GENETIC TECHNOLOGIES LIMITED

A.B.N. 17 009 212 328

ASX Appendix 4E

Preliminary Final Report

for the year ended

30 JUNE 2010

ASX APPENDIX 4E

The following information for Genetic Technologies Limited ("GTG" and the "Company") is provided under Listing Rule 4.3A of the Listing Rules of the Australian Securities Exchange ("ASX"). The financial information provided in this Appendix 4E covers the consolidated Group, comprising Genetic Technologies Limited (the parent entity) and all entities that the Company controlled from time to time during the year and at the reporting date (30 June 2010). The date of this Appendix 4E is **30 August 2010**.

1. The reporting period covers the financial year ended 30 June 2010 ("Reporting Period").
   The previous corresponding period is the financial year ended 30 June 2009 ("Previous Period").

2. Results for announcement to the Market:

		Reporting Period	Movement from Previous Period	
2.1	Consolidated revenue from ordinary activities	**$9,970,544**	**Decreased by $2,211,088**	**Decreased by 18.2%**
2.2	Consolidated loss from ordinary activities after tax attributable to Members of the Company	**$(9,343,766)**	**Increased by $1,502,693**	**Increased by 19.2%**
2.3	Consolidated loss for the Reporting Period attributable to Members of the Company	**$(9,343,766)**	**Increased by $1,502,693**	**Increased by 19.2%**
2.4	No dividends were paid during the Reporting Period nor are any proposed.			
2.5	There is no record date for determining dividend entitlements.			
2.6	All matters pertaining to the figures above are described elsewhere in this Appendix 4E.			

3. The unaudited Consolidated Statement of Comprehensive Income for the consolidated Group covering the Reporting Period and the Previous Period is attached as page 4 of this Appendix 4E.

4. The unaudited Consolidated Balance Sheet for the consolidated Group covering the Reporting Period and the Previous Period is attached as page 5 of this Appendix 4E.

5. The unaudited Consolidated Cash Flow Statement for the consolidated Group covering the Reporting Period and the Previous Period is attached as page 6 of this Appendix 4E.

6. No dividends were paid during the Reporting Period or the Previous Period, nor are any proposed as at the date of this Appendix 4E.

7. The Company does not have a Dividend Reinvestment Plan as at the date of this Appendix 4E.

8. A Statement of Accumulated Losses covering the Reporting Period and the Previous Period is attached as Note 8 on page 11 of this Appendix 4E.

9. The consolidated net tangible assets as at the end of the Reporting Period were 1.03 cents per share.
   The corresponding figure as at the end of the Previous Period was 2.54 cents per share.

10. On 28 June 2010, Genetic Technologies Limited initiated the incorporation of Phenogen Sciences Inc. ("Phenogen") in the US state of Delaware. All of the issued shares in Phenogen are owned by Genetic Technologies Limited. During the period from the date on which control was obtained to 30 June 2010, no revenues were generated nor expenses incurred by Phenogen.

ASX APPENDIX 4E (cont.)

11. During the Reporting Period, the consolidated Group held no interests in any associated entities.

12. Apart from the information contained elsewhere in this Appendix 4E, there is no other significant information needed by an investor to make an informed assessment of the Company's financial performance and financial position as at the Reporting Date.

13. The Company is not a foreign entity.

14. Commentary on the financial results

Overview

During the 2010 financial year, Genetic Technologies Limited and its subsidiaries generated consolidated gross revenues and other income of approximately $10.0 million, representing a 18.2% decrease over the corresponding figure for the 2009 year. The overall decrease of $2.2 million included a 7.8% increase in revenue from operations (comprising the provision of genetic testing and reproductive services, but excluding fees from out-licensing activities) offset by a 30.6% fall in revenue from the Company's out-licensing activities. However, as detailed below, the patent infringement suit initiated by GTG in the US has already started to generate material licensing revenues for the Company in 2011.

The consolidated loss after tax of $9.36 million included net non-cash items of approximately $5.29 million, comprising amortisation of patents and depreciation of plant and equipment ($3.71 million), impairment losses and other write-downs ($1.79 million), together with other net credits ($0.21 million). The consolidated loss after tax also included expenditure in respect of the Company's various research and development activities of $1,576,503 which represented a 40% decrease over the 2009 financial year.

