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

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25 February 2005

The Manager - Companies
Australian Stock Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

(9 pages by email)

Dear Madam,

RE: HALF YEAR REPORT

In accordance with Listing Rule 4.2A, I attach the Company's Appendix 4D for the half year ended 31 December 2004.

Yours sincerely

Peter J. Nightingale
Company Secretary

pjn2938

Appendix 4D

Half Year Report

Name of entity

BIOTRON LIMITED

ABN or equivalent company reference	Financial year ended ('current period')
60 086 399 144	**31 DECEMBER 2004**

Results for announcement to the market

Revenues from ordinary activities	Up	422%	to	$ 580,650
Loss from ordinary activities after tax attributable to members	Down	41%	to	$775,720
Net loss for the period attributable to members	Down	41%	to	$775,720

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

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

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

The results reflect a continuation of the Company's research and development activities and the Company's policy of expensing research and development expenditure as set out in the Statement of Significant Accounting Policies.

NTA backing	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	4.9 cents	6.9 cents

Compliance statement

1 This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX.

2 This report, and the accounts upon which the report is based (if separate), use the same accounting policies.

3 This report does give a true and fair view of the matters disclosed.

4 This report is based on accounts to which one of the following applies.

(Cross one)

☐	The +accounts have been audited.	X	The +accounts have been subject to review.
☐	The +accounts are in the process of being audited or subject to review.	☐	The +accounts have *not* yet been audited or reviewed.

5 If the audit report or review by the auditor is not attached, details of any qualifications will follow immediately they are available.

6 The entity does not have a formally constituted audit committee.

Sign here: .... Date: 25 February 2005
(Director/Company Secretary)

Print name: Peter J. Nightingale

BIOTRON LIMITED

STATEMENT OF FINANCIAL PERFORMANCE FOR THE HALF YEAR ENDED 31 DECEMBER 2004

	Note	31 December 2004 $	31 December 2003 $
Other revenues from ordinary activities		580,650	111,214
Total revenue		580,650	111,214
Administration and consultants' expenses		(155,623)	(267,413)
Depreciation		(69,513)	(81,717)
Direct research and development expenses		(688,745)	(677,743)
Employee and director expenses		(247,913)	(190,807)
Legal fees		(3,093)	(17,501)
Rent		(53,331)	(67,587)
Travel		(24,814)	(18,747)
Other expenses from ordinary activities		(113,338)	(111,563)
Loss from ordinary activities before related income tax expense		(775,720)	(1,321,864)
Income tax expense relating to ordinary activities		-	-
Net Loss	5	(775,720)	(1,321,864)
Basic loss per share	2	1.21 cents	2.06 cents
Diluted loss per share	2	1.21 cents	2.06 cents

BIOTRON LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2004

	Note	31 December 2004 $	30 June 2004 $
CURRENT ASSETS			
Cash assets		3,242,074	2,617,629
Receivables		22,212	65,502
Inventories		61,045	64,590
Total Current Assets		3,325,331	2,747,721
NON-CURRENT ASSETS			
Plant and equipment		292,180	361,509
Total Non-Current Assets		292,180	361,509
Total Assets		3,617,511	3,109,230
CURRENT LIABILITIES			
Payables		197,743	121,166
Provisions		33,183	32,167
Total Current Liabilities		230,926	153,333
Total Liabilities		230,926	153,333
Net Assets		3,386,585	2,955,897
EQUITY			
Contributed equity	3	12,651,368	11,444,960
Reserves	4	110,850	110,850
Accumulated losses	5	(9,375,633)	(8,599,913)
Total Equity		3,386,585	2,955,897

BIOTRON LIMITED

STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2004

	Note	31 December 2004 $	31 December 2003 $
Cash flows from operating activities			
Cash receipts in the course of operations		571,217	6,000
Cash payments in the course of operations		(463,626)	(701,134)
Interest received		61,362	105,214
Payments for research and development		(750,732)	(677,743)
Net cash used in operating activities		(581,779)	(1,267,663)
Cash flows from investing activities			
Payments for plant and equipment		(184)	(120,076)
Proceeds from sale of plant and equipment		-	3,018
Net cash used in investing activities		(184)	(117,058)
Cash flows from financing activities			
Proceeds from issue of shares		1,206,408	-
Net cash provided by financing activities		1,206,408	-
Net increase/(decrease) in cash held		624,445	(1,384,721)
Cash at the beginning of the financial period		2,617,629	5,375,413
Cash at the end of the financial period		3,242,074	3,990,692

BIOTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2004

1. BASIS OF PREPARATION

The half year financial report is a general purpose financial report which has been prepared in accordance with Accounting Standard AASB 1029 *Interim Financial Reporting,* the recognition and measurement requirements of applicable AASB standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. This half year financial report is to be read in conjunction with the 30 June 2004 Annual Financial Report and any public announcements by the Company during the half year in accordance with continuous disclosure obligations arising under the Corporations Act 2001.

It has been prepared on the basis of historical costs and, except where stated, does not take into account changing money values or fair values of non-current assets.

These accounting policies have been consistently applied and, are consistent with those applied in the 30 June 2004 Annual Financial Report.

The half year report does not include full note disclosures of the type normally included in an annual financial report.

