GENETIC TECHNOLOGIES LTD
Form 20-F
October 29, 2014
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 20-F

o	**REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OF THE SECURITIES EXCHANGE ACT OF 1934**
	OR
x	**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934** **For the fiscal year ended June 30, 2014**
	OR
o	**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
	OR
o	**SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of event requiring this shell company report . . . . . .

For the transition period from to

Commission file number 0-51504

GENETIC TECHNOLOGIES LIMITED
(Exact name of Registrant as specified in its charter)

N/A
(Translation of Registrant s name into English)

AUSTRALIA
(Jurisdiction of incorporation or organization)

60-66 Hanover Street, Fitzroy, Victoria, 3065, Australia

Telephone: 011 61 3 8412 7000; Facsimile: 011 61 3 8412 7040
(Address of principal executive offices)

Bronwyn M. Christie

Telephone: 011 61 3 8412 7056; Facsimile: 011 61 3 8412 7040

Email: Bronwyn.christie@gtglabs.com

60-66 Hanover Street, Fitzroy, Victoria, 3065, Australia
(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act. None

Securities registered or to be registered pursuant to Section 12(g) of the Act.

American Depositary Shares each representing 30 Ordinary Shares
and evidenced by American Depositary Receipts
Title of each Class

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Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act. **None**

Number of outstanding shares of each of the issuer s classes of capital or common stock as of the close of the period covered by the annual report.

613,918,492 Ordinary Shares

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

o Yes x No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

o Yes x No

Note Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

x Yes o No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o	Accelerated filer o	Non-accelerated filer x

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP o	International Financial Reporting Standards as issued by the International Accounting Standards Board x	Other o

If Other has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

o Item 17 o Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

o Yes x No

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

o Yes o No

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INTRODUCTION

In this Annual Report, the Company, Genetic Technologies , we, us and our refer to Genetic Technologies Limited and its consolidated subsidiaries.

Our consolidated financial statements are set out on pages F1 to F48 of this Annual Report (refer to Item 18 Financial Statements).

References to the ADSs are to our ADSs described in Item 12.D American Depositary Shares and references to the Ordinary Shares are to our Ordinary Shares described in Item 10.A Share Capital .

Our fiscal year ends on June 30 and references in this Annual Report to any specific fiscal year are to the twelve month period ended on June 30 of such year.

FORWARD-LOOKING STATEMENTS

This Annual Report contains forward-looking statements that involve risks and uncertainties. We use words such as anticipates , believes , plans , expects , future , intends and similar expressions to identify such forward-looking statements. This Annual Report also contains forward-looking statements attributed to certain third parties relating to their estimates regarding the growth of Genetic Technologies and related service markets and spending. You should not place undue reliance on these forward-looking statements, which apply only as of the date of this Annual Report. Our actual results could differ materially from those anticipated in these forward-looking statements for many reasons, including the risks faced by us described below under the caption Risk Factors and elsewhere in this Annual Report.

Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we can give no assurance that such expectations will prove to be correct. Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. Important factors that could cause actual results to differ materially from our expectations are contained in cautionary statements in this Annual Report including, without limitation, in conjunction with the forward-looking statements included in this Annual Report and specifically under Item 3.D Risk Factors .

All subsequent written and oral forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.

ENFORCEMENT OF LIABILITIES AND SERVICE OF PROCESS

We are incorporated under the laws of Western Australia in the Commonwealth of Australia. The majority of our directors and executive officers, and any experts named in this Annual Report, reside outside the U.S. Substantially all of our assets, our directors and executive officers assets and such experts assets are located outside the U.S. As a result, it may not be possible for investors to affect service of process within the U.S. upon us or our directors, executive officers or such experts, or to enforce against them or us in U.S. courts, judgments obtained in U.S. courts based upon the civil liability provisions of the federal securities laws of the U.S. In addition, we have been advised by our Australian solicitors that there is doubt that the courts of Australia will enforce against us, our directors, executive officers and experts named herein, judgments obtained in the U.S. based upon the civil liability provisions of the federal securities laws of the U.S. or will enter judgments in original actions brought in Australian courts based upon the federal securities laws of the U.S.

