

BIO-GENE TECHNOLOGY LIMITED

(ABN 32 071 735 950)

2017 ANNUAL REPORT

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DIRECTORS' REPORT

The Board of Directors of Bio-Gene Technology Limited ("Bio-Gene" or the "Company") has resolved to submit the following report together with the financial statements of the Company for the year ended 30 June 2017.

Directors

The following persons were directors of the Company during the whole of the financial year and up to the date of this report:

Mr. Robert Klupacs (Managing Director and CEO)

Mr. Kevin Rumble (Non-Executive Director)

Mr. Peter May (Non-Executive Director)

Mr. Donald Brumley was appointed as Non-Executive Chairman of the Company on 26 April 2017 replacing Mr. Kevin Rumble in that role.

Mr Richard Jagger was appointed as a Non-Executive Director on 26 April 2017 and as Head of Commercial Development on 26 May 2017.

Mr. John Cornelius was a Non-Executive Director of the Company from the beginning of the financial year until his retirement on 11 May 2017.

Details of each director's qualifications and special responsibilities, together with meetings attended, are set forth in other parts of this report.

Company Secretary:

Mr. Roger McPherson was appointed on 26 April 2017, replacing Kevin Rumble in this role. Over the past year John Cornelius assisted Kevin with these duties.

Principal activities

The principal activity of the Company is to develop Flavocide™ as an insecticide with applications in a number of markets including public health, animal health and agriculture. The Company's objective is to achieve the registration of the active molecule within Flavocide™ (flavesone) by major regulatory bodies throughout the world including the Environment Protection Agency (EPA) in the USA and with the APVMA (Australian Pesticides & Veterinary Medicines Authority) in Australia. The Company aims to market products through partnerships with major market players across a range of different market segments. It aims to control its intellectual property and manufacturing and to obtain a return on invested capital through licensing fees, sales royalties and sales of manufactured product to its partners for re-sale.

A Variation Agreement in respect to the Intellectual Property rights to the use of the beta triketone class of molecules as insecticides which include Flavesone was entered into in December 2016 between the Company, Medibio Limited and University of Western Sydney. The Variation Agreement confirms the ownership of these Intellectual Property Rights by the Company and the milestone payments to be paid by the Company upon certain commercial events.

Review of operations

Improvement of the financial position of the Company

In conjunction with Henslow Pty Ltd, the Company completed two capital raisings from placements to existing and new professional investors which raised a total of \$3.7 million. The first was completed in March 2017 for \$1 million. The second was in June 2017 for a further \$2.7 million.

The Board has resolved to seek to undertake an initial public offering (IPO) of the Company on the ASX within the next 12 months but will seek to list as quickly as possible subject to market conditions. Accordingly, Henslow Pty Ltd has been appointed as Corporate Adviser and Lead Manager to the Company to lead the IPO process.

Virbac Collaboration

In June 2017 the Company announced that it had signed a research collaboration agreement with Virbac (EPA:VIRP), one of the largest animal health dedicated companies in the world. Under the terms of the agreement, Virbac and Bio-Gene will evaluate Flavocide™ as a new agent for insect control (including tick, flies and lice) in ruminant animals.

As part of its strategy the Company will continue to seek further partners in discrete market segments.

DIRECTORS' REPORT

Flavocide™

Mosquitos, Flies and Fleas

Over the past twelve months the Company has continued to focus its efforts on expanding the data package through further efficacy testing of Flavocide. The testing program is being undertaken with a number of groups to demonstrate activity across a number of pests in a number of different sectors.

A series of detailed tests were conducted by specialist entomologists at the University of Technology Sydney (UTS). The program assessed the “knockdown” and residual activity of Flavocide™ at a range of doses against two strains of mosquitos (including *Aedes aegypti* which carries both Zika and Dengue viruses), house flies and fleas compared to water and/or commercial Permethrin controls. Under this program, UTS has shown that Flavocide™ is as effective as the permethrin against all insects and more effective against house flies in certain settings.

Initial field testing conducted by UTS in Cairns in the past few months indicated that Flavocide™ is efficacious against mosquitos in this setting.

The results of the UTS testing were presented by our UTS collaborator, Prof. Peter Miller at the prestigious International Conference on Urban Pests meeting, held in Birmingham, UK in early July 2017.

In parallel with the UTS studies the Company recently entered into a research collaboration with Prof. Catherine Hill and colleagues from Purdue University in the USA. Prof. Hill is a world recognised expert on mosquito insecticide resistance and control as well as a leading researcher in assessing new agents for tick and cockroach control. She is currently advising the US government on their Zika vector control programs. Her lab is one of the very few labs in the world with access to pyrethrin and organophosphate insecticide resistant insects.

She has obtained promising initial results with Flavocide™ in pilot studies. Her group is currently undertaking more detailed studies in these and other insect species with results expected throughout the second half of 2017.

Ticks and Buffalo Fly

As advised in June 2016, the Company entered into an Evaluation Agreement with a major global multi-national animal health company to undertake a staged evaluation assessing Flavocide™ in treatment and prevention of ectoparasites in cattle (ticks, buffalo fly) and sheep (lice). The initial results indicated extremely positive results against tick larvae and buffalo fly. Based on these results the Company was able to secure a development agreement with Virbac. The goal of the collaboration with Virbac is to assess Flavocide™ in field trials in cattle for tick and buffalo fly control in both Australia and South America in the next 12-18 months.

Grain Storage Pests

Bio-Gene also engaged the Queensland Department of Agriculture and Fisheries (QDAF) to assess Flavocide™ against a range of grain storage pests including insecticide resistant pests. This is a major issue in the grain industry. Very promising results have been developed in both standard and resistant insect populations and the Company is now expanding these studies to other grain pests with the plan to assess in “silo trials” in the next 12 months.

Unique Mode of Action

The Company has collaborated with a UK company, Neurosolutions Limited, which specialises in identifying method of action of chemicals using their in-house proprietary assays. Neurosolutions has confirmed that the insecticidal effects of Flavocide™ appear to work through a novel/unique mode of action (i.e. it appears to act via a chemical pathway no current insecticide uses). The Company is now undertaking additional and more detailed studies to elucidate this mechanism in finer detail. The Company has recently filed further patent applications at the Australian Patent Office based on these findings.

Qcide™

The Company has continued to work with its growers in North Queensland to expand its plantation as well as to increase inventory of the product. The Company is currently exploring collaborations with third parties who may be able to utilise Qcide as an alternative in product formulations they currently market using Eucalyptus oil. These third parties are currently undertaking exploratory reviews before moving to the next stage of commercial supply discussions.

Broadening the composition of board of directors

In April 2017, following the completion of the first capital raising and to accelerate Bio-Gene's transformation into a world class insecticide development company over the next few years, the Company sought to add two additional directors to the Board. The Company sought out specific high level international agrichemical company expertise as well as well credentialed corporate governance expertise.

Donald Brumley, a former senior audit partner of Ernst & Young Australia, with 30 years partnership experience has joined the Board as Non-Executive Chairman. In addition, Richard Jagger who, most recently was Managing Director of Sinochem Australia and prior to that worked for Monsanto in senior roles in Australia and USA, also agreed to join the Board as an Executive Director and Head of Commercial Development. Further details on their credentials are included elsewhere in this report.

As a planned consequence of these Board changes, John Cornelius advised the Board that he wished to resign as a Director to enable the Board to appoint a Chief Financial Officer. John resigned from the Board in May 2017. Roger McPherson joined Bio-Gene as CFO and Company Secretary in April. Roger is a seasoned CFO with experience with both private and public companies across a range of industries.

DIRECTORS' REPORT

Financial summary

The financial results of the Company for the year ended 30 June 2017 are summarised as follows:

Statement of financial position:

- Cash and term deposits held of \$2,860,324 (2016: \$101,646) at reporting date. This increase is due to the successful capital raisings referred to above.
- The Company's policy is to hold its cash and cash equivalent deposits in "A" rated or better deposits.
- The Company's strategy is to outsource product development expenses including manufacturing, regulatory and trial expenses, to specialist, best of breed partner organisations. As a consequence the Company has not incurred any major capital expenditure for the period and does not intend to incur substantial commitments for capital expenditure in the immediate future.

Operating results:

- The Company produced a loss from ordinary activities after income tax of \$1,054,902 (2016: \$322,518).
- Consolidated revenue including other income during the period was \$106,725 (2016: \$186,415). This revenue included an estimated R&D Tax Incentive of \$100,000 (2016: \$186,367), Licence Fees of \$6,316 (2016: \$Nil) and interest of \$409 (2016: \$48).
- Total consolidated operating expenses for the period were \$1,161,627 (2016: \$508,933). Research and development costs have been expensed in the year in which they were incurred. The increase in expenditure is primarily due to the recent acceleration of the research program.
- Basic and diluted net loss per share increased to 0.96¢ (2016: 0.37¢) due to a combination of an increase of the loss and an increase in the number of shares on issue.

