

## COMMENTARY ON HALF YEAR REPORT

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Bio-Gene Technology Limited (ASX: BGT, “Bio-Gene” or “the Company”), an agtech development company enabling the next generation of novel insecticides to address insecticide resistance, is pleased to present its financial results for the six months ended 31 December 2017 and an overview of operations for the period.

During the period the Company:

- Successfully listed on the Australian Securities Exchange (ASX), raising \$7.1 million before expenses
- Advanced its research programs for both Flavocide™ and Qcide™
- Appointed Mr. Douglas Rathbone as an advisor to the Board and Management team
- Saw Mr. Richard Jagger assume the role of Chief Executive Officer effective 1 January 2018

### Operations:

On 29 November 2017, the Company successfully listed on the ASX under the ticker BGT after raising \$7.1 million before expenses. Funds raised from the listing will be used to progress the Company’s development and commercialisation objectives, for both Flavocide™ and Qcide™.

Bio-Gene will also issue one loyalty option for every five shares held to eligible shareholders at a record date expected to be 7 March 2018. It is intended that the options will be quoted on the ASX with an exercise price of \$0.20 and an expiry date in November/December 2018.

The Virbac collaboration is progressing well with a field trial recently initiated involving the application of Flavocide™ for tick control in cattle. The results of this trial and a buffalo fly control study are expected to be available in the second quarter of 2018, at which point the Company and Virbac will determine, if appropriate, whether to continue and expand the collaboration to include overseas studies.

Following the successful completion of the pre-IPO financing in June 2017 the Company entered into a number of programs, aimed at testing the effectiveness of Flavocide™ for control of a range of crop and grain storage pests as well mosquitoes; and more recently the further testing of Qcide™ aimed at the consumer household insecticide market.

As announced to the market via the Prospectus and subsequent ASX announcements, the Company has to date obtained encouraging results in pilot studies on a number of crop and grain storage pests treated with Flavocide™. Results from these programs will continue to be released throughout 2018.

As announced to the market on 4 December 2017, Mr Douglas Rathbone has agreed to join the Company as an advisor to the Board and Management team. Given Doug’s extensive industry experience the Company is extremely pleased with this result and looks forward to benefiting from his valuable input.

### Financial Performance:

The Group produced a loss from ordinary activities before income tax of \$1.55 million, a 393.3% increase over the previous corresponding period due primarily to an acceleration of the research program, the costs

associated with the listing of the Company and the necessary increase in overheads associated with preparing for and becoming an ASX listed company. The Group's cash position at balance date was \$7.69 million.

Further highlights and full financial results are contained in the attached Appendix 4D.

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**About Bio-Gene Technology Ltd**

Bio-Gene is an Australian AgTech development company enabling the next generation of novel insecticides to address the global problems of insecticide resistance and toxicity. Its novel platform technology is based on a naturally occurring class of chemicals known as beta-triketones.

Beta-triketone compounds have demonstrated insecticidal activity (e.g. kill or knock down insects) via a novel mode of action in testing performed to date. This platform may provide multiple potential new solutions for insecticide manufacturers in applications across animal health and crop protection, as well as in public health, and in consumer applications.

The Company's aim is to develop and commercialise a broad portfolio of targeted insect control and management solutions.

**APPENDIX 4D**

**BIO-GENE TECHNOLOGY LIMITED**

**ABN 32 071 735 950**

**HALF YEAR REPORT**

Current reporting period  
Previous corresponding period

Half year ended 31 December 2017  
Half year ended 31 December 2016

**Results for announcement to the market**

A\$'000

Revenues from ordinary activities	Up	455240% to	46
Loss from ordinary activities after tax attributable to members	Up	393.3% to	(1,549)
Net loss for the period attributable to members	Up	393.3% to	(1,549)

<b>Explanation</b>		
Dividends (distributions)	Amount per security	Franked amount per security
Interim dividend	NIL	NIL
Previous corresponding period	NIL	NIL
Record date for determining entitlements to the dividend	N/A	
	31 December 2017	31 December 2016
Net tangible asset per security	0.060¢	0.003¢
Control gained over entities having material effect		
N/A		
Loss of control of entities having material effect		
N/A		
Details of aggregate share of profit (loss) of associated and joint venture entities		
N/A		
This report is based on:		
accounts which have been subject to review		

APPENDIX 4D – HALF YEAR REPORT  
FOR THE HALF YEAR ENDED 31 DECEMBER 2017

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This half year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by Bio-Gene Technology Limited during the half year reporting period, including the Prospectus dated 5 October 2017, in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the Australian Securities Exchange.

