

## 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 2018 and an overview of operations for the period.

During the period the Company:

- Advanced product evaluation discussions with globally prominent companies in the agricultural, public health and consumer product industries
- Advanced its research programs including efficacy and toxicology studies for both Flavocide™ and Qcide™
- Advanced its manufacturing programs for both Flavocide and Qcide
- Lodged two international patents

### Operations:

One of the key focus areas for Bio-Gene during this period has been engagement and discussions with several international companies, many of which have signed confidentiality agreements. Subsequently a number of these companies have received samples of Flavocide and Qcide under material transfer agreements, with which to undertake their own testing. It is envisaged that this work may lead to the establishment of formal evaluation agreements. Management continue to work closely with these companies in order to facilitate this process.

In addition to supporting these discussions, the Bio-Gene team has also been managing the ongoing research programs for both Flavocide and Qcide in order to generate further value-adding data.

### Financial Performance:

The Company produced a loss from ordinary activities before income tax of \$1.27 million, a 18.3% reduction over the previous corresponding period due primarily to the costs associated with the listing of the Company in November 2017. The Company’s cash position at balance date was \$5.3 million.

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

### **For further information, please contact:**

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**About Bio-Gene Technology Limited**

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 2018  
*Half year ended 31 December 2017*

**Results for announcement to the market**

A\$'000

Revenues from ordinary activities	Up	71.8% to	78
Loss from ordinary activities after tax attributable to members	Down	18.3% to	(1,266)
Net loss for the period attributable to members	Down	18.3% to	(1,266)

<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 2018	31 December 2017
Net tangible asset per security	0.041¢	0.060¢
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		

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

**APPENDIX 4D – HALF YEAR REPORT**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2018**

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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 2018 and any public announcements made by Bio-Gene Technology Limited during the half year reporting period 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 2018.

**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).

**2. Results**

The Company reported a loss for the half-year of \$1,266,312 (2017: \$1,549,343). This loss is after fully expensing all research and development costs.

**3. Review of Operations**

Key achievements during the period include:

- Advancement of product evaluation discussions with globally prominent companies in the agricultural industry
- Advancement of the research program including efficacy and toxicology studies
- Advancement of manufacturing programs for both Flavocide™ and Qcide™
- The lodgement of two international patents

***Commercial Discussions***

One of the key focus areas for Bio-Gene during this period has been engagement and discussions with several international companies, many of which have signed confidentiality agreements. Subsequently a number of these companies have received samples of Flavocide and Qcide under material transfer agreements, with which to undertake their own testing. It is envisaged that this work may lead to the establishment of formal evaluation agreements. Management continue to work closely with these companies in order to facilitate this process.

***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.

***Grain Storage Pests***

During the prior financial year Bio-Gene completed its initial program with the Department of Agriculture and Fisheries (DAF), Queensland to assess Flavocide against a range of grain storage pests. The Company has now expanded this program to undertake residual studies in respect of Flavocide in this important area.

***Crop Insects & Mites***

During the period the Company continued its 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 number of major pests tested. The Company is investigating other programs to evaluate efficacy against additional crop pests to support commercialisation strategies.

***Beneficial Arthropods***

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 insecticides.

***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 mosquito control. She has obtained promising results with Flavocide in pilot studies.

***Unique Mode of Action***

The Company has continued with its studies of Flavocide's mode of action (MoA), conducted by Pacific Discovery Services. This work comprises studies to elucidate the mode of action and assist in identifying the best multiple compound combinations using the molecule.

## DIRECTORS' REPORT

The data generated as part of these new studies will initially be published in a relevant industry journal and/or presented at industry conferences prior to being used to support a submission for a new classification of insecticide with the Insect Resistance Action Committee (IRAC).

The research undertaken to date has supported engagement with both industry experts and companies who are looking to find new insecticide technology, to enable them to offer to the market new and valuable commercial products.

### *Manufacturing*

In October, Bio-Gene announced completion of the latest stage of its development project with CSIRO, which improved both the yield and cost of the synthesis process for the production of flavesone, the active constituent contained within Flavocide.

The project developed an improved process for production of flavesone in a more efficient and higher yielding manner. The new process lowers the costs of raw materials, achieves more efficient homogeneous process reactions, produces less waste material and results in finished product with a higher purity.

Achieving a viable manufacturing process for Flavocide now allows Bio-Gene to engage targeted manufacturers to undertake pilot plant production of the molecule. Efficiencies achieved through this process will help underpin the long-term supply of the product once in commercial use.