Operations

In 2010, the business completed a major strategic review of its operations and began implementing a new organisational structure. Apart from achieving stronger customer focus through the appointment of several senior staff members, the review was aimed at selecting fewer, higher-margin activities on which the Company could concentrate its efforts.

With a clear focus having been established to develop GTG into a specialist cancer diagnostics business, new field staff were hired to better target the Company's customer base in Australia and New Zealand. A series of genetic tests were then licensed in from leading-edge companies overseas such as Rosetta Genomics, Trimgen and Response Genetics, which expanded the Company's portfolio of products. These additional tests, coupled with a more focused targeting of oncologists, led to an increase in the number of contracts and other process improvements that cemented GTG's reputation as having the fastest turnaround times in the industry. A comparative analysis for the fourth quarter of the 2010 financial year against the previous corresponding quarter revealed an 18% increase in revenue, demonstrating the strength of this strategy. By the end of May 2010, improvements to costing structures within the lab also delivered increased gross margins which will flow on into the 2011 financial year.

The successful purchase of assets from Perlegen Sciences Inc. ("Perlegen") in California in April 2010, primarily the BREVAGen™ breast cancer risk assessment test, strengthened GTG's expanding portfolio of medical tests. Following the acquisition, significant work has since been undertaken ahead of the US launch of BREVAGen™ in late 2010 which has included technical validation of the test in GTG's Fitzroy laboratory, the recruitment of a US-based General Manager to oversee the US sales program, the incorporation of a local US subsidiary named Phenogen Sciences Inc. and the establishment of an office in Charlotte, North Carolina.

In order the fund the purchase of the assets from Perlegen, the Company announced in April 2010 that it had issued by way of private placement a total of 29,960,351 ordinary shares in the Company. The placement involved the issue of 27,940,530 ordinary shares to an institutional investor group in the USA at a price of $0.039 each, which raised a total of $1,089,681 in cash, before the payment of associated expenses. The remaining 2,019,821 ordinary shares, which were issued at a price of $0.040 each, were issued to Perlegen as partial consideration for the acquisition of the assets.

ASX APPENDIX 4E (cont.)

14. Commentary on the financial results (cont.)

Operations (cont.)

The current contract to provide forensic services to the New South Wales Police Force continued during the year and additional attention to the relationship has produced higher case volumes and revenues in excess of budget forecasts. Discussions with two other State-based Police Forces have also commenced.

The Company's paternity business has been further streamlined. During 2010, the Company renewed its contract with Queensland Legal Aid and introduced online selling of the Silbase brand for paternity, giving the Company both a premium and entry level brand in this competitive market. Contracts were modified and renewed in the personal DNA area; primarily the Company's sports gene test, ACTN3, in order to better align operational costs with current test volumes. The introduction of a novel genetic test for ancestry in 2010 gave GTG a public face and proved that in-house product development could be achieved in just six weeks and be successfully marketed.

With the overall direction for the business now focused on genetic testing, a detailed review of the profitability of the Company's reproductive services business resulted in the divestment of the business that had been acquired as part of the acquisition of Frozen Puppies Dot Com Pty. Ltd. in 2008. The Company is now well advanced in disposing of all surplus assets from the business and terminating leases over premises that it had formerly occupied.

Notwithstanding the divestment of the reproductive services part of the Company's animal business, agreements with both Gribbles Animal Pathology and the retail group Greencross Vet Clinics were executed pursuant to which GTG will market its animal tests through the veterinary channel without the need for incurring large start up investment costs. Work with specific breed clubs and Animal Welfare Leagues also increased sales and exposure for the Company's BITSA test during 2010. The largest kennel club in China with over 170,000 members, the CKU, has also invited GTG to tender for its business as it moves to making DNA profiling compulsory for its members.

Licensing

During the 2010 year, the Company filed a patent infringement suit in respect of its non-coding DNA technologies against nine parties in the US District Court, Western District of Wisconsin. The case is being prosecuted by the Company's Colorado based law firm Sheridan Ross PC, who has in the past successfully asserted and defended GTG's intellectual property rights globally and has assembled a team of six partners and associates to support the case. Importantly, the Company has put in place arrangements pursuant to which it believes that the costs associated with the patent infringement suit should not have a material adverse impact on its finances.

