

COMMENTARY ON HALF YEAR REPORT

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 2019 and an overview of operations for the period and up to date.

During the period the Company achieved several key milestones:

- Flavocide™ activity was confirmed against Malaria carrying mosquitoes that are resistant to Synthetic Pyrethroids (SP), the insecticide class commonly used since the 1970’s to control mosquitoes;
- First exclusive evaluation partnership in Australian stored grain pest control with BASF and the GRDC; and
- Reached seven Material Transfer Agreements (MTAs) with potential global partners across all key verticals.

Operations:

In December 2019, Bio-Gene announced a globally significant breakthrough with trial results that confirmed Flavocide can control the *Anopheles gambiae* mosquito species which carries Malaria and is increasingly resistant to commonly used insecticides. These laboratory trial results demonstrate that Flavocide is active against strains of the *Anopheles gambiae* mosquito resistant to SP insecticides. Combined with previous trial work, the company has now demonstrated Flavocide activity against resistant populations of the major mosquito species that carry diseases of such global importance as Malaria, Zika virus, and Dengue fever.

During the period Bio-Gene announced its first exclusive evaluation partnership with BASF, the Grains Research and Development Corporation (GRDC) and research partner Department of Agriculture & Fisheries, Queensland Government (DAF). Both BASF and the GRDC are providing financial support as well as expertise to the research program.

The Company has also continued its engagement with several other international companies, many of which have received samples of Flavocide and Qcide™ under MTA's, with which they will undertake their own testing. Bio-Gene, together with these international companies have agreed on specific protocols and target pests for this testing. In addition, Bio-Gene has ensured that it can access and discuss ongoing results with the various R&D divisions whilst protecting its Intellectual Property throughout the process. Bio-Gene now has a total of seven MTAs in place across four key verticals of Crop Protection, Grain Storage, Public Health and Consumer Products.

In addition to supporting these discussions, the Bio-Gene team has also been managing the ongoing research programs for both Flavocide and Qcide, including product efficacy testing, registration-enabling studies and improvements in manufacturing processes, in order to generate further value-adding data.

Financial Performance:

The Company produced a loss from ordinary activities before income tax of \$1.06 million, a 16.2% reduction over the previous corresponding period. The Company’s cash position at balance date was \$3.6 million.

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

Approved for release by the Board of Directors of the Company.

For further information, please contact:

Bio-Gene Technology Limited:

Richard Jagger
Chief Executive Officer
P: 03 9628 4178
E: bgt.info@bio-gene.com.au

Roger McPherson
CFO & Company Secretary
P: 03 9628 4178
E: bgt.info@bio-gene.com.au

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 pest 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 2019
Half year ended 31 December 2018

Results for announcement to the market

A\$'000

Revenues from ordinary activities	Up	545.2% to	505
Loss from ordinary activities after tax attributable to members	Down	16.2% to	(1,061)
Net loss for the period attributable to members	Down	16.2% to	(1,061)

Explanation		
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 2019	31 December 2018
Net tangible asset per security	0.028¢	0.041¢
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 2019

<u>Contents</u>	<u>Page</u>
Directors' report	5
Auditor's independence declaration	8
Statement of profit or loss and other comprehensive income	9
Statement of financial position	10
Statement of changes in equity	11
Statement of cash flows	12
Notes to the financial statements	13
Directors' declaration	17
Independent auditor's review report to the members	18

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 2019 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 2019.

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).

On 29 November 2019, Kevin Rumble advised the Board of his plan to retire at the 2020 Annual General Meeting.

2. Results

The Company reported a loss for the half-year of \$1,061,140 (2018: \$1,266,312). This loss is after fully expensing all research and development costs.

3. Review of Operations

Key achievements during the period include:

- Flavocide™ activity was confirmed against Malaria carrying mosquitoes that are resistant to Synthetic Pyrethroids (SP), the insecticide class commonly used since the 1970's to control mosquitoes;
- First exclusive evaluation partnership in Australian stored grain pest control with BASF and the GRDC; and
- Reached seven Material Transfer Agreements (MTAs) with potential global partners across all key verticals.

