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

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18 October 2017

The Manager Companies
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

(55 pages by email)

Dear Madam

ANNUAL REPORT
AND NOTICE OF AGM

I attach the Company's Annual Report for the year ended 30 June 2017 and a copy of the Company's Notice of Annual General Meeting to be held on 20 November 2017.

Yours sincerely

Peter J. Nightingale
Company Secretary

pjn9108

BIOTRON LIMITED
ABN 60 086 399 144

ANNUAL REPORT | 2017

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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, BIT 225.

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, is in progress and scheduled for completion in the second half of 2017.

The completion of this trial marks a key transition point for the Company, which is now fully focused on achieving commercial transaction(s) for the Company's portfolio of antiviral programs.

During the financial year in review, the primary focus has been on the design, commencement and implementation of this Phase 2 clinical trial. 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.

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

- Commencement of a key Phase 2 human clinical trial (BIT225-009) of BIT225 in HIV-1 infected subjects, in combination with current HIV-1 treatment (cART).
- Demonstration in a specialised mouse model of HIV-1 infection that BIT225 accelerates the rate of reduction of viral load and delays rebound of virus when anti-HIV treatment is stopped.
- Publication of an independent scientific report highlighting the importance of reservoirs of HIV-1 in macrophage cells, thus validating Biotron's approach to elimination of HIV-1 by targeting macrophages.
- Execution of 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) to screen Biotron compounds for activity against key viral infections.
- Appointment of Lynx Financial (HK) Limited of Shanghai as corporate advisor to assist the Company with execution of its commercialisation strategy in China.
- Successful completion of an underwritten renounceable rights issue, raising $1.4 million after costs.
- Receipt of $1.6 million under the Australian Government R&D Tax Incentive Refund program.
- Showcasing the Company to the international investment community at various events in the USA, China and Australia.

Since the end of the financial year, the Company has announced that the Phase 2 HIV-1 clinical trial is fully enrolled, with all patients now recruited into the study.

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 9 clinical trials completed. Encouraging results in clinical studies completed to date indicate efficacy against both HCV and HIV-1.

Compared to other anti-HIV 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.

The interest in approaches to the eradication of HIV-1 in specific cell types was underscored in the second half of the financial year by the publication of a high profile scientific paper in Nature Medicine from an independent group highlighting the need for new drugs to eliminate virus in macrophage cell reservoirs. This paper is validation of Biotron's anti-HIV-1 approach, which specifically targets HIV-1 in macrophage cells.

During the financial year, Biotron significantly advanced its core HIV-1 program. Previously, Biotron has built up 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 first half of the financial year, the Company finalised the design and protocol for a pivotal Phase 2 trial (BIT225-009), designed in consultation with international medical and scientific HIV-1 experts. Following receipt of the necessary regulatory and ethics approvals, the trial commenced in early 2017. Since then, very good progress has been made, with the first cohort of patients enrolled in a short period. This was soon followed by enrolment of the second and final cohort of patients after an independent review of preliminary safety data from the first group approved further recruitment.

In July 2017, the Company announced that the BIT225-009 clinical trial was fully recruited, with all 36 subjects successfully enrolled.

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

The Company has reason to be cautiously optimistic in its outlook regarding the outcome of the trial on the basis of previously generated data. In particular, the results of a study undertaken in the second half of the financial year in a specialised mouse model were particularly encouraging. In this study, mice with a human immune system were infected with HIV-1 and then treated with current anti-HIV-1 drugs (cART) with the addition of either BIT225 or placebo. The results showed that BIT225 can significantly speed up the reduction of HIV-1 levels, possibly providing less opportunity for establishment of long lived, deleterious reservoirs of virus. In addition, once drug treatment was stopped, there was a delay in the rebound of virus in the BIT225-treated mice.

Due to the ethical challenges associated with stopping successful treatment in patients, the current BIT225-009 HIV-1 Phase 2 clinical trial will not include a treatment interruption (i.e. stopping of cART). However, in other aspects, the design of the trial mirrors that of the successful mouse study. This provides assurance that the clinical trial is appropriately designed to obtain a successful outcome.

The study in humanised mice and the current Phase 2 clinical trial are key to a commercial outcome for Biotron's HIV-1 program. In parallel, the Company has been actively engaging with potential commercial partners through meetings held regularly throughout the year with several pharmaceutical companies active in the HIV-1 therapeutic area. Feedback has been positive and we anticipate entering commercial discussions with one or more of these parties on the back of positive data from the BIT225-009 trial.

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.

While the Company remains focused on achieving a commercial outcome for its HIV-1 program in worldwide markets, including the USA and Europe, it continues to seek suitable partners for other programs including HCV. The outlook for treatment of HCV is particularly strong in emerging markets such as China, where an estimated 30 million people or more are infected with the virus. The Company has appointed a specialist corporate advisory firm, based in Shanghai, to assist with identifying suitable partners and executing a China commercialisation strategy.

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.

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. These outbreaks are a reminder that there is an ongoing need for new drugs to treat life-threatening diseases.

Positive data from ongoing 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.

In the 2017/18 financial year, the Company will be focused on the following activities:

- Completing the current Phase 2 HIV-1 clinical trial. The clinical phase of the trial is scheduled for completion before the end of October, with preliminary data anticipated in November 2017.
- Continued testing of Biotron compounds for activity against other key commercially relevant virus targets.
- Executing a commercial agreement for development of BIT225 for HCV in China.
- Executing a partnership agreement for development of BIT225 for treatment of HIV-1 in key worldwide markets such as the USA and Europe.

PATENTS

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

TITLE	STATUS
WO0021538 Method of modulating ion channel functional activity Priority – 12 October 1998	Granted in Australia, Canada, China, Germany, France, United Kingdom, The Netherlands, Japan, New Zealand, and USA
WO9813514 Method of determining ion channel activity of a substance Priority – 27 September 1996	Granted in Austria, Australia, Belgium, Canada, Switzerland, Germany, Denmark, Spain, Finland, France United Kingdom, Greece, Ireland, Italy, Japan, Luxembourg, Monaco, The Netherlands, Portugal, Sweden and USA
WO04112687 Antiviral compounds and methods Priority – 26 June 2003	Granted in Australia, Canada, China, India, Japan, Korea, New Zealand, Singapore and South Africa Under examination elsewhere (Brazil, Europe, Hong Kong, and USA)
WO06135978 Antiviral compounds and methods Priority – 24 June 2005	Granted in Austria, Australia, Belgium, Canada, Switzerland, China, Germany, Denmark, Spain, Finland, France, United Kingdom, Hong Kong, Ireland, Italy, Japan, Korea, Luxembourg, Monaco, The Netherlands, New Zealand, Poland, Portugal, Sweden, Singapore, Turkey, South Africa and USA Under examination elsewhere (Brazil, India)
WO2009/018609 Hepatitis C antiviral compounds and methods Priority – 3 August 2007	Granted in Austria, Australia, Belgium, Switzerland, China, Germany, Denmark, Spain, Finland, France, United Kingdom, Hong Kong, Ireland, Italy, Japan, Korea, Luxembourg, Monaco, The Netherlands, New Zealand, Poland, Portugal, Sweden, Singapore, Turkey and South Africa Under examination in elsewhere (Brazil, Canada, India, and USA)

CORPORATE

In February 2017, the Company received an R&D Tax Incentive rebate of $1.6 million for the 2016/17 financial year. The R&D Tax Incentive is an Australian Government program under which companies receive cash refunds for 43.5% of eligible expenditure on research and development.

