

BIO-GENE TECHNOLOGY LTD

Annual Report 2018



WHO WE ARE

Bio-Gene is an Australian AgTech development company enabling the next generation of novel insecticides, addressing the global problems of insecticide resistance and toxicity. Its novel platform technology is based on naturally occurring beta-triketones, a type of chemistry that may offer new solutions for insect management control in animal health, crop protection including grain storage as well as in public health and consumer applications.

Insecticide resistance is a real and growing problem. Almost 600 insect types (including other arthropod pests such as ticks and mites) are resistant to more than one insecticide class. In terms of public health, over 60 countries have reported mosquito resistance to at least one insecticide class. With insect-borne diseases such as malaria, Zika and dengue fever becoming more widespread and only limited solutions available to address this expansion, the problem of insecticide resistance is expected to grow.

Many of the insecticide classes currently in use have toxicity profiles that pose mounting human and environmental problems, especially in agriculture where both crops and livestock can be continually exposed to these compounds. With the global agricultural insecticide market valued at in excess of US\$16 billion per annum, there is real potential to disrupt the current paradigm with an insect control solution that is targeted, safer, has low environmental impact and is cost effective to use.

Flavocide™ is our lead beta-triketone insecticide product, based on a class of chemistry identified in extracts of specific Australian native flora that have been shown to have insecticidal activity. Flavocide is based on flavesone, a chemically synthesised nature-identical compound. Our research to date indicates Flavesone has a novel mode of action versus any insecticide on the market today. We have demonstrated Flavesone efficacy when used alone, or in combination with other existing insecticides on resistant populations of certain pests, and it therefore has the potential to address existing insecticide resistance to other chemistry. Our second product, Qcide™, contains the natural form of another beta-triketone the Company is also developing, and is suitable for natural or biological applications.

BIO-GENE
TECHNOLOGY
LTD

An insecticide
technology & IP
development
company

BETA-TRIKETONES
Platform Technology

Key technology enabling a
new generation of novel
insecticides to address the
increasing problem of
insecticide resistance

Data shows initial products **Flavocide™**
& **Qcide™** can be highly effective for
insect management

Potentially suitable for
commercialisation as multiple target
insecticides

Collaborate with commercial
partners to bring multiple insect
indications to market

Targeting public health, animal health
crop protection & consumer sectors

CONTENTS:

Who We Are	2
Chairman's & CEO's Report	3
Progress	5
Financial Report	6

CHAIRMAN'S AND CEO'S REPORT

Dear Shareholder,

On behalf of the Bio-Gene Technology Board and management team, we are pleased to present our 2018 Annual Report to you.

Since listing on the ASX in November 2017, Bio-Gene has made strong operational progress during the year with a focus on continuing to improve the value proposition of our lead molecules Flavocide™ and Qcide™ while also progressing commercialisation of both products through engagement with potential industry partners.

Development work on Flavocide since listing has improved our understanding of the compound significantly and helped to better define its commercial applications. We carried out a broad range of tests during the year evaluating its potential to address the problem of insecticide resistance with positive results generated across a number of pest types including grain storage pests, cereal crop pests and mosquitos.

In addition to this testing, Bio-Gene has also completed toxicity studies confirming that Flavocide is significantly less toxic to bees when compared with other commonly used insecticides, highlighting its potential to be used in applications where bees are present, and strongly enhancing the commercial value proposition. Positive results have also been generated showing how the compound is safer for other beneficial insects - those who perform valued services like pollination and pest control - further increasing its attractiveness as an alternative to other commercial insecticide products.

Complementing our testing work, we have also expanded mode of action studies focused on Flavocide in order to identify the best options for multiple compound combinations. This work also serves to generate further data to support a future submission by Bio-Gene for a new classification of insecticide. We continue to work with CSIRO to develop improved manufacturing systems for the compound at lower cost and higher yield, and expect to release the results of our 28-day oral and dermal toxicity studies in the near term, complementing the initial acute and seven day repeated dose testing studies already completed.

During the year we also progressed development of our Qcide compound, announcing positive results from first human testing which showed it to be effective as a personal mosquito repellent under high insect conditions, opening potential commercial opportunities for Bio-Gene in the large and growing repellent market. At the same time we were also pleased to announce the signing of a research collaboration agreement with James Cook University for the development of a tissue culture system in order to support scale up of future Qcide oil production.

We have also looked to expand our intellectual property portfolio during the year, submitting two new international patents. The first of these patents covers use of beta-triketones to control resistant pest populations, and second patent covers use of beta-triketones in combination with other chemistry to control pests – successful granting of these patents will provide a long runway of protection. Further patent applications are planned for the future.

Efficacy testing results we have generated to date with our lead compounds have been positive and are in line with the key goals and objectives communicated by Bio-Gene to the market in December last year. In addition to identifying lead applications for our products this testing has been beneficial in terms of opening up dialogue with potential agri-chemical partners across the insecticide industry. Moving forward, Bio-Gene's research and testing programs are likely to evolve in order to reflect both our company's development plans, as well as the needs of potential partners, helping them better explore use of our compounds either alone or in combination with other products.



Finally, throughout the year we have continued to strengthen Bio-Gene's management and advisory teams with multiple appointments providing significant experience to the company and its development programs. In December last year we were pleased to have Mr Doug Rathbone join as a Board advisor and Professor Catherine Hill join as a member of Bio-Gene's Scientific Advisory Board in February. Also in addition to the appointment of Richard Jagger as Chief Executive Officer and Managing Director effective 1 January, Peter May was appointed as Executive Director, Research and Development from that date.

These appointments bring a diversity of skill sets to Bio-Gene, along with valuable industry insights which are critical as we continue to focus on engagement with potential industry partners who are looking to develop next generation insecticides, or incorporate new compounds into their current pest management strategies.

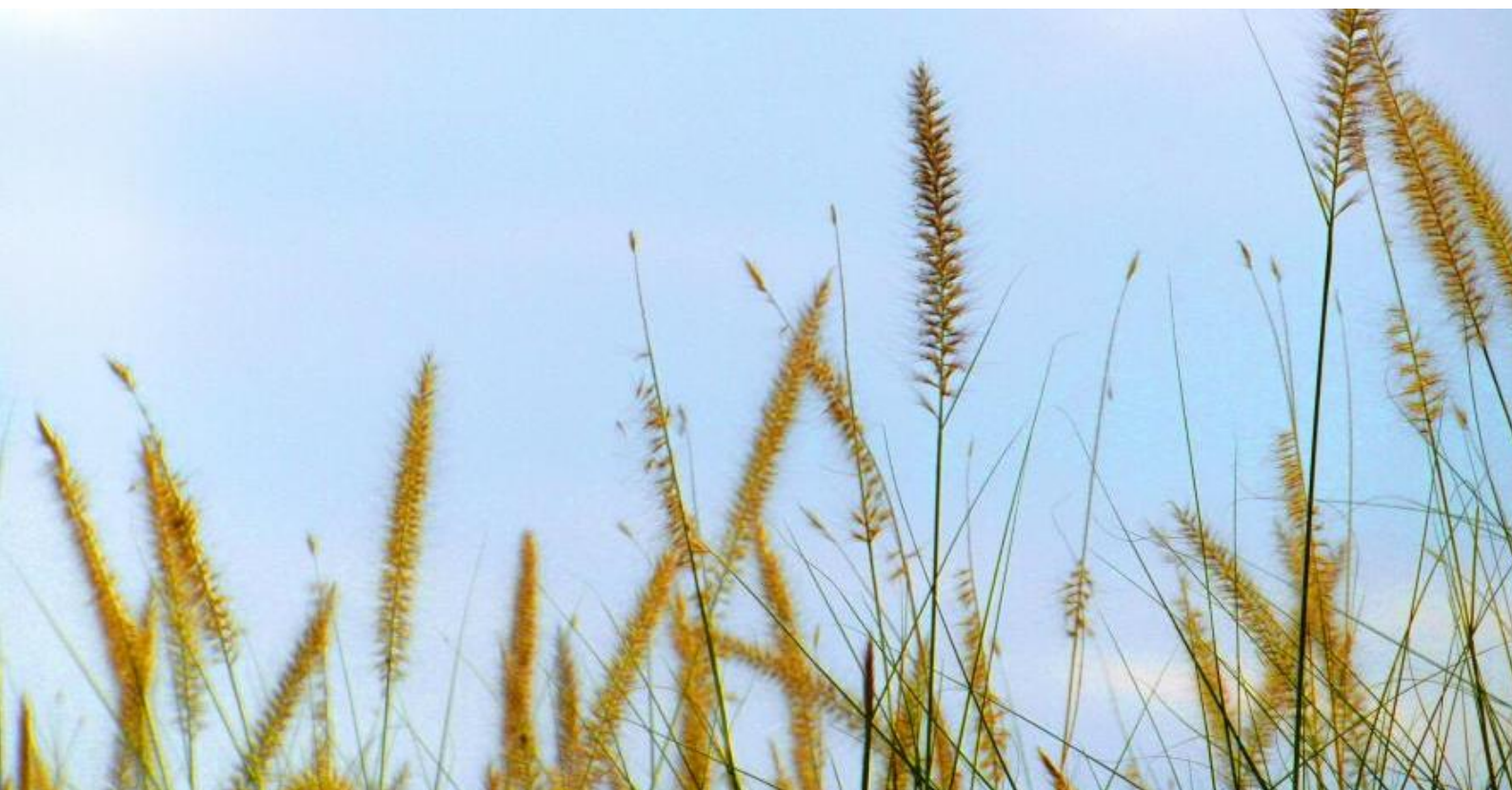
The year ahead will be pivotal for Bio-Gene, and we are confident in the ability of our team to deliver on the important milestones and commercial successes that are in front of us.



Don Brumley
Non-Executive Chairman



Richard Jagger
Chief Executive Officer and Managing Director



PROGRESS

Bio-Gene has made strong operational progress during the year with a focus on continuing to improve the value proposition of lead molecules Flavocide™ and Qcide™ while also progressing commercialisation of both products through engagement with potential partners.

Bio-Gene recently submitted two new international patent applications covering the use of beta-triketones, the naturally occurring class of chemicals which form the basis of Flavocide. These submissions are significant milestones in the development of the Company's Intellectual Property (I.P.) and if successfully granted will provide protection to at least 2038.

Bio-Gene has also generated further data in respect of the mode of action of its products that can be used to support submission for a new classification of insecticide with the Insect Resistance Action Committee (IRAC). This will further increase engagement with both industry experts and companies who are looking to find new insecticide technology, so they can offer to the market new and valuable commercial products.

Bio-Gene has extended its collaboration with CSIRO to continue to evaluate alternative manufacturing processes as well as refine processes developed in the pilot study. In the pilot study, CSIRO was able to develop an improved production system for Flavocide, significantly reducing estimated cost of production as well as increasing production yield. Bio-Gene is also working with James Cook University on a project designed to improve yield of Qcide oil harvests.

Bio-Gene recently announced positive results in respect of repellency testing of Qcide.

An overview of efficacy testing of Flavocide, completed to date, as well as planned initial testing and follow up testing yet to be carried out is illustrated in the table below.