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PART I

Item 1. Identity of Directors, Senior Management and Advisers

Item 1.A Directors and Senior Management

The Directors of the Company as of the date of this Annual Report are as follows:

Name	Position/Function	Business Address
Dr. Malcolm R. Brandon	Non-Executive Chairman	60-66 Hanover Street Fitzroy Victoria 3065 Australia
David N. Carter	Non-Executive Director	60-66 Hanover Street Fitzroy Victoria 3065 Australia
Dr. Mervyn Cass	Non-Executive Director	60-66 Hanover Street Fitzroy Victoria 3065 Australia
Dr. Paul A. Kasian	Non-Executive Director	60-66 Hanover Street Fitzroy Victoria 3065 Australia
Grahame J. Leonard AM	Non-Executive Director	60-66 Hanover Street Fitzroy Victoria 3065 Australia
Prof. Ian F.C. McKenzie	Non-Executive Director	60-66 Hanover Street Fitzroy Victoria 3065 Australia
Dr. Lindsay P. Wakefield	Non-Executive Director	60-66 Hanover Street Fitzroy Victoria 3065 Australia

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The members of Senior Management of the Company as of the date of this Annual Report are as follows:

Name	Position/Function	Business Address
Alison J. Mew	Chief Executive Officer	60-66 Hanover Street Fitzroy Victoria 3065 Australia
Eutillio Buccilli	Chief Financial Officer	60-66 Hanover Street Fitzroy Victoria 3065 Australia
Dr. Richard Allman	Scientific Director	60-66 Hanover Street Fitzroy Victoria 3065 Australia
Diana Newport	Quality and Business Operations Director	60-66 Hanover Street Fitzroy Victoria 3065 Australia
Luisa Ashdown	Director Global Licensing & IP	60-66 Hanover Street Fitzroy Victoria 3065 Australia
Mark J. Ostrowski	US Senior Vice President Sales and Marketing (Phenogen Sciences Inc.)	9115 Harris Corners Parkway Suite 320 Charlotte North Carolina 28269 USA

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Item 1.B Advisers

Our principal bankers, accountants and legal advisers are as follows:

Name of Adviser	Function	Business Address
National Australia Bank Limited	Bankers - Australia	Level 2, 151 Rathdowne Street Carlton Victoria 3053 Australia
Bank of America, N.A.	Bankers - USA	155 Town Centre Drive Mooresville North Carolina 28117 USA
K&L Gates	General Counsel	525 Collins Street Melbourne Victoria 3000 Australia
Sheridan Ross PC	Licensing and Patent Attorneys	1560 Broadway, Suite 1200 Denver Colorado 80202-5141 USA
Greenberg Traurig, LLP	U.S. Securities Counsel	200 Park Avenue New York New York 10166 USA

Item 1.C Auditor

The auditor of the Group s financial statements for the years ended June 30, 2014, 2013 and 2012 was PricewaterhouseCoopers, whose address is 2 Southbank Boulevard, Southbank, Victoria, 3006, Australia. PricewaterhouseCoopers is the Company s current independent registered public accounting firm, an appointment ratified at the Annual General Meeting held on November 25, 2009.

Item 2. Offer Statistics And Expected Timetable

Not applicable.

Item 3. Key Information

Item 3.A Selected Financial Data

The following selected financial data for the five years ended June 30, 2014 is derived from the audited consolidated financial statements of Genetic Technologies Limited, prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board, which became effective for our Company as of our fiscal year ended June 30, 2006.

The balance sheet data as of June 30, 2014 and 2013 and the statement of comprehensive income/(loss) data for the 2014, 2013 and 2012 fiscal years are derived from our audited consolidated financial statements which are included in this Annual Report. Balance sheet data as of June 30, 2012, 2011 and 2010 and statement of comprehensive income/(loss) data for the 2011 and 2010 financial years are derived from our audited consolidated financial statements which are not included in this Annual Report. The data should be read in conjunction with the consolidated financial statements, related notes and other financial information included herein.

All amounts are stated in Australian dollars as of June 30, as noted.