Commercial Discussions

During the period Bio-Gene announced its first exclusive evaluation partnership with BASF in Australian stored grain pest control which was later expanded to include the Grains Research and Development Corporation (GRDC). The research program is being conducted by the Department of Agriculture & Fisheries, Queensland Government (DAF) which together with Bio-Gene results in a four-party collaboration. Both BASF and the GRDC are providing financial support and expertise to the research program.

During the period the Company continued its engagement and discussions with several international companies, many of which have received samples of Flavocide and Qcide™ under MTA's), with which they will undertake their own testing. Bio-Gene, together with these international companies have agreed on specific testing protocols and target pests. In addition, Bio-Gene has ensured that it can access and discuss ongoing results with the various R&D divisions whilst protecting its Intellectual Property throughout the process.

Bio-Gene's discussions with these potential commercial partners has resulted in a total of seven MTA's being signed.

Flavocide™

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

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. Promising results with Flavocide were obtained in pilot studies.

In December 2019, Bio-Gene was delighted to announce a globally significant breakthrough with trial results that confirmed Flavocide can control the *Anopheles gambiae* mosquito species which carries Malaria and is increasingly resistant to commonly used insecticides. These laboratory studies that comprised tarsal contact assays demonstrate that Flavocide is active against resistant strains of the *Anopheles gambiae* mosquito. Combined with previous trial work, the company has now demonstrated Flavocide activity against resistant populations of the major mosquito species that carry diseases of such global importance as Malaria, Zika virus and Dengue fever.

The Company will use these data to facilitate evaluation programs by a number of NGO's which have registered interest in Bio-Gene and its particular application in the public health sector.

DIRECTORS' REPORT

Grain Storage Pests

During the 2018 financial year Bio-Gene completed its initial program with DAF, to assess Flavocide against a range of grain storage pests. The Company expanded this program to undertake residual studies in respect of Flavocide in this important area and reported positive results during this period. In December 2019 the Company announced that trial results confirmed that Flavocide successfully controlled a key grain storage pest over a nine-month period. Nine months residual control is considered a key industry standard for any new grain protectant and is important for commercial validation. These results were confirmed under field and laboratory conditions. These results also deliver an excellent platform for the trial program with BASF, Queensland DAF & GRDC.

Manufacturing

In the last financial year, Bio-Gene announced completion of its development project with CSIRO, which improved both the yield and cost of the synthesis process to produce flavesone, the active constituent contained within Flavocide.

During the current period Bio-Gene entered into a new arrangement to undertake a scale-up program with Boron Molecular Pty Ltd (Boron), aimed at improving on CSIRO methodology through larger production quantities. Pilot plant trials are currently underway at Boron to scale-up production of Flavocide and identify further process improvements and cost reductions.

Toxicology testing & registration package

During the last financial year, Bio-Gene sought regulatory advice to obtain guidance on the best approach to take in developing the tox package for both business planning and regulatory requirements. Studies have now been prioritised with more focused tests being conducted which may allow Bio-Gene to seek a reduction in the scope of studies currently on the timeline.

Importantly, these studies 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.

Initial de-risking studies are timetabled to commence in the first half of 2020.

Qcide™

Following feedback from potential commercial partners, Bio-Gene has reviewed the potential applications for Qcide to include vector control and crop protection, in addition to consumer applications.

Manufacturing

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

A further eucalyptus harvest and associated experimentation programs were completed during January 2020 which demonstrated further improved extraction techniques of oil from biomass.

Efficacy

During the period Bio-Gene undertook studies at Purdue University which demonstrated synergistic effects of adding Qcide to sub-label rates of other insecticides. The Company also commenced Qcide studies on major mosquito vectors, which had been partially delayed due to restricted access to mosquito quantities, at Purdue University. In addition, Bio-Gene, in collaboration with the University of Technology Sydney (UTS) tested new combination formulations with Qcide for knockdown sprays. It is currently planned to test these formulations on resistant flies to demonstrate the effectiveness of Qcide's novel Mode of Action.