		Research Partner Committed	Initial Testing	Follow Up Testing	Commercial Partnership	Product Development
Crop Protection	Beneficial Arthropods	Complete	Complete			
	Lesser Grain Borer	Complete	Complete	Underway / Agreed Upon		
	Other Grain Storage Pests	Complete	Complete	Underway / Agreed Upon		
	Russian Wheat Aphid	Complete	Complete	Underway / Agreed Upon		
	Green Peach Aphid	Complete	Complete	Underway / Agreed Upon		
	Diamond Backed Moth	Complete	Complete			
	Cotton Bollworm	Complete	Complete			
	Brown Planthopper	Complete	Complete			
	Silverleaf Whitefly	Complete	Complete			
	Red legged Earthmite	Complete	Complete	Underway / Agreed Upon		
	Two Spotted Mite	Complete	Complete			
Public Health	Aedes aegypti Mosquito	Complete	Complete	Underway / Agreed Upon		
	Culex Mosquito	Complete	Complete	Underway / Agreed Upon		
	Anopheles Mosquito	Complete	Complete	Underway / Agreed Upon		
Consumer	Mosquito	Complete	Complete	Underway / Agreed Upon		
	Housefly	Complete	Complete	Underway / Agreed Upon		
	Crawling Pests	Complete				
Animal Health	Cattle Tick	Complete	Complete			
	Buffalo Fly	Complete	Complete			

Legend:

- Complete
- Underway / Agreed Upon



FINANCIAL REPORT CONTENTS

Directors' Report	7
Auditor's Independence Declaration	26
Corporate Governance	27
Statement of Profit or Loss and Other Comprehensive Income	28
Statement of Financial Position	29
Statement of Changes in Equity	30
Statement of Cash Flows	31
Notes to the Financial Statements	32
Declaration by Directors	49
Independent Auditor's Report	50
Shareholder Information	53
Board of Directors and Company Particulars	55



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 2018.

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. Donald Brumley (Non-Executive Chairman)
Mr. Richard Jagger (Managing Director and CEO)
Mr. Robert Klupacs (Non-Executive Director)
Mr. Kevin Rumble (Non-Executive Director)
Mr. Peter May (Executive Director, Research and Development)

Richard Jagger replaced Robert Klupacs as Managing Director and CEO effective 1 January 2018. Robert Klupacs continues on the Board as a Non-Executive Director from this date.

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

Principal activities

The principal activity of the Company is to pursue the development and ultimately the commercialisation of insecticide products.

Bio-Gene's lead beta-triketone insecticide products are Flavocide™ (flavescence), a synthetically produced nature-identical compound, and Qcide™, a natural oil with high levels of tasmanone. Early research indicates insecticidal activity of these products when used alone, or in combination with other existing insecticides, as well as a novel mode of action with the potential to overcome existing insecticide resistance.

Bio-Gene is seeking to commercialise these products as insecticide formulations for use in a range of target markets.

Review of operations

Key achievements during the period include:

- Successful listing on the Australian Securities Exchange (ASX) raising \$7.1 million before expenses
- Advancement of the research program including efficacy and toxicology studies
- Focus on introducing the Bio-Gene's technologies to key industry players
- The lodgement of two international patents
- Appointments of Prof. Catherine Hill and Mr. Douglas Rathbone as advisors to the Company

Financial Position of the Company

Bio-Gene successfully completed its initial public offering (IPO) of the Company on the ASX, raising \$7.1 million before costs. The Company listed on the ASX on 29 November 2017 with the ticker BGT.

As outlined in the Prospectus dated 5 October 2017, the funds raised will be used to progress the Company's development and commercialisation objectives, for both Flavocide and Qcide, including to advance securing additional collaboration partners, expanding product evaluations, filing and progressing additional patent applications, developing manufacturing processes and capability, and generating data to support regulatory approvals which will be required to enable products to be marketed.

Flavocide™

Over the past year the Company has continued to expand the product's data package through further efficacy testing of Flavocide. The testing program is being undertaken with a number of groups to demonstrate activity across a range of pests in different market sectors.

Grain Storage Pests

Bio-Gene continued its program with the Department of Agriculture and Fisheries (DAF), Queensland to assess Flavocide against a range of grain storage pests.

DIRECTORS' REPORT

Flavocide was shown to control three of the five major pest species including resistant strains, and when used in combination with currently used insecticides, controlled the full spectrum of key pests. This demonstrated the potential for use of Flavocide in combinations as part of resistance management strategies which are currently used by the grain protection industry. Bio-Gene is now planning to expand these studies to assess residual activity of Flavocide alone and in combination treatments.

Crop Insects & Mites

During the period the Company entered into research collaborations with contract research organisations including **cesar** Pty Ltd and Eurofins to assess Flavocide against a range of mites and insect species including insecticide resistant strains. Positive results have been obtained against a range of major pests that were tested. The Company is continuing programs to evaluate efficacy against crop pests to identify potential target species to support commercialisation strategies.

Mosquitos

The Company has continued to progress its research collaboration with Purdue University in the USA. The program is being led by Professor Catherine Hill who is a world renowned expert on mosquito insecticide resistance and control as well as a leading researcher in assessing new agents for tick and cockroach control. She has obtained promising initial results with Flavocide in pilot studies.

Unique Mode of Action

The Company has commenced a significant expansion on previous studies of Flavocide's mode of action (MoA), conducted by UK company Neurosolutions Ltd. A related Melbourne-based contract research organisation, Pacific Discovery Services, is undertaking more targeted studies to elucidate the mode of action and identify the best options for multiple compound combinations using the molecule.

The data generated as part of these new studies will also support submission for a new classification of insecticide with the Insect Resistance Action Committee (IRAC). This will further increase engagement with both industry experts and companies who are looking to find new insecticide technology, so they can offer to the market new and valuable commercial products.

Manufacturing

Bio-Gene has extended its collaboration with CSIRO to continue to evaluate alternative manufacturing processes as well as refine processes developed in the pilot study. The results are expected in the last quarter of the 2018 calendar year.

CSIRO and Bio-Gene have previously undertaken an initial pilot study where CSIRO was able to develop an improved production system for Flavocide, significantly reducing estimated cost of production as well as increasing production yield.

Toxicology testing & registration package

Following the successful completion of the initial toxicology studies comprising acute and 7-day repeat dose testing of flavesone, Bio-Gene commenced longer term, 28-day oral and dermal toxicity studies. These studies have been ongoing during the period with results expected during the September 2018 quarter. Tests to define chemical and physical properties of Flavocide as part of a comprehensive product chemistry package were also undertaken during the period.

In June 2018, Bio-Gene announced positive study results confirming Flavocide is significantly less toxic to bees when compared with other commonly used insecticides. This result indicates Flavocide is unlikely to require a cautionary statement on product labels regarding impact on bees or other pollinating insects, thus increasing its attractiveness as an alternative to products under regulatory restriction, and strongly enhancing the commercial value proposition of the molecule.

Bees are economically important as they are a major pollinator of agricultural crops as well as being an integral part of the broader environment. Regulators of pesticides therefore require bee toxicity information be provided in order to assess the impact of use of products on bees around crops.

In July 2018, Bio-Gene announced further positive safety study results which demonstrated Flavocide is safer for a number of beneficial arthropods (insects and mites) which are predators and/or parasites of pest species and thus are beneficial for high crop yields, when compared to a commonly used insecticide.

Qcide™

The Company has continued to develop eucalypt tree plantations in North Queensland as well as improve extraction techniques of the Qcide natural oil. A new collaboration with James Cook University (JCU) was announced to develop a tissue culture system for the *Eucalyptus cloeziana* chemotype to support expansion of tree plantations and scale up of Qcide oil production.

Bio-Gene recently announced positive results from testing carried out by University of Technology Sydney (UTS), showing Qcide personal insect repellent formulations to be highly effective in human exposure tests performed under high insect pressure conditions. The strong insect repellency properties exhibited by Qcide through these tests open opportunities for Bio-Gene in the large and growing repellent market, driven by rising incidence of mosquito borne diseases globally.

The Company is continuing to explore collaborations with third parties who may be able to utilise Qcide in product formulations targeting the consumer market.

In addition, the preliminary toxicity testing on Qcide will be commenced in the first quarter of the 2019 financial year with results expected to be available before the end of the calendar year.

Commercial Opportunities

Utilising the data developed, discussions are now underway with a number of major international agchem corporations with respect to collaboration or partnership agreements for potential commercial applications of both Flavocide and Qcide.

DIRECTORS' REPORT

Interestingly, a number of major industry players are looking to expand their product portfolio to incorporate more biological (natural) products. This interest in biological opportunities has led to a broader interest in Qcide than initially anticipated.

Bio-Gene entered into an evaluation agreement with French animal health company Virbac in June 2017 to explore the use of Bio-Gene's Flavocide technology in potential applications for tick and buffalo fly control in cattle. The agreement provided for Virbac to undertake initial field testing studies using its formulations to trial the product. After some basic studies, Virbac advised that they will not proceed with developing products with Flavocide at this stage. Bio-Gene has further testing against ticks underway with Purdue University which may yet prove to be of interest to other animal health companies.

I.P. Position

In July, Bio-Gene announced the submission of two new international patent applications covering the use of beta-triketones, the naturally occurring class of chemicals which form the basis of Flavocide. The first patent covers use of beta-triketones to control resistant pest populations, and the second covers use of beta-triketones in combination with other chemistry to control pests.

These submissions are significant milestones in the development of the Company's Intellectual Property (I.P.) and if successfully granted will provide protection to at least 2038.

Appointment of Advisors and Executives

In December 2017, Bio-Gene announced that Mr. Douglas Rathbone has been appointed as an advisor to the Company. Mr. Rathbone is the former Managing Director and CEO of Nufarm Limited (ASX:NUF) as well as director of a number of listed and unlisted companies including Cann Group Limited (ASX:CAN). Over a 40-year career at Nufarm, Doug led the transformation of a small Australian agribusiness company into one of the world's leading crop protection and seed companies with an extensive global footprint.

In February 2018, Bio-Gene announced the appointment of its first Scientific Advisory Board member, Professor Catherine Hill from Purdue University in Indiana, U.S.A. Professor Hill visited Australia in February and presented a general overview of the Public Health issues facing the planet, as well as the recent work conducted by Purdue University on mosquitoes.

In addition, as foreshadowed in the Prospectus, Richard Jagger took office as Chief Executive Officer of the Company effective 1 January 2018, with the former CEO Robert Klupacs stepping down to a Non-executive Director role effective at that date.

Mr. Peter May, who in addition to being a Non-executive Director, was also consulting to the Company for a number of years on technical and science matters, was appointed as the Executive Director, Research and Development, effective 1 January 2018. In this role Peter will be responsible for managing the day to day activity of the Company's research and development programs.

Financial summary

The financial results of the Company for the year ended 30 June 2018 are summarised as follows:

Statement of financial position:

- Cash and term deposits held of \$6,706,552 (2017: \$2,860,324) at reporting date. This increase is due to the successful listing of the Company on the ASX as 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 \$2,833,050 (2017: \$1,054,902).
- Total revenue including other income during the period was \$474,523 (2017: \$106,725). This revenue included an estimated R&D Tax Incentive of \$337,666 (2017: \$100,000), interest of \$130,073 (2017: \$409), sales of \$4,210 (2017: \$Nil) and Licence Fees of \$2,574 (2017: \$6,316).
- Total operating expenses for the period were \$3,307,573 (2017: \$1,161,627). Research and development costs have been expensed in the year in which they were incurred. The increase in expenditure is primarily due to the continued acceleration of the research program.
- Basic and diluted net loss per share increased to 2.41¢ (2017: 0.96¢) due to an increase of the loss.

Statement of cash flows:

- The Company's cash outflow from operations over the period was \$2,373,454 (2017: \$729,152).
- The increase is due to the increased investment in both the Flavocide™ and Qcide™ development program.

DIRECTORS' REPORT

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.

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

	2018	2017
Basic loss per share from continuing operations	(2.41¢)	(0.96¢)
Basic diluted loss per shares from continuing operations	(2.41¢)	(0.96¢)

Significant changes in state of affairs

Other than detailed below there were no significant changes to the state of affairs of Bio-Gene Technology Limited during the year:

Capital Raisings

Bio-Gene successfully completed its initial public offering (IPO) of the Company on the ASX, raising \$7.1 million before costs. The Company listed on the ASX on 29 November 2017 with the ticker BGT.

Likely developments and expected results of operations

The Company will continue to fully evaluate Flavocide and Qcide 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.

DIRECTORS' REPORT

Events since the end of the financial year

On 3 July 2018 the Company provided an update on Qcide testing undertaken with the University of Technology Sydney (UTS) and the signing of a collaborative research agreement with James Cook University (JCU) as part of a tree improvement program to support Qcide oil production.

On 10 July 2018 the Company announced the submission of two new international patent applications.