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 half year ended 31 December 2017.

**1. Directors**

The names of the Directors of the Company in office at any time during or since the end of the half year are:

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.

**2. Results**

The Company reported a loss for the half-year of \$1,549,343 (2016: \$314,079). This loss is after fully expensing all research and development costs.

**3. 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
- Appointment of Mr. Douglas Rathbone as an advisor 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, and generating data to support regulatory approvals which will be required to enable products to be marketed.

***Virbac Collaboration***

In June 2017 the Company announced that it had signed a research collaboration agreement with Virbac (EPA:VIRP), one of the largest suppliers of animal health products in the world. Under the terms of the agreement, Virbac and Bio-Gene will evaluate Flavocide™ as a new agent for ectoparasite control (including ticks & buffalo flies) in ruminant animals.

The collaboration is progressing well with an initial field trial involving the testing of Flavocide™ in cattle for tick control recently initiated in Queensland. The results of this trial and a buffalo fly efficacy study are expected to be available in the second quarter of the 2018 calendar year at which point the Company and Virbac will determine whether to continue and expand the collaboration if appropriate.

As part of its strategy the Company will continue to seek further partners in discrete market segments.

***Flavocide™***

Over the past six months the Company has continued to focus its efforts on expanding the 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.

***Ticks and Buffalo Fly***

The Company has continued working with Virbac on the collaboration to evaluate Flavocide™ as a treatment and prevention of ectoparasites in cattle (ticks, buffalo fly) and potentially sheep (lice). The goal of the collaboration with Virbac is to assess Flavocide™ in field trials in cattle for tick and buffalo fly control in both Australia and Mexico over the next 6 - 12 months.

## DIRECTORS' REPORT

### *Grain Storage Pests*

Bio-Gene has continued its program with the Queensland Department of Agriculture and Fisheries (QDAF) to assess Flavocide™ against a range of grain storage pests including insecticide resistant pests. Insecticide resistance is a major issue in the grain industry. Very promising results have been obtained against both susceptible and resistant insect strains of Lesser Grain Borer and the Company has now expanded these studies to other grain pests with the plan to assess residual activity and combination treatments in the next 12 – 18 months.

### *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 initial results have been obtained against resistant red legged earth mite. 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 recognised expert on mosquito insecticide resistance and control as well as a leading researcher in assessing new agents for tick and cockroach control. She is currently advising the US government on their Zika vector control programs. Her lab is one of the very few labs in the world with access to pyrethroid and organophosphate insecticide resistant insects.

She has obtained promising initial results with Flavocide™ in pilot studies. Her group is currently undertaking more detailed studies in these and other insect species with results expected during the first quarter of the 2018 calendar year.

### *Unique Mode of Action*

The Company's has continued working on its collaboration with UK company, Neurosolutions Limited, which specialises in identifying mode of action of chemicals using their in-house proprietary assays. Neurosolutions has confirmed that the insecticidal effects of Flavocide™ appear to work through a novel/unique mode of action. The Company is now planning additional and more detailed studies to elucidate this mechanism in finer detail.

Additionally, the work undertaken with Purdue University, as well as other studies against resistant strains of insect, have also corroborated these results.

### *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 initial results are expected in second half 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.

### **Qcide™**

The Company has continued to develop eucalypt tree plantations in North Queensland as well as approve extraction techniques of the Qcide™ natural oil. 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 Company has recently entered into new collaborations to develop different formulations of Qcide™ for Testing. Further work with the University of Technology, Sydney (UTS) to evaluate the efficacy of Qcide™ in a number of tests aimed at flying insect control and repellency will be undertaken in the near future.

### **Appointment of Advisors and Executives**

In December 2017, the Company 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 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 stepping down to a Non-executive Director role effective that date.

Mr. Peter May, who in addition to being a Non-executive Director of the Company, has been consulting to the Company for a number of years, has been appointed as the Executive Director, Research and Development. In this role Peter will be responsible for managing the day to day activity of the Company's research and development programs. Peter's career has included over 20 years of experience in Australia and overseas with companies such as Orica and Crop Care Australasia (now part of Nufarm). His various roles included development and management of crop and non-crop pesticide products, including novel insecticide formulation technology products. Peter has also consulted to a number of multi-national players including Syngenta and Sorex (now part of BASF). During this period Peter developed extensive experience in Australian and international insecticide markets.