Intellectual Property Position

The Company submitted two additional patent applications in 2018 covering two unique inventions as part of its strategy to provide added protection to its technology and therefore enhanced value for potential customers. As part of the global patent application process the Company has now entered the specific country by country patent examination phase.

R&D dispute settled successfully

In November, Bio-Gene was pleased to announce that it had settled its dispute with AusIndustry in respect of the R&D Tax Incentive claim relating to the three years ending 30 June 2019 resulting in additional refunds totalling \$359,140 that were received by Bio-Gene in early January 2020.

4. Financial and Treasury Activities

The financial results of the Company for the six months ended 31 December 2019 are summarised as follows:

- The Company produced a loss from ordinary activities before income tax and after income tax of \$1,061,140 (2018: \$1,266,312) 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 \$1,065,197 (2018: \$1,322,024).

DIRECTORS' REPORT

- Revenues generated for the current period of \$504,622 were from the R&D Tax Incentive, research collaboration receipts, interest income and other. Revenues of \$78,210 for the corresponding period last year were from interest income.
- The Company's cash at balance date was \$3,637,471 (30 June 2019: \$4,499,364).
- During the period the Company settled its dispute with AusIndustry which resulted in an additional \$359,140 for the R&D Tax Incentive which was received on 7 January 2020.

5. Events Subsequent to 31 December 2019

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 26 February 2020.



Donald Brumley
Independent Non-executive Chairman

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 LIMITED

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2019 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 26th day of February 2020

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 2019

	Note	Half-Year	
		31 December 2019	31 December 2018
		\$	\$
Revenues from continuing operations	2	504,622	78,210
Research & Development		(738,510)	(703,396)
Commercialisation Expenses		(124,493)	(151,443)
Management and Employment Expenses		(92,138)	(70,054)
Directors Expenses		(101,444)	(93,089)
Professional Services		(297,141)	(140,938)
Intellectual Property		(8,656)	(31,295)
Depreciation & Amortisation	3	(29,889)	(22,498)
Other Expenses	12(b)	(173,491)	(131,809)
Loss from continuing operations before tax		(1,061,140)	(1,266,312)
Income tax (expense)		-	-
Loss for the half-year from continuing operations after income tax		(1,061,140)	(1,266,312)
Other comprehensive income (loss) for the period, net of tax		-	-
Total comprehensive loss for the half-year attributable to members of the Company		(1,061,140)	(1,266,312)
 Earnings (loss) per share:			
Basic loss per share		(0.90¢)	(1.08¢)
Diluted loss per share		(0.90¢)	(1.08¢)

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 2019

	Note	31 December 2019 \$	30 June 2019 \$
Current assets			
Cash and cash equivalents	4	3,637,471	4,499,364
Trade and other receivables		499,777	472,767
Other assets		198,461	170,331
Total current assets		4,335,709	5,142,462
Non-current assets			
Property, plant and equipment		28,014	32,712
Right of use assets	12(a)	19,040	-
Intangible assets	5	369,427	387,898
Total non-current assets		416,481	420,610
Total assets		4,752,190	5,563,072
Current liabilities			
Trade and other payables		428,095	322,487
Lease liabilities		12,830	-
Employee Benefits		58,619	141,124
Total current liabilities		499,544	463,611
Non-current liabilities			
Lease liabilities		5,140	-
Financial liabilities		150,000	150,000
Total non-current liabilities		155,140	150,000
Total liabilities		654,684	613,611
Net assets		4,097,506	4,949,461
Equity			
Contributed equity	6	11,875,759	11,804,199
Reserves	7	833,146	695,849
Accumulated losses	8	(8,611,399)	(7,550,587)
Total equity		4,097,506	4,949,461