Since initiating the patent infringement suit in February 2010, four of the nine parties have negotiated settlements of the dispute with the Company which have collectively generated gross fees, before the payment of commissions, of more than $2.3 million. Negotiations seeking to grant further licenses with other parties, including a number who are not involved with the suit, are continuing.

In May 2010, the Company announced that it had received formal notification from the United States Patent and Trademarks Office (USPTO) that it had upheld, without amendment, all of the claims which formed the basis of the re-examination action (as detailed in the Company's ASX announcement dated 30 June 2009) of the Company's core 5,612,179 non-coding deoxyribonucleic acid (DNA) patent.

15. The Financial Report for the year ended 30 June 2010 is in the process of being audited by the Company's auditor, PricewaterhouseCoopers. As such, the financial information contained in this Preliminary Final Report is unaudited.

16. The Directors of the Company anticipate that the Auditor's Report for the year ended 30 June 2010, once signed, should not contain any form of qualification.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2010

	Notes	Consolidated 2010 $	Consolidated 2009 $
Revenue from continuing operations			
Genetic testing services		**4,915,528**	4,599,286
Reproductive services		**890,030**	782,803
Total revenue from continuing operations		**5,805,558**	5,382,089
Less: cost of sales	4	**(2,716,657)**	(2,203,839)
Gross profit from continuing operations		**3,088,901**	3,178,250
Other revenue	2	**3,951,178**	6,012,014
Other income	3	**213,808**	787,529
Less: borrowing costs		**(100,422)**	(89,499)
Less: other expenses	4	**(16,508,674)**	(17,746,615)
Loss before income tax expense		**(9,355,209)**	(7,858,321)
Income tax expense		**-**	-
Loss for the year		**(9,355,209)**	(7,858,321)
Other comprehensive income/(loss)			
Realised gain on sale of available-for-sale investments transferred from reserve		**(170,000)**	-
Unrealised gain on available-for-sale investments		**-**	170,000
Exchange gains/(losses) on translation of controlled foreign operations		**(8,623)**	(13,408)
Exchange gains/(losses) on translation of non-controlled foreign operations		**3,404**	6,133
Other comprehensive income/(loss) for the year, net of tax		**(175,219)**	162,725
Total comprehensive loss for the year		**(9,530,428)**	(7,695,596)
Loss for the year is attributable to:			
Owners of Genetic Technologies Limited		**(9,343,766)**	(7,841,073)
Non-controlling interests		**(11,443)**	(17,248)
Loss for the year		**(9,355,209)**	(7,858,321)
Total comprehensive loss for the year is attributable to:			
Owners of Genetic Technologies Limited		**(9,522,389)**	(7,684,481)
Non-controlling interests		**(8,039)**	(11,115)
Total comprehensive loss for the year		**(9,530,428)**	(7,695,596)
Earnings per share attributable to owners of the Company:			
Basic loss per share (cents per share)	5	**(2.5)**	(2.1)
Diluted loss per share (cents per share)	5	**(2.5)**	(2.1)

CONSOLIDATED BALANCE SHEET

As at 30 June 2010

	Notes	Consolidated 2010 $	2009 $
ASSETS			
Current assets			
Cash and cash equivalents	6	**3,306,311**	7,826,902
Trade and other receivables		**754,657**	1,829,239
Prepayments and other assets		**369,535**	446,825
Performance bond and deposits		**71,658**	200
Total current assets		**4,502,161**	10,103,166
Non-current assets			
Available-for-sale investments		**-**	255,000
Property, plant and equipment		**1,977,826**	3,010,025
Intangible assets and goodwill		**1,799,585**	4,609,540
Total non-current assets		**3,777,411**	7,874,565
Total assets		**8,279,572**	17,977,731
LIABILITIES			
Current liabilities			
Trade and other payables		**1,195,673**	2,158,557
Interest-bearing liabilities		**382,640**	373,444
Deferred revenue		**194,441**	229,008
Provisions		**706,189**	1,018,376
Total current liabilities		**2,478,943**	3,779,385
Non-current liabilities			
Provisions		**82,933**	86,301
Total non-current liabilities		**82,933**	86,301
Total liabilities		**2,561,876**	3,865,686
Net assets		**5,717,696**	14,112,045
EQUITY			
Contributed equity		**72,378,105**	71,285,663
Reserves		**1,529,142**	1,701,899
Accumulated losses		**(68,374,028)**	(59,030,262)
Parent entity interest		**5,533,219**	13,957,300
Minority interests		**184,477**	154,745
Total equity		**5,717,696**	14,112,045