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

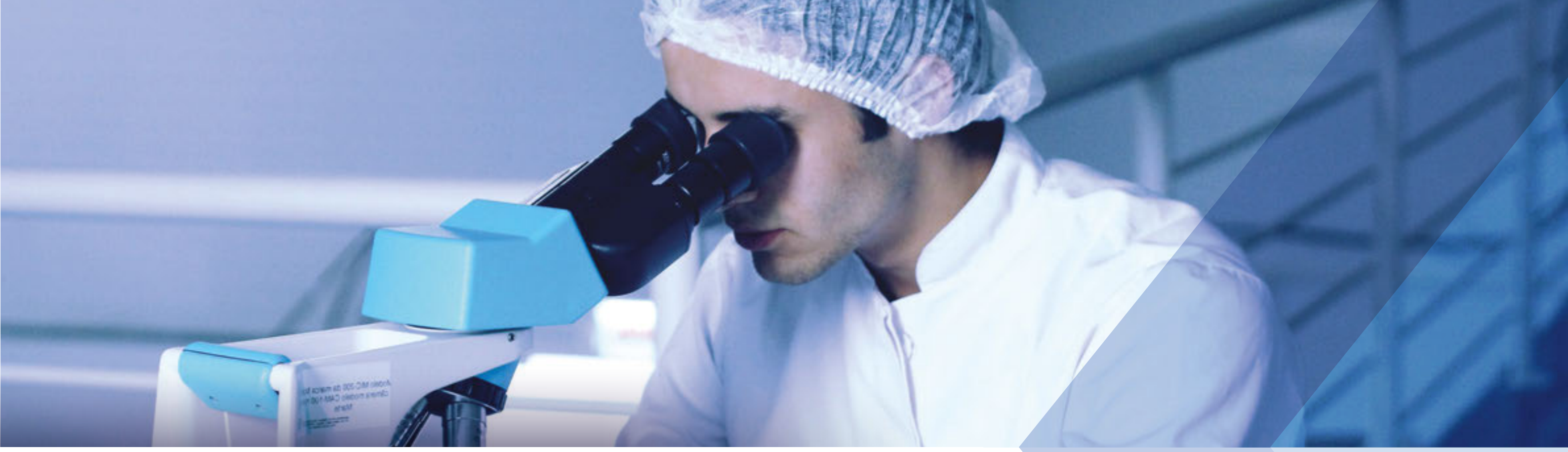
In the second half of the financial year in review, the Company completed a capital raising by way of an underwritten renounceable rights issue, raising $1.4 million after costs. The funds will be used to support the Company's ongoing activities described above, in particular the detailed analyses from the current HIV-1 Phase 2 trial, and importantly, ongoing commercial activities. Thank you to everyone who participated; your ongoing support is appreciated.

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

We look forward to the next year with confidence.

Michael J. Hoy
Chairman

Michelle Miller
Managing Director



CORPORATE GOVERNANCE STATEMENT

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

The 2017 Corporate Governance Statement, dated as at and approved by the Board on 4 August 2017, reflects the corporate governance practices throughout the 2017 financial year. A description of the Company's current corporate governance practices is set out in the Company's corporate governance statement which can be viewed at http://www.biotron.com.au/corporate-governance.

DIRECTORS' REPORT

The directors present their report together with the financial statements of Biotron Limited ('the Company') for the year ended 30 June 2017 and the auditor's report thereon.

DIRECTORS

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

Mr Michael J. Hoy

Independent and Non-Executive Chairman

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

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

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

Managing Director

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

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

Dr Susan M. Pond AM, MD DSc, FTSE

Independent and Non-Executive Director

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

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, 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.

DIRECTORS' MEETINGS

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

	Directors' Meetings	
Director	No. of Eligible Meetings to Attend	No. of Meetings Attended
Michael J. Hoy	6	6
Michelle Miller	6	6
Susan M. Pond	6	6
Robert B. Thomas	6	5
Denis N. Wade	6	5

DIRECTORS' INTERESTS

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

Directors	Fully Paid Ordinary Shares	Options	Option Terms (Exercise Price and Term)
Michael J. Hoy	6,231,863	1,246,372	$0.06 at any time up to 30 November 2018
Michelle Miller	762,500	512,500	$0.06 at any time up to 30 November 2018
	-	2,000,000	$0.15 at any time up to 30 November 2018
	-	3,000,000	$0.18 at any time up to 30 November 2018
Susan M. Pond	436,197	87,239	$0.06 at any time up to 30 November 2018
Robert B. Thomas	6,755,929	1,004,793	$0.06 at any time up to 30 November 2018
Denis N. Wade	2,046,348	409,269	$0.06 at any time up to 30 November 2018

There were no options over unissued ordinary shares granted as compensation to directors or executives of the Company during 2017 and 2016 financial years.

UNISSUED SHARES UNDER OPTION

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

Number of Shares	Exercise Price	Expiry Date
2,000,000	$0.15	30 November 2018
3,000,000	$0.18	30 November 2018
78,459,963	$0.06	30 November 2018

All options expire on the earlier of their expiry date or termination of the employee's employment provided the exercise period has been reached. In the event that the employment of the option holder is terminated, any options which have not reached their exercise period will lapse and any options which have reached their exercise period may be exercised within three months of the date of termination of employment. Any options not exercised within this three month period will lapse. The persons entitled to exercise the options do not have, by virtue of the options, the right to participate in a share issue of the Company or any other body corporate.

SHARES ISSUED ON EXERCISE OF OPTIONS

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

Number of Shares	Amount paid on each share
74,519	$0.12

PRINCIPAL ACTIVITIES

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

FINANCIAL RESULT AND REVIEW OF OPERATIONS

The operating loss of the Company for the financial year after income tax was $3,093,405 (2016 – $3,004,303 loss).

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

IMPACT OF LEGISLATION AND OTHER EXTERNAL REQUIREMENTS

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

DIVIDENDS

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

STATE OF AFFAIRS

In the opinion of the directors, there were no significant changes in the state of affairs of the Company that occurred during the year ended 30 June 2017.

ENVIRONMENTAL REGULATIONS

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

EVENTS SUBSEQUENT TO BALANCE DATE

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

LIKELY DEVELOPMENTS

During the year ended 30 June 2017, the Company continued to fund and manage its research and development projects. The success of these research projects, which cannot be assessed on the same fundamentals as trading and manufacturing enterprises, will determine future likely developments.

INDEMNIFICATION OF OFFICERS AND AUDITORS

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

REMUNERATION REPORT – AUDITED

Principles of compensation – Audited

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

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

Remuneration generally comprises salary and superannuation. Longer term incentives are able to be provided through the Company's Incentive Option Plan which acts to align the directors and senior executives' actions with the interests of the shareholders. The vesting conditions of options issued under the plan are based on a minimum service periods being achieved.

In the event that the employment or office of the option holder is terminated, any options which have not reached their exercise period will lapse and any options which have reached their exercise period may be exercised within three months of the date of termination of employment. Any options not exercised within this three month period will lapse. The remuneration disclosed below represents the cost to the Company for the services provided under these arrangements.

