BIO-GENE TECHNOLOGY LTD

ACN 071 735 950

Annual Financial Statements

For the Year Ended 30 June 2016

CONTENTS

GLOSSARY

ASIC	the Australian Securities and Investments Commission
ATO	Australian Taxation Office
GST	Goods and Services Tax

DIRECTORS' REPORT

The Directors of Bio-Gene Technology Limited submit their report for the year ended 30 June 2016 and to the date of this report.

Operating Result for the year

The loss for the Company after income tax was $302,211, (2015: $98,261). This result is consistent with expectations of costs associated with the product testing and development program undertaken.

Review of Financial position

At the end of the financial year funds raised were held in cash investment for use in subsequent financial periods. The Company strives to maximise the return on these funds for future commercialisation of its products by investing surplus funds and minimising corporate overheads

Review of Operations

Over the twelve months to 30 June and since balance date there has been significant development of our insecticide FLAVOCIDE®. The Company has conducted a series of tests that established the activity of FLAVOCIDE® against a range of public health pests including the house fly and a number of major mosquito pests including *Aedes aegypti* which is a vector[1] for Dengue and Zika viruses.
Testing to date has indicated that FLAVOCIDE® exhibits a novel mode of insecticidal action. Further investigations are underway to confirm the details of this mode of action.

As reported last year, the Company's patent position in the USA was under threat due to the examiner's view on potential prior art. The Company successfully defended its position and as a result the USA patent is now pending. This completes a comprehensive raft of international patents in key countries in the world that covers both FLAVOCIDE® and Qcide®.

Qcide farming and production operations in Northern Queensland are on track to meet the commercial demands projected for 2017 under a supply arrangement with a retail customer. Seedlings are currently being prepared for planting out to complete a plantation with 100,000 trees.

Bio-Gene has undertaken further successful work on the extraction and the separation of the oil from water including the design of a separator by a specialist engineering company. The new separator has been delivered, installed and successfully commissioned to produce product from the October 2016 harvest.

In March 2016 Directors, Peter May and Kevin Rumble attended the 17th China International Agrichemical and Protection Conference & Exhibition in Shanghai, China, a major international pesticide industry event. Presentations on Bio-Gene's products were made as part of the events seminar program as well as in targeted meetings with a number of Chinese companies. As a result several companies of significance have now signed Confidentiality Agreements to evaluate FLAVOCIDE® and Qcide® in a range of uses.

Henslow Pty Ltd (Henslow) (formerly Halcyon Pty Ltd) completed during the year capital raisings totalling $620,600 committed to the commercial development of FLAVOCIDE® utilising approved testing regimes and continued evaluation of markets for Qcide®. The Board in July 2016 appointed Henslow as Corporate Adviser for 12 months and to prepare fund raising mandates which aims to deliver the equity capital necessary to achieve key corporate objectives of registration of products with the APVMA (Australian Pesticides & Veterinary Medicines Authority) and to move the Company toward an Initial Public Offering. Since 30 June 2016 a further $902,300 has been raised at $0.046 cents per share.

1. *Organism, typically a biting insect or tick that transmits a disease or parasite from one animal or plant to another.*

Directors

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

- Kevin P Rumble, Executive Chairman AFAIA, (16 June 2004)
- Robert J Klupacs, Executive Director, Chief Executive Officer, BSc Pharmacology, Patent Attorney. (appointed 28 May 2015)
- Peter D May, Executive Director, BAppSc, MBA, GAICD, and AFAIM. (appointed 29 May 2015)
- John W Cornelius, Executive Director / Company Secretary, MAICD, SAFin, MAusIMM, (appointed 22 June 2016)
- Victor Rosenberg, retired 25 February 2016

Mr Victor Rosenberg who had chaired the Company since 2009 retired in February 2016.The Board expresses its sincere thanks to Mr Rosenberg for his extensive contribution to the Company, his mentorship and development towards Bio-Gene's exciting commercial future.

To fill the casual vacancy occasioned by Mr Rosenberg's retirement and in line with the Company's Mandate agreement with Henslow Pty Ltd, John Cornelius has been appointed to the Board. John has had a career in accounting, company secretarial, and director roles primarily within the resources industry as well as consulting to a range of corporate clients involved in enterprise development, marketing, mining, and forestry. John will assume the duties of Company Secretary CFO as the company enters the next phase of its commercial development.