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 June 2010

	Notes	Consolidated 2010 $	Consolidated 2009 $
Cash flows used in operating activities			
Receipts from customers		**10,116,896**	9,216,374
Payments to suppliers and employees		**(14,594,197)**	(15,224,721)
Interest received		**216,549**	585,776
Interest paid		**(42,128)**	(39,267)
Other receipts		**-**	469,430
Refund of performance bond		**-**	68,917
Net cash flows used in operating activities	6	**(4,302,880)**	(4,923,491)
Cash flows used in investing activities			
Proceeds from the sale of available-for-sale investments		**295,195**	-
Proceeds from the sale of plant and equipment		**4,977**	338,269
Purchase of assets associated with BREVAGen™ breast cancer test		**(952,480)**	-
Purchase of non-coding patents		**(242,379)**	-
Purchases of plant and equipment		**(144,796)**	(213,300)
Investment in Frozen Puppies Dot Com Pty. Ltd.		**-**	(469,730)
Costs incurred on acquisition of subsidiary		**-**	(8,430)
Net cash flows used in investing activities		**(1,039,483)**	(353,191)
Cash flows from / (used) in financing activities			
Net proceeds from the issue of shares		**1,011,650**	-
Repayment of hire purchase principal		**(225,407)**	(192,591)
Net cash flows from / (used) in financing activities		**786,243**	(192,591)
Net decrease in cash and cash equivalents		**(4,556,120)**	(5,469,273)
Cash and cash equivalents at beginning of year		**7,826,902**	13,370,772
Net foreign exchange difference		**35,529**	(74,597)
Cash and cash equivalents at end of year	6	**3,306,311**	7,826,902

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2010

	Attributable to Members of Genetic Technologies Limited					
Consolidated	**Contributed equity**	**Reserves**	**Accumulated losses**	**Parent interests**	**Minority interests**	**Total equity**
	$	**$**	**$**	**$**	**$**	**$**
At 1 July 2008	**70,243,996**	**1,588,804**	**(51,189,189)**	**20,643,611**	**141,462**	**20,785,073**
Total comprehensive loss	-	156,592	(7,841,073)	(7,684,481)	(11,115)	(7,695,596)
Transactions with owners in their capacity as owners						
Contributions of equity	1,041,667	-	-	1,041,667	-	1,041,667
Share-based payments	-	(43,497)	-	(43,497)	-	(43,497)
Share of issued capital	-	-	-	-	24,398	24,398
	1,041,667	(43,497)	-	998,170	24,398	1,022,568
At 30 June 2009	**71,285,663**	**1,701,899**	**(59,030,262)**	**13,957,300**	**154,745**	**14,112,045**
Total comprehensive loss	-	(178,623)	(9,343,766)	(9,522,389)	(8,039)	(9,530,428)
Transactions with owners in their capacity as owners						
Contributions of equity	1,092,442	-	-	1,092,442	-	1,092,442
Share-based payments	-	5,866	-	5,866	-	5,866
Share of issued capital	-	-	-	-	37,771	37,771
	1,092,442	5,866	-	1,098,308	37,771	1,136,079
At 30 June 2010	**72,378,105**	**1,529,142**	**(68,374,028)**	**5,533,219**	**184,477**	**5,717,696**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2010

1. BASIS OF PREPARATION

This general purpose Financial Report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Compliance with IFRS

The Financial Report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the measurement of the available-for-sale investments at fair value.

Going concern basis

During the financial year, the consolidated entity incurred a total comprehensive loss after income tax of $9,530,428 (2009: $7,695,596) and net cash outflows from operations of $4,302,880 (2009: $4,923,491). As at 30 June 2010, the consolidated entity held cash reserves of $3,306,311.