No directors or senior executives receive performance related remuneration.

The number of options that had vested as at 30 June 2017 is 2,000,000. No options were granted as remuneration during the year and 5,000,000 unlisted options granted to Michelle Miller expired during 2016 financial year.

There were no remuneration consultants used by the Company during the year ended 30 June 2017 or in the prior year.

Consequences of performance on shareholder wealth – Audited

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

	2017	2016	2015	2014	2013
Net loss attributable to equity holders of the Company	$3,093,405	$3,004,303	$2,723,221	$3,085,814	$3,850,745
Dividends paid	-	-	-	-	-
Change in share price	(4.0) cents	(7.0) cents	3.0 cents	2.0 cents	(2.0) cents

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

Details of remuneration for the year ended 30 June 2017 – Audited

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

	Year	Primary Fees $	Superannuation $	Share Based Payments – Options $	Other Long Term $	Total $	Value of Options as a % of Remuneration
Directors							
Non-executive							
Michael J. Hoy (Chairman)	2017	68,807	6,537	-	-	75,344	-
	2016	68,807	6,537	-	-	75,344	-
Susan M. Pond	2017	36,697	3,486	-	-	40,183	-
	2016	36,697	3,486	-	-	40,183	-
Robert B. Thomas	2017	36,697	3,486	-	-	40,183	-
	2016	36,697	3,486	-	-	40,183	-
Denis N. Wade	2017	36,697	3,486	-	-	40,183	-
	2016	36,697	3,486	-	-	40,183	-
Executive							
Michelle Miller (Managing Director)	2017	302,548	28,500	31,521	5,525	368,094	9%
	2016	325,383	29,048	42,902	5,096	402,429	11%
Executives							
Peter J. Nightingale (Company Secretary)	2017	75,000	-	-	-	75,000	-
	2016	75,000	-	-	-	75,000	-

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

Options granted as compensation – Audited

Details of options granted as compensation to each key management person:

Director	Grant Date	Number of Options Granted	Fair Value at Grant Date	Option Terms (Exercise Price and Term)
Michelle Miller	25 November 2015	1,000,000	$17,900	$0.15 at any time to 30 November 2018
Michelle Miller	25 November 2015	1,000,000	$17,900	$0.15 at any time from 30 November 2016 up to 30 November 2018
Michelle Miller	25 November 2015	3,000,000	$48,900	$0.18 at any time from 30 November 2017 up to 30 November 2018

The fair value of the options at grant date was determined based on Black-Scholes formula. The model inputs of the options issued, were the Company's share price of $0.046 at the grant date, a volatility factor of 100% based on historic share price performance, a risk free rate of 2.11% based on the 10 year government bond rate and no dividends paid.

No options were granted during the 2017 and 2016 financial years. The number of options that vested as at 30 June 2017 is 2,000,000 (2016 – 1,000,000) and 5,000,000 options lapsed during 2016 financial year. No options lapsed during 2017 financial year.

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

No terms of equity-settled share-based payment transactions (including options granted as compensation to a key management person) have been altered or modified by the Company during the 2017 financial year.

Exercise of options granted as compensation – Audited

There were no shares issued on the exercise of options previously granted as compensation during the 2017 and 2016 financial years.

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

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

	Options granted				
Director	Number	Date	% vested in year	% forfeited in year	Financial year in which grant vests
Michelle Miller	1,000,000	25 November 2015	100%	-	1 July 2015
	1,000,000	25 November 2015	100%	-	1 July 2016
	3,000,000	25 November 2015	-	-	1 July 2017

The number of options that had vested as at 30 June 2017 is 2,000,000 (2016 – 1,000,000). No options were granted subsequent to year end.

Analysis of movements in options – Audited

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

Options and rights over equity instruments – Audited

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

Option holdings 2017 – Audited

	Held at 1 July 2016	Granted/ Purchased*	Exercised	Expired	Held at 30 June 2017	Vested and exercisable at 30 June 2017
Directors						
Michael J. Hoy	700,961	1,246,372	-	700,961	1,246,372	1,246,372
Michelle Miller	5,000,000	512,500	-	-	5,512,500	2,512,500
Susan M. Pond	55,556	87,239	-	55,556	87,239	87,239
Robert B. Thomas	1,237,038	1,004,793	-	1,237,038	1,004,793	1,004,793
Denis N. Wade	273,977	409,269	-	273,977	409,269	409,269
Executives						
Peter J. Nightingale	1,151,924	-	-	1,151,924	-	-

* Purchased as part of the pro-rata renounceable rights issue to shareholders.

Loans to key management personal and their related parties – Audited

There were no loans made to key management personnel or their related parties during the 2017 and 2016 financial years and no amounts were outstanding at 30 June 2017 (2016 – $nil).

Other transactions with key management personnel – Audited

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

- During the year ended 30 June 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 year amounted to $144,000 (2016 – $144,000). There were no outstanding amounts at 30 June 2017 (2016 – $nil).

Movements in shares – Audited

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

Fully paid ordinary shareholdings and transactions 2017 – Audited

	Held at 1 July 2016	Purchased	Received on exercise of options	Sales	Held at 30 June 2017
Directors					
Michael J. Hoy	4,985,491	1,246,372	-	-	6,231,863
Michelle Miller	-	762,500	-	-	762,500
Susan M. Pond	348,958	87,239	-	-	436,197
Robert B. Thomas	5,395,207	1,360,722	-	-	6,755,929
Denis N. Wade	1,637,079	409,269	-	-	2,046,348
Executives					
Peter J. Nightingale	5,760,416	-	-	-	5,760,416

Service contracts – Audited

In accordance with best practice corporate governance, the Company provided each key management personnel with a letter detailing the terms of appointment, including their remuneration.

Non-executive directors – Audited

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

Non-audit Services

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

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

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

	2017 $	2016 $
Statutory audit		
Audit and review of financial reports – KPMG	46,850	43,400

LEAD AUDITOR'S INDEPENDENCE DECLARATION

The Lead Auditor's Independence Declaration is set out on page 15 and forms part of the Directors' Report for the year ended 30 June 2017.

This report has been signed in accordance with a resolution of the directors and is dated 28 August 2017:

Michael J. Hoy Chairman	Michelle Miller Managing Director

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

To the Directors of Biotron Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Biotron Limited for the financial year ended 30 June 2017 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Stephen Board
Partner
Brisbane
28 August 2017

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 $	2016 $
Continuing operations			
Other income	5	**1,659,479**	1,548,185
Administration and consultants' expenses		**(241,960)**	(225,250)
Depreciation	11	**(13,074)**	(15,457)
Employee and director expenses		**(826,501)**	(850,813)
Direct research and development expenses	6	**(3,155,423)**	(3,132,197)
Rent and outgoings expenses		**(76,849)**	(62,686)
Travel expenses		**(82,507)**	(36,404)
Other expenses from ordinary activities		**(386,216)**	(306,046)
Operating loss before financing income		**(3,123,051)**	(3,080,668)
Interest income		**29,646**	76,365
Net financing income		**26,646**	76,365
Loss before tax		**(3,093,405)**	(3,004,303)
Income tax expense	9	**-**	-
Loss for the year		**(3,093,405)**	(3,004,303)
Other comprehensive income		**-**	-
Total comprehensive loss for the year		**(3,093,405)**	(3,004,303)
Basic and diluted loss per share (cents)	7	**(0.93) cents**	(0.96) cents

