genetic technologies LIMITED

GENETIC TECHNOLOGIES LIMITED

A.B.N. 17 009 212 328

Quarterly Activities Report

and

Appendix 4C of the ASX Listing Rules

for the quarter ended

31 MARCH 2005

GENETIC TECHNOLOGIES LIMITED

QUARTERLY ACTIVITIES REPORT
FOR THE QUARTER ENDED 31 MARCH 2005

GENETIC TESTING

Family relationships. GTG's paternity and relationship testing services business continued to deliver revenues during the March quarter in line with the Group's forecasts for the 2005 financial year.

Diagnostics. During the quarter, testing of a significant number of inherited breast cancer samples was undertaken as part of a large referral received from a state government hospital seeking our assistance. Revenues from these tests are expected to be received during the coming June quarter. Referrals from other familial cancer clinics around the country were also received by the Company, in addition to samples received from overseas via the GENDIA network, of which GTG is the only representative in Australia and New Zealand. Further, testing of inherited colon cancer samples commenced during the March quarter. An in-house validation for the testing of an epilepsy gene (SCN1A) has also been completed and is currently under review by the original developer of the test, Bionomics Limited, from whom GTG has been granted global distribution rights.

Forensics. In March 2005, the Queensland Minister of Health (the Hon. Gordon Nuttall M.P.) announced that the Queensland Department of Health would outsource the testing of up to 10,000 forensic samples. Prior to a contract for this work being awarded, a tender document has to be prepared. GTG has written to the Department and the Minster to express its interest to tender for this project.

GTG continues to work closely with the state police departments with a view to helping them clear their backlogs of forensic samples. It is hoped that other states will also follow Queensland's lead and pursue outsourcing of the testing of their respective backlogs.

During the quarter, a senior representative of the Australian Federal Police visited GTG's forensic laboratory. Discussions continue regarding the potential processing of samples on their behalf.

Animals. The Company's canine testing program continues to advance and is currently being promoted by GTG's staff at the various breed shows and the Royal Agricultural Shows throughout Australia. The Australian National Kennel Club ("ANKC") meets annually in May, with this year's meeting to be held in Melbourne. The Company has invited all of the ANKC delegates to tour the GTG laboratory during that time and GTG has been allotted two hours to discuss and answer questions regarding the Company's canine DNA testing program at this year's annual meeting.

GTG has also started to actively promote its DNA parentage testing service for the sheep industry. This program enables farmers to accurately determine parentage and select for desirable traits, delivering significant breeding and production efficiencies. Multiple thousands of sheep samples are expected to be received by the Company towards the end of this calendar year when the lambs are born.

Plants. During the March quarter, the Company's joint venture with the Victorian Government executed an agreement to develop a DNA-based varietal test for barley. Work on this test has already commenced and is expected to be completed by the middle of May 2005. If successful, the resulting test will be used for this year's harvest to audit the declared variety of samples delivered to the silo. The test should also be able to determine if a shipment contains more than one variety of barley.

Sports performance. During the quarter, a letter of intent was signed by the Company pursuant to which a Swiss-based marketing firm will be provided with the rights to market the Company's novel *ACTN3* Sports Gene Test™ throughout Europe. Discussions have also been held with sports marketing firms based in the US, New Zealand, South Africa, China and Japan with a view to having them market the test in their respective countries.

A preliminary discussion was held with a national Australian sporting body regarding the provision by the Company of sports gene testing for its players. Further discussions are scheduled to take place.

An article that appeared on sports cable ESPN's US website and in its magazine during March 2005, resulted in an increase in the number of requests for the *ACTN3* Sports Gene Test™ from the USA.

LICENSING

The previous quarter ended 31 December 2004 saw the granting of a number of valuable licenses over the Company's "non-coding DNA" technology to significant companies including Genzyme Corporation of the USA. Whilst important negotiations with a number of potential licensees in various countries around the World continued during the March quarter, the license granted to the Australian Genome Research Facility was the only new license granted during the period. Consideration for the license was paid to GTG partly in cash and partly "in-kind" - in the form of services which GTG will be able to access from AGRF's extensive facilities for genetic analysis.