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GENETIC TECHNOLOGIES LIMITED

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/(LOSS)

FOR 2014, 2013, 2012, 2011 AND 2010

	Year ended June 30, 2014 AUD	Year ended June 30, 2013 AUD	Year ended June 30, 2012 AUD	Year ended June 30, 2011 AUD	Year ended June 30, 2010 AUD
Revenue from operations					
Genetic testing services	4,564,280	3,377,183	3,691,215	4,594,960	4,915,528
Less: cost of sales	(1,837,729)	(1,945,467)	(1,948,625)	(2,034,916)	(2,722,975)
Gross profit from operations	2,726,551	1,431,716	1,742,590	2,560,044	2,192,553
Other revenue	979,879	5,002,354	3,136,406	13,680,741	3,739,747
Gain on deconsolidation of subsidiary	761,361		5,113,175		
Selling and marketing expenses	(6,251,595)	(5,266,818)	(4,384,184)	(3,018,947)	(2,679,979)
General and administrative expenses	(3,173,109)	(4,413,782)	(5,608,038)	(3,696,165)	(3,196,488)
Licensing, patent and legal costs	(1,079,199)	(2,399,824)	(1,267,838)	(4,097,323)	(3,923,102)
Laboratory, research and development costs	(3,298,127)	(3,462,466)	(4,029,369)	(4,380,866)	(6,258,871)
Finance costs	(744,199)	(38,968)	(45,217)	(81,934)	(100,422)
Share of net loss of associates accounted for using the equity method	(362,682)	(437,185)	(132,037)		
Fair value loss on financial liabilities at fair value through profit or loss	(648,374)				
Non-operating income and expenses	955,025	235,490	177,684	(85,771)	425,239
Profit/(loss) from continuing operations before income tax	(10,134,469)	(9,349,483)	(5,296,828)	879,779	(9,801,323)
Net profit from discontinued operation				21,562	446,114
Profit/(loss) before income tax	(10,134,469)	(9,349,483)	(5,296,828)	901,341	(9,355,209)
Income tax expense					
Profit/(loss) for the year	(10,134,469)	(9,349,483)	(5,296,828)	901,341	(9,355,209)
Other comprehensive income/(loss)					
Realized gain on sale of available-for-sale investments transferred from reserve					(170,000)
Exchange gains/(losses) on translation of controlled foreign operations	(149,162)	9,347	(6,818)	(85,079)	(8,623)
Exchange gains/(losses) on translation of non-controlled foreign operations	86	17,073	(296)	(11,585)	3,404
Other comprehensive income/(loss) for the year, net of tax	(149,076)	26,420	(7,114)	(96,664)	(175,219)
Total comprehensive profit/(loss) for the year	(10,283,545)	(9,323,063)	(5,303,942)	804,677	(9,530,428)
Profit/(loss) for the year is attributable to:					
Owners of Genetic Technologies Limited	(10,125,197)	(9,298,367)	(5,287,523)	910,002	(9,343,766)
Non-controlling interests	(9,272)	(51,116)	(9,305)	(8,661)	(11,443)
Total profit/(loss) for the year	(10,134,469)	(9,349,483)	(5,296,828)	901,341	(9,355,209)
Total comprehensive profit/(loss) for the year is attributable to:					
Owners of Genetic Technologies Limited	(10,274,359)	(9,289,020)	(5,294,341)	824,923	(9,522,389)
Non-controlling interests	(9,186)	(34,043)	(9,601)	(20,246)	(8,039)
Total profit/(loss) for the year	(10,283,545)	(9,323,063)	(5,303,942)	804,677	(9,530,428)

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CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/(LOSS) (cont.)

FOR 2014, 2013, 2012, 2011 AND 2010

	Year ended June 30, 2014 AUD	Year ended June 30, 2013 AUD	Year ended June 30, 2012 AUD	Year ended June 30, 2011 AUD	Year ended June 30, 2010 AUD
Earnings/(loss) per share (cents per share)					
Basic and diluted net profit/(loss) per ordinary share	(1.76)	(1.97)	(1.15)	0.22	(2.46)
Weighted-average shares outstanding	574,557,747	472,084,970	460,402,869	404,605,152	380,965,204