DIRECTORS' REPORT

**4. Financial and Treasury Activities**

The financial results of the Group for the six months ended 31 December 2017 are summarised as follows:

- The Group produced a loss from ordinary activities before income tax and after income tax of \$1,549,343 (2016: \$314,079) mainly reflecting advancement of the research programs, the costs associated with the ASX listing and the necessary increase in overheads associated with preparing for and becoming an ASX listed company. Research and development costs have been expensed in the period in which they were incurred. Before interest, tax, depreciation and amortisation the net loss for the period was \$1,570,380 (2016: \$267,894).
- Revenues generated for the current period of \$45,534 include interest income and sales of Qcide™. Revenues of \$10 for the corresponding period last year were interest income.
- The Group's cash at balance date was \$7,687,308 (30 June 2017: \$2,860,324).
- AusIndustry had not approved the Company's application for an Advanced Finding in respect of Overseas expenditure on its research programs. AusIndustry have further stated that they don't believe the Australian activities qualify for the R&D Incentive. The Company has recognised \$100,000 as revenue in respect of these activities in the year ending 30 June 2017. On advice from our advisor in this area the Company is appealing this decision and believes it will be successful in this appeal. The Company has not made any adjustment to the revenue recognised in the prior year.

**5. Events Subsequent to 31 December 2017**

On 31 January 2018 the Company announced results from a Pilot Study undertaken by Professor Catherine Hill from Purdue University, Indiana, U.S.A. which showed Flavocide™ activity against both insecticide susceptible and resistant *Aedes Aegypti* mosquito larvae And adults mosquitos.

No other subsequent event to the date of this report has a material impact on this financial report or on the financial forecasts of the Group.

**6. Auditor's Independence Declaration**

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* accompanies this report.

Signed in accordance with a resolution of the Board of Directors dated 8 February 2018.



**Donald Brumley**  
Independent Non-executive Chairman

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



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**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF BIO-GENE TECHNOLOGY LIMITED**

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2017 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) No contraventions of any applicable code of professional conduct in relation to the review.

  
JTP ASSURANCE  
Chartered Accountants

  
SAM CLARINGBOLD  
Partner

Signed at Melbourne this 8<sup>th</sup> day of February 2018





**BIO-GENE TECHNOLOGY LIMITED**  
**ABN 32 071 735 950**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

	Note	Half-Year	
		31 December 2017 \$	31 December 2016 \$
Revenues from continuing operations	2	45,534	10
Research & Development		(403,777)	(57,753)
Management and Employment Expenses		(410,276)	(139,200)
Directors Expenses		(200,640)	(34,690)
Professional Services		(85,029)	(31,173)
Intellectual Property		(30,025)	(13,406)
Depreciation & Amortisation	3	(20,287)	(19,872)
Listing Expenses	3	(299,505)	-
Other Expenses		(145,338)	(17,995)
Loss from continuing operations before tax		(1,549,343)	(314,079)
Income tax (expense)		-	-
<b>Loss for the half-year from continuing operations after income tax</b>		<b>(1,549,343)</b>	<b>(314,079)</b>
Other comprehensive income (loss) for the period, net of tax		-	-
<b>Total comprehensive loss for the half-year attributable to members of the Company</b>		<b>(1,549,343)</b>	<b>(314,079)</b>
<b>Earnings (loss) per share:</b>			
Basic loss per share		(0.013¢)	(0.003¢)
Diluted loss per share		(0.013¢)	(0.003¢)

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 31 DECEMBER 2017**

	Note	31 December 2017 \$	30 June 2017 \$
<b>Current assets</b>			
Cash and cash equivalents	5	7,687,308	2,860,324
Trade and other receivables		233,450	160,562
Other assets		63,725	-
<b>Total current assets</b>		<b>7,984,483</b>	<b>3,020,886</b>
<b>Non-current assets</b>			
Property, plant and equipment		33,372	30,203
Intangible assets	6	443,313	461,784
<b>Total non-current assets</b>		<b>476,685</b>	<b>491,987</b>
<b>Total assets</b>		<b>8,461,168</b>	<b>3,512,873</b>
<b>Current liabilities</b>			
Trade and other payables		250,737	223,935
Financial liabilities		-	226,000
<b>Total current liabilities</b>		<b>250,737</b>	<b>449,935</b>
<b>Non-current liabilities</b>			
Financial liabilities		150,000	150,000
<b>Total non-current liabilities</b>		<b>150,000</b>	<b>150,000</b>
<b>Total liabilities</b>		<b>400,737</b>	<b>599,935</b>
<b>Net assets</b>		<b>8,060,431</b>	<b>2,912,938</b>
<b>Equity</b>			
Contributed equity	7	11,772,251	5,208,852
Reserves	8	499,490	366,053
Accumulated losses	9	(4,211,310)	(2,661,967)
<b>Total equity</b>		<b>8,060,431</b>	<b>2,912,938</b>