Given the net cash outflows from operations incurred during the year ended 30 June 2010 and the Company's available cash reserves as at that date, the Directors have undertaken an assessment of the Company's continued ability to pay its debts as and when they fall due and to remain as a going concern. As part of this assessment, the Directors have had regard to the Company's cash flow forecasts for the twelve month period from the date of this Financial Report.

Subsequent to balance date, the consolidated entity is pursuing a transaction to secure additional funding to help it meet its financial obligations for the twelve-month period from the date on which the Financial Report for the year ended 30 June 2010 will be approved by the Directors.

Although there is some uncertainty in the Company's cash flow forecasts in relation to the timing and quantum of licensing revenue, the Directors believe that the consolidated entity will be able to maintain sufficient cash reserves through a range of available options, which include:

- Generation of additional funds from the granting of further "non-coding" licenses as part of Company's out-licensing and assertion programs and the sale of new genetic tests;
- Deferment of the expenditure associated with the roll-out of the BREVAGen™ test in the USA such that material costs are only incurred once sufficient funds become available;
- Continuation of cost containment strategies currently in progress; and
- Fundraising from the issue of new shares in the Company and/or the sale of non-core and surplus assets.

As a result of the above, the Directors believe that the Company has sufficient cash reserves to meet its forecast net cash outflows from operations for the next twelve months and consequently the Financial Report for the year ended 30 June 2010 has been prepared on a going concern basis.

	Consolidated	
	2010 **$**	**2009** **$**
2. OTHER REVENUE		
License fees received	**2,058,303**	3,693,866
Royalties and annuities received	**1,681,444**	1,697,848
Interest received	**211,431**	589,594
Rental recovery	**-**	30,613
Miscellaneous revenue	**-**	93
Total other revenue	**3,951,178**	6,012,014

	Consolidated 2010 $	Consolidated 2009 $
3. OTHER INCOME		
Net gain on disposal of available-for-sale investments	**210,195**	-
Net foreign exchange gains	**10,517**	68,007
Net gain / (loss) on disposal of plant and equipment	**(6,904)**	100,811
Net gain on disposal of joint venture interest	**-**	185,000
Grants received and related income	**-**	338,724
Reversal of provision for rehabilitation expenses	**-**	94,987
Total other income	**213,808**	787,529
Net (loss) / gain on disposal of plant and equipment		
Proceeds from sale	**4,977**	338,269
Less: carrying value at date of sale	**(11,881)**	(237,458)
Net (loss) / gain on disposal of plant and equipment	**(6,904)**	100,811
4. EXPENSES		
Cost of sales		
Inventory used	**2,038,646**	1,524,881
Direct labour costs	**442,435**	501,785
Consumables written off	**235,576**	177,173
Total cost of sales	**2,716,657**	2,203,839
Other expenses		
Employee benefits expenses		
Wages and salaries	**4,117,094**	4,206,580
Consulting fees	**653,626**	763,490
Superannuation	**358,977**	382,666
Payroll tax	**232,591**	266,783
Directors’ fees	**212,371**	286,194
Staff recruitment, training, amenities and other expenses	**180,628**	132,841
Termination benefits	**118,529**	345,000
Fringe benefits tax	**40,236**	67,940
Workers’ compensation costs	**25,687**	31,552
Share-based payments expense / (credit)	**5,866**	(43,497)
Total employee benefits expenses	**5,945,605**	6,439,549
Amortisation and depreciation expenses		
Patents	**2,821,002**	2,947,337
Laboratory / veterinary equipment	**537,759**	726,704
Equipment under hire purchase	**234,476**	187,678
Computer equipment	**51,747**	78,890
Leasehold improvements	**41,605**	21,602
Office equipment	**19,741**	24,449
Motor vehicles	**-**	1,336
Total amortisation and depreciation expenses	**3,706,330**	3,987,996
Impairment losses and other write-downs		
Impairment loss on goodwill	**1,264,603**	-
Impairment loss on plant and equipment	**493,061**	-
Net bad debts written down / off	**22,637**	72,066
Impairment loss on consumables	**6,232**	-
Impairment loss on available-for-sale investments	**-**	245,959
Total impairment losses and other write-downs	**1,786,533**	318,025