### *Toxicology testing & registration package*

In October, Bio-Gene announced positive results from a 28-day toxicology study of Flavocide. The study involved repeat oral and dermal doses of Flavocide with rats, showing no observable adverse effects. These results will assist in determining appropriate doses for the next stage of studies which will include longer term repeat dose toxicity testing.

Importantly, these results represent an important de-risking milestone for the ongoing commercial development of Flavocide, with Bio-Gene now able to determine the parameters for longer-term repeat dose toxicity testing. The results also provide further supporting data towards creation of a global registration-enabling data package to support the commercialisation of Flavocide.

### **Qcide™**

After presenting Bio-Gene's technology to a number of key industry companies, the potential applications for Qcide have grown to now include vector control and crop protection, in addition to consumer applications. The Company has expanded its Qcide trial program to gather further data in these market segments, as well as create additional focus on oil extraction from its farming practices.

### *Manufacturing*

The Company has continued to develop its 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.

In addition, JCU has recently commenced an engineering program in conjunction with Bio-Gene's contract farmers to find effective ways to increase production from current and future plantations. Maximising the yield potential from each kilogram of bio-mass that is harvested will help us to provide a cost effective product.

The company was also pleased to announce success in its application for a \$50,000 grant via the Australian Government's Innovations Connections program to assist in undertaking the JCU engineering project.

### *Mosquitos*

Discussions with many major players in the vector control segment have highlighted a significant interest in Qcide as an alternative product for the control of mosquitoes. As a result of this feedback the Company is continuing its efficacy studies to demonstrate the effectiveness of Qcide.

In July 2018, Bio-Gene 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. UTS is now conducting studies based on Qcide and incorporating other natural products to further explore the potential for highly effective household sprays.

Work conducted previously at Purdue University on Flavocide exploring the efficacy against the *Aedes aegypti* mosquito as well as the synergistic action when combined with other insecticides is now being repeated using Qcide. If successful this could make Qcide more efficacious and cost effective when used with other chemistries.

### *Toxicology testing*

The preliminary acute mammalian toxicity testing on Qcide commenced during the period with results expected to be available before the end of the financial year.

### **Intellectual Property 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.

**DIRECTORS' REPORT**

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.

**4. Financial and Treasury Activities**

The financial results of the Company for the six months ended 31 December 2018 are summarised as follows:

- The Company produced a loss from ordinary activities before income tax and after income tax of \$1,266,312 (2017: 1,549,343) mainly reflecting advancement of the research programs. Research and development costs have been expensed in the period in which they were incurred. Before interest income, tax, depreciation and amortisation the net loss for the period was \$1,322,024 (2017: \$1,570,380).
- Revenues generated for the current period of \$78,210 were from interest income. Revenues of \$45,534 for the corresponding period last year were interest income and sales of Qcide.
- The Company's cash at balance date was \$5,314,230 (30 June 2018: \$6,706,552).
- 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 any overseas expenditure and the Australian portion which has been disallowed. 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 prior reporting period and that amount \$122,811 less the prior year accrual of \$100,000 was included in the prior year revenue. The Company is still in discussions with AusIndustry and it is hoped that this matter should be resolved prior to the end of the current financial year. 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.

**5. Events Subsequent to 31 December 2018**

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

**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 20 February 2019.



**Donald Brumley**  
Independent Non-executive Chairman

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

**JTP**

JTP ASSURANCE

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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 2018 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 20<sup>th</sup> day of February 2019



**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 2018**

	Note	Half-Year	
		31 December 2018	31 December 2017
		\$	\$
Revenues from continuing operations	2	78,210	45,534
Research & Development		(703,396)	(671,734)
Commercialisation Expenses		(151,443)	(73,051)
Management and Employment Expenses		(70,054)	(134,097)
Directors Expenses		(93,089)	(200,640)
Professional Services		(140,938)	(58,163)
Intellectual Property		(31,295)	(30,025)
Depreciation & Amortisation	3	(22,498)	(20,287)
Listing Expenses	3	-	(299,505)
Other Expenses		(131,809)	(107,375)
Loss from continuing operations before tax		(1,266,312)	(1,549,343)
Income tax (expense)		-	-
<b>Loss for the half-year from continuing operations after income tax</b>		<b>(1,266,312)</b>	<b>(1,549,343)</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>(1,266,312)</b>	<b>(1,549,343)</b>
<b>Earnings (loss) per share:</b>			
Basic loss per share		(0.011¢)	(0.013¢)
Diluted loss per share		(0.011¢)	(0.013¢)