Directors' Meetings

The number of directors meetings held during the year and the number attended by each director were as follows:

Director	Entitled to attend	Attended
K P Rumble	5	5
R J Klupacs	5	5
P D May	5	5
J W Cornelius	1	1
V Rosenberg	5	5

Significant Changes in the State of Affairs

The Company has successfully completed two tranches of capital.

Principal Activities

The principal activities of the Company are to develop FLAVOCIDE® and Qcide® as insecticides with applications in a number of markets including public health, animal health and agriculture. A key initial objective is the registration of both products with the APVMA (Australian Pesticides & Veterinary Medicines Authority). In addition, opportunities for Qcide in the consumer retail market are being targeted through TGA (Therapeutic Goods Administration) approvals to enable use for ectoparasite control e.g. head lice. The Company aims to market products in its own right and will also seek opportunities in licencing and other commercial opportunities to obtain a return on invested capital through licensing fees and trade sale income.

A Variation Agreement in respect to the Intellectual Property rights to Tasmanone and Flavesone was entered into in December 2016 between the Company, Medibio Limited and University of Western Sydney. The Variation Agreement confirms rights held by the Company and restates the milestone payments agreed under the Intellectual Property Assignment Deed.

After Balance Date Events

No matter or circumstance has arisen since the end of the financial year which significantly affects the operations of the Company, or the results of those operations other than as set out in this report.

Future Developments

The Company will continue to fully evaluate FLAVOCIDE® and Qcide® in a range of market applications, and to develop a comprehensive data package to support product registrations in Australia and internationally. In addition, some products are intended for sale under TGA registrations.

Environmental Issues

The Company's operations are regulated by environmental laws not regulated by any significant under a law of the Commonwealth or of a State or Territory.

Dividends

No dividends were paid or declared during the year under review.

Capital Raising

During the year the Company raised $ 620,600 by the issue of 13,879,179 shares.

At 30 June 2016 the Company had 107,834,280 shares on issue.

Options Issued

7,548,400 30June 2021 Options exercisable at $0.025 cents per share were issued as part consideration for capital raising for the Company in the financial year.

Directors' Remuneration

Kevin Rumble, Robert Klupacs, Peter May and John Cornelius are remunerated under Service Contracts entered into with the Company as was Victor Rosenberg:

Director	2015/2016		2014/2015	
	Fees	Other Benefits	Fees	Other Benefits
KP Rumble	$62,000	-	$72,000	-
PD May	$32,400	-	$9,125	-
RJ Klupacs	$108,000	-	$30,000	-
JW Cornelius	-	-	-	-
V Rosenberg	-	-	-	-

Directors' Shareholdings

The number of ordinary shares of Bio-Gene held by each director of the Company during the financial year is as follows;

	Balance at 1 July 2015	Acquired during the year	Balance at 30 June 2016
KP Rumble	8,280,000	5,000,000	13,280,000
PD May	340,000	192,000	532,000
RJ Klupacs	-	5,640,000	5,640,000
JW Cornelius	-	-	-
V Rosenberg	8,624,000	-	8,624,000

Indemnifying Officer or Auditor

The Company has entered into Deeds of Indemnity with the Directors and Officers of the Company, indemnifying them against certain liabilities and costs to the extent permitted by law.

The Company has also agreed to pay a premium in respect of a contract insuring the directors and officers of the Company. Full details of the cover and premium are not disclosed as the insurance policy prohibits the disclosure.

Proceedings on Behalf of Company

No persons have applied for leave of a Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Auditors Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 has been received and is included in this report.