GENETIC TECHNOLOGIES LIMITED

CONSOLIDATED BALANCE SHEET DATA
FOR 2014, 2013, 2012, 2011 AND 2010

	As of June 30, 2014 AUD	As of June 30, 2013 AUD	As of June 30, 2012 AUD	As of June 30, 2011 AUD	As of June 30, 2010 AUD
Assets					
Current assets	4,360,509	2,657,416	9,949,795	6,255,344	4,502,161
Non-current assets	2,368,690	5,662,111	6,491,956	2,667,010	3,777,411
Total assets	6,729,199	8,319,527	16,441,751	8,922,354	8,279,572
Liabilities					
Current liabilities	(2,318,016)	(2,465,016)	(1,930,568)	(2,025,629)	(2,478,943)
Non-current liabilities	(2,583,664)	(96,224)	(108,541)	(82,730)	(82,933)
Total liabilities	(4,901,680)	(2,561,240)	(2,039,109)	(2,108,359)	(2,561,876)
Net assets	1,827,519	5,758,287	14,402,642	6,813,995	5,717,696
Equity					
Contributed equity	90,080,492	83,735,845	83,280,142	72,378,105	72,378,105
Reserves	3,922,140	3,951,771	3,719,419	1,697,914	1,529,142
Accumulated losses	(92,175,113)	(82,049,916)	(72,751,549)	(67,464,026)	(68,374,028)
Non-controlling interests		120,587	154,630	202,002	184,477
Total equity	1,827,519	5,758,287	14,402,642	6,813,995	5,717,696

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Exchange rates

The following table sets forth, for the periods and dates indicated, certain information concerning the noon buying rate in New York City for Australian dollars expressed in U.S. dollars per $1.00 as certified for customs purposes by the Federal Reserve Bank of New York.

Period ended	At period end USD	Average rate USD	High USD	Low USD
Yearly data				
June 2010	0.8480	0.8820	0.9369	0.7751
June 2011	1.0732	0.9905	1.0732	0.8380
June 2012	1.0236	1.0323	1.1026	0.9453
June 2013	0.9165	1.0272	1.0591	0.9165
June 2014	0.9427	0.9186	0.9705	0.8715
Monthly data				
May 2014	0.9298	0.9305	0.9379	0.9215
June 2014	0.9427	0.9365	0.9430	0.9250
July 2014	0.9301	0.9389	0.9488	0.9301
August 2014	0.9344	0.9309	0.9488	0.9263
September 2014	0.8737	0.9042	0.9376	0.8737

Item 3.B Capitalization and Indebtedness

Not applicable.

Item 3.C Reasons for the Offer and Use of Proceeds

Not applicable.

Item 3.D Risk Factors

Before you purchase our ADSs, you should be aware that there are risks, including those described below. You should consider carefully these risk factors together with all of the other information contained elsewhere in this Annual Report before you decide to purchase our ADSs.

Risks Related to Us

Our stock price is volatile and can fluctuate significantly based on events not in our control and general industry conditions. As a result, the value of your investment may decline significantly.

The biotechnology sector can be particularly vulnerable to abrupt changes in investor sentiment. Stock prices of companies in the biotechnology industry, including ours, can swing dramatically, with little relationship to operating performance. Our stock price may be affected by a number of factors including, but not limited to:

- product development events;
- the outcome of litigation;
- decisions relating to intellectual property rights;
- the entrance of competitive products or technologies into our markets;
- new medical discoveries;
- the establishment of strategic partnerships and alliances;
- changes in reimbursement policies or other practices related to the pharmaceutical industry; or
- other industry and market changes or trends.

Since our listing on the Australian Securities Exchange in August 2000, the price of our Ordinary Shares has ranged from a low of $0.02 to a high of $1.05 per share. Further fluctuations are likely to occur due to events which are not within our control and general market conditions affecting the biotechnology sector or the stock market generally.

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In addition, low trading volume may increase the volatility of the price of our ADSs. A thin trading market could cause the price of our ADSs to fluctuate significantly more than the stock market as a whole. For example, trades involving a relatively small number of our ADSs may have a greater impact on the trading price for our ADSs than would be the case if the trading volume were higher.

The following chart illustrates the fluctuation in the price of our shares (in Australian dollars) over the last five years:

The fact that we do not expect to pay cash dividends may lead to decreased prices for our stock.

