21 pages by email)

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 2019. This Interim Financial Report should be read in conjunction with the Company's 30 June 2019 Annual Report.

Yours sincerely



Peter J. Nightingale
Company Secretary

pjn10270

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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 2019

Results for announcement to the market

Revenues from ordinary activities	Up	132.10%	to	42,643
Loss from ordinary activities after tax attributable to members	Up	693.61%	to	2,072,391
Net loss for the period attributable to members	Up	693.61%	to	2,072,391
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		1.19 cents		1.13 cents

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BIOTRON LIMITED
A.B.N. 60 086 399 144

**INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2019**

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 ('Biotron' or 'the Company') for the half-year ended 31 December 2019 and the auditor's 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 Lipotek Pty Limited and a former director of John Fairfax Holdings Limited and FFX 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 25 years in the bioscience industry, with extensive experience in commercial drug development. 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). Previous non-executive positions include chair of AusBiotech Limited and director of Australian Nuclear Science and Technology Organisation, Wound Management Innovation CRC and Australian Academy of Technological Sciences and Engineering (ATSE). Dr Pond also served as a board member of Commercialisation Australia and Innovation Australia.

Dr Pond is currently chair of the New South Wales Smart Sensing Network and director of the Trusted Autonomous Systems Defence Cooperative Research Centre, Vectus Biosystems Ltd and Australian Phenomics Network. She is a Fellow of the Australian Institute of Company Directors, the Academy of Technological Sciences & Engineering, the Academy of Health and Medical Sciences and the Royal Society of NSW.

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 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, FRSN
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 Aus Bio Limited. He is a director of REVA Medical Limited and a former director of 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 and the Royal Society of New South Wales.

BIOTRON LIMITED

DIRECTORS' REPORT

Prof Stephen Locarnini, BSc(Hons), PhD, MBBS, FRC(Path)
Independent and Non-Executive Director

Professor Locarnini is a past director of the World Health Organisation (WHO) Regional Reference Laboratory for Hepatitis B and D for the Western Pacific Region (WPRO). His current major research interests include viral hepatitis, hepatitis vaccines and antiviral chemotherapy with an emphasis on the basic virology of the various agents of hepatitis, the molecular pathogenesis of hepatitis, as well as prevention and public health control measures.

Curative treatments for hepatitis B infections with antiviral agents represent the current focus for Professor Locarnini who is also interested in intellectual property issues when applied to clinical and diagnostic virology. He is a named inventor on over 20 internationally granted patents.

He worked at the Victorian Infectious Diseases Reference Laboratory (VIDRL, originally Fairfield Hospital Virus Laboratory) from 1989, as Director of Laboratory Services from 1990 to 1998 and, in 1993, he oversaw the amalgamation of all the Fairfield Laboratories into the one service of the VIDRL. He subsequently assumed the position of Head, Research & Molecular Development of VIDRL when the laboratory relocated to Melbourne Health in 1998.

Professor Locarnini is the recipient of numerous awards including the European Association for the Study of Liver Disease (EASL) International Recognition Award in 2010, the Malaysian Liver Foundation's Medal for work on Viral Hepatitis in 2003 and the Gastroenterological Society of Australia (GESA) Distinguished Research Prize in 2013. In 2019 he received the William H. Prusoff HEP DART Lifetime Achievement Award. He is author of 289 peer-reviewed articles, 24 invited editorials and 100 book chapters and reviews and every year delivers numerous invited, plenary, and named lectures at major international meetings and conferences.

Professor Locarnini currently has an academic appointment at the University of Melbourne.

He is a member of the Scientific Advisory Board of a number of emerging as well as established pharmaceutical and biotechnology companies. In 2017, he co-founded the biotech start-up company CLEAR-B with the Morningside-Newton Investment group in Boston, USA focusing on curative strategies for chronic hepatitis B. He is also the Hepatitis Virus Editor for Antiviral Therapy.

Professor Locarnini was appointed as a Director on 23 October 2018.

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 Chartered Accountants Australia and New Zealand. 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 Argent Minerals Limited, Bolnisi Gold N.L., Cockatoo Coal Limited, Callabonna Uranium Limited, Mogul Mining N.L., Pangea Resources Limited, Perseverance Corporation Limited, Sky Metals Limited (previously Planet Gas Limited) Sumatra Copper & Gold plc, Timberline Minerals, Inc. and Valdora Minerals N.L. Mr Nightingale is currently a director of Alpha HPA Limited, Nickel Mines Limited and unlisted public company Prospech Limited.