Statement of cash flows:

- The Company's cash outflow from operations over the period was \$729,152 (2016: \$419,345).
- The increase is due to the increased investment in the Flavocide™ development program.

Business strategies and prospects

The Company's strategy is to develop its proprietary technologies to a point where they can be licensed and/or partnered with an agricultural or biotech partner for further development and ultimately released to the market. Bio-Gene would generate milestone payments and royalty revenues from such transactions.

Material business risks:

The Company's operations and business prospects are subject to a number of risks. The Board regularly reviews the possible impact of these risks and seeks to minimise this impact through a commitment to its corporate governance principles and risk management function. However, not all risks are manageable or within the control of the Company. The key business risks faced by the Company that are likely to have an effect on its future prospects include:

1. Laboratory and Field Trials

Development of the Company's products may fail for a number of reasons including lack of efficacy, toxicity or adverse side effects. Failure can occur at any stage of the trials, requiring the Company to abandon or repeat trials. The Company or the relevant regulatory authorities may suspend the Company's trials at any time if it appears that the trials could potentially result in unacceptable health risks.

2. Manufacturing/production

The Company has successfully manufactured product at a scale sufficient to conduct the trials that have been undertaken to date. The Company is now working on improving the production process to allow for cost effective manufacturing at scale. With any chemical production process, however, there is inherent variability which cannot be controlled and therefore the yields of finished product can vary. The Company's production technologies have also not been tested at a scale sufficient to make commercial quantities of a product in the event that it proves successful and can be brought to market and are therefore subject to risk of failure or high costs.

3. Out-licensing

The Company is relying on its ability to be able to out-license its products at a time deemed appropriate. The agricultural industry is highly competitive and numerous entities around the world compete with the Company to discover, validate and commercialise insecticides. The Company's competitors may discover and develop products in advance of the Company and/or products that are more effective than those developed by the Company. As a consequence, the Company may not be able to out-license its products or not be able to out-license its products for the desired returns, resulting in adverse effects on revenue and profitability.

DIRECTORS' REPORT

4. Sufficiency of funding

The Company has limited financial resources and may need to raise additional funds from time to time to finance the development and commercialisation of its products and its other objectives. The Company's product development activities may never generate revenues and the Company may never achieve profitability. The Company's ability to raise funds in the future will be subject, among other things, to factors beyond the control of the Company and its Directors including cyclical factors affecting the economy and share markets generally. The Directors can give no assurance that future funds can be raised by the Company on favourable terms, if at all.

5. Third party collaborations

The Company has established and intends to continue to establish collaborative relationships to achieve its product development objectives. The Company does not have all the resources that it needs to internally develop its product candidates through to full development and to launch marketable products and relies on its ability to maintain and enter into collaborative and licensing relationships to achieve this objective, and relies on its collaborators to fulfil their responsibilities. Any failure by these collaborators to fulfil their responsibilities could adversely impact the Company.

Earnings per share

	2017	2016
Basic loss per share from continuing operations	(0.96¢)	(0.37¢)
Basic diluted loss per shares from continuing operations	(0.96¢)	(0.37¢)

Significant changes in state of affairs

Other than the raising of additional capital, the execution of the deal with Virbac and the enhancement of the Board (detailed earlier in this report) there were no significant changes to the state of affairs of Bio-Gene during the year.

Likely developments and expected results of operations

The Company will continue to fully evaluate Flavocide™ in a range of market applications, and to develop a comprehensive data package to support product registrations in Australia and internationally.

Disclosure of information, in addition to that provided in this report, regarding likely developments in the operations of the Company in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Company. Accordingly, this information has not been disclosed in this report.

Events since the end of the financial year

No matter or circumstance has arisen since 30 June 2017, other than as disclosed in this report, that has significantly affected or may significantly affect: -

- Bio-Gene Technology Limited's operations in future financial years, or
- the results of those operations in future financial years, or
- Bio-Gene Technology Limited's state of affairs in future years.

Dividends

No dividends were paid or declared during the course of the financial year and no dividends are recommended in respect to the financial year ended 30 June 2017.

Insurance and indemnification

During the financial year, the Company paid a premium in respect of a contract insuring the Directors and Company Secretary (as named above), and all executive officers of the Company against a liability incurred when acting in their capacity as a Director, Company Secretary or executive officer to the extent permitted by the Corporations Act 2001. Further disclosure required under section 300(9) of the Corporations Act 2001 is prohibited under the terms of the insurance contract.

Other than to the extent permitted by law, the Company has not otherwise, during or since the end of the financial year, indemnified or agreed to indemnify an officer or auditor of the Company or any other related body corporate against a liability incurred as such by an officer or auditor.

DIRECTORS' REPORT

Meetings of directors

The number of meetings of the Company's Directors held during the year ended 30 June 2017 and the numbers of meetings attended by each Director were:

<i>Director</i>	<i>Held and Eligible to Attend</i>	<i>Attended</i>
Donald Brumley ¹	3	3
Robert Klupacs	9	9
Richard Jagger ¹	3	3
Peter May	9	9
Kevin Rumble	9	9
John Cornelius ²	7	7

1. Donald Brumley and Richard Jagger were appointed as directors on 26 April 2017.
2. John Cornelius ceased to be a director on 11 May 2017.

Proceedings on behalf of the Company

No person has applied to the Court under Section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under Section 237 of the Corporations Act 2001.

Environmental issues

The company's operations are not currently regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Capital Raising

During the year the Company raised \$3,721,753 (2016: \$360,000) by the issue of 60,062,032 (2016: 14,400,000) shares.

At 30 June 2017 the Company had 177,470,133 (2016: 109,553,101) shares on issue. Refer to Note 11(a) for further detail of movements in issued capital.

Options issued

During the current and previous financial years the Company issued options to Financial Advisors as part consideration for capital raisings.

Details of these options are:

	<i>Options Issued</i>	<i>Exercise Price</i>	<i>Expiry</i>
Options issued – 20/6/16	7,548,400	2.5 cents	20/6/21
Options issued – 16/6/17	1,300,000	4.6 cents	16/6/20

The Company will issue 1,500,000 options in the 2018 financial year which are associated with the 7 cents round. The term of these options will be 3 years. 750,000 will have an exercise price of 7 cents and the balance of 750,000 options will have an exercise price of 8.75 cents.

Further details in respect of these options are included in Note 11(b).

DIRECTORS' REPORT

Information on directors and key management personnel in office during or since the end of the financial year and to the date of this report

Name and Position	Qualifications and Experience	Particulars of interests in shares and options of Bio-Gene Technology Limited		
		Shares	LSP* Shares	Options
Non-Executive Chairman	Don has 30 years' experience as a senior partner of Ernst & Young, Oceania, has extensive experience in IPO's, transactions and audit. Don has advised and worked with Boards of organisations, ranging from some of the largest in Australia to fast growing entrepreneurial and medium sized organisations.	100,000	2,000,000	Nil
Donald Brumley				
FCA, MAICD	Don was the Oceania IPO Leader at Ernst & Young and worked with clients listing on the Australian, US, UK and key Asian stock exchanges. He held positions as Biotech Markets Leader, National Leader of Strategic Growth Markets and on the Board of Partners of Ernst & Young. Don is a Fellow of Chartered Accountants Australia & New Zealand, a member of the Australian Institute of Company Directors and a Director of Murray River Organics Group Limited. Director of Bio-Gene Technology Limited since 26 April 2017. Other Directorships of listed companies over the past three years: Murray River Organics Group Limited since September 2016.			
Managing Director and Chief Executive Officer	Robert is a highly experienced professional uniquely experienced in translating and commercialising early stage intellectual property from a variety of technology areas into commercial product or investable corporate vehicles. He is an Australian registered patent attorney who has had a wide and successful career to date within both private and publically traded companies as well as the academic arena. He has over 30 year's corporate experience in the international technology development arena.	100,000	6,640,000	Nil
Robert Klupacs				
BSc (Hons) Grad Dip IP Law, Australian Registered Patent and Trademark Attorney	He has focused primarily on biotechnology and biotechnology corporate development, particularly healthcare related, but has also been involved in the commercialisation of software, scientific instrumentation, food technologies and enabling agricultural technology. He has deep expertise and experience in all facets of corporate development and technology transfer including: IP licensing, patenting, intellectual property strategy and management, joint venture creation and management, fund-raising (private and public markets), corporate and scientific due diligence, technology and corporate acquisitions, corporate compliance and corporate governance and academic liaison. He is the Founder of 23 companies in Australia and Singapore. He is a highly experienced professional Director having been an Executive or Non-Executive Chairman/Director on over 21 different corporate entities. He was previously a member of the Pharmaceutical Industry Group and a past member of the Victorian Biotechnology Advisory Committee. He has also been involved as a director or advisor to a number of Australian companies and CRCs. Director of Bio-Gene Technology Limited since 29 May 2015. Other Directorships of listed companies over the past three years: None.			