We have never paid a cash dividend on our Ordinary Shares and we do not anticipate paying a cash dividend in the foreseeable future. We intend to retain future cash earnings, if any, for reinvestment in the development and expansion of our business. Whether we pay cash dividends in the future will be at the discretion of our Board of directors and may be dependent on our financial condition, results of operations, capital requirements and any other factors our Board of directors decides is relevant. As a result, an investor may only recognize an economic gain on an investment in our stock from an appreciation in the price of our stock.

You may have difficulty in effecting service of legal process and enforcing judgments against us and our Management.

We are a public company limited by shares, registered and operating under the Australian *Corporations Act 2001*. The majority of our directors and officers named in this Annual Report reside outside the U.S. Substantially all, or a substantial portion of, the assets of those persons are also located outside the U.S. As a result, it may not be possible to affect service on such persons in the U.S. or to enforce, in foreign courts, judgments against such persons obtained in U.S. courts and predicated on the civil liability provisions of the federal securities laws of the U.S. Furthermore, substantially all of our directly-owned assets are located outside the U.S., and, as such, any judgment obtained in the U.S. against us may not be collectible within the U.S. There is doubt as to the enforceability in the Commonwealth of Australia, in original actions or in actions for enforcement of judgments of U.S. courts, of civil liabilities predicated solely upon federal or state securities laws of the U.S., especially in the case of enforcement of judgments of U.S. courts where the defendant has not been properly served in Australia.

Because we are not necessarily required to provide you with the same information as an issuer of securities based in the United States, you may not be afforded the same protection or information you would have if you had invested in a public corporation based in the United States.

We are exempt from certain provisions of the Securities Exchange Act of 1934, as amended, commonly referred to as the Exchange Act, that are applicable to U.S. public companies, including (i) the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q or current reports on Form 8-K; (ii) the sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of a security registered under the Exchange Act; and (iii) the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time. The exempt provisions would be available to you if you had invested in a U.S. corporation.

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However, in line with the Australian Securities Exchange regulations, we disclose our financial results on a semi-annual basis which are required to have a limited review semi-annually and to be fully audited annually. The information, which may have an effect on our stock price on the Australian Securities Exchange, will also be disclosed to the Australian Securities Exchange and the Securities Exchange Commission. Other relevant information pertaining to our Company will also be disclosed in line with the Australian Securities Exchange regulations and information dissemination requirements for listed companies. We will provide our semi-annual results and other material information that we make public in Australia in the U.S. under the cover of an SEC Form 6-K. Nevertheless, you may not be afforded the same protection or information, which would be made available to you, were you investing in a United States public corporation because the requirements of a Form 10-Q and Form 8-K are not applicable to us.

If significant liquidity does not eventuate for our ADSs on NASDAQ, your ability to resell your ADSs could be negatively affected because there would be limited buyers for your interests.

Historically, there was virtually no trading in our ADSs through the pink sheets after the establishment of our Level I ADR Program. However, subsequent to the Level II listing of our ADSs on the NASDAQ Global Market on September 2, 2005, the trading volumes of our ADSs have increased. The Company subsequently transferred the listing of its ADSs to the NASDAQ Capital Market effective as from June 30, 2010. An active trading market for the ADSs, however, may not be maintained in the future. If an active trading market is not maintained, the liquidity and trading prices of the ADSs could be negatively affected.

NASDAQ notice.

On September 3, 2014, the Company announced that it received a letter dated August 29, 2014, from the Nasdaq Stock Market notifying the Company that for the last 30 consecutive business days prior to August 28, the bid price for the Company s ordinary shares had closed below the minimum $US1.00 per share requirement for continued inclusion under Nasdaq Marketplace Listing Rules (the Rules). The letter stated that in accordance with the Rules the Company has 180 calendar days, or until February 25, 2015, to regain compliance. Should the Company not regain compliance in the timeframe there may be the possibility of being delisted from the NASDAQ.

The issuance of such notices, by Nasdaq, are a matter of procedure, with the Company currently considering its position and the best course of action available in order to regain compliance.

In certain circumstances, holders of ADRs may have limited rights relative to holders of Ordinary Shares.