It is anticipated that these ongoing negotiations, together with a possible resolution of the Company's dispute with Applera Corporation, should deliver further licenses during the June quarter.

The Company is currently implementing strategies and deploying additional resources which will see it expand the scale and nature of its licensing program over the coming months. It is anticipated that the results of these activities will be delivered during the 2006 financial year.

RESEARCH AND DEVELOPMENT

RareCellect®. RareCellect® is a program to develop a widely applicable, non-invasive, pre-natal genetic test based on the successful isolation of foetal cells from maternal blood. Research efforts continued with the optimisation of the procedure to facilitate commercialisation of a standard prenatal test for the pregnancy market, estimated to be in excess of $3.5 billion annually.

ImmunAid. The ImmunAid project aims to improve the efficacy of cancer therapy and treatment of HIV-AIDS by developing a test that can be used to assist in the delivery of intervention therapies. A new research and development program forming part of the overall ImmunAid project continued during the March quarter at the University of Western Australia to identify novel markers to assist with the timing of such treatments.

PGGP. The first test, to sub-type the parasite *Cryptosporidium* spp., has been transferred to a water analysis laboratory for commercial application. Research is continuing in relation to the second program, which seeks to discover new drug targets for the control of intestinal parasitic diseases in livestock.

C.Y. O'Connor. Programs including research into marker-assisted diagnostics for bone marrow typing, tissue typing of human diseases and selected traits in sheep and dogs continued at the C.Y. O'Connor ERADE Village Foundation in W.A. during the quarter. Significant progress is being achieved and new genetic tests are now being refined for a number of important human and animal conditions.

King's College London. Work focusing on the identification of polymorphisms of potential diagnostic use in a range of human diseases continued at King's College London during the period under review.

Patents. During the period, the following changes occurred in the Company's growing patent portfolio:

- The ACTN3 genotype screen for athletic performance patent entered National Phase Examination;
- The analysis of cryptosporidium parvum patent entered National Phase Examination; and
- C.Y. O'Connor's second Patent Application was refiled.

CORPORATE MATTERS

Applera. Following the favourable ruling handed down by the United States District Court in California in mid-September 2004 in the "Markman hearing", GTG and Applera Corporation entered into a process of mediation. A first mediation conference took place in San Francisco on 14 December 2004. The parties subsequently agreed to continue this process and a further mediation conference was held on 16 February 2005. No final resolutions have yet been agreed, however Judge Spero is continuing to work with the parties to co-ordinate further discussions.

New Zealand. GTG was participating in licensing discussions with Auckland District Health Board ("ADHB") last year, when ADHB filed an action asserting "unjustified threats". There have since been further representations before the High Court of New Zealand, following which a scheduling conference held by the Court proposed mediation. The parties recently agreed to pursue mediation in Auckland, New Zealand on June 15th, 16th and 17th, 2005.

Changes to capital structure. During the period from 1 January 2005 up to the date of this Report, the Company issued a total of 63,362,892 ordinary shares arising from the exercise of 63,332,892 "Vendor" options each with an exercise price of $0.20 and 30,000 staff options each with an exercise price of $0.49. The exercise of these options raised a total of $12,681,278 for the Company. Of this amount, $2,583,418 was raised subsequent to 31 March 2005, thereby taking the Company's total cash reserves to in excess of $20 million as at the date of this Report.

On 14 April 2005, a total of 416,776 unexercised Vendor options lapsed, as did a further 2,000,000 staff options that were exercisable as $0.45. As at the date of this Report, there was a total of 20,461,667 options over ordinary shares in the Company with exercise prices ranging from $0.38 to $1.00, and a total of 362,369,899 ordinary shares on issue.

NASDAQ. During the March quarter, GTG received audit clearance of its US GAAP financial statements for the four years ended 30 June 2001, 2002, 2003 and 2004 from its auditors, Ernst & Young. The statements form an integral part of the Company's package of documents required for submission to the US Securities and Exchange Commission to complete its Level 2 ADR program. The successful completion of this program will enable the ADRs to be traded on the "Small Cap" NASDAQ market. The listing of the ADRs on NASDAQ will provide the Company with access to the vast US capital markets and invaluable exposure for GTG amongst US and European investors.