DIRECTORS' REPORT

Name and Position	Qualifications and Experience	Particulars of interests in shares and options of Bio-Gene Technology Limited		
		Shares	LSP* Shares	Options
Executive Director and Head of Commercial Development Richard Jagger B.Sc.(Hons), Masters of International Business, GAICD	Richard has over 20 years' experience in the Agricultural sector, working for Fortune 500 companies around the world. He managed the introduction of Australia's first agricultural biotech products into the cotton sector. Having worked as a senior executive manager for Monsanto's Roundup business within Australia and New Zealand, he has extensive knowledge of the local business and distribution network, as well as the major Crop Protection companies globally. Over the past five years he co-created the Australian subsidiary of Sinochem – one of the largest Crop Protection companies in China – in the role of Managing Director. He was previously a board member of Crop Life Australia, the peak national industry organisation representing the agricultural chemical and biotechnology (plant science) sector in Australia. Richard has extensive experience in business management, continuous improvement, strategy development, culture evolution, technology and innovation implementation. With the opportunity to work with different cultures and business styles across the globe, he has a solid understanding of what is required to make a success of cross cultural, or cross geographic businesses. Director of Bo-Gene Technology Limited since 26 April 2017. Other Directorships of listed companies over the past three years: None.	100,000	1,250,000	Nil
Non-Executive Director Peter May B.App.Sc (Rural Technology) (Hons), MBA, GAICD, AFAIM	Peter's career has included over 20 years of experience in the Australian and international crop protection market with companies Orica and Crop Care Australasia (now part of Nufarm). His various roles included management of non-crop pesticide products, export sales & toll formulation operations. During this period Peter developed extensive experience in international crop protection markets. In 2001, he founded Xavca Pty Ltd, providing marketing & consultancy services to companies such as Syngenta, Sorex (now part of BASF), Babolna Bioenvironmental (Hungary) and Proplan Plant Protection (Spain). Peter continues to operate Xavca with a focus on market research & marketing activities in both crop and non-crop sectors in Australia, New Zealand and the Asian region. In 2008 Peter joined BioProspect Limited (ASX: BPO) as Chief Executive Officer and subsequently was appointed Non-Executive Director and then Non-Executive Chairman of that company. In 2012 Peter joined Xenex Associates, a UK-based international consultancy company, as a Senior Associate. Peter is a graduate member of the Australian Institute of Company Directors (AICD), an associate fellow of the Australian Institute of Management (AIM), and member of the Australian Environmental Pest Managers Association (AEPMA) and the Mosquito Control Association of Australia (MCAA). Director of Bio-Gene Technology Limited since 29 May 2015. Other Directorships of listed companies over the past three years: None.	100,000	1,532,000	Nil

DIRECTORS' REPORT

Name and Position	Qualifications and Experience	Particulars of interests in shares and options of Bio-Gene Technology Limited		
		Shares	LSP* Shares	Options
Non-Executive Director	Kevin is a founding director of Bio-Gene. Kevin has had an extensive career in the fields of Advertising and Marketing having run his own Advertising Agency for more than 20 years. He has more than 20 years' experience in new plant propagation, farming, and processing and live plant transport techniques.	10,958,746	6,384,000	Nil
Kevin Rumble				
AFAIA	Kevin was instrumental in securing the contract with the University of Western Australia to grow Boronia megastigma and producing essential oil that was regarded as the best of its type in the world and was highly valued. He also secured the contract in Western Australia for exclusive access to that State's native flora.			
	He has been involved in the development of Qcide™ from the outset and has a vast knowledge of the plant husbandry and the extraction methods used to produce natural Qcide™. Kevin was also involved in development of the synthesis of flavesone as a first step in the commercialisation of Flavocide™.			
	Director of Bio-Gene Technology Limited since 16 June 2004.			
	Other Directorships of listed companies over the past three years: None.			
Former Non-Executive Director	John has had a career in accounting, company secretarial, and director roles primarily within the resources industry as well as consulting to a range of corporate clients involved in enterprise development, marketing, mining, and forestry.	N/A	Nil	Nil
John Cornelius				
MAICD, SAFin, MAusIMM	Director of Bio-Gene Technology Limited since 26 June 2016 until his retirement on 11 May 2017.			
	Other Directorships of listed companies over the past three years: None.			
Chief Financial Officer and Company Secretary	Roger has more than 20 years' experience in senior finance roles in a wide variety of industries. His early career included working with a Chartered Accounting practice and two years with the Australian Taxation Office. Before Bio-gene, Roger was CFO and Company Secretary for a number of SMEs both listed and unlisted including Patrys Limited, TPI Enterprises Ltd and eChoice Home Loans. In these roles he was responsible for all financial affairs and corporate administration as well as assisting in investor relations activities. He has over 15 years of biotechnology and pharmaceutical experience.	100,000	Nil	Nil
Roger McPherson				
B.Bus, CPA, GAICD				

* Loan Share Plan - refer Note 11(c) for details

DIRECTORS' REPORT

Remuneration of directors and key management personnel

The directors and key management personnel are remunerated under Service Contracts entered into with the Company. Fees include Directors' Fees and fees for additional consulting services where applicable. The aggregate remuneration paid to each individual or their related parties was:

	Fees	2017 Value of compensation under LSP	Total	Fees	2016 Value of compensation under LSP	Total
Mr. Donald Brumley ¹	8,125	11,663	19,788	-	-	-
Mr. Richard Jagger ¹	16,801	7,289	24,090	-	-	-
Mr. Robert Klupacs	156,000	5,831	161,831	108,000	10,688	118,688
Mr. Peter May	69,800	5,831	75,631	32,400	3,206	35,606
Mr. Kevin Rumble	78,200	5,831	84,031	57,120	6,413	63,533
Mr. John Cornelius ²	94,000	-	94,000	-	-	-
Mr. Roger McPherson ¹	26,730	-	26,730	-	-	-
Totals	449,656	36,445	486,101	197,520	20,307	217,827

1. Donald Brumley, Richard Jagger and Roger McPherson were appointed on 26 April 2017.
2. John Cornelius retired as a Director on 11 May 2017,

Further details of remuneration paid by the Company is included in Note 16

Equity held by directors and key management personnel

The number of fully paid ordinary shares and shares under the LSP held by key management personnel or their related parties:

2017	Balance at 1 July No.	Issued as compensation under LSP No.	Purchased during the year No.	Disposals No.	Balance at 30 June No.	Total vested 30 June No.
Mr. Donald Brumley ¹	-	2,000,000	100,000	-	2,100,000	100,000
Mr. Richard Jagger ¹	-	1,250,000	100,000	-	1,350,000	100,000
Mr. Robert Klupacs	5,640,000	1,000,000	100,000	-	6,740,000	5,740,000
Mr. Peter May	532,000	1,000,000	100,000	-	1,632,000	632,000
Mr. Kevin Rumble	16,342,746	1,000,000	-	-	17,342,746	16,342,746
Mr. Roger McPherson ¹	-	-	100,000	-	100,000	100,000
Totals	22,514,746	6,250,000	500,000	0	29,264,746	23,014,746

1. Donald Brumley, Richard Jagger and Roger McPherson were appointed on 26 April 2017.
2. John Cornelius retired as a Director on 11 May 2017, he held 1,000,000 shares at the beginning of the financial year and at the date of his retirement.

Further details of equity holding of key management personnel is included in Note 16

Auditor's Independence Declaration

A copy of the auditor's declaration under Section 307C in relation to the audit for the year ended 30 June 2017 is attached.

Auditor

JTP Assurance continues in office in accordance with Section 327 of the Corporations Act 2001.

DIRECTORS' REPORT

Non-audit services

The Company did not employ the auditor on assignments additional to their statutory audit duties during the year.

Accordingly, no amount was paid or payable to the auditor (JTP Assurance) for non-audit services provided during the year. Details of amounts paid or payable for audit services are set out below.

The Board of Directors has considered the position and is satisfied that the planned provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 for the following reasons:

- All non-audit services have been reviewed to ensure they do not impact the impartiality and objectivity of the auditor.
- None of the services undermine the general principles relating to auditor independence as set out in Professional Statement APES 110, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

During the year the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-related audit firms:

	2017 \$	2016 \$
Audit services		
JTP Assurance :		
Audit and review of financial reports and other audit work under the Corporations Act 2001	10,500	7,000
Other advisory services	-	-
Total remuneration	10,500	7,000

No officers were previously partners of the audit firm JTP Assurance.

This report is made in accordance with a resolution of the Directors.



Mr. Donald Brumley
Chairman

Date: 25 July 2017

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF BIO-GENE TECHNOLOGY LIMITED



JTP ASSURANCE

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AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF BIO-GENE TECHNOLOGY LTD

I declare that, to the best of my knowledge and belief, during the 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.

