



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 December 2007

GENETIC TECHNOLOGIES LIMITED

QUARTERLY ACTIVITIES REPORT FOR THE QUARTER ENDED 31 DECEMBER 2007

LICENSING

During the quarter under review, revenues generated from the Company's licensing program exceeded \$1.0 million, taking the total license fees received during the first half of the 2008 financial year to approximately \$6.7 million. The first half result was in accordance with the Company's financial budget and compares favourably to the revenues generated from licensing during the entire 2007 financial year of \$11.3 million.

Since the previous Quarterly Activities Report was issued on 24 October 2007, new licenses have been granted to Kimball Genetics Inc., Prometheus Laboratories Inc. and GE Healthcare Bio-Sciences Corp., taking the total number of parties to whom commercial licenses to the GTG "non-coding" patents have been granted to 36.

GENETIC TESTING

During the quarter under review, revenues generated from the Company's genetic testing operations were approximately \$805,000. This figure, which was marginally ahead of budget for the half-year then ended, compared favourably to the revenues generated from the genetic testing division during the entire 2007 financial year of \$3.12 million. A brief summary of the activities of each division are provided below.

Medical diagnostics. The December quarter has seen year-to-date revenues generated by the Medical Diagnostics division drop marginally behind budget, though the revenue for the division is approximately 27% ahead of the revenue generated in the previous corresponding six-month period.

Family relationships. Revenues generated by GTG's paternity and relationship testing services division for the quarter under review were ahead of budget for the second quarter in a row. Revenues have grown steadily as the Company regains some of the market share it lost due to price discounting by competitors.

Animals. During the quarter, the canine testing division continued its strong growth and revenues remain well ahead of budget. During the previous quarter, the Company invested in additional sales and marketing staff to broaden its distribution capabilities interstate. The Company has also made progress in establishing distribution channels in the rapidly expanding Chinese market.

Forensics. On 21 January 2008, the Company announced the execution of a three-year forensic DNA testing agreement with the New South Wales Police Force. Under the terms of the agreement, GTG will conduct forensic DNA analysis on "volume crime" samples such as break and enter, malicious damage, motor vehicle theft, and theft of items from motor vehicles. The awarding of the contract follows the completion of a successful three-month trial which the Company undertook for NSW Police in the middle of 2006.

This is the first time in Australia that a Police Force has entered a long-term arrangement to outsource its forensic DNA testing requirements. The Company believes that its accredited high throughput laboratory has the capacity to expand its forensics business and help manage the growing demand for DNA testing in an efficient and timely manner.

Sports performance. During the December quarter, the Company made excellent progress in its efforts to appoint a distributor of the ACTN3 SportsGene Test® product in the US. This activity resulted in the execution by the Company, on 7 January 2008, of a distribution agreement for the ACTN3 SportsGene Test® with EPIC Athletic Performance Inc., a Colorado-based talent identification company.



GENETIC TECHNOLOGIES LIMITED

*Quarterly Activities Report for the
quarter ended 31 December 2007*

RESEARCH AND DEVELOPMENT

The Company's R&D program continued during the December 2007 quarter with activity focussing on several programs including RareCollect, ImmunAid, Pathogens and the Genomic Matching Technique. A major focus on commercialisation strategies was undertaken to ascertain the optimal path to market for each of the projects and this review is expected to continue into early 2008.

In addition to the review of the Company's existing programs, several new initiatives were also considered to support the Company's DNA testing businesses. These new initiatives will be further assessed in early 2008 for commercial and technical viability. A key attribute of the new programs will be a relatively short time to market and a good strategic fit with the Company's existing business activities.

CORPORATE MATTERS

Annual Report. On 15 October 2007, the Company released its audited Annual Report for the year ended 30 June 2007 which revealed that, for the first time in its history, the Company generated positive cash flows from its operations.

Annual General Meeting. On 21 November 2007, the Company held its 2007 Annual General Meeting. All resolutions which were put before the shareholders were passed.