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 2018**

	Note	31 December 2018 \$	30 June 2018 \$
<b>Current assets</b>			
Cash and cash equivalents	5	5,314,230	6,706,552
Trade and other receivables		374,882	368,359
Other assets		261,919	128,499
<b>Total current assets</b>		<b>5,951,031</b>	<b>7,203,410</b>
<b>Non-current assets</b>			
Property, plant and equipment		34,616	38,643
Intangible assets	6	406,370	424,841
<b>Total non-current assets</b>		<b>440,986</b>	<b>463,484</b>
<b>Total assets</b>		<b>6,392,017</b>	<b>7,666,894</b>
<b>Current liabilities</b>			
Trade and other payables		481,428	493,737
Employee Benefits		40,759	115,850
<b>Total current liabilities</b>		<b>522,187</b>	<b>609,587</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>672,187</b>	<b>759,587</b>
<b>Net assets</b>		<b>5,719,830</b>	<b>6,907,307</b>
<b>Equity</b>			
Contributed equity	7	11,769,674	11,768,501
Reserves	8	711,485	633,823
Accumulated losses	9	(6,761,329)	(5,495,017)
<b>Total equity</b>		<b>5,719,830</b>	<b>6,907,307</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 2018**

	Contributed equity	Share option reserve	Share loan plan reserve	Accumulated losses	Total
<b>2018</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>At 1 July 2018</b>	<b>11,768,501</b>	<b>113,600</b>	<b>520,223</b>	<b>(5,495,017)</b>	<b>6,907,307</b>
Loss for the period	-	-	-	(1,266,312)	(1,266,312)
Other comprehensive income	-	-	-	-	-
Total comprehensive income/(loss) for the year	-	-	-	(1,266,312)	(1,266,312)
<i>Transactions with owners in their capacity as owners:</i>					
Contributed equity	1,173	-	-	-	1,173
Transaction costs related to shares issued	-	-	-	-	-
Exercise and conversion of options	-	-	-	-	-
Cost of share based payment	-	-	77,662	-	77,662
<b>At 31 December 2018</b>	<b>11,769,674</b>	<b>113,600</b>	<b>597,885</b>	<b>(6,761,329)</b>	<b>5,719,830</b>
<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>

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 HALF YEAR ENDED 31 DECEMBER 2018**

	Note	Half Year	
		31 December 2018	31 December 2017
		\$	\$
<b>Operating activities</b>			
Receipts from customers		-	4,210
Payments to suppliers and employees inclusive of GST		(1,474,584)	(1,505,060)
Interest received		81,089	25,891
R&D tax incentive		-	-
<b>Net cash used in operating activities</b>		<b>(1,393,495)</b>	<b>(1,474,959)</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>-</b>	<b>(230,985)</b>
<b>Financing activities</b>			
Net proceeds from issue of shares		1,173	7,170,800
Payment for share issue expenses		-	(637,872)
<b>Net cash provided by financing activities</b>		<b>1,173</b>	<b>6,532,928</b>
Net increase in cash and cash equivalents		(1,392,322)	4,826,984
Cash and cash equivalent at 1 July		6,706,552	2,860,324
<b>Cash and cash equivalents at 31 December</b>	5	<b>5,314,230</b>	<b>7,687,308</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 2018**

**Note 1a: Basis of preparation**

The financial report of Bio-Gene Technology Limited for the half year ended 31 December 2018 was authorised for issue in accordance with a resolution of the Directors on 20 February 2019. 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, 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 2018. Adoption of the Standards did not have any effect on the financial position or performance of the Company.

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.

	Half year	
<b>Note 2: Revenue and other income</b>	31 December 2018	31 December 2017
	\$	\$
Interest revenue	78,210	41,324
R&D tax incentive <sup>1</sup>	-	-
Sales of Qcide™	-	4,210
Other income	-	-
	<b>78,210</b>	<b>45,534</b>

- 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 any overseas expenditure and the Australian portion which has been disallowed. 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 prior reporting period and that amount \$122,811 less the prior year accrual of \$100,000 was included in the prior year revenue. The Company is still in discussions with AusIndustry and it is hoped that this matter should be resolved prior to the end of the current financial year. 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.

	Half year	
<b>Note 3: Expenses</b>	31 December 2018	31 December 2017
	\$	\$
<i>Employee salary and benefit expenses<sup>1</sup>:</i>		
Salary and employee benefit expenses	288,974	-
Defined contribution superannuation expenses	32,724	-
Share based payments	1,444	-
<i>Depreciation, amortisation and impairment of non-current assets:</i>		
Depreciation – plant and equipment	4,027	1,816
Amortisation and impairment – intellectual property	18,471	18,471
<i>Operating expenses:</i>		
Listing expenses <sup>2</sup>	-	299,505
Foreign currency exchange losses	1,424	-

- Richard Jagger, CEO and Managing Director, Peter May, Executive Director Research and Development and Roger McPherson, CFO and Company Secretary were appointed as employees on 1 January 2018. In the prior corresponding period these individuals provided services by way of consulting arrangements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2018**

2. In accordance with Accounting Standards, in the previous period the Company 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 was expensed in the prior period 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.