	Consolidated 2010 $	2009 $
4. EXPENSES (cont.)		
General expenses		
Legal and patent fees	**1,257,145**	1,386,393
Administration expenses	**979,006**	1,304,682
Rent and outgoings	**718,593**	584,980
Royalties, license fees and commissions paid	**399,318**	354,684
Other laboratory and veterinary expenses	**357,464**	748,254
Marketing and promotion expenses	**340,630**	272,726
Contract research and trial expenses	**90,000**	1,209,260
Reversal of provision	**(370,346)**	-
Other expenses	**1,298,396**	1,140,066
Total general expenses	**5,070,206**	7,001,045
Total other expenses	**16,508,674**	17,746,615

5. LOSS PER SHARE

The following reflects the income and share data used in the calculations of basic and diluted loss per share:

	2010 $	2009 $
Loss for the year attributable to the owners of Genetic Technologies Limited	**(9,343,766)**	(7,841,073)
Weighted average number of ordinary shares used in calculating loss per share	**380,965,204**	373,906,149

6. CASH AND CASH EQUIVALENTS

Reconciliation of cash and cash equivalents

	2010 $	2009 $
Cash at bank and on hand	**1,773,152**	3,076,902
Short-term deposits	**1,533,159**	4,750,000
Total cash and cash equivalents	**3,306,311**	7,826,902

Reconciliation of operating loss

Reconciliation of operating loss after income tax to net cash flows used in operating activities is as follows:

	2010 $	2009 $
Operating loss after income tax	**(9,355,209)**	(7,858,321)
Adjust for non-cash items		
Amortisation and depreciation expenses	**3,706,330**	3,987,996
Share-based payments expense / (credit)	**5,866**	(43,497)
Impairment losses and other write-downs	**1,786,533**	318,025
Net draw-downs under Applera settlement	**-**	(1,801,628)
Net loss / (gain) on disposal of available-for-sale investments	**(210,195)**	-
Net loss / (gain) on disposal of plant and equipment	**6,904**	(100,811)
Net foreign exchange (gains)/losses	**(10,517)**	(68,007)
Fair value of listed shares acquired	**-**	(85,000)
Adjust for changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	**1,074,582**	(232,501)
(Increase)/decrease in prepayments/other assets	**77,290**	410,400
(Increase)/decrease in other financial assets	**(71,458)**	68,917
Increase/(decrease) in trade and other payables	**(962,884)**	372,145
Increase/(decrease) in deferred revenue	**(34,567)**	90,067
Increase/(decrease) in provisions	**(315,555)**	18,724
Net cash flows used in operating activities	**(4,302,880)**	(4,923,491)

	Consolidated	
	2010	**2009**
	$	**$**

6. CASH AND CASH EQUIVALENTS (cont.)

Financing facilities available

As at 30 June 2010, the following financing facilities had been negotiated and were available:

	2010 $	2009 $
Total facilities		
Hire purchase facility	**2,500,000**	2,500,000
Credit cards	**147,000**	147,000
Facilities used as at reporting date		
Hire purchase facility (refer note below)	**(382,640)**	(373,444)
Credit cards	**(29,123)**	(22,958)
Facilities unused as at reporting date		
Hire purchase facility	**2,117,360**	2,126,556
Credit cards	**117,877**	124,042

Non-cash activities

During the financial year, the Group acquired plant and equipment with an aggregate fair value of $213,275 (2009: $269,420) by means of hire purchase agreements. The Group also acquired laboratory equipment with an aggregate fair value of $nil (2009: $1,801,628) from draw downs made under the Supply Agreement with Applera Corporation.

Hire purchase facility

As at 30 June 2010, the Company had breached one of the covenants of the Master Asset Finance Facility which governs the hire purchase agreements. Subsequent to balance date, National Australia Bank Limited provided the Company with a letter waiving its right to take any further action in respect of the breach. As a result of the breach, however, all liabilities in respect of the hire purchase agreements as at 30 June 2010 have been classified as current liabilities in the balance sheet.