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 HALF YEAR ENDED 31 DECEMBER 2017**

	Contributed equity	Share option reserve	Share loan plan reserve	Accumulated losses	Total
<b>2017</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>At 1 July 2017</b>	<b>5,208,852</b>	<b>139,301</b>	<b>226,752</b>	<b>(2,661,967)</b>	<b>2,912,938</b>
Loss for the period	-	-	-	(1,549,343)	(1,549,343)
Other comprehensive income	-	-	-	-	-
Total comprehensive income/(loss) for the year	-	-	-	(1,549,343)	(1,549,343)
<i>Transactions with owners in their capacity as owners:</i>					
Contributed equity	7,568,446	-	-	-	7,568,446
Transaction costs related to shares issued	(1,005,047)	113,600	-	-	(891,447)
Exercise and conversion of options	-	(139,301)	-	-	(139,301)
Cost of share based payment	-	-	159,138	-	159,138
<b>At 31 December 2017</b>	<b>11,772,251</b>	<b>113,600</b>	<b>385,890</b>	<b>(4,211,310)</b>	<b>8,060,431</b>
<b>2016</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>At 1 July 2016</b>	<b>1,779,147</b>	<b>110,961</b>	<b>190,307</b>	<b>(1,607,066)</b>	<b>473,349</b>
Loss for the period	-	-	-	(314,079)	(314,079)
Other comprehensive income	-	-	-	-	-
Total comprehensive income/(loss) for the year	-	-	-	(314,079)	(314,079)
<i>Transactions with owners in their capacity as owners:</i>					
Contributed equity	835,100	-	-	-	835,100
Transaction costs related to shares issued	(89,524)	-	-	-	(89,524)
Cost of share based payment	-	-	-	-	-
<b>At 31 December 2016</b>	<b>2,524,723</b>	<b>110,961</b>	<b>190,307</b>	<b>(1,921,145)</b>	<b>904,846</b>

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

**BIO-GENE TECHNOLOGY LIMITED**  
**ABN 32 071 735 950**

**STATEMENT OF CASH FLOWS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

	Note	Half Year	
		31 December 2017	31 December 2016
		\$	\$
<b>Operating activities</b>			
Receipts from customers		4,210	-
Payments to suppliers and employees inclusive of GST		(1,505,060)	(298,721)
Interest received		25,891	10
R&D tax incentive		-	186,367
<b>Net cash used in operating activities</b>		<b>(1,474,959)</b>	<b>(112,344)</b>
<b>Investing activities</b>			
Payments for property, plant and equipment		(4,985)	-
Payments for intangible assets		(226,000)	-
<b>Net cash used in investing activities</b>		<b>(230,985)</b>	<b>-</b>
<b>Financing activities</b>			
Net proceeds from issue of shares		7,170,800	805,300
Payment for share issue expenses		(637,872)	(29,724)
<b>Net cash provided by financing activities</b>		<b>6,532,928</b>	<b>775,576</b>
Net increase in cash and cash equivalents		4,826,984	663,232
Cash and cash equivalent at 1 July		2,860,324	101,646
<b>Cash and cash equivalents at 31 December</b>	5	<b>7,687,308</b>	<b>764,878</b>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

**Note 1a: Basis of preparation**

The financial report of Bio-Gene Technology Limited for the half year ended 31 December 2017 was authorised for issue in accordance with a resolution of the Directors on 7 February 2018. Bio-Gene Technology Limited is a company incorporated in Australia and limited by shares which are publicly traded on the Australian Securities Exchange.

The principal activity of the Company during the financial year was developing insecticides/pesticides.

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 '*Interim Financial Reporting*'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 '*Interim Financial Reporting*'. The half-year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report and the Prospectus dated 5 October 2017, together with any public announcements made by Bio-Gene Technology Limited.

The Company has adopted applicable new and amended Australian Accounting Standards and AASB Interpretations as of 1 July 2017. Adoption of the Standards did not have any effect on the financial position or performance of the Group.

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those of the previous financial year and corresponding interim reporting period except as noted in Note 1b below.