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

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	Notes	2017 $	2016 $
Current assets			
Cash and cash equivalents	8	**1,987,384**	3,418,453
Other assets	10	**42,730**	27,755
Total current assets		**2,030,114**	3,446,208
Non-current assets			
Plant and equipment	11	**29,496**	37,075
Total non-current assets		**29,496**	37,075
Total assets		**2,059,610**	3,483,283
Current liabilities			
Trade and other payables	12	**367,671**	115,959
Employee entitlements	13	**251,839**	230,357
Total current liabilities		**619,510**	346,316
Total liabilities		**619,510**	346,316
Net assets		**1,440,100**	3,136,967
Equity			
Issued capital	14	**40,325,345**	39,163,122
Reserves	14	**278,419**	860,729
Accumulated losses		**(39,163,664)**	(36,886,884)
Total equity		**1,440,100**	3,136,967

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

Attributable to equity holders of the Company	Notes	Issued Capital $	Option Reserves $	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 year					
Loss for the year		-	-	(3,004,303)	(3,004,303)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the year		-	-	(3,004,303)	(3,004,303)
Transactions with owners, recorded directly in equity					
Contribution by and distribution to owners					
Ordinary shares/options issued		2,000,158	-	-	2,000,158
Cost of shares issued		(44,816)	-	-	(44,816)
Share based payment		-	42,902	-	42,902
Transfer of expired options		-	(522,000)	522,000	-
Exercise of options		21	(21)	-	-
Balance at 30 June 2016	14	39,163,122	860,729	(36,886,884)	3,136,967
Balance at 1 July 2016		39,163,122	860,729	(36,886,884)	3,136,967
Total comprehensive income for the year					
Loss for the year		-	-	(3,093,405)	(3,093,405)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the year		-	-	(3,093,405)	(3,093,405)
Transactions with owners, recorded directly in equity					
Contribution by and distribution to owners					
Ordinary shares/options issued		1,374,145	203,996	-	1,578,141
Cost of shares issued		(213,124)	-	-	(213,124)
Share based payment		-	31,521	-	31,521
Transfer of expired options		-	(816,625)	816,625	-
Exercise of options		1,202	(1,202)	-	-
Balance at 30 June 2017	14	40,325,345	278,419	(39,163,664)	1,440,100

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 $	2016 $
Cash flows from operating activities			
Cash receipts in the course of operations		**1,659,479**	1,548,185
Payments for research and development		**(2,977,402)**	(3,260,756)
Cash payments in the course of operations		**(1,545,220)**	(1,444,702)
Interest received		**29,646**	76,366
Net cash used in operating activities	15	**(2,833,497)**	(3,080,907)
Cash flows from investing activities			
Rental bond		**(6,412)**	-
Payments for plant and equipment		**(5,495)**	(4,763)
Net cash used in investing activities		**(11,907)**	(4,763)
Cash flows from financing activities			
Proceeds from issue of shares and options		**1,578,141**	2,000,158
Cost of issue of shares and options		**(163,615)**	(44,816)
Net cash from financing activities		**1,414,526**	1,955,342
Net increase/(decrease) in cash held		**(1,430,878)**	(1,130,328)
Cash and cash equivalents at 1 July		**3,418,453**	4,523,224
Effect of exchange rate adjustments on cash held		**(191)**	25,557
Cash and cash equivalents at 30 June	8	**1,987,384**	3,418,453

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

1. REPORTING ENTITY

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

2. BASIS OF PREPARATION

a. Statement of compliance

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

The financial report was authorised for issue by the directors on 28 August 2017.

b. Basis of measurement

The financial statements have been prepared on the historical cost basis, unless otherwise stated.

c. Functional and presentation currency

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

d. Use of estimates and judgements

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

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

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

- Note 9 – Unrecognised deferred tax asset
- Note 2(e) – Going concern

e. Going concern

The 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 $3,093,405 for the year ended 30 June 2017 and has accumulated losses of $39,163,664 at 30 June 2017. The Company has cash on hand of $1,987,384 at 30 June 2017 and used $2,833,497 of cash in operations for the year ended 30 June 2017. 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 expenditures significantly.

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 financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

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

a. Cash and cash equivalents

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

b. Trade and other receivables

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

c. Property, plant and equipment

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

d. Government Grants

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

Costs

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

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

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

e. Trade and other payables

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

f. Employee entitlements

Short-term employee benefits

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

Long term employee benefits

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

Share-based payment transactions

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

g. Financial Instruments

Non-derivative financial assets

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

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

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

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

Non-derivative financial liabilities

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

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

Other financial liabilities comprise trade and other payables.

h. Share Capital

Ordinary Shares

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

i. Tax

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

Current tax

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

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

Deferred tax

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

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

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

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

Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax ('GST'), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

j. Finance income

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

k. Earnings per share

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

l. Impairment

Non-derivative financial assets

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

Financial assets measured at amortised cost

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

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

Non-financial assets

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

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

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

m. Provisions

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

n. Segment reporting

Determination and presentation of operating segments

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

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

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

o. New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2017, and have not been applied in preparing these financial statements. The Company is in the process of assessing the impact of new standards. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these standards early.

AASB 9 Financial Instruments

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

AASB 9 is effective for the Company's annual reporting period beginning 1 July 2018 and can be early adopted.

4. DETERMINATION OF FAIR VALUES

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

Trade and other receivables

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

Share-based payment transactions

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

Non-derivative financial liabilities

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

	Note	2017 $	2016 $
5. OTHER INCOME			
Research and development rebate		**1,613,724**	1,548,185
Other – Legal fees reimbursed		**45,755**	-
		1,659,479	1,548,185
6. LOSS FROM OPERATING ACTIVITIES			
Loss from ordinary activities has been arrived at after charging the following items:			
Auditors' remuneration paid to KPMG			
– Auditor's and review of financial reports		**46,850**	43,400
Depreciation			
– Office equipment	11	**12,311**	14,550
– Plant and equipment	11	**763**	907
Direct research and development expenditure expensed as incurred		**3,155,423**	3,132,197
Provision for employee entitlements		**21,482**	40,500
Superannuation expense		**65,630**	66,177

7. LOSS PER SHARE

The calculation of basic and diluted loss per share at 30 June 2017 was based on the loss attributable to ordinary shareholders of $3,093,405 (2016 – $3,004,303 loss) and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2017 of 314,467,471 (2016 – 313,099,418), calculated as follows:

	2017	2016
Net loss for the year	**3,093,405**	3,004,303

	2017 Number	2016 Number
Weighted average number of ordinary shares (basic and diluted)		
Issued ordinary shares at 1 July	**313,765,334**	296,402,910
Weighted average number of ordinary shares at 30 June	**331,742,012**	313,099,418

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

	2017 $	2016 $
8. CASH AND CASH EQUIVALENTS		
Cash at bank	**1,987,384**	3,418,453
Cash and cash equivalents in the statement of cash flows	**1,987,384**	3,418,453