7. IMPAIRMENT

Impairment loss

The total impairment loss for the 2010 financial year of $1,763,896 (2009: $245,959) comprised impairment of goodwill, equipment and consumables associated with the Company's reproductive services business ($1,264,603, $115,413 and $6,232, respectively) and equipment acquired under the Supply Agreement with Applera Corporation ($377,648) ("Applera"). No other classes of goodwill or equipment were impaired during the 2010 financial year.

The impairment charges relating to the Company's reproductive services business arose following a decision by the Company to divest itself of that business and to focus on the provision of animal genetic tests, rather than the services that were acquired as part of the acquisition of the Frozen Puppies Dot Com business in 2008.

The impairment charges relating to the equipment acquired under the Supply Agreement with Applera arose following an exchange of surplus laboratory equipment with a subsidiary of Applera.

As at balance date, the Company believes that the carrying values of the remaining assets of $1,329,024 is fair and reasonable.

	Consolidated	
	2010	**2009**
	$	**$**

8. ACCUMULATED LOSSES

	2010 $	2009 $
Balance at the beginning of the financial year	**(59,030,262)**	(51,189,189)
Add: net loss attributable to members of Genetic Technologies Limited	**(9,343,766)**	(7,841,073)
Balance at the end of the financial year	**(68,374,028)**	(59,030,262)

9. CONTINGENT LIABILITIES

The Group had no contingent liabilities as at 30 June 2010.

10. SEGMENT INFORMATION

Identification of reportable segments

The Group has identified three reportable operating segments based on the similarity of the products produced and sold and/or the services provided, as these represent the sources of the Group's major risks and have the greatest effect on the rates of return. The separate groups of similar products and services are then divided into operating businesses, the performances of which are reported to the Chief Executive Officer, the Senior Management Team and the Board of Directors on a monthly basis. The segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The Group also separately reports the corporate headquarter function to clearly identify costs associated with that function. The corporate function is not considered to be an operating or reportable segment.

The Group's three operating segments can be described as follows:

Operations – involves the provision of a range of genetic testing and reproductive services.

Licensing – involves the out-licensing of the Group's "non-coding" technology.

Research – involves the undertaking of a range of research and development projects in the field of genetics and related areas.

The *Corporate* disclosures below include all revenues, costs, assets and liabilities associated with the headquarter function.

Business segments

Segment		Revenues and income			Profit / (loss) after tax	Assets	Liabilities	Amortisation /depreciation
		Sales $	Other $	Totals $	$	$	$	$
Operations	**2010**	**5,805,558**	**-**	**5,805,558**	**(4,720,180)**	**3,885,395**	**(1,646,160)**	**(783,826)**
	2009	5,382,089	98,867	5,480,956	(2,923,258)	5,711,113	(1,453,352)	(872,897)
Licensing	**2010**	**-**	**3,739,747**	**3,739,747**	**(186,856)**	**674,373**	**(274,602)**	**(2,771,907)**
	2009	-	5,391,714	5,391,714	1,373,993	3,035,475	(309,312)	(2,899,432)
Research	**2010**	**-**	**-**	**-**	**(1,576,503)**	**165,523**	**(81,442)**	**(111,412)**
	2009	-	369,337	369,337	(2,645,438)	861,838	(866,214)	(157,796)
Sub-total	**2010**	**5,805,558**	**3,739,747**	**9,545,305**	**(6,483,539)**	**4,725,291**	**(2,002,204)**	**(3,667,145)**
	2009	5,382,089	5,859,918	11,242,007	(4,194,703)	9,608,426	(2,628,878)	(3,930,125)
Corporate	**2010**	**-**	**425,239**	**425,239**	**(2,871,670)**	**3,554,281**	**(559,672)**	**(39,185)**
	2009	-	939,625	939,625	(3,663,618)	8,369,305	(1,236,808)	(57,871)
Totals	**2010**	**5,805,558**	**4,164,986**	**9,970,544**	**(9,355,209)**	**8,279,572**	**(2,561,876)**	**(3,706,330)**
	2009	5,382,089	6,799,543	12,181,632	(7,858,321)	17,977,731	(3,865,686)	(3,987,996)