**Note 1b: Prior period error**

The comparative figures have been adjusted in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. The shares issued to directors under the loan share plan were previously recognised as receivables in the Statement of Financial Position however should have been recognised in the Share Loan Plan Reserve as an equity instrument as required by AASB 2 Share-based Payment. The options issued to the Financial Advisors were incorrectly valued per AASB 2 Share-based Payment. The value of these equity instruments should have been calculated and then recognised in the financial statements using the valuation methodology is outlined in Note 11(d) of the Company's 2017 Annual Report. A retrospective restatement of the accounts has been applied to correct this. The impact of this restatement is shown below:

<b>Area of Financial Statements</b>	<i>2016 Original Balance</i>	<i>Adjustment</i>	<i>2016 Revised Balance</i>
	\$	\$	\$
<i>Statement of Financial Position</i>			
Receivables - Loan to Directors	280,400	(280,400)	-
Share Option Reserve	-	110,961	110,961
Share Loan Plan Reserve	170,000	20,307	190,307
Contributed Equity	2,916,084	(391,361)	2,524,723
Brought Forward Retained Losses	(1,730,838)	(190,307)	(1,921,145)

The value of the shares issue under the LSP in 2015 and 2016 of \$190,307 has been adjusted against opening retained losses and the Share Loan Plan Reserve for 2016.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2017

	Half year	
	31 December 2017	31 December 2016
	\$	\$
<b>Note 2: Revenue and other income</b>		
Interest revenue	41,324	10
R&D tax incentive/concession <sup>1</sup>	-	-
Sales of Qcide™	4,210	-
Other income	-	-
	<u>45,534</u>	<u>10</u>

1. During the year ended 30 June 2017 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 have disallowed this claim and have also indicated that they do not believe the Australian based activities qualify for the R&D Incentive. The Company and its advisors do not agree with this decision and have lodged an appeal. In the prior year the Company included an estimate of the anticipated revenue from the AusIndustry incentive claim in respect of its Australian based expenditure in the accounts of \$100,000. The Company has not reversed this amount of revenue in the current period. If the Company is successful in its appeal additional revenue will be recognised in respect of the overseas activities at that time. If the Company is not successful in its appeal the \$100,000 already recognised will be reversed. It is anticipated that this matter should be resolved prior to the completion of the 2018 Financial Statements.

	Half year	
	31 December 2017	31 December 2016
	\$	\$
<b>Note 3: Expenses</b>		
<i>Depreciation, amortisation and impairment of non-current assets:</i>		
Depreciation – plant and equipment	1,816	1,401
Amortisation and impairment – intellectual property	18,471	18,471
<i>Operating expenses:</i>		
Listing expenses <sup>1</sup>	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: Operating segments**

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.

<b>Note 5: Cash and cash equivalents</b>	31 December	30 June
	2017	2017
	\$	\$
Cash at bank	12,927	60,055
Deposit at call	174,381	800,269
Term deposits	7,500,000	2,000,000
	<u>7,687,308</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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

**Note 6: Intangible assets**

	<b>31 December 2017</b>	<b>30 June 2017</b>
	<b>\$</b>	<b>\$</b>
Intellectual property establishment and acquisitions at cost	<b>557,818</b>	557,818
Less: Accumulated amortisation	<b>(114,505)</b>	(96,034)
	<b>443,313</b>	<b>461,784</b>

**Note 7: 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 contributed equity during the period were as follows:

	<b>31 December 2017</b>	
	<b>No.</b>	<b>\$</b>
Opening balance 1 July 2017	<b>177,470,133</b>	<b>5,208,852</b>
Shares issued pursuant to the Loan Share Plan (LSP)	<b>750,000</b>	<b>52,500</b>
Share plan loans	-	<b>(52,500)</b>
Share buyback approved at the General meeting held on 6 September 2017	<b>(2,117,675)</b>	-
Share consolidation approved at the AGM held on 6 September 2017	<b>(88,051,217)</b>	-
Shares issued on exercise of options <sup>1</sup>	<b>1,150,000</b>	<b>63,800</b>
Share issued on conversion of options <sup>1</sup>	<b>2,023,230</b>	<b>404,646</b>
Shares issued pursuant to ASX listing	<b>35,500,000</b>	<b>7,100,000</b>
Shares issued pursuant to the Loan Share Plan (LSP)	<b>1,000,000</b>	<b>200,000</b>
Share plan loans	-	<b>(200,000)</b>
Transaction costs	-	<b>(1,005,047)</b>
Closing balance 31 December 2017	<b>127,724,471</b>	<b>11,772,251</b>

1. 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:

- a. Net cash proceeds \$63,800 for the exercise of 1,150,000 options.
- b. Reduction in reserves (\$139,301) and increase in transaction costs (\$265,345) -totalling \$404,646 following the conversion of 3,274,201 options.