JTP ASSURANCE
Chartered Accountants

SAM CLARINGBOLD
Partner

Signed at Melbourne this 27th day of July 2017

BIO-GENE TECHNOLOGY LIMITED
ABN 32 071 735 950
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

		2017	2016
	Note	\$	\$
Revenues from continuing operations	3(a)	106,725	186,415
Expenses from continuing operations	3(b)		
Research & Development		(440,876)	(173,684)
Management and Employment Expenses		(378,615)	(197,520)
Directors Expenses		(125,273)	(20,307)
Financial Advisory		(22,000)	(16,470)
Professional Services		(46,646)	(26,206)
Intellectual Property		(25,157)	(27,401)
Depreciation & Amortisation		(39,745)	(15,806)
Other Expenses		(83,315)	(31,539)
Loss from continuing operations before tax		(1,054,902)	(322,518)
Income tax (expense)		-	-
Loss for the year from continuing operations after income tax		(1,054,902)	(322,518)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>		-	-
Total comprehensive loss for the year attributable to members of the Company		(1,054,902)	(322,518)

Earnings per share:

Basic loss per share - from continuing operations	4	(0.96¢)	(0.37¢)
Diluted loss per share - from continuing operations	4	(0.96¢)	(0.37¢)

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

BIO-GENE TECHNOLOGY LIMITED
ABN 32 071 735 950
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	2017 \$	2016 \$
Current assets			
Cash and cash equivalents	5	2,860,324	101,646
Trade and other receivables	6	160,562	227,956
Total current assets		3,020,886	329,602
Non-current assets			
Property, plant and equipment	7	30,203	28,020
Intangible assets	8	461,784	498,727
Total non-current assets		491,987	526,747
Total assets		3,512,873	856,349
Current liabilities			
Trade and other payables	9	223,935	7,000
Financial liabilities	10	226,000	-
Total current liabilities		449,935	7,000
Non-current liabilities			
Financial liabilities	10	150,000	376,000
Total non-current liabilities		150,000	376,000
Total liabilities		599,935	383,000
Net assets		2,912,938	473,349
Equity			
Issued capital	11	5,208,852	1,779,147
Reserves	12	366,053	301,268
Accumulated losses	12	(2,661,967)	(1,607,066)
Total equity		2,912,938	473,349

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

BIO-GENE TECHNOLOGY LIMITED
ABN 32 071 735 950
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

	Fully paid ordinary shares	Share option reserve	Share loan plan reserve	Accumulated losses	Total
2017	\$	\$	\$	\$	\$
At 1 July 2016	1,779,147	110,961	190,307	(1,607,066)	473,349
Loss for the period	-	-	-	(1,054,901)	(1,054,901)
Other comprehensive income	-	-	-	-	-
Total comprehensive income/(loss) for the year	-	-	-	(1,054,901)	(1,054,901)
<i>Transactions with owners in their capacity as owners:</i>					
Issued capital	3,721,753	-	-	-	3,721,753
Transaction costs related to shares issued	(292,048)	-	-	-	(292,048)
Cost of share based payment	-	28,340	36,445	-	64,785
At 30 June 2017	5,208,852	139,301	226,752	(2,661,967)	2,912,938
2016	\$	\$	\$	\$	\$
At 1 July 2015	1,549,908	-	170,000	(1,284,548)	435,360
Loss for the period	-	-	-	(322,518)	(322,518)
Other comprehensive income	-	-	-	-	-
Total comprehensive income/(loss) for the year	-	-	-	(322,518)	(322,518)
<i>Transactions with owners in their capacity as owners:</i>					
Issued capital	360,000	-	-	-	360,000
Transaction costs related to shares issued	(130,761)	-	-	-	(130,761)
Cost of share based payment	-	110,961	20,307	-	131,268
At 30 June 2016	1,779,147	110,961	190,307	(1,607,066)	473,349

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

BIO-GENE TECHNOLOGY LIMITED
ABN 32 071 735 950
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 \$	2016 \$
Cash flows from operating activities			
Payments to suppliers and employees inclusive of GST		(922,114)	(498,802)
Interest received		279	48
R&D tax incentive		186,367	79,409
Licence fees		6,316	-
Net cash used in operating activities	13(b)	(729,152)	(419,345)
Cash flows from investing activities			
Payments for property, plant and equipment		(4,985)	(28,020)
Payments for intangible assets		-	-
Net cash used in investing activities		(4,985)	(28,020)
Cash flows from financing activities			
Net proceeds from issue of shares		3,704,753	360,000
Payment for share issue expenses		(211,938)	(19,800)
Net cash provided by financing activities		3,492,815	340,200
Net (decrease)/increase in cash and cash equivalents		2,758,678	(107,165)
Cash and cash equivalent at beginning of year		101,646	208,811
Cash and cash equivalents at end of year	13(a)	2,860,324	101,646

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

BIO-GENE TECHNOLOGY LIMITED

ABN 32 071 735 950

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

Introduction

The financial report covers Bio-Gene Technology Limited ("Bio-Gene" or "Company"), as an individual entity.

Bio-Gene is an unlisted public company limited by shares, incorporated and domiciled in Australia. The presentation currency and functional currency of the Company is Australian dollars.

The principal activity of the Company during the financial year was developing insecticides/pesticides.

The Registered office address of the Company is Quinert Rodda and Associates, Suite 1, Level 6, 50 Queen Street, Melbourne, Victoria 3000.

The financial report was authorised for issue by the Board of Directors of Bio-Gene on the date shown on the Declaration by Directors attached to the Financial Statements.

Note 1: Statement of significant accounting policies

The principal accounting policies which have been adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law. Bio-Gene is a for-profit entity for the purpose of preparing these financial statements.

These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB).

b) Basis of preparation

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars unless otherwise noted. All values are rounded to the nearest dollar.

The accounting policies have been consistently applied and, except where there is a change in accounting policy, are consistent with those of the previous year.

c) Going concern

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business for the following reasons:

- At 30 June 2017, the Company had net current assets of \$2,570,951 (2016: \$322,602);
- The Board of directors has the ability to downscale its operations and discontinue programs should the need arise, whilst meeting minimum expenditure commitments;
- Cash flow forecasts prepared by the Board indicated that the company currently has sufficient cash reserves and working capital to fund its planned activities for a period beyond 12 months from the date of signing of financial report;
- Directors have a number of external funding alternatives available such as out-licensing arrangements or raising additional equity funds; and
- The Company has a history of successfully undertaking capital raisings during the last 3 years.

Based on the above, the directors believe the consolidated entity will continue as a going concern and that it is appropriate to adopt that basis of accounting in the preparation of the financial report.

d) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year. Shares issued under the Loan Share Plan and options issued under the Employee Share Option Plan are excluded from this calculation. Refer to Note 4 for further details.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares. Shares issued under the Loan Share Plan and options issued under the Employee Share Option Plan are excluded from this calculation. Refer to Note 4 for further details.

BIO-GENE TECHNOLOGY LIMITED
ABN 32 071 735 950
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

e) Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described below, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The 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 if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements concerns management's review of finite life intangibles for indicators of impairment. The carrying amount of intangibles at 30 June 2017 is \$461,784 (2016: \$498,727).

Refer to Note 8 for details of the assumptions made on the carrying value of Intangibles.

At each reporting period the Company assesses whether finite life intangibles have suffered any impairment in accordance with the accounting policy stated in Note 1(h).

The Going Concern assumption also requires significant estimates, mainly in relation to expected cash inflows and outflows from various alternatives available to the Company.

Other areas that require significant judgement and key assumptions include share based payments, which are calculated at fair value using industry standard option pricing models, and the estimated useful life of intangibles, which is based understanding of competitive forces, and general familiarity with the market.

There have been no other significant judgments made in applying accounting policies that the Directors consider would have a significant effect on the amounts recognised in the financial statements. There have been no key assumptions made concerning the future, and there are no other key sources of estimation uncertainty at the reporting date, that the Directors consider would have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

f) Property, plant and equipment

The purchase method of accounting is used for all acquisitions of assets. Cost is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

Property, plant and equipment is recognised at cost and are depreciated over their estimated useful lives using the straight line method. The expected useful life for property, plant and equipment is 10 years.

Profits and losses on disposal of plant and equipment are taken into account in determining the result for the year.

Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired. Impairment exists when the carrying value of an asset exceeds its estimated recoverable amount. The asset is then written down to its recoverable amount.

Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

g) Intangible assets

Licences

Licences have a finite useful life and are carried at cost less accumulated amortisation and impairment losses.

Amortisation is calculated using the straight line method, over the assets estimated useful lives of 20 years.

h) Impairment of non-financial assets

Intangible assets that have an indefinite useful life and intangible assets not yet available for use are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired.

Other non-financial assets are tested for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount may not be recoverable.

At each reporting date, the Company reviews the carrying amounts of its finite life tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

BIO-GENE TECHNOLOGY LIMITED
ABN 32 071 735 950
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

i) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, held at call with financial institutions, and other short-term deposits with an insignificant risk of change in value.

j) Trade and other receivables

Trade receivables and other receivables represent the principal amounts due at reporting date less, where applicable, any provision for doubtful debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Debts which are known to be uncollectable are written off. All trade receivables and other receivables are recognised at the amounts receivable as they are due for settlement within 90 days.

k) Research and development costs

Research and development expenditure is expensed as incurred except to the extent that its future recoverability can reasonably be regarded as assured, in which case it is deferred and amortised on a straight line basis over the period in which the related benefits are expected to be realised.