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 2019

	Contributed equity	Share option reserve	Share loan plan reserve	Accumulated losses	Total
2019	\$	\$	\$	\$	\$
At 1 July 2019	11,804,199	113,600	582,249	(7,550,587)	4,949,461
Loss for the period	-	-	-	(1,061,140)	(1,061,140)
Other comprehensive income	-	-	-	-	-
Adjustment following the adoption of AASB16	-	-	-	328	328
12(d) Total comprehensive income/(loss) for the year	-	-	-	(1,060,812)	(1,060,812)
<i>Transactions with owners in their capacity as owners:</i>					
Contributed equity	-	-	-	-	-
Re-allocation of value of equity which vested during the period	71,560	-	(71,560)	-	-
Cost of share based payment	-	86,800	122,057	-	208,857
At 31 December 2019	11,875,759	200,400	632,746	(8,611,399)	4,097,506
2018	\$	\$	\$	\$	\$
At 1 July 2018	11,768,501	113,600	520,223	(5,495,017)	6,907,307
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
Cost of share based payment	-	-	77,662	-	77,662
At 31 December 2018	11,769,674	113,600	597,885	(6,761,329)	5,719,830

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 2019

	Note	Half Year	
		31 December 2019 \$	31 December 2018 \$
Operating activities			
Receipts from customers		-	-
Payments to suppliers and employees inclusive of GST		(1,353,310)	(1,474,584)
Interest received		34,324	81,089
Interest paid		(739)	-
R&D tax incentive		465,293	-
Net cash used in operating activities		(854,432)	(1,393,495)
Investing activities			
Payments for property, plant and equipment		-	-
Payments for intangible assets		-	-
Net cash used in investing activities		-	-
Financing activities			
Net proceeds from issue of shares		-	1,173
Payment for share issue expenses		-	-
Repayments of lease liabilities	12(c)	(7,461)	-
Net cash provided by financing activities		(7,461)	1,173
Net increase in cash and cash equivalents		(861,893)	(1,392,322)
Cash and cash equivalent at 1 July		4,499,364	6,706,552
Cash and cash equivalents at 31 December	4	3,637,471	5,314,230

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 2019

Note 1a: Basis of preparation

The financial report of Bio-Gene Technology Limited for the half year ended 31 December 2019 was authorised for issue in accordance with a resolution of the Directors on 26 February 2020. 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 2019. Adoption of the Standards did not have any material 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 except as noted below.

New and Amended Standards Adopted by the Group

The Company has considered the implications of new or amended Accounting Standards which have become applicable for the current financial reporting period. The Company had to change its accounting policies and make adjustments as a result of adopting AASB 16 : Leases.

The impact of the adoption of this Standard and the respective accounting policies is disclosed in Note 12.

	Half year	
	31 December 2019	31 December 2018
	\$	\$
Note 2: Revenue and other income		
Interest revenue	34,685	78,210
R&D tax incentive ¹	389,878	-
Research collaboration receipts	80,000	-
Other income	59	-
	504,622	78,210

1. During the period the Company settled its dispute with AusIndustry which resulted in an additional \$359,140 for the R&D Incentive which was received on 7 January 2020.

	Half year	
	31 December 2019	31 December 2018
	\$	\$
Note 3: Expenses		
<i>Employee salary and benefit expenses:</i>		
Salary and employee benefit expenses	334,650	288,974
Defined contribution superannuation expenses	34,539	32,724
Share based payments	70,812	1,444
<i>Depreciation, amortisation and impairment of non-current assets:</i>		
Depreciation – plant and equipment	4,698	4,027
Depreciation – right of use assets	6,720	-
Amortisation and impairment – intellectual property	18,471	18,471
<i>Operating expenses:</i>		
Foreign currency exchange losses	-	1,424

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2019

Note 4: Cash and cash equivalents	31 December 2019	30 June 2019
	\$	\$
Cash at bank	12,279	22,586
Deposit at call	225,192	176,778
Term deposits	3,400,000	4,300,000
	<u>3,637,471</u>	<u>4,499,364</u>

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

Note 5: Intangible assets	31 December 2019	30 June 2019
	\$	\$
Intellectual property establishment and acquisitions at cost	557,818	557,818
Less: Accumulated amortisation	(188,391)	(169,920)
	<u>369,427</u>	<u>387,898</u>