**Note 5: Cash and cash equivalents**

	<b>31 December 2018</b>	<b>30 June 2018</b>
	\$	\$
Cash at bank	12,473	6,120
Deposit at call	401,757	300,432
Term deposits	4,900,000	6,400,000
	<b>5,314,230</b>	<b>6,706,552</b>

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

**Note 6: Intangible assets**

	<b>31 December 2018</b>	<b>30 June 2018</b>
	\$	\$
Intellectual property establishment and acquisitions at cost	557,818	557,818
Less: Accumulated amortisation	(151,448)	(132,977)
	<b>406,370</b>	<b>424,841</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 2018</b>	
	<b>No.</b>	<b>\$</b>
Opening balance 1 July 2018	127,724,471	11,768,501
Shares issued on exercise of options	5,866	1,173
Shares issued pursuant to the Loan Share Plan (LSP)	1,277,260	98,935
Share plan loans	-	(98,935)
Closing balance 31 December 2018	<b>129,007,597</b>	<b>11,769,674</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2018**

	<b>31 December 2017</b>	
	<b>No.</b>	<b>\$</b>
Opening balance 1 July 2017	177,470,133	5,208,852
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 <sup>2</sup>	1,150,000	63,800
Share issued on conversion of options <sup>2</sup>	2,023,230	404,646
Shares issued pursuant to ASX listing	35,500,000	7,100,000
Shares issued pursuant to the Loan Share Plan (LSP)	1,000,000	200,000
Share plan loans	-	(200,000)
Transaction costs	-	(1,005,047)
Closing balance 31 December 2017	<u>127,724,471</u>	<u>11,772,251</u>

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

	<b>31 December 2018 No.</b>	<b>30 June 2018 No.</b>
Balance at beginning of the year	<b>27,056,730</b>	8,848,400
Consolidation approved at AGM held on 6 September 2017	-	(4,424,199)
Granted during the year <sup>2,3</sup>	-	2,000,000
Exercised during the year	<b>(5,866)</b>	(1,150,000)
Expired during the year	<b>(25,050,864)</b>	(3,274,201)
Issued during the period <sup>4</sup>	-	25,056,730
Lapsed during the year	-	-
<b>Balance at end of the year</b>	<u><b>2,000,000</b></u>	<u>27,056,730</u>

*Terms of options issued*

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

1. Share options granted carry no rights to dividends and no voting rights.
2. The Broker Options were issued pursuant to the Prospectus dated 5 October 2017.
3. 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.
4. The Loyalty options were issued to all shareholders on a 1:5 basis pursuant to the Prospectus dated 1 March 2018. 5,866 of the Loyalty options were exercised and the balance lapsed when they expired on 4 December 2018.

**Note 8: Reserves**

	<b>31 December 2018 \$</b>	<b>30 June 2018 \$</b>
Share options reserve	(a) <b>113,600</b>	113,600
Share loan plan reserve	(b) <b>597,885</b>	520,223
	<u><b>711,485</b></u>	<u>633,823</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	31 December 2018 \$	30 June 2018 \$
<b>(a) Share options reserve</b>		
Opening balance 1 July	113,600	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	<u>113,600</u>	<u>113,600</u>

1. Refer to note 7 for further details.

<b>(b) Share loan plan reserve</b>		
Opening balance 1 July	520,223	226,752
Value of shares issued under the Loan Share Plan (recognised over vesting period)	<u>77,662</u>	<u>293,471</u>
Closing balance	<u>597,885</u>	<u>520,223</u>

**Note 9: Movement in accumulated losses**

	31 December 2018 \$	30 June 2018 \$
Opening balance 1 July	(5,495,017)	(2,661,967)
Net loss for the period	<u>(1,266,312)</u>	<u>(2,833,050)</u>
Closing balance	<u>(6,761,329)</u>	<u>(5,495,017)</u>

**Note 10: Commitments and contingencies**

There are no commitments and contingencies required to be reported.

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

No significant events have arisen subsequent to 31 December 2018 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 2018 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 20th day of February 2019

INDEPENDENT AUDITOR'S REPORT



JTP ASSURANCE

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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 2018, 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 2018 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*.



**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 2018 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  
Chartered Accountants



SAM CLARINGBOLD  
Partner

Signed at Melbourne this 20<sup>th</sup> day of February 2019