The carrying value of development costs that have been capitalised are reviewed for impairment annually when the asset is not yet in use or when an indicator of impairment arises during the reporting year indicating that the carrying value may not be recoverable.

l) Trade and other payables

Payables represent the principal amounts outstanding at reporting date plus, where applicable, any accrued interest. Liabilities for payables and other amounts are carried at cost which approximates fair value of the consideration to be paid in the future for goods and services received, whether or not billed. The amounts are unsecured and are usually paid within 30 days of recognition.

m) Income taxes

Income taxes are accounted for using the comprehensive statement of financial position liability method whereby:

- the tax consequences of recovering (settling) all assets (liabilities) are reflected in the financial statements;
- current and deferred tax is recognised as income or expense except to the extent that the tax relates to equity items or to a business combination;
- a deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available to realise the asset; and
- deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability settled.

n) Issued capital

Ordinary shares are classified as equity (Note 11).

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

o) Revenue recognition

Licence revenue

Licence revenue is recognised in accordance with the underlying agreement. Upfront milestone payments are brought to account as revenues at the time of execution of the agreement and subsequent milestones when the relevant milestone has been achieved.

Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

R&D tax incentive

Income from the R&D Tax Incentive is recognised on an accruals basis when AusIndustry accept the claim or there is a reasonable probability that AusIndustry will accept the claim.

Grant income

Grant income is recognised on a receipts basis.

p) Comparative figures

Comparatives have been reclassified so as to be consistent with the figures presented in the current year.

BIO-GENE TECHNOLOGY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

q) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case 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 taxation authority is included as part of receivables or payables in the statement of financial position.

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

r) Foreign currency translation

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Australian dollars, which is Bio-Gene's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at reporting date. Foreign exchange gains or losses resulting from the translation of monetary assets and liabilities at year end exchange rates are recognised in the statement of profit or loss and other comprehensive income.

s) Financial assets

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time frame established by the market concerned, and are initially measured at fair value, net of transaction costs.

Term Deposits

The Company has financial assets in the nature of term deposits which are held to maturity.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period. Income is recognised on an effective interest rate basis for debt instruments other than those financial assets 'at fair value through profit or loss'.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each statement of financial position date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity.

BIO-GENE TECHNOLOGY LIMITED
ABN 32 071 735 950
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

t) Prior period error

The comparative figures have been adjusted in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. The shares issued to directors under the loan share plan were previously recognised as receivables in the Statement of Financial Position however should have been recognised in the Share Loan Plan Reserve as an equity instrument as required by AASB 2 *Share-based Payment*. The options issued to the Financial Advisors were incorrectly valued per AASB 2 *Share-based Payment*. The value of these equity instruments should have been calculated and then recognised in the financial statements using the valuation methodology is outlined in Note 11(d). A retrospective restatement of the accounts has been applied to correct this. The impact of this restatement is shown below:

Area of Financial Statements	2016 Original Balance \$	Adjustment \$	2016 Revised Balance \$
<i>Statement of Comprehensive Income</i>			
Directors Expenses	-	(20,307)	(20,307)
Loss for the Period	(302,211)	(20,307)	(322,518)
<i>Statement of Financial Position</i>			
Receivables - Loan to Directors	280,400	(280,400)	-
Share Option Reserve	-	110,961	110,961
Share Loan Plan Reserve	170,000	20,307	190,307
Contributed Equity	2,170,508	(391,361)	1,779,147
Brought Forward Retained Losses	(1,416,759)	(190,307)	(1,607,066)

The value of the 10 million shares issue under the LSP in 2015 of \$170,000 has been adjusted against opening retained losses and the Share Loan Plan Reserve for 2016.

u) New, revised or amending accounting standards and Interpretations adopted

New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Company. The directors have decided not to early adopt any of the new and amended pronouncements. Their assessment of the pronouncements that are relevant to the Company but applicable in future reporting periods is set out below:

AASB 9: Financial Instruments and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

- ❖ The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.
- ❖ The key changes that may affect the Company on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.
- ❖ Although, the directors anticipate that the adoption of AASB 9 may have an impact on the Company's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods beginning on or after 1 January 2018 as deferred by AASB 2015-8: Amendments to Australian Accounting Standards – Effective Date of AASB 15).

- ❖ When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Apart from a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.
- ❖ The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:
 - identify the contract(s) with a customer;
 - identify the performance obligations in the contract(s);
 - determine the transaction price;
 - allocate the transaction price to the performance obligations in the contract(s); and
 - recognise revenue when (or as) the performance obligations are satisfied.
- ❖ The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented as per AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements regarding revenue.

BIO-GENE TECHNOLOGY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

- ❖ Although the directors anticipate that the adoption of AASB 15 may have an impact on the Company's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019).

- ❖ When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.
- ❖ The main changes introduced by the new Standard are as follows:
 - recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
 - depreciation of right-of-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
 - inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
 - application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
 - inclusion of additional disclosure requirements.
- ❖ The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.
- ❖ Although the directors anticipate that the adoption of AASB 16 may impact the Company's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 2014-10: Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-10: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128).

- ❖ This Standard amends AASB 10: Consolidated Financial Statements with regards to a parent losing control over a subsidiary that is not a "business" as defined in AASB 3: Business Combinations to an associate or joint venture, and requires that:
 - a gain or loss (including any amounts in other comprehensive income (OCI)) be recognised only to the extent of the unrelated investor's interest in that associate or joint venture;
 - the remaining gain or loss be eliminated against the carrying amount of the investment in that associate or joint venture; and
 - any gain or loss from remeasuring the remaining investment in the former subsidiary at fair value also be recognised only to the extent of the unrelated investor's interest in the associate or joint venture. The remaining gain or loss should be eliminated against the carrying amount of the remaining investment.
- ❖ The application of AASB 2014-10 will result in a change in accounting policies for transactions of loss of control over subsidiaries (involving an associate or joint venture) that are businesses per AASB 3 for which gains or losses were previously recognised only to the extent of the unrelated investor's interest.
- ❖ The transitional provisions require that the Standard should be applied prospectively to sales or contributions of subsidiaries to associates or joint ventures occurring on or after 1 January 2018.
- ❖ Although the directors anticipate that the adoption of AASB 2014-10 may have an impact on the Company's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

Note 2: Remuneration of auditors

	2017	2016
	\$	\$
Audit services		
JTP Assurance :		
Audit and review of financial reports and other audit work under the Corporations Act 2001	10,500	7,000
Other advisory services	-	-
Total remuneration	10,500	7,000

BIO-GENE TECHNOLOGY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

Note 3: Revenue and expenses from continuing operations

	2017	2016
	\$	\$
(a) Revenue		
Interest received – bank deposits	409	48
R&D tax incentive ¹	100,000	186,367
Licence fees	6,316	-
Total revenue from continuing operations	106,725	186,415

1. During the year the Company undertook a number of its research activities overseas as the necessary experience and facilities are not available in Australia. As a result the Company has lodged an Advanced Overseas Finding with AusIndustry to seek approval to claim these costs as part of its R&D Incentive. As this approval had not been received at the time of completion of these financial statements the Directors have elected to only include an estimate of the anticipated revenue from the AusIndustry incentive claim in respect of its Australian based expenditure in these accounts. If the Company is successful in its request to claim the overseas activities as well which will result in additional revenue, this revenue will be recognised in the 2018 financial year.

(b) Expenses

Depreciation, amortisation and impairment of non-current assets:

Plant and equipment	2,802	6,715
License and registered patents	36,943	9,091
Total depreciation and amortisation expenses	39,745	15,806

Operating expenses:

Loss on disposal of non-current assets	-	40,702
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Note 4: Earnings per share

	2017	2016
	\$	\$
Net loss used in calculating basic earnings per share:	1,054,902	322,518
Net loss used in calculating diluted earnings per share:	1,054,902	322,518
	No. of Shares	No. of Shares
Weighted average number of ordinary shares used in calculating basic earnings per share	110,351,100	87,653,641
Dilutive potential ordinary shares	-	-
Weighted average number of ordinary shares and potential ordinary shares used in calculating diluted earnings per share	110,351,100	87,653,641

Information concerning the classification of securities

Fully paid ordinary shares

Fully paid ordinary shares carry the right to participate in dividends and the proceeds on winding up of the Company in equal proportion to the number of shares held. At shareholder meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands. Fully paid ordinary shares are included as ordinary shares in the determination of basic earnings per share.

Loan Share Plan

The Loan Share Plan ("LSP") allows non-recourse, interest free loans to be provided to eligible participants to acquire shares under the plan. When an issue is made it will be treated as an in-substance grant of options and expensed over the vesting period because of the limited recourse nature of the loans.