	<b>30 June 2017</b>	
	<b>No.</b>	<b>\$</b>
Opening balance 1 July 2016	109,553,101	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
Value of shares issued to Financial Advisors <sup>2</sup>	1,600,000	40,000
Transaction costs arising on issue of shares	-	(292,048)
Shares issued pursuant to the Loan Share Plan (LSP)	6,250,000	287,500
Share plan loans	-	(287,500)
Closing balance 30 June 2017	<b>177,470,133</b>	<b>5,208,852</b>

2. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2017

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

	31 December 2017 No.	30 June 2017 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 period <sup>3</sup>	2,000,000	1,300,000
Exercised during the period	(1,150,000)	-
Converted during the year (refer note 6(a)(1))	(3,274,201)	-
<b>Balance at end of the year</b>	<b>2,000,000</b>	<b>8,848,400</b>

*Terms of options issued*

	<i>Options Issued</i>	<i>Exercise Price</i>	<i>Value \$</i>	<i>Expiry</i>
Broker options issued – 24/11/17	2,000,000	20 cents	113,600	24/11/20

- 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.

**Note 8: Reserves**

	31 December 2017 \$	30 June 2017 \$
Share options reserve	(a) 113,600	139,301
Share loan plan reserve	(b) 385,890	226,752
	<b>499,490</b>	<b>366,053</b>

**(a) Share options reserve**

Opening balance 1 July	139,301	139,301
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 <sup>1</sup>	(139,301)	-
Closing balance	<b>113,600</b>	<b>139,301</b>

- Refer to note 7 for further details.

	31 December 2017 \$	30 June 2017 \$
<b>(b) Share loan plan reserve</b>		
Opening balance 1 July	226,752	190,307
Value of shares issued under the Loan Share Plan (recognised over vesting period)	159,138	36,445
Closing balance	<b>385,890</b>	<b>226,752</b>

**Note 9: Movement in accumulated losses**

	31 December 2017 \$	30 June 2017 \$
Opening balance 1 July	(2,661,967)	(1,607,066)
Net loss for the period	(1,549,343)	(1,054,901)
Closing balance	<b>(4,211,310)</b>	<b>(2,661,967)</b>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2017

**Note 10: Commitments and contingencies**

There are no commitments and contingencies required to be reported.

**Note 11: Events subsequent to reporting date**

On 31 January 2018 the Company announced results from a Pilot Study undertaken by Professor Catherine Hill from Purdue University, Indiana, U.S.A. which showed Flavocide™ activity against both insecticide susceptible and resistant *Aedes Aegypti* mosquito larvae And adults mosquitos.

No other significant events have arisen subsequent to 31 December 2017 which require disclosure in the half year report.

**DIRECTORS' DECLARATION**

In the Directors' opinion:

the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporate Regulations 2001 and other mandatory professional reporting requirements;

- a) the attached financial statements and notes thereto give a true and fair view of the Company's financial position as at 31 December 2017 and of its performance for the financial half-year ended on that date; and
- b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5) of the *Corporations Act 2001*.

On behalf of the directors



**Donald Brumley**  
**Independent Non-executive Chairman**

Dated this 8th day of February 2018

INDEPENDENT AUDITOR'S REPORT



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**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF BIO-GENE TECHNOLOGY LIMITED**

**ABN 32 071 735 950**

**Report on the Half-year Financial Report**

We have reviewed the accompanying half-year financial report of Bio-Gene Technology Ltd, which comprises the statement of financial position as at 31 December 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

**Directors' Responsibility for the Half-year Financial Report**

The directors of Bio-Gene Technology Ltd are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Bio-Gene Technology Limited's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Bio-Gene Technology Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Independence**

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*.

INDEPENDENT AUDITOR'S REPORT



**Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Bio-Gene Technology Ltd is not in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of Bio-Gene Technology Ltd 's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

JTP Assurance

JTP ASSURANCE  
Chartered Accountants

Signed at Melbourne this 8<sup>th</sup> day of February 2018

A handwritten signature in black ink, appearing to read 'Sam Claringbold'.

SAM CLARINGBOLD  
Partner