Signed on behalf of Genetic Technologies Limited

Dated this 29th day of April, 2005.

DR. MERVYN JACOBSON
Executive Chairman

Rule 4.7B

Appendix 4C

Quarterly report
for entities admitted
on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001

Name of entity

GENETIC TECHNOLOGIES LIMITED

ABN	Quarter ended ("current quarter")
17 009 212 328	31 MARCH 2005

Consolidated statement of cash flows

Cash flows related to operating activities			Current quarter $A'000	Year to date (9 months) $A'000
1.1	Receipts from customers		1,126	9,517
1.2	Payments for	(a) staff costs	(949)	(3,103)
		(b) advertising and marketing	(99)	(401)
		(c) research and development	(98)	(1,281)
		(d) leased assets	-	-
		(e) other working capital	(2,672)	(7,768)
1.3	Dividends received		-	
1.4	Interest and other items of a similar nature received		141	379
1.5	Interest and other costs of finance paid		-	-
1.6	Income taxes paid		-	-
1.7	Other (provide details if material)		-	-
	Net operating cash flows		(2,551)	(2,657)

+ See chapter 19 for defined terms.

		Current quarter $A'000	Year to date (9 months) $A'000
1.8	Net operating cash flows (carried forward)	**(2,551)**	**(2,657)**
	Cash flows related to investing activities		
1.9	Payment for acquisition of:		
	(a) businesses (item 5)	-	-
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	(155)	(846)
	(e) other non-current assets	-	-
1.10	Proceeds from disposal of:		
	(a) businesses (item 5)	-	-
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	588	588
	(e) other non-current assets	-	-
1.11	Loans to other entities	-	-
1.12	Loans repaid by other entities	-	-
1.13	Other (provide details if material)	-	-
	Net investing cash flows	433	(258)
1.14	**Total operating and investing cash flows**	(2,118)	(2,915)
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.	10,102	10,580
1.16	Proceeds from sale of forfeited shares	-	-
1.17	Proceeds from borrowings	-	-
1.18	Repayment of borrowings	-	-
1.19	Dividends paid	-	-
1.20	Other (provide details if material)	-	-
	Net financing cash flows	10,102	10,580
	Net increase (decrease) in cash held	7,984	7,665
1.21	Cash at beginning of quarter/year to date	10,857	11,363
1.22	Exchange rate adjustments to item 1.20	14	(173)
1.23	**Cash at end of quarter**	18,855	18,855

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter $A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	284
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

The amount included at Item 1.24 includes $166,339 in consulting fees, directors' fees, superannuation and salaries paid to Directors and entities associated with Directors during the quarter. The amount also includes rental and outgoings of $117,746 for the Melbourne laboratory premises paid to an entity associated with a director.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

During the quarter the consolidated entity financed laboratory equipment with a cost of $1,511,094 via a facility with National Australia Bank.

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

The Company has a minority interest (18.62%) in the Duketon Belt Joint Venture in Western Australia. No cash was contributed by the Company during the quarter.

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

+ See chapter 19 for defined terms.

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
4.1	Cash on hand and at bank	10,510	950
4.2	Deposits at call	8,345	9,907
4.3	Bank overdraft	-	-
4.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	18,855	10,857

Acquisitions and disposals of business entities

		Acquisitions *(Item 1.9(a))*	Disposals *(Item 1.10(a))*
5.1	Name of entity		
5.2	Place of incorporation or registration		
5.3	Consideration for acquisition or disposal		
5.4	Total net assets		
5.5	Nature of business		

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.

2 This statement does give a true and fair view of the matters disclosed.

Sign here: .... Date: 29 APRIL 2005
Company Secretary

Print name: IAN ALISTAIR DENNIS

+ See chapter 19 for defined terms.

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.

   - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
   - 9.2 - itemised disclosure relating to acquisitions
   - 9.4 - itemised disclosure relating to disposals
   - 12.1(a) - policy for classification of cash items
   - 12.3 - disclosure of restrictions on use of cash
   - 13.1 - comparative information

3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.