Shares offered under the LSP may be subject to Vesting Conditions, Forfeiture Conditions and Disposal Restrictions (collectively referred to as "Conditions") as determined by the Board and specified in the Offer documents sent to participants. The Board has discretion to waive or deem Conditions to have been satisfied. Shares under the LSP cannot be dealt with (including traded on the ASX) unless they are not subject to any Conditions and there is no outstanding Loan on the shares.

Generally shares issued under the plan will vest over a 6 or 12 month period. The shares are acquired in the name of the participant and each participant authorises and appoints the Company Secretary to act on their behalf. Any dividends paid on the shares are used to repay the loan. In all other respects the shares issued under the LSP carry the same rights as other ordinary shares on issue. If the participant leaves the Company, any shares that have not vested will be bought back by the Company and cancelled along with the loan. In respect of shares that have vested the loan balance must be paid in full within six months of termination or the shares will be sold and the proceeds applied to settle the loan balance. The issue price of the shares in the Company held under the LSP is not included in equity until the loan has been repaid.

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Amounts unpaid on shares held under the LSP are treated as the equivalent of options to acquire ordinary shares and are excluded as potential ordinary shares in the determination of diluted earnings per share and basic earnings per share. Details relating to the LSP are set out in Note 11(c).

The 17,666,000 shares on issue at reporting date that were granted under the LSP are not included in the calculation of diluted earnings per share because they are anti-dilutive for the year ended 30 June 2017. These shares could potentially dilute basic earnings per share in the future.

Options

Options granted by the Company are considered to be potential ordinary shares and have been excluded in the determination of diluted earnings per share to the extent to which they are dilutive. The options have not been included in the determination of basic earnings per share because they are anti-dilutive for the year ended 30 June 2017. Details relating to the options are set out in Note 11(b).

Note 5: Cash and cash equivalents

	2017 \$	2016 \$
Cash at bank	60,055	101,646
Deposit at call	800,269	-
Term deposits	2,000,000	-
	<u>2,860,324</u>	<u>101,646</u>

Note 6: Trade and other receivables

	2017 \$	2016 \$
R&D tax incentive	100,000	186,367
GST refund due	53,431	11,589
Other receivables	7,130	30,000
	<u>160,561</u>	<u>227,956</u>

The balance of other receivables of \$160,561 (2016: \$227,956) is not past due and not considered impaired.

Note 7: Property, plant and equipment

	2017 \$	2016 \$
<i>Plant and equipment</i>		
At cost	33,005	28,020
Accumulated depreciation	(2,802)	-
Total net plant and equipment	<u>30,203</u>	<u>28,020</u>

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year

Plant and equipment at cost:

Balance at the beginning of year	28,020	40,702
Additions	4,985	28,020
Disposals	-	-
Depreciation expense, impairment and asset write off	(2,802)	(40,702)
Carrying amount at the end of year	<u>30,203</u>	<u>28,020</u>

Note 8: Intangible assets

	2017 \$	2016 \$
Licences - Qcide	557,818	557,818
Less: Accumulated amortisation	(96,034)	(59,091)
Total net intangible assets	<u>461,784</u>	<u>498,727</u>

Movements in the carrying amounts for intangible assets between the beginning and the end of the current financial year

Carrying amount at the beginning of year	498,727	131,818
Additions – acquisitions	-	376,000
Amortisation expense (i)	(36,943)	(9,091)
Carrying amount at the end of year (ii)	<u>461,784</u>	<u>498,727</u>

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- (i) Intangible assets comprise licences in relation to Qcide, which has a finite useful life and is recorded at cost. Amortisation has been historically calculated using straight line method over the estimated useful life of 20 years.
- (ii) Intangible assets are reviewed on a regular basis and where a decision has been made not to pursue a product, the remaining value recorded as an asset is impaired. At balance date, the directors also review the intellectual property portfolio to determine whether there are any indicators of impairment related to intellectual property.

Note 9: Trade and other payables

	2017 \$	2016 \$
<i>Current</i>		
Trade creditors	46,804	-
Other creditors and accruals	177,131	7,000
Total trade and other payables	223,935	7,000

Note 10: Financial liabilities

	2017 \$	2016 \$
<i>Current</i>		
Amount payable for IP licences	226,000	-
	226,000	-
<i>Non-current</i>		
Amount payable for IP licences	150,000	376,000
	150,000	376,000

In December 2016 the company signed a variation agreement to the Intellectual Property Assignment Deed originally signed 16 November 2009. This variation agreed additional fees of \$376,000 to be paid to the licensor following the successful completion of an IPO and signing of 2 licencing agreements.

Note 11: Contributed equity

The Company does not have authorised capital nor par value in respect of its issued shares.

Ordinary shares participate in dividends and the proceeds on winding up of the Company in equal proportion to the number of shares held. At shareholder meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

- (a) Movements in issued capital during the year were as follows:

	2017 No.	2016 No.	2017 \$	2016 \$
<i>Issued shares:</i>				
At the beginning of the reporting period	109,553,101	93,937,101	1,779,147	1,549,908
Shares issued at 2.5 cents	-	14,400,000	-	360,000
Shares issued at 4.6 cents	21,789,127	-	1,002,300	-
Shares issued at 7 cents	38,277,905	-	2,679,453	-
Value of shares issued to Financial Advisors ¹	1,600,000	-	40,000	-
Transaction costs arising on issue of shares	-	-	(292,048)	(130,761)
Shares issued pursuant to the Loan Share Plan (LSP)	6,250,000	1,216,000	287,500	30,400
Employee share plan loans	-	-	(287,500)	(30,400)
At end of the reporting period	177,470,133	109,553,101	5,208,852	1,779,147
<i>Issued shares are comprised as follows:</i>				
Ordinary shares (net of transaction costs)	160,004,133	98,337,101	5,208,852	1,779,147
Restricted shares issued under the LSP	17,466,000	11,216,000	567,900	280,400
	177,470,133	109,553,101	5,776,752	2,059,547
Accumulated transaction costs on issue of shares	-	-	422,809	130,761
Balance at end of the year	177,470,133	109,553,101	6,199,561	2,190,308

1. On the 25 October 2016 the Company issued shares to Henslow Pty Ltd as part of the remuneration due in respect of the 2.5 cent capital raising which closed during the 2016 financial year.

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(b) Movements in share options over ordinary shares during the year were as follows:

	2017 No.	2016 No.
Balance at beginning of the year	7,548,400	-
Granted during the year ¹	1,300,000	7,548,400
Exercised during the year	-	-
Expired during the year	-	-
Lapsed during the year	-	-
Balance at end of the year	8,848,400	7,548,400

Terms of options issued

	<i>Options Issued</i>	<i>Exercise Price</i>	<i>Value \$</i>	<i>Expiry</i>
Options issued – 20/6/16	7,548,400	2.5 cents	110,961	20/6/21
Options issued – 16/6/17	1,300,000	4.6 cents	28,340	16/6/20

1. Share options granted carry no rights to dividends and no voting rights.
2. The two tranches of options granted formed part of the capital raising costs associated with the 2.5 cents and 4.6 cent rounds conducted during the 2016 calendar year. The Company will issue a further 1,500,000 options in the 2018 financial year which are associated with the 7 cents round.
3. The valuations of options issued are determined by using an industry standard option pricing model taking into account the terms and conditions upon which the instruments were issued.

(c) Loan share plan

The Company issues shares to Bio-Gene directors and key consultants under the Loan Share Plan (LSP). Under the plan, participants are issued with equity to foster an ownership culture within the Company and to motivate them to achieve performance targets. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plans or to receive any guaranteed benefits.

The Company introduced the LSP. The plan allows non-recourse, interest free loans to be provided to eligible participants to acquire shares under the plan. When an issue is made it is treated as an in-substance grant of options and expensed over the vesting period because of the limited recourse nature of the loans. Generally shares issued under the plan vest over twelve months. Each participant authorises and appoints the Company Secretary to act on their behalf. Any dividends paid on the shares are used to repay the loan. If the participant leaves the Company, any shares that have not vested are bought back by the Company and cancelled along with the loan. In respect of shares that have vested, generally, the loan balance must be paid in full within six months of termination of appointment or the shares are sold and the proceeds applied to settle the loan balance. The issue price of the shares in the Company held under the LSP is not included in equity until the loan has been repaid.

The valuations of shares issued under the LSP are determined by using an industry standard option pricing model taking into account the terms and conditions upon which the instruments were issued.