Signed in accordance with a resolution of the Board of Directors:

Kevin P Rumble
Executive Director Chairman

Peter D May Director

John W Cornelius Director

Robert J Klupacs Director

Dated 6 March 2017

JTP | JTP ASSURANCE

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BIO-GENE TECHNOLOGY PTY LTD
ABN: 32 071 735 950

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

I declare that, to the best of my knowledge and belief, during the period ended 30 June 2016 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

JTP Assurance

JTP ASSURANCE
Chartered Accountants

SAM CLARINGBOLD
Partner

Signed at Melbourne this 20th **day of** June **2017**

STATEMENT OF FINANCIAL POSITION

As At 30 June 2016

	Note	2016 $	2015 $
Current Assets			
Cash and cash equivalents	6	101,646	208,811
Other Receivables		30,000	-
Current tax assets	8	197,956	88,016
Total Current Assets		329,602	296,827
Non-Current Assets			
Loans to Directors	9	280,400	-
Property, Plant & Equipment	10	28,020	6,715
Intangible assets	11	498,727	131,818
Total Non-Current Assets		807,147	138,533
Total Assets		1,136,749	435,360
Current Liabilities			
Payables		7,000	-
Total Current Liabilities		7,000	-
Non Current Liabilities			
Financial liabilities	12	376,000	-
Total Current Liabilities		376,000	-
Total Liabilities		383,000	-
Net Assets		753,749	435,360
Equity			
Contributed equity	13	2,170,508	1,549,908
Retained profits / (Accumulated losses)		(1,416,759)	(1,114,548)
Total Equity		753,749	435,360

The accompanying notes form part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Year Ended 30 June 2016

	Note	2016 $	2015 $
Revenue from continuing operations		-	-
Other income	4	48	1,032
Executive fees		(197,400)	(81,429)
Financial advisory		(31,920)	-
Plantation expenses		(16,013)	(843)
Product Formulation		(24,300)	(5,835)
Product Testing		(59,363)	(15,898)
R & D Consulting		(5,294)	(5,511)
Depreciation / amortisation	5	(15,806)	(10,119)
Other expenses	5	(138,530)	(59,067)
Net income before income tax		(488,578)	(177,670)
Income tax expense	3	186,367	79,409
Net income after income tax		(302,211)	(98,261)
Other Comprehensive income			

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For The Year Ended 30 June 2016

	Issued Capital	Retained Earnings	Reserves	Total
	$	$	$	$
Balance at 30 June 2014	1,265,408	(1,016,287)	-	249,121
Total comprehensive income for the period	-	(98,261)	-	(98,261)
Movement in reserves	-	-	-	-
Shares Issued	284,500	-	-	284,500.00
Balance at 30 June 2015	1,549,908	(1,114,548)	-	435,360
Total comprehensive income for the period	-	(302,211)	-	(302,211)
Movement in reserves	-	-	-	-
Shares Issued	640,400	-	-	640,400
Fees incurred in capital raising	(19,800)	-	-	(19,800)
Balance at 30 June 2016	2,170,508	(1,416,759)	-	753,749

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS

For The Year Ended 30 June 2016

	Note	2016 $	2015 $
Cash Flow from Operating Activities			
Tax refunds		186,367	79,409
Payments to suppliers and employees		(605,760)	(206,391)
Interest received		48	32
Finance costs		-	-
Net cash from operating activities	7	(419,345)	(126,950)
Cash Flow from Investing Activities			
Payments for property & equipment		(28,020)	-
Loans to Directors		(280,400)	-
Net cash used in investing activities		(308,420)	-
Cash Flow from Financing Activities			
Repayment of financing commitments		-	-
Proceeds from issue of shares		620,600	284,500
Net cash from financing activities		620,600	284,500
Net (decrease) increase in cash held		(107,165)	157,550
Cash at the beginning of the financial year	6	208,811	51,261
Cash at the end of the financial year		101,646	208,811

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2016

1. THE REPORTING ENTITY

Bio-Gene Technology Ltd is a public company limited by shares. It was incorporated under the *Corporations Act 2001*on 8 November 1995 and domiciled in Australia.

The financial statements cover the company as an individual entity.

The Registered office address of the Company is:
Foster Nicolson Jones, Level 7, 416-420 Collins Street Melbourne Victoria 3000

2. BASIS OF PREPARATION OF THE FINANCIAL REPORT

Date of Issue

These financial statements were authorised for issue by the Directors on March 2017. The directors have the authority to amend the financial statements after that date.

Basis of Accounting

The financial statements is a general purpose financial statement that has been prepared in accordance with Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the requirements of the *Corporations Act 2001*, the Regulations and the company's constitution.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated.

The statements are prepared on an accruals basis from the records of the company.

They are based on historic costs and do not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The report is presented in Australian dollars ($AUD) and are rounded to the nearest dollar.