The rights of holders of ADSs with respect to the voting of Ordinary Shares and the right to receive certain distributions may be limited in certain respects by the deposit agreement entered into by us and The Bank of New York Mellon. For example, although ADS holders are entitled under the deposit agreement, subject to any applicable provisions of Australian law and of our Constitution, to instruct the depositary as to the exercise of the voting rights pertaining to the Ordinary Shares represented by the American Depositary Shares, and the depositary has agreed that it will try, as far as practical, to vote the Ordinary Shares so represented in accordance with such instructions, ADS holders may not receive notices sent by the depositary in time to ensure that the depositary will vote the Ordinary Shares. This means that, from a practical point of view, the holders of ADRs may not be able to exercise their right to vote. In addition, under the deposit agreement, the depositary has the right to restrict distributions to holders of the ADSs in the event that it is unlawful or impractical to make such distributions. We have no

obligation to take any action to permit distributions to holders of our American Depositary Receipts, or ADRs. As a result, holders of ADRs may not receive distributions made by us.

Our Company has a history of incurring losses.

The business now called Genetic Technologies Limited was founded in 1989. Up until the year ended June 30, 2011, we have incurred operating losses in every year of our existence. We incurred net losses of $$9,343,766 for year ended June 30, 2010, a net profit of $910,002 for year ended June 30, 2011, net losses of $5,287,523 for year ended June 30, 2012, net losses of $9,298,367 for year ended June 30, 2013 and net losses of $10,125,197 for year ended June 30, 2014. As of June 30, 2014, we have accumulated losses of $92,175,113 and the extent of any future losses and whether or not the Company can generate profits remains uncertain.

The Company s need for equity raising is essential for a going concern.

During the 2014 financial year, the Company incurred a total comprehensive loss after income tax of $10,283,545 (2013: $9,323,063) and net cash outflows from operations of $10,987,088 (2013: $7,516,779).

As at June 30, 2014, the Company held cash reserves of $2,831,085 and had net current assets of $2,042,493.

Subsequent to balance sheet date, the Company has raised $4,150,000, before the payment of associated costs, through:

- $2,150,000 of new finance via the issue of unlisted secured (debt) notes to existing and new Australian institutional and wholesale investors; and

- $2,000,000 from the sale of its Heritage Australian Genetics business. Whilst subject to conditions precedent the sale is expected to complete within the next month.

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As at the date of this Report, the Company held cash reserves of approximately $1,395,000.

The cash raised from the above two transactions, combined with its existing cash reserves, will enable the Company to fund its operations in the short to medium term.

However, the continuing viability of the Company and the group s ability to continue as a going concern and meet its debts and commitments as and when they fall due is wholly dependent on the Company being successful in raising additional funds via the issuance of new equity in the near term. Any issuance of new equity will be subject to shareholder approval, which will be sought at the appropriate time.

Due to the significant uncertainty surrounding the timing and quantum of the above event, there is a material uncertainty that may cast significant doubt on the Company s ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. However, the Directors believe that the Company will be successful in raising new funds, in the timeframe required, and accordingly, have prepared the financial report on a going concern basis.

If the Company is unable to raise sufficient funding in 2015 (the next fiscal year), it may be unable to continue to operate. There is no assurance that the Company will be successful in obtaining sufficient financing on acceptable terms and conditions to fund continuing operations, if at all. The failure of the Company to obtain sufficient funds on acceptable terms when needed could have a material adverse effect on the Company s business, results of operations and financial condition.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts of liabilities that might be necessary should the Company be unable to continue as a going concern.

Risks Related to our Industry

Our sales cycle is typically lengthy.

The sales cycle for our testing products and license generation is typically lengthy. As a result, we may expend substantial funds and management effort with no assurance of successfully selling our products or services or granting new licenses. Our ability to obtain customers for our genetic testing services depends significantly on the perception that our services can help accelerate efforts in genomics. The sales cycle is typically lengthy. Our sales effort requires the effective demonstration of the benefits of our services to, and significant training of, many different departments within a potential customer. In addition, we sometimes are required to negotiate agreements containing terms unique to each customer. With respect to license generation, it is common for negotiations with licensees to take many months before a license is eventually granted. Our business could also be adversely affected if we expend money without any return.

If our competitors develop superior products, our operations and financial condition could be affected.