The following share-based payment arrangements were in existence during the current and/or prior reporting period:

Shares in existence in the current and past period under the Loan Share Plan:

Loan Share Plan Tranche						Fair Value at Issue Date Amount
	Number	Issue date	Vesting Date	Loan expiry date	Unit Price \$	\$
Tranche 1	10,000,000	29/06/2015	29/06/2015	29/06/2022	0.017	170,000
Tranche 2	1,216,000	30/06/2016	30/06/2016	30/06/2023	0.0167	20,307
Tranche 3a	3,125,000	11/05/2017	11/11/2017	11/05/2024	0.0311	97,188
Tranche 3b	3,125,000	11/05/2017	11/05/2018	11/05/2024	0.0311	97,188
	17,466,000					384,683

(d) Fair values of share based payments

The fair value of all loan shares granted to Directors and key consultants and the financial advisor have been calculated using the Binomial Option Pricing Model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise (including the probability of meeting market conditions attached to the option), and behavioural considerations. The model requires the Company share price volatility to be measured. The share price volatility has been measured with reference to the historical share prices of the Company and other similar Companies.

The fair value of share based payments is calculated on the date of issue less any consideration paid. The values are not revised if there is a subsequent change in terms.

Details in respect of the fair value of equity, on issue/grant date, that was in existence at reporting date are outlined below.

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Equity Instrument	Loan /Exercise price \$	Share price on issue Date \$	Volatility	Maturity date	Time to maturity	Risk free interest rate	Expected dividend yield
LSP Tranche 1	0.025	0.025	74%	29/06/2022	7 years	2.61%	-
Options Tranche 1	0.025	0.025	74%	20/06/2021	5 years	1.73%	-
LSP Tranche 2	0.025	0.025	74%	30/06/2023	7 years	1.81%	-
LSP Tranche 3	0.046	0.046	74%	11/05/2024	7 years	2.39%	-
Options Tranche 2	0.046	0.046	74%	16/06/2020	3 years	1.79%	-

(e) Share based payments

The amount expensed in relation to equity settled share based payments to the statement of profit or loss and other comprehensive income was \$36,445 (2016: \$20,307).

Note 12: Reserves and accumulated losses

	Note	2017 \$	2016 \$
Share options reserve	(a)	139,301	110,961
Share loan plan reserve	(b)	226,752	190,307
Total reserves		366,053	301,268

(a) Share option reserve

	2017 \$	2016 \$
Opening balance 1 July	110,961	-
Value of options granted to financial advisors	28,340	110,961
Closing balance	139,301	110,961

(b) Share loan plan reserve

	2017 \$	2016 \$
Opening balance 1 July	190,307	170,000
Value of shares recognised over vesting period ¹	36,445	20,307
Closing balance	226,752	190,307

1. The equity settled reserves arise on issue of equity under the LSP or the issue of options. Amounts are transferred out of the reserves and into issued capital when the loans are repaid or the options are exercised. Amounts are transferred to accumulated losses when the shares or options are cancelled.

(c) Movement in accumulated losses

	2017 \$	2016 \$
Opening balance 1 July	(1,607,066)	(1,284,548)
Net loss attributable to the members of the parent entity for the period	(1,054,902)	(322,518)
Closing balance	(2,661,968)	(1,607,066)

Note 13: Cash flow Information

(a) Reconciliation of cash

	2017 \$	2016 \$
Cash at bank	60,055	101,646
Deposit at call	800,269	-
Term deposits	2,000,000	-
Total cash and cash equivalents	2,860,324	101,646

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(b) Reconciliation of cash used in operating activities with loss after income tax

	2017	2016
	\$	\$
Loss from continuing operations after income tax	(1,054,902)	(322,518)
<i>Non cash movements:</i>		
Depreciation and amortisation expense	39,745	15,806
Equity settled share based payment	36,445	20,307
<i>Changes in assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	44,394	(139,940)
Increase/(decrease) in trade creditors and accruals	205,166	7,000
Cash used in operating activities	(729,152)	(419,345)

(c) Non cash financing and investing activities

There were no non cash financing activities during the year.

Note 14: Commitments and contingencies

(a) Capital expenditure commitments

As at reporting date the Company had committed to the purchase of equipment with a supplier. Committed but unrecognised expenditure as at reporting date amounted to \$4,985 (2016: \$NIL).

(b) Other contingencies

Research and development incentive

Research and Development grants received may be subject to review by AusIndustry and subsequent claw back of funds should there be a determination of non-conforming claims.

During the year the Company undertook a number of its research activities overseas as the necessary experience and facilities are not available in Australia. As a result the Company has lodged an Advanced Overseas Finding with AusIndustry to seek approval to claim these costs as part of its R&D Incentive. As this approval had not been received at the time of completion of these financial statements the Directors have elected to only include an estimate of the anticipated revenue from the AusIndustry incentive claim in respect of its Australian based expenditure in these accounts. If the Company is successful in its request to claim the overseas activities as well which will result in additional revenue, this revenue will be recognised in the 2018 financial year.

Bio-Gene supplier arrangements

As at reporting date projects had been committed to with suppliers and to the extent that work had been completed expenditure has been provided for in the accounts. Committed but unrecognised expenditure as at reporting date amounted to \$217,338 (2016: \$NIL).

Issue of options

The Company will issue 1,500,000 options in the 2018 financial year which are associated with the 7 cents round. The term of these options will be 3 years. 750,000 will have an exercise price of 7 cents and the balance of 750,000 options will have an exercise price of 8.75 cents.

Note 15: Financial instruments

(a) Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Company's overall strategy remains unchanged from the prior financial year.

The capital structure of the Company consists of cash and cash equivalents and equity attributable to equity holders, comprising issued capital, reserves and retained earnings as disclosed in Notes 11, and 12, respectively. The Company operates globally, primarily through arrangements with suppliers established in the markets in which the Company trades.

Operating cash flows are used to maintain and expand the Company's assets.

Gearing ratio

The Company's Board reviews the capital structure on a half-yearly basis. As a part of this review the Board considers the cost of capital and the risks associated with each class of capital. The Company has a target gearing of 0% in line with the industry norm that is determined as the proportion of net debt to equity. Based on recommendations of the Board the Company will balance its overall capital structure through new share issues.

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The gearing ratio at year end was as follows:

	Note	2017 \$	2016 \$
Financial assets			
Debt (i)		-	-
Cash and cash equivalents	6	2,860,324	101,646
Net cash/(debt)		2,860,324	101,646
Equity (ii)	14,15	2,912,938	473,349
Net debt to equity ratio		-	-

(i) Debt is defined as long-term and short-term borrowings.

(ii) Equity includes all capital and reserves as detailed in Note 11 and 12.

(b) Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency rates. The Company undertakes a number of its research activities overseas, as the necessary experience and facilities are not available in Australia, and as such has exposure to foreign currency movements which are predominately in US dollars and Pounds Sterling. The Board and Chief Financial Officer monitor the potential impact of movements in foreign exchange exposure. The Company does not currently have a policy in place in respect of hedging this risk and therefore acquires the foreign currency required to settle any liabilities at the rate available on the day of payment.

(c) Financial risk management objectives

The Company's CFO monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk and liquidity risk. There have been no changes to these risks since the previous financial year.

The Board of Directors ensures that the Company maintains a competent management structure capable of defining, analysing, measuring and reporting on the effective control of risk inherent in the Company's underlying financial activities and the instruments used to manage risk. Key financial risks including interest rate risk and foreign currency risk are reviewed by management on a regular basis and are communicated to the Board so that it can evaluate and impose its oversight responsibility. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The Company currently does not have a policy regarding foreign exchange risk management. This and other financial risks are managed prudently by the Chief Financial Officer and the Board.

The consolidated entity holds the following financial instruments:

	Note	2017 \$	2016 \$
<i>Financial assets</i>			
Cash and cash equivalents	5	2,860,324	101,646
Trade and other receivables	6	160,562	227,956
		3,020,886	329,602

		2017 \$	2016 \$
<i>Financial liabilities</i>			
Trade and other payables	11	223,935	7,000
Financial liabilities	12	376,000	376,000
		599,935	383,000

(d) Interest rate risk management

The Company's exposure to market interest rates relates primarily to the Company's short term deposits held and deposits at call. The interest income earned from these balances can vary due to interest rate changes.

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end on the reporting period. If interest rates had been 100% higher/lower and all other variables were held constant, the Company's loss for the year ended 30 June 2017 would increase/decrease by \$409 (2016: \$48).

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(e) Liquidity risk

Liquidity risk is the risk that the Company will not be able to pay its debts as and when they fall due. The Company has no borrowings at reporting date and the Directors ensure that the cash on hand is sufficient to meet the commitments of the Company at all times during the research and development phase.

The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash and where necessary unutilised borrowing facilities are maintained.

Financing arrangements

The Company does not have access to any borrowing facilities at the reporting date.

Maturities of financial liabilities

The tables below analyse the Company's financial liabilities.

	0 -12 months	Maturing 1 to 3 years	Total
30 June 2017			
<i>Financial Liabilities</i>			
Trade and other payables	223,935	-	223,935
Financial liabilities	226,000	150,000	376,000
	449,935	150,000	599,935
30 June 2016			
<i>Financial Liabilities</i>			
Trade and other payables	7,000	-	7,000
Financial liabilities	-	376,000	376,000
	7,000	376,000	383,000

All current balances mature within one year; all non-current balances are expected to mature in between one and three years.