	2017 $	2016 $
9. INCOME TAX EXPENSE		
Current tax expense	**(1,341,634)**	(1,367,846)
Current year		
Tax losses not recognised	**1,341,634**	1,367,846
	-	-
Deferred tax expense		
Current year	**44,003**	15,679
De-recognition of temporary differences	**(44,003)**	(15,679)
	-	-
Numerical reconciliation between tax expense and pre-tax net profit		
Loss before tax - continuing operations	**(3,093,405)**	(3,004,303)
Prima facie income tax benefit at the Australian tax rate of 27.5% (2016 – 30%)	**(850,686)**	(901,291)
Increase in income tax expense due to:		
– Adjustments not resulting in temporary differences	**621,849**	(590,106)
– Effect of tax losses not recognised	**272,840**	326,864
– Unrecognised temporary differences	**(44,003)**	(15,679)
Income tax expense current and deferred	-	-
Deferred tax assets have not been recognised in respect of the following items		
Deductible temporary differences (net)	**223,323**	227,691
Tax losses	**9,415,299**	9,876,428
Net	**9,638,622**	10,104,119

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

10. OTHER ASSETS

	2017 $	2016 $
Current prepayments	**21,319**	12,755
Security deposits	**21,411**	15,000
	42,730	27,755

	2017 $	2016 $

11. PLANT AND EQUIPMENT

	2017 $	2016 $
Office equipment – at cost	**205,851**	205,851
Accumulated depreciation	**(185,945)**	(173,634)
	19,906	32,217
Plant and equipment – at cost	**511,958**	506,463
Accumulated depreciation	**(502,368)**	(501,605)
	9,590	4,858
Total plant and equipment – net book value	**29,496**	37,075

Reconciliations

Reconciliations of the carrying amounts for each class of plant and equipment are set out below:

Office equipment		
Balance at 1 July	**32,217**	42,004
Additions	**-**	4,763
Depreciation	**(12,311)**	(14,550)
Carrying amount at the end of the financial year	**19,906**	32,217
Plant and equipment		
Balance at 1 July	**4,858**	5,765
Additions	**5,495**	-
Depreciation	**(763)**	(907)
Carrying amount at the end of the financial year	**9,590**	4,858
Total carrying amount at the end of the financial year	**29,496**	37,075

12. TRADE AND OTHER PAYABLES

Current		
Creditors	**344,171**	92,459
Accruals	**23,500**	23,500
	367,671	115,959

13. EMPLOYEE ENTITLEMENTS

Current		
Employee annual leave provision	**117,537**	106,233
Long service leave provision	**134,302**	124,124
	251,839	230,357
Number of employees at the end of the financial year	**5**	4

14. CAPITAL AND RESERVES

	2017 $	2016 $
Issued and paid up capital		
392,299,816 (2016 – 313,765,334) fully paid ordinary shares	**40,325,345**	39,163,122
Fully paid ordinary shares		
Balance at the beginning of the financial year	**39,163,122**	37,207,759
Issue of shares	**1,374,145**	2,000,158
Exercise of options	**1,202**	21
Costs of issue	**(213,124)**	(44,816)
Balance at the end of financial year	**40,325,345**	39,163,122

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

- In June 2017, the Company offered eligible shareholders to purchase one new share and one new listed option through a pro-rata renounceable rights issue. Under this offer, the Company issued 78,459,963 ordinary shares and 78,459,963 listed options for cash totalling $1,569,199. Total issue cost of $213,124 was recognised as a reduction in proceeds of issue of these shares. The listed options are each exercisable at 6 cents to acquire one fully paid ordinary share exercisable at any time up to 30 November 2018.
- During the year ended 30 June 2017, 74,519 ordinary shares (2016 – 1,313) were issued through the exercise of the listed options for cash totalling $8,942 (2016 – $158). The fair value of the options when granted was $1,202 (2016 – $21).
- In July 2015, the Company issued 17,361,111 new fully paid ordinary shares through a share purchase plan for a cash totalling $2,000,000. Total issue cost of $44,816 was recognised as a reduction in the proceeds of these shares.

The following options were issued during the year ended 30 June 2016 and were on issue at 30 June 2017:

- 1,000,000 options with a fair value at grant date of 1.8 cents, each exercisable at 15 cents to acquire one fully paid ordinary share at any time up to 30 November 2018.
- 1,000,000 options with a fair value at grant date of 1.8 cents, each exercisable at 15 cents to acquire one fully paid ordinary share at any time after 30 November 2016 up to 30 November 2018.
- 3,000,000 options with a fair value at grant date of 1.6 cents, each exercisable at 18 cents to acquire one fully paid ordinary share at any time after 30 November 2017 up to 30 November 2018.

The fair value of the options at each grant date was determined based on the Black-Scholes formula. The model inputs for those options issued during the year ended 30 June 2016 were the Company's share price of $.046 at the grant date, a volatility factor of 100% based on historic share price performance, risk free interest rate of 2.11% based on the 10 year government bond rate and no dividends paid.

During the year ended 30 June 2016, the following options lapsed.

- 2,000,000 options, each exercisable at 21 cents to acquire one fully paid ordinary share at any time up to 30 October 2015.
- 3,000,000 options, each exercisable at 24 cents to acquire one fully paid ordinary share at any time up to 30 October 2015.

Terms and conditions – Shares

Holders of ordinary shares are entitled to receive dividends as declared and, are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Company, ordinary shareholders rank after creditors and are fully entitled to any proceeds of liquidation.

	2017 $	2016 $
Option Reserves		
Equity based compensation reserve	**74,423**	42,902
Option premium reserve	**203,996**	817,827
	278,419	860,729
Movements during the period		
Equity based compensation reserve		
Balance at the beginning of period	**42,902**	522,000
Share based payment expense	**31,521**	42,902
Expiry of options	**-**	(522,000)
Balance at end of period	**74,423**	42,902
Option premium reserve		
Balance at the beginning of period	**817,827**	817,848
Issue of options	**203,996**	-
Exercise of options	**(1,202)**	(21)
Expiry of options	**(816,625)**	-
Balance at end of period	**203,996**	817,827

Nature and purpose of reserves

Equity based compensation reserve:

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

Option premium reserve:

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

15. STATEMENT OF CASH FLOWS

	2017 $	2016 $
Reconciliation of cash flows from operating activities		
Loss for the period	**(3,093,405)**	(3,004,303)
Adjustments for:		
Depreciation of plant and equipment	**13,073**	15,457
Provisions for employee entitlements	**21,482**	40,500
Share based payments	**31,521**	42,902
Effect of exchange rate adjustments	**191**	(25,557)
Changes in assets and liabilities		
Decrease in receivables	**-**	10,184
Decrease/(Increase) in prepayments	**(8,564)**	7,139
(Decrease)/Increase in payables	**202,205**	(167,229)
Net cash used in operating activities	**(2,833,497)**	(3,080,907)

16. RELATED PARTIES

Key management personnel and director transactions

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

- During the year ended 30 June 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 entity. Fees paid to MIS Corporate Pty Limited during the year, amounted to $144,000 (2016 – $144,000). There were no outstanding amounts at 30 June 2017 (2016 – $nil).

Key management personnel compensation

During the year ended 30 June 2017, compensation of key management personnel totalled $638,987 (2016 – $673,322), which comprised primary salary and fees of $556,446 (2016 – $579,281), superannuation of $45,495 (2016 – $46,043), share based payments of $31,521 (2016 – $42,902) and long service leave of $5,525(2016 – $5,096). During the 2017 and 2016 financial years, no long term benefits or termination payments were paid.