Going Concern

The accounts have been prepared on a going concern basis.

The company is currently undertaking a Capital Raising round to finance the IPO of the company. The company is expecting to raise $1m to $1.2m as a result.

The ability of the company to continue as a going concern is dependent upon continued capital raising.

Should the company and consolidated entity be unable to continue as a going concern, they may be required to realise assets and extinguish liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the company and consolidated entity not continue as going concern.

Compliance with International Financial Reporting Standards

Australian Accounting Standards require a statement of compliance with International Financial Reporting Standards (IFRSs) to be made where the financial statements complies with these standards. Some Australian equivalents to IFRSs and other Australian Accounting Standards contain requirements specific to not-for-profit entities that are inconsistent with IFRS requirements. The company is a not-for-profit entity and has applied these requirements, so while these financial statements comply with Australian Accounting Standards including Australian Equivalents to International Financial Reporting Standards (AEIFRSs) it cannot make this statement.

Adoption of new Australian Accounting Standard requirements

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, but the group has decided not to early adopt any of the new and amended pronouncements. The directors do not believe these changes will impact significantly on the group..

Comparatives
When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

3. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

Cash and cash equivalents
Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

Property, plant and equipment
Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment
Plant and equipment are measured on the cost basis.

Depreciation
The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a diminishing-value basis over the asset's useful life to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are based on the ATO's estimated useful life for the class of assets

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Investments in Associates
No associated companies or similar.

Interest in Joint Ventures
The share of assets, liabilities, revenue and expenses of joint venture operations are included in the appropriate items of the statements of financial performance and financial position. Details of the interests are shown in the Notes to Accounts.

Research and Development Expenditure
Expenditure during the research phase of a project is recognised as an expense when it is incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Capitalised development costs are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

Government grants
Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income on the date of receipt of the grant. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

Intangible assets
a) Goodwill
Goodwill is initially recorded at the amount by which the purchase price for a business exceeds the fair value attributed to its net assets at the date of acquisition. Purchased goodwill is amortised on a straight-line basis over the period of 20 years. The balance is reviewed annually and any balance representing future benefits for which the realisation is considered to be no longer probable is written off.

b) Licence - Qcide
Licence - Qcide is valued in the accounts at cost of acquisition. The licence is amortised on a straight-line basis over the period of 20 years.

Impairment of Non-financial Assets

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Intangibles Other than Goodwill

Acquired customer contracts and the related client relationships

Client relationships are recognised at cost of acquisition. Client relationships have a finite life and are carried at cost less any accumulated amortisation and impairment loss. Client relationships are tested annually for impairment, if there are indications of impairment, and are amortised on a straight-line basis over their useful lives. As at the end of the reporting period, these assets were fully amortised (no remaining useful life) but are still in use.

Patents and Licences

Patents and Licences are recognised at cost of acquisition. Patents and Licences are entitlements for the company to trade a particular protected product or service, and to distinguish the product or service from the source of others. They are deemed to have finite useful lives and are amortised over the life of the agreement.

Software and website development costs

Software and website development costs are capitalised only when the Company identifies that the project will deliver future economic benefits and these benefits can be measured reliably. Software and developed websites are considered as having finite useful lives and are amortised on a systematic basis over their useful lives so as to match the economic benefits received to the periods in which the benefits are received. Amortisation begins when the software or the websites become operational.

The amortisation rates used for each class of intangible asset with a finite useful life are:

Class of Intangible Asset	Amortisation Rate
Licences	20 years – 5% per annum

Provisions
Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Borrowings
Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers.
Interest revenue is recognised on a proportional basis taking in to account the interest rates applicable to the financial assets.
Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.
Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

Taxation
Income Tax
Income tax has been brought to account using the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for permanent differences.

Timing differences, which arise due to the different accounting periods in which items of revenue and expense are included in the determination of accounting profit and taxable income, are brought to account as either provision for deferred income tax or an asset described as future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation of derivation of sufficient future assessable income and compliance with the conditions of deductibility imposed by the law.

Goods and Services Tax (GST)
Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. Cash flows are presented in the cash flow statement on a net basis.

Critical Accounting Estimates and Judgments

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the entity's accounting policies. The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group. No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next accounting period.