	31 December 2004 $	31 December 2003 $
2. LOSS PER SHARE		
Basic and diluted loss per share have been calculated using:		
Net loss for the half year	775,720	1,321,864
Weighted average number of ordinary shares	64,311,074	64,055,750

Options disclosed in the contributed equity note below are potential ordinary shares, but are not included in the calculation of diluted loss per share as they are not dilutive.

	31 December 2004 $	30 June 2004 $
3. CONTRIBUTED EQUITY		
Issued and paid up capital		
69,800,550 fully paid ordinary shares (30 June 2004 - 64,055,750)	12,651,368	11,444,960

During the half year ended 31 December 2004 in excess of 300 shareholders participated in a Share Purchase Plan, resulting in the allotment of 5,744,800 new fully paid ordinary shares for cash consideration totalling $1,206,408.

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

Options
The following options were on issue at 31 December 2004, each exercisable to acquire one fully paid ordinary share:

900,000 (2002 - 900,000) exercisable at $0.50 each at any time up to 30 September 2005.
250,000 (2002 - 250,000) exercisable at $0.60 each at any time up to 14 January 2007.
500,000 (2002 - 500,000) exercisable at $0.75 each at any time from 30 June 2003 to 14 January 2007.
500,000 (2002 - 500,000) exercisable at $1.00 each at any time from 30 June 2004 to 14 January 2007.

	31 December 2004 $	30 June 2004 $
4. RESERVES		
Option premium reserve	110,850	110,850

This reserve represents the fair value, at the date of issue, of options on issue.

	Six Months Ended 31 December 2004 $	Six Months Ended 31 December 2003 $
5. ACCUMULATED LOSSES		
Accumulated losses at the beginning of the period	8,599,913	5,794,798
Net loss attributable to members of the Company	775,720	1,321,864
Accumulated losses at the end of the period	9,375,633	7,116,662

6. FINANCIAL REPORTING BY SEGMENTS

The Company operates in the biotechnology industry in Australia.

7. EVENTS SUBSEQUENT TO REPORTING DATE

International Financial Reporting Standards

For reporting periods beginning on or after 1 January 2005, the company must comply with Australian equivalents to International Financial Reporting Standards (AIFRS) as issued by the Australian Accounting Standards Board.

This half-year financial report has been prepared in accordance with Australian Accounting Standards and other financial reporting requirements (Australian GAAP) applicable for reporting periods ending on 31 December 2004.

The Company plans to conduct a high level overview of the impacts of transition to AIFRS and to achieve compliance with AIFRS reporting for the financial year commencing 1 July 2005. The Company's implementation overview consists of three phases as described below.

Assessment and planning phase
The assessment and planning phase aims to produce a high level overview of the impacts of conversion to AIFRS reporting on existing account and reporting policies and procedures, systems and processes, business structures and staff.

This process includes:

- High level identification of the key differences in accounting policies and disclosures that are expected to arise from adopting AIFRS
- Assessment of new information requirements affecting management information systems, as well as the impact on the business and its key processes
- Evaluation of the implications for staff, for example training requirements
- Preparation of a conversion plan for expected changes to accounting policies, reporting structures, systems accounting and business processes and staff training.

The assessment and planning phase is expected to be completed by 30 June 2005.

Design phase
The design phase aims to formulate the changes required to existing accounting policies and procedures and systems and processes in order to transition to AIFRS.

The design phase has commenced and incorporates:

- Formulating revised accounting policies and procedures for compliance with AIFRS requirements
- Identifying potential financial impacts as at the transition date and for subsequent reporting periods prior to adoption of AIFRS
- Developing revised AIFRS disclosures
- Designing accounting and business processes to support IFRS reporting obligations
- Identifying and planning required changes to financial reporting and business source systems
- Developing training programs for staff

The design phase is expected to be completed by 30 June 2005.

Implementation phase
The implementation phase will include implementation of identified changes to accounting and business procedures processes and systems and operational training for staff. It will enable the Company to generate the required disclosures of AASB 1 as it progresses through its transition to AIFRS.

Except for certain training that has been given to operational staff, the company has not yet commenced the implementation phase. However this phase is expected to be substantially complete by 30 June 2005

Impact of transition to AIFRS
The differences between Australian Generally Accepted Accounting Principles (Australian GAAP) and AIFRS identified to date as potentially having a significant impact on the company's financial performance and financial position are summarised below. The summary should not be taken as an exhaustive list of all differences between Australian GAAP and AIFRS. No attempt has been made to identify all disclosure, presentation or classification differences that would affect the manner in which transactions or events are presented.

The Company has not completed a project to assess the impact of adoption of AIFRS and has not quantified the effects of all the differences discussed below.

Any assessments made in respect of the transition to AIFRS may require adjustment before inclusion in the first complete annual/half year financial report prepared in accordance with AIFRS due to new or revised standards or interpretations, changes in the operations of the business, or additional guidance on the application of AIFRS in a particular industry or to a particular transaction.

The key potential implications of the conversion to IFRS on the Company are as follows:

- Income tax will be calculated based on the "balance sheet" approach, which will result in more deferred tax assets and liabilities and, as tax effects follow the underlying transaction, some tax effects will be recognised in equity.

- Changes in accounting policies will be recognised by restating comparatives rather than making current year adjustments with note disclosure of prior year effects.

- Internally generated assets (other than development phase expenditure in certain circumstances) will not be recognised as assets. Start-up costs may not be capitalised. Research costs must be expensed.

- Equity-based compensation in the form of shares and options will be recognised as expenses in the periods during which the employee provides related services.