17. SHARE BASED PAYMENTS

The Company has an Incentive Option Plan to provide eligible persons, being employees or directors, or individuals whom the Plan Committee determine to be employees for the purposes of the Plan, with the opportunity to acquire options over unissued ordinary shares in the Company. The number of options granted or offered under the Plan will not exceed 10% of the Company's issued share capital and the exercise price of options will be the greater of the market value of the Company's shares as at the date of grant of the option or such amount as the Plan Committee determines. Options have no voting or dividend rights. The vesting conditions of options issued under the plan are based on a minimum service periods being achieved. There are no other vesting conditions attached to options issued under the plan.

In the event that the employment or office of the option holder is terminated, any options which have not reached their exercise period will lapse and any options which have reached their exercise period may be exercised within three months of the date of termination of employment. Any options not exercised within this three month period will lapse.

No options were issued during the year ended 30 June 2017. During the year ended 30 June 2016, 5,000,000 options were issued to the Managing Director as detailed in note 14.

Options outstanding at 30 June 2017

Grant date	Number of options	Exercise price	Fair value at grant date	Vesting date*	Expiry date
25 November 2015	1,000,000	$0.15	$0.018	25 November 2015	30 November 2018
25 November 2015	1,000,000	$0.15	$0.018	30 November 2016	30 November 2018
25 November 2015	3,000,000	$0.18	$0.016	30 November 2017	30 November 2018

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

Options outstanding at 30 June 2016

Grant date	Number of options	Exercise price	Fair value at grant date	Vesting date*	Expiry date
25 November 2015	1,000,000	$0.15	$0.018	25 November 2015	30 November 2018
25 November 2015	1,000,000	$0.15	$0.018	30 November 2016	30 November 2018
25 November 2015	3,000,000	$0.18	$0.016	30 November 2017	30 November 2018

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

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

	Number of options 2017	Weighted average exercise price 2017	Number of options 2016	Weighted average exercise price 2016
Outstanding at 1 July	5,000,000	$0.17	5,000,000	$0.17

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

The weighted average remaining contractual life of share options outstanding at the end of the year in the equity based compensation reserve was 1.42 years (2016 – 2.42 years).

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

Fair value of options

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

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

Expenses arising from share-based payment transactions

Total expenses arising from share based payment transactions recognised during the year ended 30 June 2017 was $31,521 (2016 – $42,902).

18. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

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

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

Risk management framework

The Board has overall responsibility for the establishment and oversight of the risk management framework. Informal risk management policies are established to identify and analyse the risks faced by the Company.

The primary responsibility to monitor the financial risks lies with the Managing Director and the Company Secretary under the authority of the Board.

Credit risk

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

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

		Carrying amount	
	Note	2017 $	2016 $
Cash and cash equivalents	8	**1,987,384**	3,418,453
Security deposits	10	**21,411**	15,000
		2,008,795	3,433,453

Cash and cash equivalents

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

Trade and other receivables

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

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

Liquidity risk

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

Ultimate responsibility for liquidity management rests with the Board. The Company monitors rolling forecasts of liquidity on the basis of expected fund raisings, trade payables and other obligations for the ongoing operation of the Company. At balance date, the Company has available funds of $1,987,384 for its immediate use.

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

	Carrying amount $	Contractual cash flows $	Less than one year $	Between one and five years $	Interest $
30 June 2017					
Trade and other payables	**367,671**	**(367,671)**	**(367,671)**	-	-
30 June 2016					
Trade and other payables	115,959	(115,959)	(115,959)	-	-

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

Market risk

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

Interest rate risk

The Company's income statement is affected by changes in interest rates due to the impact of such changes on interest income from cash and cash equivalents and interest bearing security deposits. The average interest rate on funds held during the year was 1.30% (2016 – 1.99%).

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

	Note	2017 $	2016 $
Financial assets			
Cash and cash equivalents	8	**1,987,384**	3,418,453
Security deposits	10	**21,411**	15,000
Net exposure		**2,008,795**	3,433,453

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

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

Sensitivity analysis

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

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

	2017	2016
	22,773	38,378

Currency risk

The Company is exposed to currency risk on cash and cash equivalents that are denominated in United States currency. The company's gross financial exposure to foreign currency risk at balance date was US$600 (2016 – US$5,269).

Sensitivity analysis

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

A 5% strengthening of the United States dollar to Australian dollar at 30 June 2017 would have decreased post tax profit and net assets for the period by the amounts shown below, while weakening would have increased the post-tax profit and net assets for the period.

	2017 $	2016 $
	39	355

The Company is not exposed to price risks.

Capital management

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

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

The Company is not subject to externally imposed capital requirements.

Estimation of fair values

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

19. FINANCIAL REPORTING BY SEGMENTS

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

20. OPERATING LEASES

The Company leases an office in North Ryde, Sydney. The lease is for a period of 3 years starting from November 2013 with monthly renewal after the 3 years.

During the year ended 30 June 2017, $76,849 was recognised as an expense in profit or loss in respect of the operating lease (2016 – $62,686).

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

Less than one year	**6,488**	24,250
Between one and five years	**-**	-

21. COMMITMENTS AND CONTINGENCIES

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

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

22. SUBSEQUENT EVENTS

There have been no matters arise in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

DIRECTORS' DECLARATION

1. In the opinion of the directors of Biotron Limited:
   a) the financial statements and notes set out on pages 16 to 32, and the Remuneration Report in the Directors' Report, set out on pages 10 to 13, are in accordance with the *Corporations Act 2001*, including:
      (i) giving a true and fair view of the Company's financial position as at 30 June 2017 and of its performance for the financial year ended on that date; and
      (ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Regulations 2001*;
   b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the chief executive officer and chief financial officer for the financial year ended 30 June 2017.
3. The directors draw attention to note 2(a) of the financial statements, which includes a statement of compliance with International Financial Reporting Standards.

This report has been signed in accordance with a resolution

of the directors and is dated 28 August 2017:

Michael J. Hoy
Chairman

Michelle Miller
Managing Director

Independent Auditor's Report

To the shareholders of Biotron Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Biotron Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Company's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001.*

The ***Financial Report*** comprises:

- Statement of financial position as at 30 June 2017;
- Statement of profit or loss and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Company in accordance with *the Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

KPMG

Material uncertainty related to going concern

We draw attention to Note 2(e), "Going Concern" in the financial report. The conditions disclosed in Note 2(e), 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 financial report. Our opinion is not modified in respect of this matter.

In concluding there is a material uncertainty related to going concern we evaluated the extent of uncertainty regarding events or conditions casting significant doubt in the Company's assessment of going concern. This included:

- Analysing the cash flow projections by:
    - Evaluating the underlying data used to generate the projections for consistency with other information tested by us, our understanding of the Company's intentions, and past results and practices;
    - Assessing the planned levels of operating and capital expenditures for consistency of relationships and trends to the Company's historical results, results since year end, and our understanding of the business, industry and economic conditions of the Company;
- Assessing significant non-routine forecast cash inflows and outflows for feasibility, quantum and timing. We used our knowledge of the client, its industry and financial position to assess the level of associated uncertainty; and
- Evaluating the Company's going concern disclosures in the financial report by comparing them to our understanding of the matter, the events or conditions incorporated into the cash flow projection assessment, the Company's plans to address those events or conditions, and accounting standard requirements. We specifically focused on the principal matters giving rise to the material uncertainty.