Prior period error

The comparative figures have been adjusted in accordance with *AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.* The Qcide Licence Intangible Asset had not been amortised in accordance with the requirements of *AASB 138 Intangible Assets.* No amortisation had previously been applied to the asset therefore retrospective restatement of the accounts has been applied to correct this. The impact of this restatement is shown below:

Area of Financial Statements	2015 Original Balance	Adjustment	2015 Revised Balance
Statement of Comprehensive Income	$	$	$
Amortisation Expense	-	(9,091)	(9,091)
Loss for the Period	(89,170)	(9,091)	(98,261)
Statement of Financial Position			
Accumulated Amortisation	-	(50,000)	(50,000)
Brought Forward Retained Losses	(975,378)	(40,909)	(1,016,287)

		Note	2016 $	2015 $
4.	**OTHER REVENUE FROM CONTINUING OPERATIONS**			
	Interest		48	1,032
			48	1,032
5.	**NET OPERATING RESULT**			
	Net Operating Result before Income Tax is determined after the following significant Other Expenses:			
	Depreciation of property, plant and equipment		6,715	1,028
	Amortisation of intangible assets		9,091	9,091
	Auditor Remuneration		7,000	3,070
6.	**CASH AND CASH EQUIVALENTS**			
	Cash at Bank			
	Operating Account		101,646	208,811
			101,646	208,811
7.	**CASH FLOW INFORMATION**			
	a) Reconciliation of Cash Flows from Operating activities			
	Profit after income tax		(302,211)	(98,261)
	Non Cash Flows included in Profit			
	Depreciation and Amortisation		15,806	10,119
	Changes in Assets and Liabilities			
	Increase/(Decrease) in Tax Assets		(109,940)	(29,246)
	Increase/(Decrease) in Other Receivables		(30,000)	-
	Increase/(Decrease) in Creditors		7,000	(9,562)
	Cash flows from operating activities		(419,345)	(126,950)
8.	**CURRENT TAX ASSETS**			
	R & D Tax Refund Offset		186,367	79,409
	GST Refund Due		11,589	8,607
	Current Tax Assets		197,956	88,016
9.	**NON CURRENT TAX ASSETS**			
	Loans to Directors		280,400	-
			280,400	-

	Note	2016 $	2015 $

10. PROPERTY PLANT & EQUIPMENT

	2016 $	2015 $
Plant & equipment		
Plant & equipment at cost	28,020	40,702
Less: accmulated depreciation	-	(33,987)
	28,020	6,715

a) *Movements in carrying amounts*

	Plant & Equipment $	Total
2015		
Balance at 1 July 2014	7,743	7,743
Cost b/f	40,702	40,702
Additions	-	-
Disposals	-	-
Cost c/f	40,702	40,702
Accumulated Depreciation b/f	32,959	32,959
Depreciation expense	1,028	1,028
Disposals	-	-
Accumulated Depreciation c/f	33,987	33,987
Carrying amount at 30 June 2015	6,715	6,715
2016		
Cost b/f	40,702	40,702
Additions	28,020	28,020
Disposals	(40,702)	(40,702)
Cost c/f	28,020	28,020
Accumulated Depreciation b/f	33,987	33,987
Depreciation expense	6,715	6,715
Disposals	(40,702)	(40,702)
Accumulated Depreciation c/f	-	-
Carrying amount at 30 June 2016	28,020	28,020

	2016	2015
	$	$

11. INTANGIBLES

	2016 $	2015 $
Licence - Qcide	498,727	131,818
	498,727	131,818

a) *Movements in carrying amounts*

		Intangible Asset $	Total
2015			
Balance at 1 July 2014		140,909	140,909
Cost b/f		181,818	181,818
Additions		-	-
Disposals		-	-
Cost c/f		181,818	181,818
Accumulated Amortisation b/f		40,909	40,909
Depreciation expense		9,091	9,091
Disposals		-	-
Accumulated Amortisation c/f		50,000	50,000
Carrying amount at 30 June 2015		131,818	131,818
2016			
Cost b/f		181,818	181,818
Additions (refer to note 16)	(i)	376,000	376,000
Disposals		-	-
Cost c/f		557,818	557,818
Accumulated Amortisation b/f		50,000	50,000
Depreciation expense		9,091	9,091
Disposals		-	-
Accumulated Amortisation c/f		59,091	59,091
Carrying amount at 30 June 2016		498,727	498,727

(i) In December 2016 the company signed a variation agreement to the Intellectual Property Assignment Deed originally signed 16 November 2009. This variation agreed additional fees of $376,000 to be paid to the licensor following the successful completion of an IPO and signing of 2 licencing agreements.