On 23 July 2018 the Company announced further positive safety study results which demonstrated that Flavocide is safer for arthropods (insects and mites) that are beneficial for high crop yields when compared to a commonly used insecticide.

No matter or circumstance has arisen since 30 June 2018, 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 2018.

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.

Meetings of directors

The number of meetings of the Company's Directors held during the year ended 30 June 2018 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	15	15
Richard Jagger	15	15
Robert Klupacs	15	14
Peter May	15	15
Kevin Rumble	15	14

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.

DIRECTORS' REPORT

Capital Raising

During the year Bio-Gene successfully completed its initial public offering (IPO) of the Company on the ASX. The Company listed on the ASX on 29 November 2017 with the ticker BGT. Prior to the IPO, at the Annual General Meeting held on 6 September 2017, shareholders approved the consolidation of the Company's capital on a 1:2 basis.

During the year, as a result of the IPO and the exercise of options the Company raised \$7,163,800 (2017: \$3,721,753) by the issue of 36,650,000 (2017: 60,067,032) shares.

At 30 June 2018 the Company had 127,724,471 (2017: 177,470,133) shares on issue. Refer to Note 13(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. All of the options that were on issue prior the IPO were either exercised or converted.

On 8 March 2018 the Company issued Loyalty Options to all shareholders on a 1:5 basis pursuant to a Prospectus dated 1 March 2018.

Details of options currently on issue are:

	<i>Options Issued</i>	<i>Exercise Price</i>	<i>Expiry</i>
Broker Options - issued 24 November 2017	2,000,000	20 cents	24/11/20
Loyalty Options - issued 8 March 2018	25,056,730	20 cents	4/12/18

Further details in respect of these options are included in Note 13 (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
<p>Non-Executive Chairman</p> <p>Donald Brumley</p> <p>FCA, MAICD</p>	<p>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.</p> <p>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.</p> <p>Don is a Fellow of Chartered Accountants Australia & New Zealand, a member of the Australian Institute of Company Directors and a former Director of Murray River Organics Group Limited.</p> <p>Director of Bio-Gene Technology Limited since 26 April 2017.</p> <p>Other Directorships of listed companies over the past three years: Murray River Organics Group Limited from September 2016 to November 2017.</p>	200,000	1,000,000	240,000
<p>Managing Director and Chief Executive Officer</p> <p>Richard Jagger</p> <p>B.Sc.(Hons), Masters of International Business, GAICD</p>	<p>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. Prior to joining Bio-Gene for 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.</p> <p>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.</p> <p>Director of Bio-Gene Technology Limited since 26 April 2017.</p> <p>Other Directorships of listed companies over the past three years: None.</p>	65,000	625,000	138,000

DIRECTORS' REPORT

Name and Position	Qualifications and Experience	Particulars of interests in shares and options of Bio-Gene Technology Limited		
		Shares	LSP* Shares	Options
<p>Non-Executive Director</p> <p>Robert Klupacs</p> <p>BSc (Hons) Grad Dip IP Law, Australian Registered Patent and Trademark Attorney</p>	<p>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.</p> <p>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.</p> <p>Director of Bio-Gene Technology Limited since 29 May 2015.</p> <p>Other Directorships of listed companies over the past three years: None.</p>	65,000	3,320,000	377,000
<p>Non-Executive Director</p> <p>Kevin Rumble</p> <p>AFAIA</p>	<p>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.</p> <p>Kevin was instrumental in securing the contract with the University of Western Australia to grow <i>Boronia megastigma</i> 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.</p> <p>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™.</p> <p>Director of Bio-Gene Technology Limited since 16 June 2004.</p> <p>Other Directorships of listed companies over the past three years: None.</p>	5,479,373	3,192,000	1,734,275

DIRECTORS' REPORT

Name and Position	Qualifications and Experience	Particulars of interests in shares and options of Bio-Gene Technology Limited		
		Shares	LSP* Shares	Options
<p>Executive Director – Research & Development</p> <p>Peter May</p> <p>B.App.Sc (Rural Technology) (Hons), MBA, GAICD, AFAIM</p>	<p>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 and specialty pesticide products, export sales & toll formulation operations. During this period Peter developed extensive experience in international crop protection markets.</p> <p>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). 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.</p> <p>Peter is a graduate member of the Australian Institute of Company Directors (AICD) and member of the Australian Environmental Pest Managers Association (AEPMA) and the Mosquito Control Association of Australia (MCAA).</p> <p>Director of Bio-Gene Technology Limited since 29 May 2015.</p> <p>Other Directorships of listed companies over the past three years: None.</p>	235,000	596,000	166,200
<p>Chief Financial Officer and Company Secretary</p> <p>Roger McPherson</p> <p>B.Bus, CPA, GAICD</p>	<p>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.</p> <p>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.</p>	75,000	375,000	90,000

* Loan Share Plan - refer Note 13(c) for details

DIRECTORS' REPORT

REMUNERATION REPORT (Audited)

Introduction

This Remuneration Report for the year ended 30 June 2018 outlines the remuneration arrangements in place for the key management personnel ('KMP') of Bio-Gene Technology Limited which comprises all Directors (executive and non-executive) and those executives who have authority and responsibility for planning, directing and controlling the activities of the Company.

The remuneration report is set out under the following main headings:

- A. Key management personnel
- B. Remuneration governance
- C. Principals used to determine the nature and amount of remuneration
- D. Details of remuneration
- E. Service Agreements
- F. Share-based compensation to Directors and key management personnel
- G. Additional disclosures relating to Directors and key management personnel

A) Key management personnel

The following individuals were classified as KMP during the 2018 financial year and unless otherwise indicated were classified as KMP for the entire year.

(a) Directors

(i) *Non-executive Chairman*

Mr. Donald Brumley

(ii) *Managing Director and Chief Executive Officer*

Mr. Richard Jagger (appointed 1 January 2018, previously a Non-executive Director)

(iii) *Executive Directors*

Mr. Peter May (appointed as Executive Director Research & Development from 1 January 2018, previously a Non-executive Director and prior to 1 January 2018 provided consulting services to the Company).

(iv) *Non-executive Directors*

Mr. Robert Klupacs (from 1 January 2018, previously Managing Director and Chief Executive Officer)
Mr. Kevin Rumble (also provides consulting services to the Company)

(b) Executives

The following people were the executives with the greatest authority for the strategic direction and management of the group ("other key management personnel") during the financial period:

Mr. Roger McPherson Chief Financial Officer and Company Secretary

B) Remuneration governance

Role of Remuneration and Nomination Committee

The Company has adopted various Corporate Governance charters and policies including a Remuneration & Nomination Committee Charter. Under this Charter, the function of the Remuneration and Nomination Committee (the Committee) is undertaken by the Board given the Company's size and scale of intended operations.

The Remuneration & Nomination Committee Charter includes principles for establishing appropriate remuneration policies and levels including incentive policies for directors and senior executives and ensuring that senior executives are being rewarded commensurate with their responsibilities and the market. Further information on the Committee's role and responsibilities is contained in its Charter which is available on the Company's website at <https://bio-gene.com.au>.

The Committee is authorised by the Board to obtain outside independent professional advice with relevant experience and expertise. During the 2018 financial year, the Committee engaged VSOPP Advisory to provide advice with establishing the Company's remuneration strategy and structures. VSOPP Advisory was paid a total of \$3,300 for these services during the year. No advice as to specific remuneration levels nor actual remuneration recommendations were provided by VSOPP Advisory.

During the year, the non-executive Chairman and Directors of the Company worked closely with VSOPP Advisory and in conjunction with the Managing Director developed the Executive Remuneration Strategy and Structure which is outlined below. The Board believes the Remuneration Strategy and Structure to be appropriate and effective in that it needs to create goal congruence between directors, executives and shareholders.

DIRECTORS' REPORT

C) Principals used to determine the nature and amount of remuneration

Executive remuneration strategy and structure

The Company's remuneration strategy is founded on the objective of aligning remuneration with the interests of the Company's shareholders by providing market competitive remuneration arrangements that attract, incentivise and retain quality personnel and which encourage and promote achievement of the Company's short and medium term strategic objectives consistently with the Company's longer term corporate goals.

The remuneration strategy is underpinned by a remuneration structure comprising fixed remuneration, a short-term incentive and long-term incentive as described below:

Fixed Remuneration ("FR")

FR consists of base salary and statutory superannuation contributions in recognition of day-to-day accountabilities. KMP may elect to have specific benefits provided out of fixed remuneration on a total employment cost basis, that is, the cost of the benefit along with any costs of providing the benefit such as fringe benefits tax are deducted from pre-tax salary.

Short-Term Incentive ('STI')

The STI is a cash and equity based plan that involves linking the achievement of specific financial and non-financial targets using a balanced scorecard approach with the opportunity to earn an annual incentive up to a maximum set percentage of fixed remuneration.

Long-Term Incentive ('LTI')

The LTI plan is an equity based plan which is intended to provide the opportunity to earn incentives over the medium and longer term based on the achievement of the Company's strategic goals and the creation of shareholder value measured in terms of share price growth.

Total Remuneration refers to the aggregate of the above remuneration components. Remuneration mix refers to the proportion of Total Remuneration that each remuneration component makes up. The mix of remuneration components within the Company's remuneration structure is as follows:

<i>Component</i>	<i>Fixed remuneration</i>	<i>Short-term incentive</i>	<i>Long-term incentive</i>
CEO	50%	25%	25%
Executive Team	70%	15%	15%

Executive remuneration components

Fixed Remuneration ("FR")

Fixed pay is set with reference to the assessment of the external market for comparable roles having regard to relevant industries and the relative stage of an organisation's business life-cycle taking into consideration the size and complexity of the executive's role and the skills and experience of the executive.

Short-Term Incentive ('STI')

Under the STI, executives are awarded cash and shares under the Company's loan-funded share plan (LSP) having regard to the short-term incentive proportion of the executive's total remuneration (the STI value) and the extent to which performance has been achieved against targets over the financial year.

Performance is determined by assessing actual performance against targets across a number of financial and non-financial dimensions as described in the table below.

	<i>CEO/ Managing Director</i>	<i>Percentage of Scorecard Executive Director R&D</i>	<i>CFO/ Company Secretary</i>
Corporate overarching	25	20	25
Intellectual property and technology enabling	20	65	-
Customers and partners	20	5	-
Financial, administration and communications	25	10	75
People, learning and growth	10	-	-
	100	100	100

The STI Value is determined by applying the executive's performance out of 100% to the executive's maximum potential STI amount. 50% of the STI Value (subsequent to assessment and approval) is delivered immediately in cash. The remaining 50% of the STI value is delivered in the form of shares under the Company's loan-funded share scheme (LSP). The shares are issued at a nominal value. The number of shares awarded is based on the weighted average closing prices over the five trading days up to and including 30 June 2018.

The shares are subject to a disposal restriction being the earliest time after a six month period when the executive can deal in the shares having regard to the Company's securities trading policy. Until this time, the shares are subject to forfeiture if the executive resigns, acts fraudulently or dishonestly or is in breach of his or her obligations to the Company.

Awards of shares under the LSP to directors will be subject to shareholder approval at the 2018 Annual General Meeting.

DIRECTORS' REPORT

Long-Term Incentive ('LTI')

Under the LTI, executives are awarded shares under the Company's loan-funded share plan (LSP) having regard to the long-term incentive proportion of the executive's total remuneration (the LTI value).

50% of the LTI Value is delivered as shares issued at a nominal value with a three year performance condition. The performance condition is focussed on the successful execution of commercial agreements approved by the Board. The number of shares awarded is based on the weighted average closing prices over the five trading days up to and including 30 June 2018.

50% of the LTI Value is delivered as shares issued at the share price based on the weighted average closing prices over the five trading days up to and including 30 June 2018 with a progressive three year performance condition. One third of the allocation vests each year provided a 15% compound share price growth target is achieved. The number of shares awarded is based on a valuation of this instrument using an appropriate valuation methodology.

The Company will provide an interest-free loan to the executives to fund the acquisition of these shares. The proceeds from the sale of shares that vest must first be applied to extinguishing the loan prior to remittance to executives.