Key Audit Matters

In addition to the matter described in the *Material uncertainty related to going concern* section, the ***Key Audit Matter*** we identified is:

- Research and development expenditure.

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Research and development expenditure - $3,155,423	
Refer note 6	
The key audit matter	**How the matter was addressed in our audit**
Research and development expenditure is a key audit matter due to the significance of the amount (being 66% of total expenses) and the audit effort associated with assessing the completeness and accuracy of the amounts recorded by the Company.	Our procedures included: • Assessing the Company's policy for research and development expenditure against the requirements of the accounting standards; • Selecting a statistical sample of items recorded as research and development expenditure and checking the expenditure amount recorded for consistency to invoices from third parties or other underlying documentation; • For the sample identified above, checking the nature of the expenditure for consistency with its classification as research and development expenditure, in accordance with the Company's accounting policy and the criteria in the accounting standards; and • Testing the completeness of research and development expenditure recorded in the year by checking payments recorded since year end and unprocessed invoices for evidence of the timing of the transactions. For this procedure, we selected our sample from the Company's payments since balance date, and unprocessed invoices post balance date, and agreed the details recorded to the underlying documentation of the transaction.

Other Information

Other Information is financial and non-financial information in Biotron Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor’s Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001;*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Company's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor’s Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_files/ar1.pdf. This description forms part of our Auditor’s Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Biotron Limited for the year ended 30 June 2017, complies with *Section 300A of the Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A of the Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 10 to 13 of the Directors' report for the year ended 30 June 2017.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

KPMG

Stephen Board
Partner
Brisbane
28 August 2017

ADDITIONAL STOCK EXCHANGE INFORMATION

HOME EXCHANGE

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

USE OF CASH AND ASSETS

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

CLASS OF SHARES AND VOTING RIGHTS

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

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

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

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

DISTRIBUTION OF EQUITY SECURITYHOLDERS

As at 31 July 2017, the distribution of each class of equity was as follows:

Range	Fully Paid Ordinary Shares	Total Number of Shares	30 November 2018 $0.06 Listed Options	Total Number of Listed Options	30 November 2018 $0.15 Unlisted Options	30 November 2018 $0.18 Unlisted Options
1 – 1,000	107	28,882	30	14,212	-	-
1,001 – 5,000	362	1,309,312	138	393,535	-	-
5,001 – 10,000	380	3,076,612	68	526,880	-	-
10,001 – 100,000	1,244	49,289,315	190	7,249,811	-	-
100,001 and over	581	338,598,139	120	70,273,081	1	1
	2,674	**392,302,260**	**546**	**78,457,519**	**1**	**1**

At 31 July 2017, 1,383 shareholders held less than a marketable parcel of shares and 439 listed option holders held less than a marketable parcel of options.

TWENTY LARGEST QUOTED SHAREHOLDERS

At 31 July 2017 the twenty largest fully paid ordinary shareholders held 26.37% of fully paid ordinary as follows:

	Name	Fully Paid Ordinary Shares	%
1	Armco Barriers Pty Ltd	13,000,000	3.31
2	Bond Street Custodians Limited <PPNR-V24171 A/C>	10,000,000	2.55
3	HSBC Custody Nominees (Australia) Limited	9,891,205	2.52
4	Scott's A V Pty Ltd <Scotts Acorn EMP S/F A/C>	8,829,000	2.25
5	Pathold No 222 Pty Ltd	6,751,000	1.72
6	Mr Robert Thomas +Mrs Kyrenia Thomas <Rob Thomas Super Fund A/C>	6,500,000	1.66
7	Umbiram Pty Ltd <Michael Hoy Super Fund A/C>	6,231,863	1.59
8	Warman Investments Pty Ltd	5,280,556	1.35
9	Mrs Narelle Fay	5,000,000	1.27
10	Fordholm Investments Pty Ltd <Fordholm Super Fund A/C>	4,000,000	1.02
11	Mr. Peter James Nightingale	3,594,903	0.92
12	Jey Investments Pty Ltd	3,200,556	0.82
13	Rookharp Investments Pty Limited	3,000,000	0.76
14	Sarto Pty Ltd <R Zappia & Sons Provident A/C>	3,000,000	0.76
15	DNS Accounting and Law Consultancy Pty Ltd	2,854,860	0.73
16	CBDF Pty Limited <Canberra Bus Dev Fund A/C>	2,719,487	0.69
17	Mr Ian Gavin Platt-Hepworth + Mrs S Marion Platt – Hepworth <Platt-Hepworth Fam S/F A/C>	2,620,000	0.67
18	Ramsab Pty Ltd <L Hamby & I Neering S/F A/C>	2,444,445	0.62
19	Ms Nicole Gallin + Mr Kyle Haynes <GH Super Fund A/C>	2,304,981	0.59
20	Maerborg Pty Ltd <Stevenson Family S/F A/C>	2,240,742	0.57

There are no current on-market buy-backs.

TWENTY LARGEST QUOTED OPTION HOLDERS

At 31 July 2017 the twenty largest option holders held 42.96% of listed options as follows:

	Name	Quoted Options	%
1	Rookharp Investments Pty Limited	3,000,000	3.82
2	Sarto Pty Ltd <R Zappia & Sons Provident A/C>	3,000,000	3.82
3	Ms Nicole Gallin + Mr Kyle Haynes <GH Super Fund A/C>	2,304,981	2.94
4	Ms Xiang Ling Yan	2,201,192	2.81
5	IQ Global Asset Partners Pty Ltd <IQ S/F A/C>	2,170,000	2.77
6	HSBC Custody Nominee (Australia) Limited	1,983,164	2.53
7	Mrs Zi Juan Qi <Chen Family A/C>	1,750,000	2.23
8	Mr Russell Dean Thomson	1,700,000	2.17
9	Mrs Narelle Fay	1,614,475	2.06
10	Mrs Sarah Cameron	1,575,000	2.01
11	Pershing Australia Nominees Pty Ltd < Accum A/C>	1,500,000	1.91
12	Mr Jason Peterson + Mrs Lisa Peterson <J & L Peterson S/F A/C>	1,500,000	1.91
13	Pathold No 222 Pty Ltd	1,350,000	1.72
14	Esdoro Pty Ltd	1,284,955	1.64
15	Mr Stojce Suleski	1,250,000	1.59
16	Umbiram Pty Ltd <Michael Hoy Super Fund A/C>	1,246,372	1.59
17	Zerrin Investments Pty Ltd	1,200,000	1.53
18	DNS Accounting and Law Consultancy Pty Ltd	1,070,972	1.37
19	Mr Tony Sang-Wah Chong	1,000,000	1.27
20	Mr Michael Victor Davis	1,000,000	1.27

UNQUOTED OPTIONS

Number of Holders	Number of Options	Grant Date	Vesting Date	Exercise Price	Expiry Date
1	1,000,000	25/11/2015	25/11/2015	$0.15	30 November 2018
1	1,000,000	25/11/2015	30/11/2016	$0.15	30 November 2018
1	3,000,000	25/11/2015	30/11/2017	$0.18	30 November 2018