(f) Foreign currency risk management

The Company undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuation arise. Exchange rate exposures are managed within approved policy parameters. The Company manages the currency risk by monitoring the trend of the US dollar and Pound Sterling.

The consolidated entity's foreign currency risk denominated financial assets and financial liabilities at the reporting date are as follows:

	30 June 2017		30 June 2016	
Consolidated	USD	GBP	USD	GBP
<i>Financial Assets</i>				
Cash and cash equivalents	-	-	-	-
Trade and other receivables	-	-	-	-
<i>Financial Liabilities</i>				
Trade and other payables	71,067	12,483	-	-

The following sensitivity analysis is based on the foreign currency risk exposures in existence at the statement of financial position date. A 10 percent increase or decrease in the foreign exchange rate is used and represents management's assessment of the possible change in foreign exchange rates and historically is within a range of rate movements. A positive number indicates an increase in result and other equity. A negative number indicates a decrease in result and other equity. At 30 June 2017, if foreign exchange rates had moved, as illustrated in the table below, with all other variables held constant, pre-tax result and equity would have been affected as follows:

	- 10%		+ 10%	
	Profit \$	Equity \$	Profit \$	Equity \$
30 June 2017				
<i>Financial Assets</i>				
Cash and cash equivalents	-	-	-	-
Trade and other receivables	-	-	-	-
<i>Financial Liabilities</i>				
Trade and other payables	(12,611)	(12,611)	10,318	10,318
Financial liabilities	-	-	-	-
	(12,611)	(12,611)	10,318	10,318

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30 June 2016

Financial Assets

Cash and cash equivalents	-	-	-	-
Trade and other receivables	-	-	-	-

Financial Liabilities

Trade and other payables	-	-	-	-
Financial liabilities	-	-	-	-
	-	-	-	-

(g) Price risk

Price risk is the risk that future cashflows derived from financial instruments will be changed as a result of a market price movement, other than foreign currency rates and interest rates. The Company is not exposed to any material commodity price risks, other than those already described above.

Net fair values

The carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their net fair values.

The net fair values of financial assets and financial liabilities are determined as follows:

- the net fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the net fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow theory.

(h) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate as a means of mitigating the risk of financial loss from defaults.

In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. There are no significant concentrations of credit risk within the Company.

Note 16: Key management personnel

(a) Details of key management personnel

The Directors and other members of key management personnel of the Company during the year were:

Name	Position
Mr. Donald Brumley	Non-Executive Chairman (appointed 26/4/17)
Mr. Richard Jagger	Head of Commercial Development and Executive Director (appointed 26/4/17)
Mr. Robert Klupacs	Managing Director and Chief Executive Officer
Mr. Peter May	Non-Executive Director
Mr. Kevin Rumble	Non-Executive Director
Mr. John Cornelius	Non-Executive Director (retired 11/5/17)
Mr. Roger McPherson	Chief Financial Officer and Company Secretary (appointed 26/4/17)

(b) Key management personnel compensation

The aggregate compensation made to Directors and other members of key management personnel or their director related entities were:

Name	Fees³	2017 Value of compensation under LSP	Total	Fees	2016 Value of compensation under LSP	Total
Mr. Donald Brumley ¹	8,125	11,663	19,788	-	-	-
Mr. Richard Jagger ¹	16,801	7,289	24,090	-	-	-
Mr. Robert Klupacs	156,000	5,831	161,831	108,000	10,688	118,688
Mr. Peter May	69,800	5,831	75,631	32,400	3,206	35,606
Mr. Kevin Rumble	78,200	5,831	84,031	57,120	6,413	63,533
Mr. John Cornelius ²	94,000	-	94,000	-	-	-
Mr. Roger McPherson ¹	26,730	-	26,730	-	-	-
Totals	449,656	36,445	486,101	197,520	20,307	217,827

1. Donald Brumley, Richard Jagger and Roger McPherson were appointed on 26 April 2017.
2. John Cornelius retired as a Director on 11 May 2017
3. Fees include Directors' Fees and fees for additional consulting services where applicable.

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(c) Key management personnel equity holdings

Shareholdings

Fully paid ordinary shares and shares under the Loan Share Plan held by key management personnel or their related parties:

2017	Balance at 1 July No.	Issued as compensation under LSP No.	Purchased during the year No.	Disposals No.	Balance at 30 June No.	Total vested 30 June No.
Mr. Donald Brumley ¹	-	2,000,000	100,000	-	2,100,000	100,000
Mr. Richard Jagger ¹	-	1,250,000	100,000	-	1,350,000	100,000
Mr. Robert Klupacs	5,640,000	1,000,000	100,000	-	6,740,000	5,740,000
Mr. Peter May	532,000	1,000,000	100,000	-	1,632,000	632,000
Mr. Kevin Rumble	16,342,746	1,000,000	-	-	17,342,746	16,342,746
Mr. Roger McPherson ¹	-	-	100,000	-	100,000	100,000
Totals	22,514,746	6,250,000	500,000	0	29,264,746	23,014,746

- Donald Brumley, Richard Jagger and Roger McPherson were appointed on 26 April 2017.
- John Cornelius retired as a Director on 11 May 2017, he held 1,000,000 shares at the beginning of the financial year and at the date of his retirement.

2016	Balance at 1 July No.	Issued as compensation under LSP No.	Purchased during the year No.	Disposals No.	Balance at 30 June No.	Total vested 30 June No.
Mr. Robert Klupacs	5,000,000	640,000	-	-	5,640,000	5,640,000
Mr. Peter May	340,000	192,000	-	-	532,000	532,000
Mr. Kevin Rumble	15,958,746	384,000	-	-	16,342,746	16,342,746
Mr. John Cornelius ¹	-	-	1,000,000	-	1,000,000	1,000,000
Totals	21,298,746	1,216,000	1,000,000	0	23,514,746	23,514,746

- John Cornelius was appointed as a director on 26 June 2016.

Note 17: Related party transactions

(a) Receivable from and payable to related parties

The following balances were outstanding at 30 June 2017 in relation to transactions with related parties:

	2017 \$	2016 \$
<i>Current payables</i>		
Trade payables to director related entity of Mr. Robert Klupacs for consultancy fees for his services	16,500	-

There were no other loans to or from related parties at the current and previous reporting date. All transactions were made on normal commercial terms and conditions and at market rates.

(b) Transactions with key management personnel

Details of key management personnel compensation are disclosed in Note 16.

Note 18: Segment information

A segment is a component of the Company that engages in business activities to provide products or services within a particular economic environment. The Company operates in one business segment, being the conduct of research and development activities in the agricultural sector. The Board of Directors assess the operating performance of the Company based on management reports that are prepared on this basis. The Company invests excess funds in short term deposits but this is not regarded as being a separate segment.

Note 19: Events occurring after the reporting period

No matter or circumstance has arisen since 30 June 2017, other than as disclosed in this report, that has significantly affected or may significantly affect: -

- Bio-Gene Technology Limited's operations in future financial years, or
- the results of those operations in future financial years, or
- Bio-Gene Technology Limited's state of affairs in future years.

DECLARATION BY DIRECTORS FOR THE YEAR ENDED 30 JUNE 2017

The directors of the company declare that:

1. The financial statements and notes, as set out in the following pages, are in accordance with the *Corporations Act 2001*:
 - a) comply with applicable Accounting Standards and the *Corporations Regulations 2001*; and
 - b) give a true and fair view of the financial position as at 30 June 2017 and of the performance for the year ended on that date of the company.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the board of directors.

A handwritten signature in blue ink, appearing to read 'Brumley', with a long horizontal flourish extending to the right.

Mr. Donald Brumley
Director

Date: 25 July 2017

INDEPENDENT AUDITOR'S REPORT



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BIO-GENE TECHNOLOGY LTD.

ABN 32 071 735 950

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Bio-Gene Technology Ltd (the company), which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

- a. the accompanying financial report of Bio-Gene Technology Ltd is 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 financial performance for the year then ended; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. 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 auditor independence requirements of 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 also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the company's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

ABN: 13 488 640 554. Liability limited by a scheme approved under Professional Standards Legislation

INDEPENDENT AUDITOR'S REPORT



In preparing the financial report, the directors are responsible for assessing the ability of the company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors 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 objectives are 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

JTP Assurance

JTP ASSURANCE

Chartered Accountants

Signed at Melbourne this 27th day of July 2017

Sam Claringbold

SAM CLARINGBOLD

Partner

BOARD OF DIRECTORS AND COMPANY PARTICULARS

Directors

- ❖ Donald Brumley
- ❖ Robert Klupacs
- ❖ Richard Jagger
- ❖ Peter May
- ❖ Kevin Rumble

Secretary

- ❖ Roger McPherson

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Website

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Auditors

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Melbourne VIC 3000

Australian Company Number

071 735 950

Share Registry

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Surry Hills NSW 2010