Mr Nightingale has been Company Secretary since 23 February 1999.

BIOTRON LIMITED

DIRECTORS' REPORT

REVIEW OF OPERATIONS

Biotron has completed several significant milestones during the first half of the 2019-2020 financial year. These include:

- Appointment of an international Scientific Advisory Board for Biotron's HIV-1 drug development program.
- Acceptance of an abstract of new data from the BIT225-009 Phase 2 HIV-1 clinical trial for presentation at an international HIV-1 conference in March 2020.
- Strengthening of the Company's intellectual property position with the filing of two new patent applications, expanding the use of Biotron's lead drug BIT225 and other Biotron anti-HIV-1 compounds.
- Commencement of preclinical chronic toxicology studies of BIT225 to support long-term dosing of humans in future trials.
- Raising \$5.3 million in capital from the exercise of Company options.

HIV-1 Program

The major highlight during the first half of this financial year was the establishment of an expert Scientific Advisory Board (SAB) for its core Phase 2 HIV-1 clinical development program. The SAB is an international group of experts with broad experience within the HIV-1 field, covering clinical development of HIV-1 therapies. The members are highly regarded by academia and industry and have experience advising pharmaceutical industry on new treatment strategies, including HIV-1 cure. The group augments the support that Biotron receives from key opinion leaders, academics and industry participants across its antiviral programs and will guide the development of Biotron's lead drug, BIT225.

In September 2018, Biotron announced a successful outcome to the BIT225-009 Phase 2 HIV-1 clinical trial. The data from the trial showed that there were significant immunological benefits in patients receiving antiretroviral drugs with 200 mg BIT225, compared to antiretroviral drugs plus placebo.

While current antiretroviral drugs are extremely efficient at clearing the HIV-1 virus, they do not clear cellular reservoirs. Because of this, HIV-infected people must take drugs for their lifetime to keep virus under control. The trial results Biotron announced in September 2018 showed for the first time that there may be a way to clear cellular reservoirs, which could represent a major step to the ultimate goal of curing HIV-1 infection. Eradication of virus from hidden reservoirs is key to further improving health outcomes in this population and also key to any strategy to cure patients infected with HIV-1.

Since completing the Phase 2 HIV-1 clinical trial, Biotron has continued to characterise the unique mechanism of action of BIT225. This has involved detailed post-trial analyses of trial samples. These analyses are providing key information on how BIT225 induces the significant beneficial immunological changes observed in the completed Phase 2 clinical trial.

This work forms the basis of the latest data that the Company's scientists will present at the Conference on Retroviral and Opportunistic Infections (CROI), to be held in Boston, USA, in March 2020. CROI is the pre-eminent international HIV-1 conference and brings together top basic, translational and clinical researchers from around the world to share the latest studies and developments in the ongoing battle against HIV/AIDS and related infectious diseases.

New data from the Phase 2 trial, resulting from these post-trial analyses, have significantly enhanced the Company's intellectual property position. Two new patent applications have been filed, expanding the use of BIT225 and other Biotron anti-HIV-1 compounds.

The Company is focused on achieving a commercial outcome for its promising antiviral programs whilst continuing to progress its clinical HIV-1 program to prepare for more advanced clinical trials, including Phase 3 studies. To this end, Biotron has engaged an international contract research organisation to complete chronic toxicology studies of BIT225 to enable the long-term human dosing required for this next stage of clinical development.

The importance of the BIT225-009 trial results cannot be overestimated. They open up a new and unique approach to dealing with significant health issues associated with the presence of long-term, low level replication of HIV-1 that continues despite treatment with current antiretroviral drugs. The trial data, together with additional information from the ongoing, post-trial analyses, are showing us and, importantly, potential partners how BIT225 may play a role in the eradication of HIV-1.

BIOTRON LIMITED

DIRECTORS' REPORT

Hepatitis B Virus Program

In addition to its HIV-1 clinical program, Biotron continues to progress its Hepatitis B virus (HBV) program. Control and cure of HBV has recently emerged as an important focus of endeavour for antiviral drug development by the pharmaceutical industry. Over 2 billion people worldwide have been infected with HBV. The World Health Organisation estimates that over 250 million are chronically infected.

Like HIV-1, HBV can be treated with drugs that stop the virus replicating, but these do not eradicate the virus. Chronic infection with HBV can lead to complications such as cirrhosis and liver cancer, which cause close to one million deaths worldwide each year.