Segment		Impairment losses/ write downs $	Purchases of equipment $	Net cash flows (used in) / from operating activities $	investing activities $	financing activities $
Operations	**2010**	**(1,786,533)**	**345,801**	**1,959,837**	**(1,331,408)**	**(214,838)**
	2009	(72,066)	2,453,760	(1,246,503)	(224,511)	(156,692)
Licensing	**2010**	**-**	**6,477**	**(794,777)**	**(6,477)**	**-**
	2009	-	-	2,658,848	-	-
Research	**2010**	**-**	**-**	**(2,115,625)**	**-**	**-**
	2009	-	-	(2,882,972)	-	(26,400)
Sub-total	**2010**	**(1,786,533)**	**352,278**	**(950,565)**	**(1,337,885)**	**(214,838)**
	2009	(72,066)	2,453,760	(1,470,627)	(224,511)	(183,092)
Corporate	**2010**	**-**	**5,793**	**(3,352,315)**	**298,402**	**1,001,081**
	2009	(245,959)	130,625	(3,452,864)	(128,680)	(9,499)
Totals	**2010**	**(1,786,533)**	**358,071**	**(4,302,880)**	**(1,039,483)**	**786,243**
	2009	(318,025)	2,584,385	(4,923,491)	(353,191)	(192,591)

Note: *Other revenues and income - corporate* includes interest received of $211,431 (2009: $589,594).

Expenses - corporate includes employee benefits expenses of $1,649,169 (2009: $1,864,632).

Assets - corporate includes cash of $3,306,311 (2009: $7,826,902).

Liabilities - corporate includes trade and other payables of $373,043 (2009: $666,630) and provisions of $173,607 (2009: $546,585).

There were no intersegment sales.

10. SEGMENT INFORMATION (cont.)

Geographic information

Australia – is the home country of the parent entity and the location of the Company's operations and licensing activities.

China – is the home of Genetic Technologies (Beijing) Limited.

Canada – is the home of Gtech International Resources Limited.

Switzerland – is the home of GeneType AG.

USA – is the home of GeneType Corporation and Phenogen Sciences Inc.

Revenues are allocated on the basis of the geographical location of the entities which earn them. The following table presents sales and other income and revenue on the basis of geographical locations for the years ended 30 June 2010 and 30 June 2009.

Segment		**Sales revenue**	**Other**	**Totals**
		$	**$**	**$**
Australia	**2010**	**5,683,060**	**3,739,652**	**9,422,712**
	2009	5,331,248	5,858,787	11,190,035
China	**2010**	**122,498**	**90**	**122,588**
	2009	50,841	41	50,882
Canada	**2010**	**-**	**-**	**-**
	2009	-	1,083	1,083
Switzerland	**2010**	**-**	**5**	**5**
	2009	-	7	7
Totals	**2010**	**5,805,558**	**3,739,747**	**9,545,305**
	2009	5,382,089	5,859,918	11,242,007

The total of the non-current assets located in Australia is $3,694,456 (2009: $7,768,174). The total of the non-current assets located in other countries is $82,955 (2009: $106,391). Segment non-current assets are allocated to countries based on the location of the respective assets.

Segment products and locations

The three principal business segments of the Group are operations, licensing and research. The principal geographic segment is Australia, with the Company's headquarters being located in Melbourne in the State of Victoria.

Segment accounting policies

Segment information is prepared in conformity with the accounting policies of the entity and Accounting Standard *IFRS 8 (AASB 8) Operating Segments* which was adopted by the Company in 2009. As a result, the primary reporting segments now reflect more closely the information that Management uses to make decisions about operating matters. Specifically, segment information is disclosed for the licensing, genetic testing and research operations which were previously disclosed within the biotechnology segment.

Interest received and finance costs are allocated under the heading *Corporat*e as they are not part of the core operations of any other segment.

Major customers

The Group has a number of major customers to which it provides both products and services. During the year ended 30 June 2010, there were no customers from whom the Group generated revenues representing more than 10% of the total consolidated revenue from operations.

11. SUBSEQUENT EVENTS

On 8 July 2010, the Company granted a total of 12,000,000 options over ordinary shares in the Company to members of its Senior Management Team. Apart from this, there have been no other transactions involving ordinary or potential ordinary shares between the reporting date and the date of this Financial Report.

Apart from this transaction, there have been no other events that have occurred subsequent to balance date.