12. Financial Liabilities

	2016 $	2015 $
Amounts Payable for IP Licenses (Refer to note 11)	376,000	-
	376,000	-

13. ISSUED CAPITAL

	2016 $	2015 $
107,834,280 fully paid shares (2015: 93,937,101)	2,170,508	1,549,908

	Shares No.	$
Balance beginning of the year	93,937,101	1,549,908
Shares Issued	13,897,179	640,400
Fees incurred in Capital Raising	-	(19,800)
Balance as at 30 June 2016	107,834,280	2,170,508

Options

	Options	Exercise	Value $	Expiry Date
Balance at beginning of the year	-	-	-	-
Options Issued – 11/12/2015	7,548,400	2.5c	$188.710	20 June 2021
Balance as at 30 June 2016	7,548,400	2.5c	$188.710	20 June 2021

Capital Management
The directors manage the entities capital by assessing the financial risks and adjusting its capital structure in response to changes in these risks and in the market.

14. AUDITOR REMUNERATION

	2016 $	2015 $
Audit of the financial report	7,000	3,070
Other non-audit services	-	-
	7,000	3,070

15. RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. Transactions with related parties are listed below:

Director Related Transactions

The following transactions were entered into with directors or director related entities:

Consulting Fees

	2016 $	2015 $
KP Rumble	62,000	72,000
Professional fees are paid to Xavca Pty Ltd of which P D May is a member.	32,400	9,125
Professional fees are paid to Magdajano Pty Ltd of which RJ Klupacs is a member	108,000	30,000
Professional fees are paid to TFO Nominees Pty Ltd JW Cornelius is a Consultant to TFO Nominees.	-	-
V Rosenberg	-	-
D Greer	-	-
A Ford	-	-

Shares Held

	2016 No.	2015 No.
KP Rumble	13,280,000	8,280,000
PD May	532,000	340,000
RJ Klupacs	5,640,000	-
JW Cornelius	-	-
V Rosenberg	8,624,000	8,624,000
D Greer	-	-
A Ford	-	-

16. CONTINGENT ASSETS AND LIABILITIES

There are no contingent assets or liabilities of the Company.

Research and Development grants received may be subject to review by AusIndustry and subsequent claw back of funds should there be a determination of non-conforming claims.

17. EVENTS AFTER THE BALANCE DATE

In December 2016 the company signed a variation agreement to the Intellectual Property Assignment Deed originally signed 16 November 2009. This variation agreed additional fees of $376,000 to be paid to the licensor following the successful completion of an IPO and signing of 2 licencing agreements.

The company is currently undertaking a Capital Raising round to finance the IPO of the company. The company is expecting to raise $1m to $1.2m as a result.

DIRECTORS' DECLARATION

For The Year Ended 30 June 2016

The directors of the company declare that:

2) The financial statements and notes, as set out in the following pages, are in accordance with the *Corporations Act 2001*:
   a) comply with applicable Accounting Standards and the *Corporations Regulations 2001*; and
   b) give a true and fair view of the financial position as at 30 June 2016 and of the performance for the year ended on that date of the company.

3) In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

K Rumble
Director

Director
R Klupacs

Date: 6th March 2017

JTP | JTP ASSURANCE

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Bio-Gene Technology Ltd
ABN 32 071 735 950

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
Bio-Gene Technology Ltd

Report on the Financial Report

We have audited the accompanying financial report of Bio-Gene Technology Ltd, which comprises the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

JTP | JTP ASSURANCE

Opinion

In our opinion the financial report of Bio-Gene Technology Ltd is in accordance with the *Corporations Act 2001*, including:

a. giving a true and fair view of the company's financial position as at and of its performance for the year ended on that date; and
b. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

JTP Assurance

JTP Assurance
Chartered Accountants

SAM CLARINGBOLD
Partner

Signed at Melbourne this 20th **day of** June **2017**