In pre-clinical studies in cell culture models Biotron's compounds have demonstrated significant anti-viral activity against HBV, reducing levels of cccDNA (covalently closed circular DNA), as well as other key viral markers. Biotron's compounds have a unique mechanism of action and are expected to generate significant interest from potential partners in Biotron's family of compounds.

We are currently characterising the mechanism of action of the HBV compounds and moving to select a lead drug candidate to take forward to safety studies as quickly as possible.

While Biotron's work on its HBV compounds is preclinical, the data from these 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.

Coronavirus

Biotron's core expertise lies in the design and development of drugs that target virus-encoded proteins known as viroporins. Within its proprietary small molecule compound library, Biotron has compounds with good activity against a range of coronaviruses, including human coronaviruses that cause mild, cold-like symptoms as well as the SARS coronavirus that was responsible for the outbreak of that virus in 2003. Importantly, several compounds have broad-spectrum activity against multiple strains of coronaviruses. The Company's scientists were the first to identify and publish data showing that the E protein of the coronavirus is a viroporin and a good target for antiviral drugs.

Since the end of the half-year period in review, and in response to the recent coronavirus outbreak in China and elsewhere, Biotron has moved to evaluate several promising compounds in its portfolio for activity against the new novel strain known as Covid-19. This work will be done under contract in specialist laboratories that have access to this new virus.

The current interest in the new Covid-19 coronavirus highlights that Biotron's antiviral platform represents a way to target a broad range of viruses and the importance of the new class of compounds being developed by Biotron.

Corporate

During the half year, the Company raised a total of \$5,311,343 from the exercise of options. This significant injection of funds places the Company in a sound financial position as it focuses on achieving commercial outcomes for its programs.

During the second half of the financial year, the Company will be focused on:

- Continuing detailed supplementary analyses of samples from the Phase 2 HIV-1 trial seeking to further characterise the clinical efficacy of BIT225.
- Ongoing sharing of data from the HIV-1 Phase 2 clinical trial and discussions with potential pharmaceutical company partners regarding commercialisation opportunities for the Company's antiviral intellectual property.
- Undertaking additional in vitro cell-based preclinical testing of compounds for the HBV program, including screening of newly designed and synthesised compounds for potential anti-HBV activity.
- Continued testing of Biotron compounds for activity against other key commercially relevant virus targets including coronavirus.

BIOTRON LIMITED
DIRECTORS' REPORT

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 6 and forms part of the Directors' Report for the half-year ended 31 December 2019.

This report has been signed in accordance with a resolution of the directors and is dated 27 February 2020:



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 2019 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 Board
Partner
Brisbane
27 February 2020

BIOTRON LIMITED

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Notes	31 December 2019 \$	31 December 2018 \$
Continuing Operations			
Other income		-	1,072,832
Administration and consultants' expenses		(284,389)	(404,625)
Depreciation		(27,030)	(7,875)
Direct research and development expenses		(1,355,826)	(497,221)
Employee and director expenses		(403,473)	(368,834)
Legal expenses		-	(2,140)
Rent and outgoings expenses		(5,729)	(34,840)
Other expenses from ordinary activities		(35,656)	(36,802)
Operating loss before financing income		(2,112,103)	(279,505)
Interest income		42,643	18,372
Interest expense	3	(2,931)	-
Net finance income		39,712	18,372
Loss before tax		(2,072,391)	(261,133)
Income tax expense		-	-
Loss for the period		(2,072,391)	(261,133)
Other comprehensive income for the period		-	-
Total comprehensive loss for the period		(2,072,391)	(261,133)
Basic and diluted loss per share	6	(0.34) cents	(0.05) 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 2019**

	Notes	31 December 2019 \$	30 June 2019 \$
Current assets			
Cash and cash equivalents		8,672,925	5,739,788
Other assets		12,023	37,004
Total current assets		8,684,948	5,776,792
Non-current assets			
Plant and equipment		96,170	46,321
Other financial assets - bond deposit		33,951	33,855
Total non-current assets		130,121	80,176
Total assets		8,815,069	5,856,968
Current liabilities			
Trade and other payables		105,601	202,466
Employee entitlements		237,729	209,623
Lease liability	3	35,568	-
Total current liabilities		378,898	412,089
Non - current liabilities			
Employee entitlements		7,789	5,909
Lease liability	3	25,255	-
Total non- current liabilities		33,044	5,909
Total liabilities		411,942	417,998
Net assets		8,403,127	5,438,970
Equity			
Issued capital		52,843,994	47,523,320
Reserves		632	284,758
Accumulated losses		(44,441,499)	(42,369,108)
Total equity		8,403,127	5,438,970