Note 6: 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:

	31 December 2019	
	No.	\$
Opening balance 1 July 2019	129,007,597	11,804,199
Re-allocation of value of equity which vested during the period	-	71,560
Shares issued pursuant to the Loan Share Plan (LSP)	3,859,658	330,296
Share plan loans	-	(330,296)
Closing balance 31 December 2019	<u>132,867,255</u>	<u>11,875,759</u>

	31 December 2018	
	No.	\$
Opening balance 1 July 2019	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 2019	<u>129,007,597</u>	<u>11,769,674</u>

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

	31 December 2019	30 June 2019
	No.	No.
Balance at beginning of the year	2,000,000	27,056,730
Granted during the year	-	-
Exercised during the year	-	(5,866)
Expired during the year	-	(25,050,864)
Issued during the period ⁴	2,000,000	-
Lapsed during the year	-	-
Balance at end of the year	<u>4,000,000</u>	<u>2,000,000</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2019

Terms of options issued

	Options Issued	Exercise Price	Value \$³	Expiry
Broker options issued – 24/11/17 ²	2,000,000	20 cents	113,600	24/11/20
Options issued – 18/9/19 ⁴	2,000,000	20 cents	86,800	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 Options were issued for corporate advisory and general corporate services.

Note 7: Reserves

	31 December 2019 \$	30 June 2019 \$
Share options reserve	(a) 200,400	113,600
Share loan plan reserve	(b) 632,746	582,249
	833,146	695,849

	31 December 2019 \$	30 June 2019 \$
(a) Share options reserve		
Opening balance 1 July	113,600	113,600
Value of Options issued during the period	86,800	-
Closing balance	200,400	113,600

(b) Share loan plan reserve		
Opening balance 1 July	582,249	520,223
Value of shares issued under the Loan Share Plan (recognised over vesting period)	122,057	96,551
Re-allocation of value of shares issued under the LSP which vested during the period	(71,560)	(34,525)
Closing balance	632,746	582,249

Note 8: Movement in accumulated losses

	31 December 2019 \$	30 June 2019 \$
Opening balance 1 July	(7,550,587)	(5,495,017)
Adjustment following the adoption of AASB16	328	-
Net loss for the period	(1,061,140)	(2,055,570)
Closing balance	(8,611,399)	(7,550,587)

Note 9: 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 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 2019 which require disclosure in the half year report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2019

Note 12: Right-of-use assets

On 1 June 2019 the Company entered into a two year lease for its office at Level 12, 456 Lonsdale Street, Melbourne.

The Company adopted AASB 16 effective from 1 July 2019.

	31 December 2019 \$	30 June 2019 \$
<i>(a) AASB 16 related amounts recognised in the balance sheet</i>		
Leased office	26,880	-
Less: Accumulated depreciation	<u>(7,840)</u>	-
	<u>19,040</u>	-
<i>Movement in carrying amounts</i>		
Balance at the beginning of the year	-	-
Recognised on initial application of AASB16 (previously classified as an operating lease under AASB117)	25,760	-
Depreciation expense for the period	<u>(6,720)</u>	-
	<u>19,040</u>	-
<i>(b) AASB 16 related amounts recognised in the statement of profit or loss</i>		
Depreciation charge related to right of use assets	6,720	-
Interest expense on lease liabilities (under other expenses)	739	-
<i>(c) AASB 16 related amounts recognised in the statement of cash flows</i>		
Repayments of principal	7,461	-
Interest paid	739	-
Total half yearly cash outflows for leases	<u>8,200</u>	-
<i>(d) AASB 16 related amounts recognised in the statement of changes in equity</i>		
Reversal of lease payment expensed in the prior period	(1,600)	-
Depreciation of right of use asset for the prior period	1,120	-
Interest expense related to lease repayment for the prior period	152	-
Total half yearly cash outflows for leases	<u>(328)</u>	-

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 2019 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 26th day of February 2020

INDEPENDENT AUDITOR'S REPORT



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

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 2019, 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 2019 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 26th day of February 2020