



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
30 June 2009

GENETIC TECHNOLOGIES LIMITED

QUARTERLY ACTIVITIES REPORT FOR THE QUARTER ENDED 30 JUNE 2009

OPERATIONS

Customer receipts during the quarter ended 30 June 2009 were \$1.69 million, reflecting the decrease in licensing revenues as compared to the previous financial year (and as reflected in the December 2008 Half-Year Financial Report). However, gross revenues from Genetic Technologies' testing and fertility operations during the financial year ended 30 June 2009 are expected to reveal an increase of approximately 40% as compared to the results for the previous corresponding period. Encouragingly, contributions to this result are spread across many of the Company's sales channels. The contract with the NSW Police Service has delivered pleasing revenues in excess of budget. Increases too in the numbers of medical tests performed has seen substantial increases in breast cancer testing revenues, driven largely by the Company's unrivalled turn around time for results.

The stand out performer for the Company this year however has been the companion animal genetics and fertility division which offers a wide range of tests for inherited diseases and traits, together with the canine fertility business that has grown substantially since its acquisition last year. This business is expected to continue to underscore growth in the coming year through expansions in both product offerings and locations.

LICENSING AND IP

The Company's intellectual property portfolio continues to strengthen, with 99 patents having now been granted and a further 68 which are pending.

On 10 June 2009, the Company announced that the nullification action filed in the German Federal Patent Court against German Patent No. 69029018.7 by Bioscientia Institut fuer Medizinische Diagnostik GmbH ("Bioscientia") of Ingelheim, Germany had been withdrawn by Bioscientia, with the approval of the Court. This patent is owned by GTG and is part of the Company's worldwide family of patents covering non-coding DNA which collectively form the basis of the Company's out-licensing program. This result was a positive outcome for the company.

On 30 June 2009, the Company announced that it had been notified by the United States Patent and Trademark Office that a first non-final Office Action relating to one of the Company's patents covering one of its non-coding DNA analysis technologies had been issued. Seven of the thirty six claims of United States Patent number 5,612,179 ('179) are the subject of the re-examination. This initial action is preliminary and non-final and GTG has since filed a response to the action. As the re-examination has been initiated *ex parte*, there is no third party to the proceedings. The '179 patent has previously been the subject of several US infringement actions, all resulting in settlement, including one with Applera Corporation on undisclosed terms following a successful Markman claim construction hearing.

RESEARCH AND DEVELOPMENT

The Company's three research programs have all met their respective milestones this year, progressing further towards commercialisation.

- As announced on 9 June 2009, results received from an ImmunAid trial conducted in the USA delivered encouraging suggestive data, supporting the hypothesis of improved response rates via timed therapeutic interventions in chronic disease states. Further studies are now in the planning phase and early stage commercial discussions with a number of potential partners continue.
- A pilot study by the Company's RareCollect project demonstrated the ability to recover whole foetal cells and DNA from cervical mucus, preparing the way for an upcoming Phase Ia clinical study using a novel prototype device and proprietary genetic material enrichment process. If successful, the RareCollect process could eliminate the need for invasive and potentially risky procedures such as amniocentesis.



RESEARCH AND DEVELOPMENT (cont.)

- A number of compounds developed under a joint venture program with Meat & Livestock Australia have proved successful *in vitro* in killing parasites of ruminants such as sheep and cattle. These compounds have attracted commercial interest from a number of large animal health companies and commercial discussions regarding their commercialisation are ongoing.

CORPORATE MATTERS

On 21 April 2009, the Company announced the appointment of Dr. Paul MacLeman as its new Chief Executive Officer. Dr. MacLeman is a registered veterinary surgeon and holds additional qualifications including an MBA (MGSM), Grad Dip Tech Mgt, Grad Cert Eng and is a member of the AICD. He is the current Chairman of the Ausbiotech Agricultural, Environmental & Industrial Advisory Committee and was most recently Chief Executive Officer of Hatchtech Pty. Limited where he led the company from research through to international Phase II human clinical trials. Dr. MacLeman was responsible for opening up animal health and agricultural opportunities, climaxing in an agreement with one of the top three global chemicals companies. Prior to this, he was Chief Operating Officer of Imugene Ltd. and Vice President at Agenix Ltd. Dr. MacLeman has also previously founded life sciences start-ups and worked in investment banking focusing on the analysis and financing of technology companies.

Signed on behalf of Genetic Technologies Limited

DR. PAUL D.R. MacLEMAN
Chief Executive Officer

Dated this 30th day of July, 2009

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")

30 JUNE 2009

Consolidated statement of cash flows

	Current quarter (June 2009) \$A	Year to date (twelve months) \$A
Cash flows related to operating activities		
1.1 Receipts from customers	1,694,375	9,764,803
1.2 Payments for		
(a) staff costs	(1,454,203)	(6,703,112)
(b) advertising and marketing	(70,358)	(251,329)
(c) research and development	(336,101)	(2,274,369)
(d) leased assets	-	-
(e) other working capital	(1,469,224)	(6,529,522)
1.3 Dividends received	-	-
1.4 Interest and items of a similar nature received	97,815	585,776
1.5 Interest and other costs of finance paid	(23,496)	(88,462)
1.6 Income taxes paid	-	-
1.7 Grant and other income	225,260	469,337
Net operating cash flows	(1,335,932)	(5,026,878)

+ See chapter 19 for defined terms.

Consolidated statement of cash flows (cont.)

	Current quarter (June 2009) \$A	Year to date (twelve months) \$A
1.8 Net operating cash flows (carried forward)	(1,335,932)	(5,026,878)
Cash flows related to investing activities		
1.9 Payment for the acquisition of:		
a) businesses (item 5)	-	(461,300)
b) equity investments	-	-
c) intellectual property	-	-
d) physical non-current assets	(156,718)	(246,562)
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	-	382,141
e) joint venture interest	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
Net investing cash flows	(156,718)	(325,721)
1.14 Total operating and investing cash flows	(1,492,650)	(5,352,599)
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 Repayment of borrowings from third parties	-	-
1.19 Dividends paid	-	-
1.20 Repayment of finance lease principal	(40,350)	(194,176)
Net financing cash flows	(40,350)	(194,176)
Net increase / (decrease) in cash held	(1,533,000)	(5,546,775)
1.21 Cash at beginning of quarter / year to date	9,402,973	13,370,772
1.22 Exchange rate adjustments	(43,071)	2,905
1.23 Cash at end of quarter	7,826,902	7,826,902

+ 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	202,534
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 \$46,325 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 \$156,209 for the Melbourne laboratory premises paid to an entity associated with a former 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	None

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	373,443

+ 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 (June 2009) \$A	Previous quarter (March 2009) \$A
4.1 Cash on hand and at bank	3,076,902	2,226,239
4.2 Term deposits	4,750,000	7,176,734
4.3 Bank overdraft	-	-
4.4 Commercial Bills of Exchange	-	-
Total cash at end of quarter (item 1.23)	7,826,902	9,402,973

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 (note)		
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: **30 July 2009**
Chief Executive Officer

Print name: **Dr. Paul D.R. MacLeman**

+ 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.