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 2019**

	Notes	31 December 2019 \$	31 December 2018 \$
Cash flows from operating activities			
Cash receipts in the course of operations		-	1,072,832
Payments for research and development		(1,443,711)	(511,473)
Cash payments in the course of operations		(687,718)	(809,145)
Interest received		42,643	18,372
Net cash used in operating activities		(2,088,786)	(229,414)
Cash flows from investing activities			
Payments for planet and equipment		-	(21,250)
Rental bond payment		-	(11,949)
Net cash used in investing activities		-	(33,199)
Cash flows from financing activities			
Proceeds from issue of shares and options	5	5,311,343	5,989,095
Cost of Issue of shares and options	5	(270,432)	(286,797)
Consideration received- option exercise, shares not yet granted		-	13,000
Lease Payments	3	(18,987)	-
Net cash provided by/(used in) financing activities		5,021,924	5,715,298
Net increase in cash and cash equivalents		2,933,138	(5,452,685)
Cash and cash equivalents at 1 July		5,739,788	1,543,002
Effect of exchange rate adjustments on cash held		(1)	7
Cash and cash equivalents at 31 December		8,672,925	6,995,694

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 2019**

**Attributable to equity holders of the
Company**

	Issued Capital \$	Option Premium Reserve \$	Accumulated Losses \$	Total \$
Balance at 1 July 2018	41,439,162	599,655	(40,757,309)	1,281,508
Total comprehensive income for the period				
Loss for the period	-	-	(261,133)	(261,133)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(261,133)	(261,133)
Ordinary shares/options issued	5,989,095	-	-	5,989,095
Cost of shares/options issued	(269,468)	-	-	(269,468)
Exercise of options	312,237	(312,237)	-	-
Expiry of options	-	-	-	-
Balance at 31 December 2018	47,471,026	287,418	(41,018,442)	6,740,002
Balance at 1 July 2019	47,523,320	284,758	(42,369,108)	5,438,970
Total comprehensive income for the period				
Loss for the period	-	-	(2,072,391)	(2,072,391)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	-	(2,072,391)	(2,072,391)
Contribution by and distribution to owners				
Ordinary shares/options issued	5,311,343	-	-	5,311,343
Cost of shares/options issued	(275,427)	-	-	(275,427)
Share based payments	-	632	-	632
Exercise of options	284,758	(284,758)	-	-
Expiry of options	-	-	-	-
Balance at 31 December 2019	52,843,994	632	(44,441,499)	8,403,127

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 2019

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, HBV, Hepatitis C and coronaviruses.

The annual financial statements of the Company as at and for the year ended 30 June 2019 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 2019 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 27 February 2020.

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 2019.

The Company has adopted the newly effective accounting standard AASB 16 Leases from 1 July 2019. AASB 16 removes the lease classification test for lessees and requires all the leases (including operating leases) to be brought onto the balance sheet. The definition of a lease is also amended.

The Company has adopted AASB 16 using the modified retrospective approach on transition and accordingly has not restated comparative information. At the transition, the lease liability is measured at present value on the remaining lease payments, discounted at the Company's incremental borrowing rate, being the rate the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. The incremental borrowing rate applied for AASB 16 purposes is 9%. The Company's right of use assets is measured as an amount equal to the lease liability and is depreciated over the lease term on a straight-line basis. Each lease repayment is allocated between liability and interest expense. Interest expense is recognised on the lease liability using the effective interest rate.

As at 31 December 2019, as a result of initially applying AASB 16, in relation to the leases that were previously classified as operating lease, the Company recognised \$76,880 of right to use asset, \$17,741 of accumulated depreciation and \$60,823 of lease liabilities of which \$35,568 of the lease liability is recognised as current liability and the remaining \$25,255 of the lease liability is recognised as non-current liability.

On transition at 1 July 2019, the Company recognised a lease liability of \$76,880 and right to use asset equal to the lease liability.

Also, in relation to those leases under AASB 16, the Company has recognised depreciation and interest costs, instead of operating lease expense. During the six months ended 31 December 2019, the Company recognised \$17,741 of depreciation charges and \$2,931 of interest costs from the lease.

Payments under the lease arrangements attributable to the repayment of lease liability (previously included in the operating cash flows) is now included under financing cash flows. During the six months ended 31 December 2019, payments totalling to \$18,987 is recognised as cash outflows from lease repayments.