Unvested shares are subject to forfeiture in the event of any executive resigning or where the executive acts fraudulently or dishonestly or is in breach of his or her obligations to the Company. Once vested, the shares are subject to a disposal restriction being the earliest time after vesting when the executive can deal in the shares having regard to the Company's securities trading policy.

Awards of shares under the LSP to directors will be subject to shareholder approval at the 2018 Annual General Meeting.

The Board believes the LTI to be appropriate and effective in that it creates goal congruence between directors, executives and shareholders with the dual focus on the successful execution of commercial deals and share price growth.

Executive remuneration

The Executive Remuneration Strategy and Structure became effective from 1 January 2018, the date at which the executive team commenced in their permanent part-time roles. Prior to that date these individuals were appointed on consulting contracts under which they were paid at an hourly or daily rate. There was no STI or LTI component to the remuneration prior to 1 January 2018.

Performance outcomes

The tables below provide a summary of the STI key balanced scorecard objectives and outcomes for the year ended 30 June 2018. The objectives are agreed with the Board at the beginning of each financial year and are designed to focus executives on delivering against agreed priorities.

	Percentage of Scorecard			Outcomes		
	CEO/ Managing Director	Executive Director R&D	CFO/ Company Secretary	CEO/ Managing Director	Executive Director R&D	CFO/ Company Secretary
Corporate overarching	25	20	25	19	16	19
Intellectual property and technology enabling	20	65	-	17	54	-
Customers and partners	20	5	-	17	4	-
Financial, administration and communications	25	10	75	22	9	64
People, learning and growth	10	-	-	8	-	-
	100	100	100	83	83	83

Awards under the Company's LTI are subject to shareholder approval at the 2018 Annual General Meeting. The first period over which performance will be measured and assessed will conclude 30 June 2019. Accordingly, no performance outcomes for the purpose of the Company's LTI has been determined.

Remuneration outcomes

The tables below summarises the remuneration outcomes for executives under the Company's STI program having regard to the performance outcomes outlined above.

2018	STI		STI Outcomes		STI Delivery		Total
	Maximum STI % of TR	Actual STI % of TR	Max STI Value	Actual STI Value	Cash	Shares	
	%	%	\$	\$	\$	\$	\$
Richard Jagger	25	20.75	71,385	59,250	29,625	29,625	59,250
Peter May	15	12.45	18,857	15,652	7,826	7,826	15,652
Roger McPherson	15	12.45	15,714	13,042	6,521	6,521	13,042
Total			105,956	87,944	43,972	43,972	87,944

There are no remuneration outcomes under the Company's LTI program as a relevant performance period has not yet concluded.

DIRECTORS' REPORT

Non-executive director remuneration

The Company's remuneration strategy regarding non-executive directors is that remuneration for non-executive directors should be sufficiently competitive to attract and retain individuals of calibre that have the skills and experience to contribute towards a Board that will drive the Company towards achievement of shareholder aligned objectives whilst fulfilling its governance role of prudential oversight.

Given the Company's size and scale of intended operations and the distribution of membership by each of the directors to relevant Board sub-committees, the Board has adopted a non-executive director fee structure during the financial year which comprises solely of board fees.

At the 2017 Annual General Meeting a Non-Executive Directors' Fee Pool of \$450,000 was approved by shareholders.

Directors' fees are currently set at \$80,000 for the Chairman and \$45,000 per Non-executive Director and reflect the demands which are made on and the responsibilities of the Directors. Mr. Robert Klupacs receives an additional \$5,000 per annum for his role in chairing the independent Scientific Advisory Board.

D) Details of remuneration

Year ended 30 June 2018

Details of the remuneration of each Director of Bio-Gene and the key management personnel (KMP) of the Company are set out in the following table for the year ended 30 June 2018. As indicated above incentives are dependent upon the attainment of agreed corporate and individual milestones and all incentives related to the year have been expensed in full over the vesting period.

2018 Name	Short-term employee benefits		Post employment benefits		Equity-based payments		Total
	Cash salary & fees	Cash STI ⁵	Non-monetary benefits	Super-annuation	STI ⁵	Shares & Options	
	\$	\$	\$	\$	\$	\$	\$
Executive Directors							
Richard Jagger ¹	213,700	29,625	-	18,877	29,625	31,586	323,413
Peter May ²	139,490	7,826	-	7,635	7,826	25,269	188,046
<i>Subtotal Executive Directors</i>	<i>353,190</i>	<i>37,451</i>	<i>-</i>	<i>26,512</i>	<i>37,451</i>	<i>56,855</i>	<i>511,459</i>
Non-Executive Directors							
Donald Brumley	57,078	-	-	5,422	-	50,538	113,038
Robert Klupacs ³	115,000	-	-	-	-	25,269	140,269
Kevin Rumble	72,603	-	-	6,897	-	25,269	104,769
<i>Subtotal Non-Executive Directors</i>	<i>244,681</i>	<i>-</i>	<i>-</i>	<i>12,319</i>	<i>-</i>	<i>101,076</i>	<i>358,076</i>
<i>Total Directors</i>	<i>597,871</i>	<i>37,451</i>	<i>-</i>	<i>38,831</i>	<i>37,451</i>	<i>157,931</i>	<i>869,535</i>
Other KMP							
Roger McPherson ⁴	176,833	31,521	-	12,500	6,521	32,653	260,028
<i>Total Other KMP</i>	<i>176,833</i>	<i>31,521</i>	<i>-</i>	<i>12,500</i>	<i>6,521</i>	<i>32,653</i>	<i>260,028</i>
Total	774,704	68,972	-	51,331	43,972	190,584	1,129,563

1. Richard Jagger was appointed as Managing Director and Chief Executive Officer effective 1 January 2018. Prior to that date he was an Executive Director and Head of Commercial Development.
2. Peter May was appointed as Executive Director, Research & Development effective 1 January 2018. Prior to that date he was a Non-executive Director and Consultant to the Company.
3. Robert Klupacs stepped down as the Managing Director and Chief Executive Officer effective 31 December 2017. From 1 January 2018 he has been a Non-executive Director of the Company.
4. In addition to the STI described above for the six months ended 30 June 2018, Roger McPherson was awarded a cash bonus of \$25,000 following the successful Listing of the Company which is included with the Cash STI.
5. The STI recorded for the executives is the amount payable in respect of the six month period ending 30 June 2018. The equity based component of the STI is subject to shareholder approval at the 2018 Annual General Meeting.

DIRECTORS' REPORT

Year ended 30 June 2017

Details of the remuneration of each Director of Bio-Gene and the key management personnel (KMP) of the Company are set out in the following table for the year ended 30 June 2017. As indicated above incentives are dependent upon the attainment of agreed corporate and individual milestones and all incentives related to the year have been expensed in full over the vesting period.

2017 Name	Short-term employee benefits		Post employment benefits		Equity-based payments		Total
	Cash salary & fees	Cash STI	Non-monetary benefits	Super-annuation	STI	Shares & Options	
	\$	\$	\$	\$	\$	\$	\$
Executive Directors							
Robert Klupacs	156,000	-	-	-	-	5,831	161,831
Richard Jagger ¹	15,343	-	-	1,458	-	7,289	24,090
<i>Subtotal Executive Directors</i>	<i>171,343</i>	<i>-</i>	<i>-</i>	<i>1,458</i>	<i>-</i>	<i>13,120</i>	<i>185,921</i>
Non-executive Directors							
Donald Brumley ¹	7,420	-	-	705	-	11,663	19,788
Peter May	69,800	-	-	-	-	5,831	75,631
Kevin Rumble	78,200	-	-	-	-	5,831	84,031
John Cornelius ²	94,000	-	-	-	-	-	94,000
<i>Subtotal Non-executive Directors</i>	<i>249,420</i>	<i>-</i>	<i>-</i>	<i>705</i>	<i>-</i>	<i>23,325</i>	<i>273,450</i>
<i>Total Directors</i>	<i>420,763</i>	<i>-</i>	<i>-</i>	<i>2,163</i>	<i>-</i>	<i>36,445</i>	<i>459,371</i>
Other KMP							
Roger McPherson ¹	26,730	-	-	-	-	-	26,730
<i>Total Other KMP</i>	<i>26,730</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>26,730</i>
Total	447,493	-	-	2,163	-	36,445	486,101

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.

DIRECTORS' REPORT

E) Service agreements

Remuneration and other terms of employment for the Non-Executive Chairman, Managing Director and Chief Executive Officer, Non-Executive Directors and other key management personnel are formalised in service agreements. These agreements may provide for the provision of performance related cash bonuses and the award of equity in the Company.

Other major provisions of the agreements relating to remuneration are set out below:

Donald Brumley, Non-executive Chairman

- Term of Agreement – Commencing from 26 April 2017. A new agreement became effective 1 January 2018.
- Director's fee – \$80,000 per annum to be reviewed independently and annually by the Board of Directors.
- Termination – No terms have been agreed.
- Incentive – Nil.
- Equity – The Chairman shall be entitled to participate in the Loan Share Plan of the Company.

Richard Jagger, Managing Director and Chief Executive Officer

- Term of Agreement – Commencing from 1 January 2018 and ongoing unless terminated in accordance with its terms.
- Base Remuneration – Effective 1 January 2018 \$320,000 per annum on a fulltime basis, subject to annual increases at the discretion of the Board of Directors. Currently working on the basis of 80% of a full time equivalent.
- Termination – By four months' notice from either side.
- Incentive – Short Term Incentive of up to \$160,000 per annum on a fulltime basis and Long Term Incentive of up to \$160,000 on a full time basis subject to achievement of performance targets and at the discretion of the Board of Directors.
- Equity – The Director shall be entitled to participate in the Loan Share Plan of the Company.

Robert Klupacs, Non-executive Director

- Term of Agreement – Commencing from 1 January 2018.
- Director's Fees \$45,000 per annum plus an additional \$5,000 per annum for establishing and Chairing the independent Scientific Advisory Board of the Company, to be reviewed independently and annually by the Board of Directors.
- Termination – No terms have been agreed.
- Incentive – Nil.
- Equity – The Director shall be entitled to participate in the Loan Share Plan of the Company.

Kevin Rumble, Non-executive Director

- Term of Agreement – Commencing from 1 July 2017. A new agreement became effective 1 January 2018.
- Director's Fees \$45,000 per annum to be reviewed independently and annually by the Board of Directors.
- Termination – No terms have been agreed.
- Incentive – Nil.
- Equity – The Director shall be entitled to participate in the Loan Share Plan of the Company.

Peter May, Executive Director, Research & Development

- Term of Agreement – Commencing from 1 January 2018 and ongoing unless terminated in accordance with its terms.
- Base Remuneration – Effective 1 January 2018 \$220,000 per annum on a fulltime basis, subject to annual increases at the discretion of the Board of Directors. Currently working on the basis of 90% of a full time equivalent.
- Termination – By two months' notice from either side.
- Incentive – Short Term Incentive of up to \$47,143 per annum on a fulltime basis and Long Term Incentive of up to \$47,143 on a full time basis subject to achievement of performance targets and at the discretion of the Board of Directors.
- Equity – The Director shall be entitled to participate in the Loan Share Plan of the Company.

Roger McPherson, Chief Financial Officer and Company Secretary

- Term of Agreement – Commencing from 1 January 2018 and ongoing unless terminated in accordance with its terms.
- Base Remuneration – Effective 1 January 2018 \$220,000 per annum on a fulltime basis, subject to annual increases at the discretion of the Board of Directors. Currently working on the basis of 60% of a full time equivalent.
- Termination – By two months' notice from either side.
- Incentive – Short Term Incentive of up to \$47,143 per annum on a fulltime basis and Long Term Incentive of up to \$47,143 on a full time basis subject to achievement of performance targets and at the discretion of the Board of Directors.
- Equity – The Executive shall be entitled to participate in the Loan Share Plan of the Company.

F) Share-based compensation to Directors and key management personnel

(i) General overview

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

The LSP was approved at the 2017 Annual General Meeting. Only Australian residents are eligible to participate in the plan. The plan allows non-recourse, interest free loans to be provided to eligible participants to acquire shares under the plan. If and 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 will vest over a three year 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 brought back by the Company and cancelled along with the loan.