SUBSTANTIAL OPTIONHOLDERS IN THE ENTITY

The Company provides the names of the holders of 20% or more options in these unquoted securities below:

Name	Number of Options Held	% of Options Held
Michelle Miller	5,000,000	100%

NOTES

NOTES

CORPORATE DIRECTORY

DIRECTORS:

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

COMPANY SECRETARY:

Mr Peter J. Nightingale

REGISTERED OFFICE:

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

PRINCIPAL ADMINISTRATION OFFICE:

Suite 1.9, 56 Delhi Road
NORTH RYDE NSW 2113
Phone: 61-2 9805 0488
Fax: 61-2 9805 0688

SHARE REGISTRAR:

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

AUDITORS:

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

HOME EXCHANGE:

ASX Limited
20 Bridge Street
SYDNEY NSW 2000

SOLICITORS:

Minter Ellison
88 Phillip Street
SYDNEY NSW 2000

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

Biotron

www.biotron.com.au

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

Level 2, 66 Hunter Street
Sydney NSW 2000
Tel: (61-2) 9300 3344
Fax: (61-2) 9221 6333
E-mail: pnightingale@biotron.com.au
Website: www.biotron.com.au

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of members is to be convened at Level 4, 60 Carrington Street, Sydney, NSW, 2000 on 20 November 2017 at 11.30 am.

AGENDA

BUSINESS

To receive and consider the Company's annual financial report, the directors' report and the auditors' report for the year ended 30 June 2017.

To consider and, if thought fit, pass the following resolutions, with or without amendment:

Ordinary Resolutions

Resolution 1. 'That the Remuneration Report for the year ended 30 June 2017 be and is hereby adopted.'

Resolution 2. 'That Mr. Robert B. Thomas be and is hereby re-elected as a Director.'

To transact any other business that may be brought forward in accordance with the Company's Constitution.

By order of the Board

Peter J. Nightingale
Company Secretary

18 October 2017

pjn9062

Notes:

The Company has determined, in accordance with regulation 7.11.37 of the *Corporations Regulations 2001 (Cth)*, that the Company's shares quoted on the Australian Stock Exchange Limited at 7.00 pm Sydney time on 18 November 2017 are taken, for the purposes of the Annual General Meeting to be held by the persons who held them at that time. Accordingly, those persons are entitled to attend and vote (if not excluded) at the meeting.

Voting Exclusion Statements

A. The Company will disregard any votes cast on Resolution 1 by or on behalf of a member of the key management personnel of the Company (at the date of the meeting or whose remuneration is disclosed in the remuneration report) ('KMP') and their closely related parties (such as close family members and controlled companies), unless the vote is cast:

- as a proxy for a person entitled to vote in accordance with a direction on the proxy appointment; or

- by the Chairman of the Meeting as a proxy for a person entitled to vote and the proxy appointment expressly authorises the Chairman of the Meeting to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of KMP.

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EXPLANATORY MEMORANDUM

This is an Explanatory Memorandum to in the Notice of Annual General Meeting of Biotron Limited to be convened at Level 4, 60 Carrington Street, Sydney, NSW, 2000 on 20 November 2017 at 11.30 am.

Resolution 1 Adoption of the Remuneration Report

The Remuneration Report, which can be found as part of the Directors' Report in the Company's 2017 Annual Report, contains certain prescribed details, sets out the policy adopted by the Board of Directors and discloses the payments to key management personnel, Directors and senior executives.

In accordance with section 250R of the Corporations Act, a resolution that the Remuneration Report be adopted must be put to the vote. This resolution is advisory only and does not bind Directors.

The Chairman will allow a reasonable opportunity for shareholders as a whole to ask about, or make comments on the Remuneration Report.

The Chairman intends to exercise all undirected proxies in favour of Resolution 1. If the Chairman of the Meeting is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 1, by signing and returning the Proxy Form, you are considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention.

The Directors recommend that you vote IN FAVOUR of advisory Resolution 1.

The Chairman of the Meeting intends to vote undirected proxies IN FAVOUR of Resolution 1.

Resolution 2 Re-election of Mr Robert B. Thomas as a Director

In accordance with Article 58 of the Company's Constitution and the Corporations Law, Robert Thomas retires as a Director by rotation and, being eligible, offers himself for re-election.

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

The Directors recommend that you vote IN FAVOUR of Resolution 2.

The Chairman of the Meeting intends to vote undirected proxies IN FAVOUR of Resolution 2.

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

BIT

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Lodge your vote:

Online:
www.investorvote.com.au

By Mail:
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Proxy Form

XX

Vote and view the annual report online

- Go to www.investorvote.com.au **or** scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

Your access information that you will need to vote:

Control Number: 999999

SRN/HIN: I9999999999 **PIN: 99999**

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

For your vote to be effective it must be received by 11:30am Saturday 18 November 2017

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate “Certificate of Appointment of Corporate Representative” prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

GO ONLINE TO VOTE,
or turn over to complete the form ➔

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with '**X**') should advise your broker of any changes.

I 9999999999 I ND

Proxy Form

Please mark X to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Biotron Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Biotron Limited to be held at Level 4, 60 Carrington Street, Sydney, NSW, 2000 on Monday, 20 November 2017 at 11:30am and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Item 1 (except where I/we have indicated a different voting intention below) even though Item 1 is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Item 1 by marking the appropriate box in step 2 below.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
1	Adoption of the Remuneration Report			
2	Re-election of Mr Robert B. Thomas as a Director			

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1	Securityholder 2	Securityholder 3
Sole Director and Sole Company Secretary	Director	Director/Company Secretary

Contact Name ______________ Contact Daytime Telephone ______________ Date ___ / ___ / ___

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

All general correspondence to:
Computershare Investor Services Pty Limited
GPO Box 2975 Melbourne
Victoria 3001 Australia
Enquiries (within Australia) 1300 855 080
(outside Australia) 61 3 9415 4000
Facsimile 61 3 9473 2500
www.investorcentre.com/contact
www.computershare.com

BITRM

MR RETURN SAMPLE
123 SAMPLE STREET
SAMPLE SURBURB
SAMPLETOWN VIC 3030

Dear Securityholder,

We have been trying to contact you in connection with your securityholding in Biotron Limited. Unfortunately, our correspondence has been returned to us marked “Unknown at the current address”. For security reasons we have flagged this against your securityholding which will exclude you from future mailings, other than notices of meeting.

Please note if you have previously elected to receive a hard copy Annual Report (including the financial report, directors’ report and auditor’s report) the dispatch of that report to you has been suspended but will be resumed on receipt of instructions from you to do so.

We value you as a securityholder and request that you supply your current address so that we can keep you informed about our Company. Where the correspondence has been returned to us in error we request that you advise us of this so that we may correct our records.

You are requested to include the following;

> Securityholder Reference Number (SRN);
> ASX trading code;
> Name of company in which security is held;
> Old address; and
> New address.

Please ensure that the notification is signed by all holders and forwarded to our Share Registry at:

Computershare Investor Services Pty Limited
GPO Box 2975
Melbourne Victoria 3001
Australia

Note: If your holding is sponsored within the CHESS environment you need to advise your sponsoring participant (in most cases this would be your broker) of your change of address so that your records with CHESS are also updated.

Yours sincerely

Biotron Limited