	1 July 2019
	\$
Operating lease commitment at 30 June 2019	87,156
Discounted using the incremental borrowing rate at 1 July 2019	<u>(10,276)</u>
Lease liability recognised at 1 July 2019	<u>76,880</u>

BIOTRON LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

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 2019.

5. CAPITAL AND RESERVES

During the half-year, 106,226,853 fully paid ordinary shares (31 December 2018 - 8,866,950) were issued through the exercise of 12 December 2019 \$0.05 listed options for cash totalling \$5,311,343 (31 December 2018 - \$443,347). The fair value of the options issued at the grant date was \$284,758 (31 December 2018 - \$23,764).

During the year, the Company entered into an agreement with Gleneagle Securities (Aust) Pty Ltd to underwrite any shortfall arising from the exercise of 12 December 2019 \$0.05 options with 22,451,353 options being underwritten by Gleneagle Securities (Aust) Pty Ltd. Total issue cost of \$275,427 was recognised as a reduction in proceeds of issue of these shares. At 31 December 2019, \$4,995 was outstanding for payment.

During the half-year ended 31 December 2018, 78,429,130 fully paid ordinary shares were issued through the exercise of 30 November 2018 \$0.06 listed options for cash totalling \$4,705,748. The fair value of the options issued at the grant date was \$203,916. During the half year ended 31 December 2018, the Company entered into an agreement with CPS Capital Group Pty Ltd to underwrite any shortfall arising from the exercise of 30 November 2018 \$0.06 options with 1,336,137 options being underwritten by CPS Capital Pty Ltd. Total issue cost of \$260,645 was recognised as a reduction in proceeds of issue of these shares.

During the half year ended 31 December 2018, 2,000,000 fully paid ordinary shares were issued to Michelle Miller through the exercise of 30 November 2018 \$0.15 unlisted options for cash totalling \$300,000. The fair value of the options issued at the grant date was \$35,806. Total issue cost of \$2,919 was recognised as a reduction in proceeds of issue of these shares.

During the half year ended 31 December 2018, 3,000,000 fully paid ordinary shares were issued to Michelle Miller through the exercise of 30 November 2018 \$0.18 unlisted options for cash totalling \$540,000. The fair value of the options issued at the grant date was \$48,751. Total issue cost of \$5,904 was recognised as a reduction in proceeds of issue of these shares.

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

6. LOSS PER SHARE

	31 December 2019 \$	31 December 2018 \$
Basic and diluted loss per share have been calculated using:		
Net loss for the period	2,072,391	261,133
Weighted average number of ordinary shares	606,655,546	523,563,234

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.

BIOTRON LIMITED

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

7. RELATED PARTIES

Key management personnel and director transactions

During the half-year ended 31 December 2019, 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 2018 - \$72,000). There were no amounts outstanding at 31 December 2019 and 31 December 2018.

8. SHARE BASED PAYMENTS

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

The terms and conditions of the grants made during the year ended 31 December 2019 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
23 December 2019	29 November 2021	20 November 2021	\$0.25	19,500	5,000,000	5,000,000
23 December 2019	29 November 2022	26 November 2020	\$0.20	10,300	1,000,000	1,000,000
23 December 2019	29 November 2023	26 November 2021	\$0.20	14,800	1,000,000	1,000,000
				<u>44,600</u>	<u>7,000,000</u>	<u>7,000,000</u>

There were no options issued during the half-year ended 31 December 2018.

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 vesting date for the 5 million options granted to Michelle Miller is subject to the completion of a commercialisation transaction (as determined by the Plan Committee). 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.

The fair value of options granted on 23 December 2019 was \$44,600. The Black-Scholes formula model inputs were the Company's share price of \$0.055 at the grant date, a volatility factor of 76% based on historic share price performance, a risk-free interest rate of 0.89% based on government bonds and a dividend yield of 0%.

For the half-year ended 31 December 2019 an expense of \$632 was recognised. At 31 December 2019, none of the employee options were fully vested.

During the half-year ended 31 December 2018, 2,000,000 30 November 2018 \$0.15 unlisted options and 3,000,000 30 November 2018 \$0.18 unlisted options were fully exercised by Michelle Miller for cash totalling \$840,000.

9. SEGMENT REPORTING

The Company operates solely in the biomedical industry in Australia.

10. 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 7 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 31 December 2019 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 27 February 2020:



Michael J. Hoy
Chairman



Michelle Miller
Managing Director



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 2019 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 2019
- 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 10 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.



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 2019 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
27 February 2020

BIOTRON LIMITED
CORPORATE DIRECTORY

Directors:

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

Company Secretary:

Mr Peter J. Nightingale.

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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.