DIRECTORS' REPORT

In respect of shares that have vested the loan balance must generally 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 LSP is not included in equity until the loan has been repaid.

In accordance with the rules of the LSP the Board has the ability to vary the terms in respect of issues in circumstances it considers appropriate. The valuations of shares issued under the LSP are determined by using an industry standard pricing model taking into account the terms and conditions upon which the instruments were issued.

Participants are not permitted to enter into transactions which limit the economic risk of participating in the plan other than as described above as the LSP allows participants access to a limited recourse loan to fund the acquisition of any shares issued under the LSP.

The terms and conditions of each issue of equity affecting remuneration of Directors and key management personnel in this or future reporting periods are as follows:

Shares issued under the LSP

Following the consolidation of the Company's equity in September 2017, all share numbers are reported on a post consolidation basis.

Issue date	No. of shares	Loan expiry date	Vesting date	Issue price \$	Fair value per share at issue date \$	Date first available to deal with
29/06/2015	5,000,000	29/06/2022	29/06/2015	0.05	0.0340	29/06/2015
30/06/2016	608,000	30/06/2023	30/06/2016	0.05	0.0334	30/06/2016
11/05/2017	1,562,500	11/05/2024	11/11/2017	0.092	0.0622	11/11/2017
11/05/2017	1,562,500	11/05/2024	11/05/2018	0.092	0.0622	11/05/2018
26/07/2017	187,500	26/07/2024	26/01/2018	0.14	0.0922	26/01/2018
26/07/2017	187,500	26/07/2024	26/07/2018	0.14	0.0894	26/07/2018
Total	9,108,000					

(ii) Equity issued to Directors and key management personnel

Details of equity issued in the Company provided as remuneration to each Director the key management personnel of the Company are set out below. When vested, prior to the Director or key management personnel being able to deal with each share, the loan advanced to acquire the share under the LSP must be repaid.

The assessed fair value at the date of issue of the equity instruments is allocated over the period from issue date to vesting date, and this amount is included in the remuneration tables above. Fair values at issue date are determined using a binomial option pricing model that takes into account the amount of loan, the term of the loan, the share price at issue date and expected price volatility of the Bio-Gene shares, the expected dividend yield and the risk-free interest rate for the term of the loan.

Further information on the shares issued under the LSP, including factors and assumptions used in determining fair value is set out in Note 13 to the financial statements.

Details of shares that have been issued and vested in this or the previous year are outlined in the table below. The tables only include transactions whilst a member of the key management personnel.

Shares issued under the LSP

Following the consolidation of the Company's equity in September 2017, all share numbers are reported on a post consolidation basis.

Name	Shares issued during the year				Shares vested during the year	
	2018	2017	2018	2017	2018	2017
	Number	Loan per share\$	Number	Loan per share\$	Number	Number
Directors						
Donald Brumley	-	-	1,000,000	0.092	1,000,000	-
Richard Jagger	-	-	625,000	0.092	625,000	-
Robert Klupacs	-	-	500,000	0.092	500,000	-
Kevin Rumble	-	-	500,000	0.092	500,000	-
Peter May	-	-	500,000	0.092	500,000	-
Other key management personnel						
Roger McPherson	375,000	0.14	-	-	187,500	-

There are no performance criteria that need to be met in relation to the shares issued above. Participants need to be appointed as a Director or employed by the company at the vesting date. Unvested shares are brought back by the Company at the cessation of appointment or employment at the issue price.

DIRECTORS' REPORT

G) Additional disclosures related to Directors and key management personnel

(i) Details of remuneration: cash bonuses and shares

Name	Cash bonus Note (vi)		Shares					
	Paid%	Forfeited %	Year issued	Vested%	Forfeited %	Financial years in which shares & options vest	Minimum total value of issue yet to vest \$	Maximum total value of issue yet to vest \$
Donald Brumley	-	-	2017	100	-	Note (iii)	-	-
Richard Jagger	-	-	2017	100	-	Note (iii)	-	-
	83	17	2018	-	-	-	-	-
Robert Klupacs	-	-	2015	100	-	Note (i)	-	-
	-	-	2016	100	-	Note (ii)	-	-
	-	-	2017	100	-	Note (iii)	-	-
Kevin Rumble	-	-	2015	100	-	Note (i)	-	-
	-	-	2016	100	-	Note (ii)	-	-
	-	-	2017	100	-	Note (iii)	-	-
Peter May	-	-	2015	100	-	Note (i)	-	-
	-	-	2016	100	-	Note (ii)	-	-
	-	-	2017	100	-	Note (iii)	-	-
	83	17	2018	-	-	-	-	-
Roger McPherson (v)	83	17	2018	50	-	Note (iv)	-	1,397

Notes:

- The financial years in which shares vest are 100% in 2015.
- The financial years in which shares vest are 100% in 2016.
- The financial years in which shares vest are 100% in 2018.
- The financial years in which shares vest are 50% in 2018 and 50% in 2019.
- Roger McPherson was paid a special cash bonus for his work involved in achieving the successful Listing of the Company.
- As described earlier in this report the executive team are eligible to receive an STI which is made up of 50% cash and 50% shares issued at nominal value. These bonuses were not paid in the 2018 financial year but an allowance has been made for payment of these in respect of the 2018 year which will be settled in the 2019 financial year. The equity based component of the STI is subject to shareholder approval at the 2018 Annual General Meeting.

(ii) Share-based compensation

Further details relating to shares and options are set out below:

Name	A	B	C	D	E
	Remuneration consisting of shares and options %	Value at issue date \$	Value at loan repayment date \$	Value at cancellation date \$	Total of columns B-D \$
<i>2018</i>					
Donald Brumley	-	-	-	-	-
Richard Jagger	-	-	-	-	-
Robert Klupacs	-	-	-	-	-
Kevin Rumble	-	-	-	-	-
Peter May	-	-	-	-	-
Roger McPherson	13	34,051	-	-	34,051
<i>2017</i>					
Donald Brumley	88	62,200	-	-	62,200
Richard Jagger	70	38,876	-	-	38,876
Robert Klupacs	17	31,100	-	-	31,100
Kevin Rumble	31	31,100	-	-	31,100
Peter May	28	31,100	-	-	31,100
John Cornelius	-	-	-	-	-
Roger McPherson	-	-	-	-	-

A = The percentage of the value of remuneration consisting of equity, based on the value at grant date set out in column B.

B = The value at issue date calculated in accordance with AASB 2 "Share-based Payments" of shares and options issued during the year as part of remuneration. These amounts represent the entire value of the equity issued during the year. The amount recognised in remuneration is the proportion of the value attributable to the period from issue date to vesting date for equity issued in the current and prior years.

C = The value at loan repayment date for shares and exercise date of options that were issued as part of remuneration and were repaid or exercised during the year.

D = The value at cancellation/lapse date of equity that was granted as part of remuneration and that was cancelled or lapsed during the year.

The above table does not include any equity awards under the Company's STI for the six month period ending 30 June 2018 as these are subject to shareholder approval at the 2018 Annual General Meeting. The above table also does not include any awards under the LTI as these are also subject to shareholder approval at the 2018 Annual General Meeting.

DIRECTORS' REPORT

(iii) 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:

2018	Balance at 1 July No.	Issued as compensation under Loan Share Plan No.	Consolidated on Adjustment No.	Purchased under the Initial Public Offering No.	Net change other No.	Balance at 30 June No.	Total vested 30 June No.
Donald Brumley	2,100,000	-	(1,050,000)	150,000	(900,000)	1,200,000	1,200,000
Richard Jagger	1,350,000	-	(675,000)	15,000	(660,000)	690,000	690,000
Robert Klupacs	6,740,000	-	(3,370,000)	15,000	(3,355,000)	3,385,000	3,385,000
Kevin Rumble	17,342,746	-	(8,671,373)	-	(8,671,373)	8,671,373	8,671,373
Peter May	1,632,000	-	(816,000)	15,000	(801,000)	831,000	831,000
Roger McPherson	100,000	750,000	(425,000)	25,000	350,000	450,000	262,500
Totals	29,264,746	750,000	(15,007,373)	220,000	(14,037,373)	15,227,373	15,039,873

2017	Balance at 1 July No.	Issued as compensation under Loan Share Plan No.	Purchased as part of a Capital Raising No.	Received on exercise of options No.	Net change other No.	Balance at 30 June No.	Total vested 30 June No.
Donald Brumley	-	2,000,000	100,000	-	2,100,000	2,100,000	100,000
Richard Jagger	-	1,250,000	100,000	-	1,350,000	1,350,000	100,000
Robert Klupacs	5,640,000	1,000,000	100,000	-	1,100,000	6,740,000	5,740,000
Kevin Rumble	16,342,746	1,000,000	-	-	1,000,000	17,342,746	16,342,746
Peter May	532,000	1,000,000	100,000	-	1,100,000	1,632,000	632,000
Roger McPherson	-	-	100,000	-	100,000	100,000	100,000
Totals	22,514,746	6,250,000	500,000	-	6,750,000	29,264,746	23,014,746

1. 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.

Options

Options held by key management personnel:

2018	Balance at 1 July No.	Granted as compensation No.	Loyalty Options Issued No.	Net change other No.	Balance at 30 June No.	Total vested 30 June No.	Vested and exercisable No.	Vested but not exercisable No.
Donald Brumley	-	-	240,000	240,000	240,000	240,000	240,000	-
Richard Jagger	-	-	138,000	138,000	138,000	138,000	138,000	-
Robert Klupacs	-	-	677,000	677,000	677,000	677,000	677,000	-
Kevin Rumble	-	-	1,734,275	1,734,275	1,734,275	1,734,275	1,734,275	-
Peter May	-	-	166,200	166,200	166,200	166,200	166,200	-
Roger McPherson	-	-	90,000	90,000	90,000	90,000	90,000	-
Totals	-	-	3,045,475	3,045,475	3,045,475	3,045,475	3,045,475	-

2017	Balance at 1 July No.	Granted as compensation No.	Lapsed No.	Net change other No.	Balance at 30 June No.	Total vested 30 June No.	Vested and exercisable No.	Vested but not exercisable No.
Donald Brumley	-	-	-	-	-	-	-	-
Richard Jagger	-	-	-	-	-	-	-	-
Robert Klupacs	-	-	-	-	-	-	-	-
Kevin Rumble	-	-	-	-	-	-	-	-
Peter May	-	-	-	-	-	-	-	-
Roger McPherson	-	-	-	-	-	-	-	-
Totals	-	-	-	-	-	-	-	-

(iv) Voting and comments made at the company's 2017 annual general meeting:

Bio-Gene Technology Limited listed on the ASX on 29 November 2017. The 2017 AGM was held on 6 September 2017 and was therefore not required to issue a remuneration report for the 2017 financial year. The company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

END OF REMUNERATION REPORT (Audited)

DIRECTORS' REPORT

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 2018 is attached.

Auditor

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

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:

	2018 \$	2017 \$
Audit services		
JTP Assurance :		
Audit and review of financial reports and other audit work under the Corporations Act 2001	27,000	10,500
<i>Total remuneration for audit services</i>	<u>27,000</u>	<u>10,500</u>
Other advisory services associated with the audit firm		
Jeffrey Thomas & Partners		
Advice on taxation and other matters and review and lodgement of corporate tax returns	5,470	-
JT&P Corporate Advisers Pty Ltd		
Investigating accountants report for the IPO Prospectus	15,000	-
Total remuneration	<u>47,470</u>	<u>10,500</u>

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: 23 August 2018

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

JTP

JTP ASSURANCE

10th Floor, 446 Collins Street
Melbourne, VIC 3000
P.O. Box 627, Collins Street West
VIC 8007

T: +61 3 9602 1494
F: +61 3 9602 3606
E: audit@jtpassurance.com.au
www.jtpassurance.com.au

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 2018 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

JTP ASSURANCE
Chartered Accountants

Sam Claringbold

SAM CLARINGBOLD
Partner

Signed at Melbourne this 23rd day of August 2018

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

CORPORATE GOVERNANCE

The Board of Directors of Bio-Gene Technology Limited (Board) is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Board supports the core corporate governance principles published by the ASX Corporate Governance Council (Council). The Company's corporate governance framework is designed to comply with the Council's principles whilst being relevant, efficient and cost effective for the current stage of the Company's development.