Changes to capital structure. During the period from 1 October 2007 until the date of this Report, there were no changes to the Company's issued capital, with 362,389,899 ordinary shares now on issue. During the same period, a total of 3,500,000 options were granted to various employees and a total of 7,402,500 unlisted options over ordinary shares in the Company were cancelled. Accordingly, as at the date of this Report, there are 11,775,602 unlisted options outstanding, with exercise prices ranging from \$0.17 to \$0.53.

Gtech International Resources Limited. As advised in previous reports, the Company continues to investigate potential opportunities for Gtech International Resources Limited, the Canadian-listed company in which GTG holds a 75.8% direct equity interest. As at 31 December 2007, Gtech held cash reserves of approximately A\$512,000.

Signed on behalf of Genetic Technologies Limited

Dated this 31st day of January, 2008

MICHAEL B. OHANESSIAN
Chief Executive Officer

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005.

Name of entity

GENETIC TECHNOLOGIES LIMITED

ABN

17 009 212 328

Quarter ended ("current quarter")

31 DECEMBER 2007

Consolidated statement of cash flows

	Current quarter (December 2007) \$A	Year to date (six months) \$A
Cash flows related to operating activities		
1.1 Receipts from customers	1,490,596	7,798,979
1.2 Payments for (a) staff costs	(1,204,231)	(2,553,543)
(b) advertising and marketing	(31,014)	(73,443)
(c) research and development	(450,000)	(700,000)
(d) leased assets	-	-
(e) other working capital	(1,589,819)	(3,857,676)
1.3 Dividends received	-	-
1.4 Interest and items of a similar nature received	118,032	294,605
1.5 Interest and other costs of finance paid	(16,602)	(33,265)
1.6 Income taxes paid	-	-
1.7 Grant and other income	-	-
Net operating cash flows	(1,683,038)	875,657

+ See chapter 19 for defined terms.

Consolidated statement of cash flows (cont.)

	Current quarter (December 2007) \$A	Year to date (six months) \$A
1.8 Net operating cash flows (carried forward)	(1,683,038)	875,657
Cash flows related to investing activities		
1.9 Payment for the acquisition of:		
a) businesses (item 5)	-	-
b) equity investments	-	-
c) intellectual property	-	-
d) physical non-current assets	(6,854)	(14,574)
e) other non-current assets	-	-
1.10 Proceeds from the disposal of:		
a) businesses (item 5)	-	-
b) equity investments	-	-
c) intellectual property	-	-
d) physical non-current assets	25,391	26,659
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	18,537	12,085
1.14 Total operating and investing cash flows	(1,664,501)	887,742
Cash flows related to financing activities		
1.15 Proceeds from the issue of shares	-	-
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Advances made to third parties	-	-
1.19 Dividends paid	-	-
1.20 Repayment of finance lease principal	(159,836)	(290,782)
Net financing cash flows	(159,836)	(290,782)
Net increase (decrease) in cash held	(1,824,337)	596,960
1.21 Cash at beginning of quarter/year to date	16,275,669	13,783,750
1.22 Exchange rate adjustments	(161,249)	(90,627)
1.23 Cash at end of quarter	14,290,083	14,290,083

+ See chapter 19 for defined terms.

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
1.24 Aggregate amount of payments to the parties included in item 1.2	471,462
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 \$351,681 paid in consulting fees, bonuses, commissions, Directors' fees, superannuation and salaries to Directors and entities associated with Directors during the quarter. The amount also includes rental and outgoings of \$119,781 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

None.

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 an approximate 16.12% minority interest in the North Laverton 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	Amount used \$A
3.1 Loan facilities	-	-
3.2 Credit standby arrangements Hire purchase facility	2,500,000	1,632,868

+ 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 (December 2007) \$A	Previous quarter (September 2007) \$A
4.1 Cash on hand and at bank	1,763,038	13,757,615
4.2 Deposits at call	12,527,045	2,518,054
4.3 Bank overdraft	-	-
4.4 Commercial Bills of Exchange	-	-
Total cash at end of quarter (item 1.23)	14,290,083	16,275,669

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	Not applicable	Not applicable
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: **31 January 2008**
Chief Executive Officer

Print name: **Michael B. Ohanessian**

+ 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.

+ See chapter 19 for defined terms.