The Corporate Governance Statement contains certain specific information and discloses the extent to which the Company has followed the Council's principles during the 2018 financial year. Bio-Gene's Corporate Governance Statement is structured with reference to the ASX Corporate Governance Principles and Recommendations and can be found on the Bio-Gene website at: <http://bio-gene.com.au/about-us/governance>.

The Board will continue its ongoing review process to ensure that the model is relevant, efficient and cost effective to the Company and its shareholders.

BIO-GENE TECHNOLOGY LIMITED
ABN 32 071 735 950
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 \$	2017 \$
Revenues from continuing operations	3(a)	474,523	106,725
Expenses from continuing operations	3(b)		
Research & Development		(1,504,504)	(652,520)
Management Administration Expenses		(408,455)	(181,647)
Directors Expenses		(331,498)	(125,273)
Professional Services		(381,404)	(84,560)
Intellectual Property		(56,894)	(25,157)
Depreciation & Amortisation		(41,999)	(39,745)
Listing Expenses		(299,505)	-
Other Expenses		(283,314)	(52,725)
Loss from continuing operations before tax		(2,833,050)	(1,054,902)
Income tax (expense)		-	-
Loss for the year from continuing operations after income tax		(2,833,050)	(1,054,902)
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		(2,833,050)	(1,054,902)

Earnings per share:

Basic loss per share - from continuing operations	4	(2.41¢)	(0.96¢)
Diluted loss per share - from continuing operations	4	(2.41¢)	(0.96¢)

The above 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 2018

	Note	2018 \$	2017 \$
Current assets			
Cash and cash equivalents	5	6,706,552	2,860,324
Trade and other receivables	6	368,359	160,562
Other current assets	7	128,499	-
Total current assets		7,203,410	3,020,886
Non-current assets			
Property, plant and equipment	8	38,643	30,203
Intangible assets	9	424,841	461,784
Total non-current assets		463,484	491,987
Total assets		7,666,894	3,512,873
Current liabilities			
Trade and other payables	10	493,737	223,935
Financial liabilities	11	-	226,000
Employee benefits	12	115,850	-
Total current liabilities		609,587	449,935
Non-current liabilities			
Financial liabilities	11	150,000	150,000
Total non-current liabilities		150,000	150,000
Total liabilities		759,587	599,935
Net assets		6,907,307	2,912,938
Equity			
Issued capital	13	11,768,501	5,208,852
Reserves	14	633,823	366,053
Accumulated losses	14	(5,495,017)	(2,661,967)
Total equity		6,907,307	2,912,938

The above 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 2018

	Fully paid ordinary shares	Share option reserve	Share loan plan reserve	Accumulated losses	Total
2018	\$	\$	\$	\$	\$
At 1 July 2017	5,208,852	139,301	226,752	(2,661,967)	2,912,938
Loss for the period	-	-	-	(2,833,050)	(2,833,050)
Other comprehensive income	-	-	-	-	-
Total comprehensive income/(loss) for the year	-	-	-	(2,833,050)	(2,833,050)
<i>Transactions with owners in their capacity as owners:</i>					
Issued capital	7,568,446	-	-	-	7,568,446
Transaction costs related to shares issued	(1,008,797)	113,600	-	-	(895,197)
Exercise and conversion of options	-	(139,301)	-	-	(139,301)
Cost of share based payment	-	-	293,471	-	293,471
At 30 June 2018	11,768,501	113,600	520,223	(5,495,017)	6,907,307
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

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

BIO-GENE TECHNOLOGY LIMITED
ABN 32 071 735 950
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 \$	2017 \$
Cash flows from operating activities			
Payments to suppliers and employees inclusive of GST		(2,618,404)	(922,114)
Interest received		115,355	279
R&D tax incentive		122,811	186,367
Licence fees		2,574	6,316
Sales		4,210	-
Net cash used in operating activities	15(b)	(2,373,454)	(729,152)
Cash flows from investing activities			
Payments for property, plant and equipment		(13,496)	(4,985)
Payments for intangible assets		(226,000)	-
Payments for security deposits		(70,000)	-
Net cash used in investing activities		(309,496)	(4,985)
Cash flows from financing activities			
Net proceeds from issue of shares		7,170,800	3,704,753
Payment for share issue expenses		(641,622)	(211,938)
Net cash provided by financing activities		6,529,178	3,492,815
Net increase in cash and cash equivalents		3,846,228	2,758,678
Cash and cash equivalent at beginning of year		2,860,324	101,646
Cash and cash equivalents at end of year	15(a)	6,706,552	2,860,324

The above 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 2018

Introduction

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

Bio-Gene is a listed 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.

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 an accruals basis and are based on 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 statements have been prepared on a going concern basis. The financial statements have been prepared in accordance with generally accepted accounting standards, which are based on the Company continuing as a going concern. The Company has incurred operating losses; however the Company is able to continue as a going concern on the basis that the Company has sufficient cash reserves to cover expenditure for at least the next twelve months.

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.

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.

BIO-GENE TECHNOLOGY LIMITED

ABN 32 071 735 950

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

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 2018 is \$424,842 (2017: \$461,784).

Refer to Note 9 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:

- Computer equipment – 2 years; and
- Plant and equipment – 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.

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.

BIO-GENE TECHNOLOGY LIMITED
ABN 32 071 735 950
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

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) Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, and annual leave and long service leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Long-term employee benefits

Liabilities for annual leave and long service leave that are not expected to be settled wholly within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of the corporate bonds.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

m) Share based payments

Equity settled share based payments with employees, key consultants providing similar services and Directors are measured at fair value at the date of issue. Fair value is measured by use of industry standard pricing models. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The fair value determined at the issue date of the equity settled share based payments is expensed on a straight line basis over the vesting period, based on the consolidated entity's estimate of shares that will eventually vest.

For cash settled share based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

n) 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.

o) Provisions

Provisions are recognised when the Company has a present (legal or constructive) obligation as a result of a past event, it is probable the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability.

p) 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.

BIO-GENE TECHNOLOGY LIMITED
ABN 32 071 735 950
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

q) Issued capital

Ordinary shares are classified as equity (Note 13).

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.

r) 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.

Sales

Sales are recognised when the goods have been delivered to the purchaser.

s) Comparative figures

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

t) 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.

u) 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.

BIO-GENE TECHNOLOGY LIMITED

ABN 32 071 735 950

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

v) 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.

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

New Accounting Standards for Application in Future Periods

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Company, together with an assessment of the potential impact of such pronouncements on the Company when adopted in future periods, are discussed 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, and revised requirements for financial instruments and 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.

AASB 2014-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)

AASB 2014-7 (issued December 2014) gives effect to the consequential amendments to the Australian Accounting Standards (including Interpretations) arising from the issue of AASB 9: *Financial Instruments* (December 2014).

More significantly, additional disclosure requirements have been added to AASB 7: *Financial Instruments: Disclosures* regarding credit risk exposures of the entity. This Standard also makes various editorial corrections to Australian Accounting Standards and an Interpretation.

AASB 2014-7 mandatorily applies to annual reporting periods beginning on or after 1 January 2018. Earlier application is permitted, provided AASB 9 (December 2014) is applied for the same period.

BIO-GENE TECHNOLOGY LIMITED
ABN 32 071 735 950
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

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).

AASB 15: establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Based on a preliminary assessment performed over each line of business and product type, the effects of AASB 15 are not expected to have a material effect on the Company.

AASB 2014-5: Amendments to Australian Accounting Standards arising from AASB 15

❖ This Standard is applicable to annual reporting periods beginning on or after 1 January 2017 and makes consequential amendments to various Australian Accounting Standards arising as a result of the issue of AASB 15: *Revenue from Contracts with Customers*. AASB 2014-5 is not expected to impact the Company's financial statements.

Note 2: Remuneration of auditors

	2018	2017
	\$	\$
Audit services		
JTP Assurance :		
Audit and review of financial reports and other audit work under the Corporations Act 2001	27,000	10,500
<i>Total remuneration for audit services</i>	<u>27,000</u>	<u>10,500</u>
Other advisory services provided by firms associated with the audit firm		
Jeffrey Thomas & Partners		
Advice on taxation and other matters and review and lodgement of corporate tax returns	5,470	-
JT&P Corporate Advisers Pty Ltd		
Investigating accountants report for the IPO Prospectus	15,000	-
Total remuneration	<u>47,470</u>	<u>10,500</u>

Note 3: Revenue and expenses from continuing operations

	2018	2017
	\$	\$
(a) Revenue		
Interest received – bank deposits	130,073	409
R&D tax incentive ¹	337,666	100,000
Licence fees	2,574	6,316
Sales	4,210	-
Total revenue from continuing operations	<u>474,523</u>	<u>106,725</u>

- During the years ended 30 June 2017, 30 June 2018 and to date the Company has undertaken a number of its research activities overseas as the necessary experience and facilities are not available in Australia. As a result, the Company lodged an Advanced Overseas Finding with AusIndustry to seek approval to claim these costs as part of its R&D Incentive. AusIndustry initially disallowed this claim and also indicated that they did not believe the Australian based activities qualified for the R&D Incentive, the Company lodged an appeal. AusIndustry has now reviewed its decision and has accepted that majority of the Australian based activities do qualify for the R&D Incentive, but not all. As a result of this treatment the estimated overseas costs on the project exceed the estimated allowed Australian expenditure and therefore the overseas expenditure has still been disallowed. The Company and its advisors still do not agree with this decision and have lodged a further appeal with the Administrative Appeals Tribunal. Given the current position the Company has taken a conservative view and only recognised revenue for the R&D Incentive for the year ended 30 June 2018 based on the AusIndustry decision which excludes and overseas expenditure. The Company also lodged its income tax return for the year ended 30 June 2017 and claimed the R&D Incentive on the basis approved by AusIndustry. The Company received the R&D Incentive for the 2017 year during the reporting period and that amount (\$122,811) less the prior year accrual of \$100,000 is included in current year revenue. If the Company is successful in its appeal additional revenue for the 2017 and 2018 financial years will be recognised in respect of the overseas activities at that time. It is anticipated that this matter should be resolved during the 2019 financial year.

BIO-GENE TECHNOLOGY LIMITED
ABN 32 071 735 950
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	2018 \$	2017 \$
(b) Expenses		
<i>Employee salary and benefit expenses:</i>		
Salary and employee benefit expenses	383,094	-
Defined contribution superannuation expenses	32,521	-
Share based payments	11,263	-
<i>Total employee salary and benefit expenses</i>	<u>426,878</u>	<u>-</u>
<i>Depreciation, amortisation and impairment of non-current assets:</i>		
Plant and equipment	5,056	2,802
License and registered patents	36,943	36,943
<i>Total depreciation and amortisation expenses</i>	<u>41,999</u>	<u>39,745</u>
<i>Foreign currency exchange differences:</i>		
Foreign currency exchange losses	1,165	-
<i>Total foreign currency exchange differences</i>	<u>1,165</u>	<u>-</u>
<i>Operating expenses:</i>		
Listing expenses ¹	299,505	-

1. In accordance with Accounting Standards the Company has expensed the proportion of the capital raising costs incurred in relation to Prospectus preparation on the basis of the shares on issue before and after the Listing. ASX Listing Fees have been expensed. A total of \$299,505 has been expensed from the proceeds of the Listing.

Note 4: Earnings per share

	2018 \$	2017 \$
Net loss used in calculating basic earnings per share:	2,833,050	1,054,902
Net loss used in calculating diluted earnings per share:	2,833,050	1,054,902
	No. of Shares	No. of Shares
Weighted average number of ordinary shares used in calculating basic earnings per share	117,638,526	110,351,100
Dilutive potential ordinary shares	-	-
Weighted average number of ordinary shares and potential ordinary shares used in calculating diluted earnings per share	<u>117,638,526</u>	<u>110,351,100</u>

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.

BIO-GENE TECHNOLOGY LIMITED
ABN 32 071 735 950
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

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 13(c).

The 10,108,000 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 2018. 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 2018. Details relating to the options are set out in Note 13(b).

Note 5: Cash and cash equivalents

	2018	2017
	\$	\$
Cash at bank	6,120	60,055
Deposit at call	300,432	800,269
Term deposits	6,400,000	2,000,000
	<u>6,706,552</u>	<u>2,860,324</u>

Funds placed on term deposit are invested for a maximum of 90 days and therefore considered to be cash equivalents.

Note 6: Trade and other receivables

	2018	2017
	\$	\$
R&D tax incentive	314,856	100,000
GST refund due	37,925	53,432
Other receivables	15,578	7,130
	<u>368,359</u>	<u>160,562</u>

The balance of other receivables of \$368,359 (2017: \$160,561) is not past due and not considered impaired.

Note 7: Other current assets

	2018	2017
	\$	\$
Prepayments	58,499	-
Security deposits	70,000	-
	<u>128,499</u>	<u>-</u>

Note 8: Property, plant and equipment

	2018	2017
	\$	\$
<i>Plant and equipment</i>		
At cost	46,501	33,005
Accumulated depreciation	(7,858)	(2,802)
Total net plant and equipment	<u>38,643</u>	<u>30,203</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	30,203	28,020
Additions	13,496	4,985
Disposals	-	-
Depreciation expense, impairment and asset write off	(5,056)	(2,802)
Carrying amount at the end of year	<u>38,643</u>	<u>30,203</u>

BIO-GENE TECHNOLOGY LIMITED
ABN 32 071 735 950
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Note 9: Intangible assets

	2018	2017
	\$	\$
Licences - Qcide	557,818	557,818
Less: Accumulated amortisation	(132,977)	(96,034)
Total net intangible assets	<u>424,841</u>	<u>461,784</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	461,784	498,727
Additions – acquisitions	-	-
Amortisation expense (i)	(36,943)	(36,943)
Carrying amount at the end of year (ii)	<u>424,841</u>	<u>461,784</u>

- (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 10: Trade and other payables

	2018	2017
	\$	\$
<i>Current</i>		
Trade creditors	184,793	46,804
Other creditors and accruals	308,944	177,131
Total trade and other payables	<u>493,737</u>	<u>223,935</u>

Note 11: Financial liabilities

	2018	2017
	\$	\$
<i>Current</i>		
Amount payable for IP licences	-	226,000
	<u>-</u>	<u>226,000</u>
<i>Non-current</i>		
Amount payable for IP licences	150,000	150,000
	<u>150,000</u>	<u>150,000</u>

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. Following the successful listing of the Company the payment for \$226,000 became due and was paid.

Note 12: Employee benefits

	2018	2017
	\$	\$
Annual leave	23,569	-
Short-term incentive	92,281	-
	<u>115,850</u>	<u>-</u>

BIO-GENE TECHNOLOGY LIMITED
ABN 32 071 735 950
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Note 13: 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:

	2018 No.	2017 No.	2018 \$	2017 \$
<i>Issued shares:</i>				
At the beginning of the reporting period	177,470,133	109,553,101	5,208,852	1,779,147
Shares issued at 4.6 cents	-	21,789,127	-	1,002,300
Shares issued at 7 cents	-	38,277,905	-	2,679,453
Shares issued pursuant to the Loan Share Plan (LSP)	750,000	-	52,500	-
Share plan loans	-	-	(52,500)	-
Share buyback approved at the General meeting held on 6 September 2017	(2,117,675)	-	-	-
Share consolidation approved at the AGM held on 6 September 2017	(88,051,217)	-	-	-
Shares issued on exercise of options ¹	1,150,000	-	63,800	-
Share issued on conversion of options ¹	2,023,230	-	404,646	-
Shares issued at 20 cents pursuant to ASX listing	35,500,000	-	7,100,000	-
Value of shares issued to Financial Advisors ²	-	1,600,000	-	40,000
Transaction costs arising on issue of shares	-	-	(1,008,797)	(292,048)
Shares issued pursuant to the Loan Share Plan (LSP)	1,000,000	6,250,000	200,000	287,500
Employee share plan loans	-	-	(200,000)	(287,500)
At end of the reporting period	127,724,471	177,470,133	11,768,501	5,208,852
<i>Issued shares are comprised as follows:</i>				
Ordinary shares (net of transaction costs)	117,616,471	160,004,133	11,768,501	5,208,852
Restricted shares issued under the LSP	10,108,000	17,466,000	820,400	567,900
	127,724,471	177,470,133	12,588,901	5,776,752
Accumulated transaction costs on issue of shares	-	-	1,431,606	422,809
Balance at end of the year (ASIC reconciliation)	127,724,471	177,470,133	14,020,507	6,199,561

- In order to undertake the Listing the Company was required to ensure that all then existing options had been exercised, converted into shares or lapsed. Options with a 14 cent exercise price (on a post consolidation basis) which had been proposed to be issued in connection with an issue of Shares at 14 cents (on a post consolidation basis) which closed in June 2017 were not issued. Refer to Note 11(b) of the Company's 2017 Annual Report for further details of the options. These adjustments reflect the exercise and conversion of the then existing options:
 - Net cash proceeds \$63,800 for the exercise of 1,150,000 options.
 - Reduction in reserves (\$139,301) and increase in transaction costs (\$265,345) totalling \$404,646 following the conversion of 3,274,201 options.
- 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.

BIO-GENE TECHNOLOGY LIMITED
ABN 32 071 735 950
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

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

	2018	2017
	No.	No.
Balance at beginning of the year	8,848,400	7,548,400
Consolidation approved at AGM held on 6 September 2017	(4,424,199)	-
Granted during the year ³	2,000,000	1,300,000
Exercised during the year	(1,150,000)	-
Expired during the year	(3,274,201)	-
Issued during the period ⁴	25,056,730	-
Lapsed during the year	-	-
Balance at end of the year	27,056,730	8,848,400

Terms of options issued

	Options Issued	Exercise Price	Value	Expiry
			\$	
Options issued – 24 November 2017	2,000,000	20 cents	113,600	24/11/20
Options issued – 8 March 2018	25,056,730	20 cents	N/A	4/12/18

- Share options granted carry no rights to dividends and no voting rights.
- The Broker Options were issued pursuant to the Prospectus dated 5 October 2017.
- 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.
- The Loyalty options were issued to all shareholders on a 1:5 basis pursuant to the Prospectus dated 1 March 2018.

(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:

Following the consolidation of the Company's equity in September 2017, all share numbers are reported on a post consolidation basis.

	Loan Share Plan Tranche					Fair Value at
	Number	Issue date	Vesting Date	Loan expiry date	Unit Price	Issue Date
					\$	Amount
						\$
Tranche 1	5,000,000	29/06/2015	29/06/2015	29/06/2022	0.034	170,000
Tranche 2	608,000	30/06/2016	30/06/2016	30/06/2023	0.0334	20,307
Tranche 3a	1,562,500	11/05/2017	11/11/2017	11/05/2024	0.0622	97,188
Tranche 3b	1,562,500	11/05/2017	11/05/2018	11/05/2024	0.0622	97,188
Tranche 4a	187,500	26/07/2017	26/01/2018	26/07/2024	0.0922	17,288
Tranche 4b	187,500	26/07/2017	26/07/2018	26/07/2024	0.0894	16,763
Tranche 5a	500,000	04/12/2017	04/06/2018	04/12/2024	0.1314	65,700
Tranche 5b	500,000	04/12/2017	04/12/2018	04/12/2024	0.1275	63,750
	10,108,000					548,184

BIO-GENE TECHNOLOGY LIMITED
ABN 32 071 735 950
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

(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.

Following the consolidation of the Company's equity in September 2017, all share numbers and prices are reported on a post consolidation basis.

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	0.05	0.05	74%	29/06/2022	7 years	2.61%	-
LSP Tranche 2	0.05	0.05	74%	30/06/2023	7 years	1.81%	-
LSP Tranche 3	0.092	0.092	74%	11/05/2024	7 years	2.39%	-
LSP Tranche 4	0.14	0.14	74%	26/07/2017	7 years	2.46%	-
LSP Tranche 5	0.20	0.20	74%	04/12/2017	7 years	2.36%	-

(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 \$293,471 (2017: \$36,445).

Note 14: Reserves and accumulated losses

	Note	2018 \$	2017 \$
Share options reserve	(a)	113,600	139,301
Share loan plan reserve	(b)	520,223	226,752
Total reserves		633,823	366,053

(a) Share option reserve

	2018 \$	2017 \$
Opening balance 1 July	139,301	110,961
Value of options granted to financial advisors	-	28,340
Value of Broker options issued pursuant to the Prospectus dated 5/10/17	113,600	-
Re-allocation of value of options exercised and converted during the period ¹	(139,301)	-
Closing balance	113,600	139,301

(b) Share loan plan reserve

	2018 \$	2017 \$
Opening balance 1 July	226,752	190,307
Value of shares recognised over vesting period ¹	293,471	36,445
Closing balance	520,223	226,752

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.

BIO-GENE TECHNOLOGY LIMITED
ABN 32 071 735 950
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

(c) Movement in accumulated losses

	2018	2017
	\$	\$
Opening balance 1 July	(2,661,967)	(1,607,066)
Net loss attributable to the members of the parent entity for the period	(2,833,050)	(1,054,901)
Closing balance	(5,495,017)	(2,661,967)

Note 15: Cash flow Information

(a) Reconciliation of cash

	2018	2017
	\$	\$
Cash at bank	6,120	60,055
Deposit at call	300,432	800,269
Term deposits	6,400,000	2,000,000
Total cash and cash equivalents	6,706,552	2,860,324

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

Loss from continuing operations after income tax	(2,833,050)	(1,054,902)
<i>Non cash movements:</i>		
Depreciation and amortisation expense	41,999	39,745
Equity settled share based payment	293,471	36,445
Employee benefits	69,710	-
<i>Changes in assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	(214,797)	44,394
(Increase)/decrease in other current assets	(58,499)	-
Increase/(decrease) in trade creditors and accruals	327,712	205,166
Cash used in operating activities	(2,373,454)	(729,152)

(c) Non cash financing and investing activities

There were no non cash financing activities during the year.

Note 16: 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 \$Nil (2017: \$4,985).

(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 years ended 30 June 2017, 30 June 2018 and to date the Company has undertaken a number of its research activities overseas as the necessary experience and facilities are not available in Australia. As a result, the Company lodged an Advanced Overseas Finding with AusIndustry to seek approval to claim these costs as part of its R&D Incentive. AusIndustry initially disallowed this claim and also indicated that they did not believe the Australian based activities qualified for the R&D Incentive, the Company lodged an appeal. AusIndustry has now reviewed its decision and has accepted that majority of the Australian based activities do qualify for the R&D Incentive, but not all. As a result of this treatment the estimated overseas costs on the project exceed the estimated allowed Australian expenditure and therefore the overseas expenditure has still been disallowed. The Company and its advisors still do not agree with this decision and have lodged a further appeal with the Administrative Appeals Tribunal. Given the current position the Company has taken a conservative view and only recognised revenue for the R&D Incentive for the year ended 30 June 2018 based on the AusIndustry decision which excludes and overseas expenditure. The Company also lodged its income tax return for the year ended 30 June 2017 and claimed the R&D Incentive on the basis approved by AusIndustry. The Company received the R&D Incentive for the 2017 year during the reporting period and that amount (\$122,811) less the prior year accrual of \$100,000 is included in current year revenue. If the Company is successful in its appeal additional revenue for the 2017 and 2018 financial years will be recognised in respect of the overseas activities at that time. It is anticipated that this matter should be resolved during the 2019 financial year.

BIO-GENE TECHNOLOGY LIMITED
ABN 32 071 735 950
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Note 17: 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 13 and 14 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.

The gearing ratio at year end was as follows:

	Note	2018 \$	2017 \$
Financial assets			
Debt (i)		-	-
Cash and cash equivalents	5	6,706,552	2,860,324
Net cash/(debt)		6,706,552	2,860,324
Equity (ii)	13,14	6,907,307	2,912,938
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 13 and 14.

(b) 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	2018 \$	2017 \$
<i>Financial assets</i>			
Cash and cash equivalents	5	6,706,552	2,860,324
Trade and other receivables	6	368,359	160,562
Other current assets	7	128,499	-
		7,203,410	3,020,886
<i>Financial liabilities</i>			
Trade and other payables	10	493,737	223,935
Financial liabilities	11	150,000	376,000
		643,737	599,935

BIO-GENE TECHNOLOGY LIMITED
ABN 32 071 735 950
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

(c) 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. 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.

(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 2018 would increase/decrease by \$130,073 (2017: \$409).

(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 2018			
<i>Financial Liabilities</i>			
Trade and other payables	493,737	-	493,737
Financial liabilities	-	150,000	150,000
	493,737	150,000	643,737
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

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:

Consolidated	30 June 2018		30 June 2017	
	USD	GBP	USD	GBP
<i>Financial Assets</i>				
Cash and cash equivalents	-	-	-	-
Trade and other receivables	-	-	-	-
<i>Financial Liabilities</i>				
Trade and other payables	69,337	-	71,067	12,483

BIO-GENE TECHNOLOGY LIMITED
ABN 32 071 735 950
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

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 2018, 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 2018				
<i>Financial Assets</i>				
Cash and cash equivalents	-	-	-	-
Trade and other receivables	-	-	-	-
<i>Financial Liabilities</i>				
Trade and other payables	(10,424)	(10,424)	8,528	8,528
Financial liabilities	-	-	-	-
	(10,424)	(10,424)	8,528	8,528
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

(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 18: 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
Mr. Richard Jagger	Managing Director and Chief Executive Officer
Mr. Robert Klupacs	Non-Executive Director
Mr. Peter May	Executive Director – Research and Development
Mr. Kevin Rumble	Non-Executive Director
Mr. Roger McPherson	Chief Financial Officer and Company Secretary

BIO-GENE TECHNOLOGY LIMITED
ABN 32 071 735 950
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Mr. Richard Jagger took office as Chief Executive Officer and Managing Director of the Company effective 1 January 2018, with the former CEO and Managing Director, Mr. Robert Klupacs, stepping down to a Non-executive Director role effective at that date.

Mr. Peter May, who in addition to being a Non-executive Director of the Company, had been consulting to the Company for a number of years, was appointed as the Executive Director - Research and Development effective 1 January 2018.

(b) Key management personnel compensation

The aggregate compensation made to Directors and other members of key management personnel of the Company is set out below:

	2018	2017
	\$	\$
Short term employee benefits	383,094	-
Post-employment benefits	32,521	-
Equity based payments	11,263	-
	<u>426,878</u>	<u>-</u>

Further disclosures regarding key management personnel compensation are contained within the Remuneration Report.

Note 19: Related party transactions

(a) Receivable from and payable to related parties

The following balances were outstanding at 30 June 2018 in relation to transactions with related parties:

	2018	2017
	\$	\$
<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 18 and the Remuneration Report.

Note 20: 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 21: Events occurring after the reporting period

On 3 July 2018 the Company provided an update on Qcide testing undertaken with the University of Technology Sydney (UTS) and the signing of a collaborative research agreement with James Cook University (JCU) as part of a tree improvement program to support Qcide oil production.

On 10 July 2018 the Company announced the submission of two new international patent applications.

On 23 July 2018 the Company announced further positive safety study results which demonstrated that Flavocide is safer for arthropods (insects and mites) that are beneficial for high crop yields when compared to a commonly used insecticide.

No other matter or circumstance has arisen since 30 June 2018, 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 2018

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 2018 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.
3. The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

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



Mr. Donald Brumley
Director

Date: 23 August 2018

INDEPENDENT AUDITOR'S REPORT



10th Floor, 446 Collins Street
Melbourne, VIC 3000
P.O. Box 627, Collins Street West
VIC 8007

T: +61 3 9602 1494
F: +61 3 9602 3606
E: audit@jtpassurance.com.au
www.jtpassurance.com.au

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 2018, the statement of 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, the accompanying financial report of Bio-Gene Technology Ltd., is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2018 and of its financial performance for the year then ended;
- (b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

R&D Tax Incentive (refer to note 3)

Under the research and development (R&D) tax incentive scheme, the Company receives a 43.5% refundable tax offset of eligible expenditure if its turnover is less than \$20 million per annum, provided it is not controlled by income tax exempt entities. An R&D application is filed with AusIndustry and based on the outcome of this filing, the Company receives the incentive in cash. The receivable at year-end for the incentive was \$314,856. This represents an estimated claim for the period 1 July 2017 to 30 June 2018

INDEPENDENT AUDITOR'S REPORT

We focused on the R&D tax incentive due to the material nature of the receivable and because there is a degree of judgement and interpretation of the R&D tax legislation required in assessing the eligibility of the R&D expenditure under the scheme. There is an inherent level of subjectivity in the R&D incentive in regard to the level of receivable recognised and the recognition of the related income.

How our audit addressed the key audit matter

To evaluate the R&D tax incentive, we performed the following procedures, amongst others:

- Discussion with management to determine an understanding of the R&D environment the business operates in and to understand the process used to estimate the R&D tax incentive.
- Comparing the estimates made in previous years to the amount of cash physically received after year end.
- Testing the mathematical accuracy of the calculation and agreeing inputs to supporting documentation.
- Reviewing the classification of expenses included in the R&D claim to ensure that they meet the criteria of R&D expenditure
- Reviewing the work of experts who assisted the company in completing the claim.
- Assessing the adequacy of the related disclosures within the financial statements and reviewing accounting treatment in line with Australian Accounting Standards.

Share Options and Equity Transactions (refer to note 13)

The Company issued options to directors and certain executive management under a share based compensation plan. Further to this, equity options were issued to a third party as compensation for services in relation to the ASX listing, and loyalty options were issued to shareholders. These arrangements have differing terms and conditions that give rise to different accounting outcomes.

Share based payment arrangements require judgemental assumptions including volatility rate and expected life in determining the fair value of the arrangements and the expensing of that fair value over the estimated service period.

In recognising these transactions, the Company performed a valuation to calculate the accounting expense. Details of the share based payment arrangements offered to directors, executive management, third parties and shareholders, are disclosed in the Remuneration Report and note 13 to the financial report.

The audit of the share based payment arrangements and the associated expense is a key audit matter due to the judgements required in determining fair value.

How our audit addressed the key audit matter

To evaluate the share transactions, we performed the following procedures, amongst others:

- In performing our procedures we assessed the terms of the share based payment arrangements issued during the period including review of documentation issued to shareholders.
- We assessed the methodology used by the Company in valuing the share options.
- We assessed the expense recorded on the consolidated statement of comprehensive income.
- We assessed whether the disclosure in note 13 in relation to the arrangements was adequate and whether it complied with Australian Accounting Standards.

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 2018, 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

INDEPENDENT AUDITOR'S REPORT

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.

In preparing the financial report, the directors are responsible for assessing the Company's ability 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor's report.

Report on the Remuneration Report


Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 16 to 24 of the directors' report for the year ended 30 June 2018. In our opinion, the Remuneration Report of Bio-Gene Technology Ltd., for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.


JTP ASSURANCE
Chartered Accountants


SAM CLARINGBOLD
Partner

Signed at Melbourne this 23rd day of August 2018

SHAREHOLDER INFORMATION

A. Substantial shareholders

The Company's Holders of Relevant Interests as notified by ASX Substantial Shareholders and the number of shares in which they have an interest as disclosed by notices received under Part 6.7 of the Corporations Act 2001 as at 21 August 2018 are:

<i>Name</i>	<i>Ordinary Shares</i>
Kevin Nolan Rumble	8,671,373

B. Number of holders of equity securities and voting rights

	<i>Ordinary Shares (i)</i>	<i>Share Options (ii)</i>
Number of holdings as at 21 August 2018	869	697

The voting rights attaching to each class of equity securities are:

(i) Ordinary shares

On a show of hands, every member present at a meeting, in person or by proxy, shall have one vote and upon a poll each share shall have one vote.

(ii) Options

No voting rights.

C. Distribution of equity securities

Distribution of holders of equity securities as at 21 August 2018:

<i>No. of holders</i>	<i>Ordinary Shares</i>	<i>Options</i>
1 - 1,000	12	100
1,001 - 5,000	109	171
5,001 - 10,000	102	109
10,001 - 100,000	391	261
100,001 and over	255	56
	869	697
Number of holders of less than a marketable parcel of shares	66	

D. 20 largest holders of quoted securities

The names of the 20 largest shareholders of each class of equity security as at 21 August 2018 are listed below:

<i>No.</i>	<i>Name</i>	<i>No. of shares held</i>	<i>% of total shares</i>
1.	Rumble Nominees Pty Ltd	6,651,373	5.21
2.	Magdajano Pty Ltd	2,870,000	2.25
3.	Sapphire Lane Pty Ltd	2,600,000	2.04
4.	Inverness Capital Pty Ltd	2,410,384	1.89
5.	Dead Knick Pty Ltd	2,325,000	1.82
6.	Victor Rosenberg & Jacqueline Rosenberg	2,177,000	1.70
7.	David Gregory Greer	2,140,000	1.68
8.	Invia Custodian Pty Ltd	2,030,000	1.59
9.	Kevin Nolan Rumble	2,020,000	1.58
10.	Arision Pty Limited	2,000,000	1.57
11.	Andrew Ford	1,727,715	1.35
12.	Super Hero Squad Pty Ltd	1,700,000	1.33
13.	Mark Douglas Holmes	1,571,739	1.23
14.	Xeen	1,499,750	1.17
15.	Max Kay & Norma Kay	1,392,640	1.09
16.	John W King Nominees Pty Ltd	1,362,500	1.07
17.	Stirling Super Fund	1,294,800	1.01
18.	Summerday Investments Pty Ltd	1,180,000	0.92
19.	Mr Paul Henri Veron & Mrs Julie Anne Veron	1,111,899	0.87
20.	Luminate Pty Ltd	1,090,000	0.85
		41,154,800	32.22

SHAREHOLDER INFORMATION

E. Shares subject to restriction arrangements

The total number of shares subject to restriction arrangements is 5,002,085 shares. These shares were all issued under the Loan Share Plan and the escrow period ends on the latter of the date of repayment of the associated loan or as outlined below:

<i>Date shares issued</i>	<i>Vesting date</i>	<i>Number under shares</i>
29/06/2015	29/06/2015	5,000,000
30/06/2016	30/06/2016	608,000
11/05/2017	11/11/2017	1,562,500
11/05/2017	11/05/2018	1,562,500
26/07/2017	26/01/2018	187,500
26/07/2017	26/07/2018	187,500
04/12/2017	04/06/2018	500,000
04/12/2017	04/12/2018	500,000
		10,108,000

BOARD OF DIRECTORS AND COMPANY PARTICULARS

Directors

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

Secretary

- ❖ Roger McPherson

Australian Company Number
071 735 950

Australian Business Number
32 071 735 950

Registered Office
Suite 1, Level 6
50 Queen Street
Melbourne, VIC 3000

Business Address
Level 13
575 Bourke Street
Melbourne, VIC 3000

Tel: +61 3 9628 4178
Email: bgt.info@bio-gene.com.au

Website
www.bio-gene.com.au

Auditors

JTP Assurance
Level 10
446 Collins Street
Melbourne VIC 3000

Lawyers

Quinert Rodda & Associates Pty Ltd
Suite 1, Level 6
50 Queen Street
Melbourne, VIC 3000

Share Registry

Automic Pty Ltd
Level 3
50 Holt Street
Surry Hills, NSW 2010

Securities Quoted

Australian Securities Exchange (ASX)
Ordinary Fully Paid Shares (Code: BGT)