We are currently subject to limited competition from biotechnology and diagnostic companies, academic and research institutions and government or other publicly-funded agencies that are pursuing products and services which are substantially similar to our genetic testing services, or which otherwise address the needs of our customers and potential customers. Our competitors in the testing market include private and public sector enterprises located in Australia, the U.S. and elsewhere. Many of the organizations competing with us have greater experience in the areas of finance, research and development, manufacturing, marketing, sales, distribution, technical and regulatory matters than we do. In addition, many current and potential competitors have greater name / brand recognition and more extensive collaborative relationships. However, because of our patents, we have virtually no competition in the licensing area.

Our competitive position in the genetic testing area is based upon, amongst other things, our ability to:

- create and maintain scientifically-advanced technology and offer proprietary products and services;
- attract and retain qualified personnel;
- obtain patent or other protection for our products and services;
- obtain required government approvals and other accreditations on a timely basis; and
- successfully market our products and services.

If we are not successful in meeting these goals, our business could be adversely affected. Similarly, our competitors may succeed in developing technologies, products or services that are more effective than any that we are developing or that would render our technology and services obsolete, noncompetitive or uneconomical.

For a full discussion of competition see Item 4.B Competition .

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We rely heavily upon our patents and proprietary technology and any future claims that our patents are invalid could seriously affect our licensing business and adversely affect our revenues and our financial condition.

We rely upon our portfolio of patent rights, patent applications and exclusive licenses to patents and patent applications relating to genetic technologies. We expect to aggressively patent and protect our proprietary technologies. However, we cannot be certain that any additional patents will be issued to us as a result of our domestic or foreign patent applications or that any of our patents will withstand challenges by others. Patents issued to, or licensed by, us may be infringed or third parties may independently develop the same or similar technologies. Similarly, our patents may not provide us with meaningful protection from competitors, including those who may pursue patents which may prevent, limit or interfere with our products or will require licensing and the payment of significant fees or royalties by us to such third parties in order to enable us to conduct our business. We may sue or be sued by third parties regarding our patents and other intellectual property rights. These suits are often costly and would divert valuable funds and technical resources from our operations and cause distraction to Management.

We have important relationships with external parties over whom we have limited control.

We have relationships with academic consultants and other advisers who are not employed by us. Accordingly, we have limited control over their activities and can expect only limited amounts of their time to be dedicated to our activities. These persons may have consulting, employment or advisory arrangements with other entities that may conflict with or compete with their obligations to us. Our consultants typically sign agreements that provide for confidentiality of our proprietary information and results of studies. However, in connection with every relationship, we may not be able to maintain the confidentiality of our technology, the dissemination of which could hurt our competitive position and results of operations. To the extent that our scientific consultants develop inventions or processes independently that may be applicable to our proposed products, disputes may arise as to the ownership of the proprietary rights to such information, and we may not win those disputes.

If we are unable to protect our proprietary assets, we may not be able to commercialize products or services.

Our commercial success partially depends on our ability to obtain patent protection for many aspects of our business, including the products, methods and services we develop. Patents issued to us may not provide us with substantial protection or be commercially beneficial to us. The issuance of a patent is not conclusive as to its validity or its enforceability. In addition, our patent applications or those we have licensed, may not result in issued patents. If our patent applications do not result in issued patents, our competitors may obtain rights to commercialize our discoveries which could harm our competitive position. We also may apply for patent protection on novel genetic variations in known genes and their uses, as well as novel uses for previously identified genetic variations discovered by third parties. In the latter cases, we may need a license from the holder of the patent with respect to such genetic variations in order to make, use or sell any related products. We may not be able to acquire such licenses on terms acceptable to us, if at all.

Certain parties are attempting to rapidly identify and characterize genes and genetic variations through the use of sequencing and other technologies. To the extent that any patents are issued to other parties on such partial or full-length genes or genetic variations or uses for such genes or genetic variations, the risk increases that the sale of products or services developed by us or our collaborators may give rise to claims of patent infringement against us. Others may have filed and, in the future, are likely to file patent applications covering many genetic variations and their uses. Any such patent applications may have priority over our patent applications and could further require us to obtain rights to previously issued patents covering genetic variations. Any license that we may require under any such patent may not be made available to us on commercially acceptable terms, if at all.

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We may be sued for infringing on the intellectual property rights of others. We could also become involved in interference proceedings in the United States Patent and Trademark Office to determine the relative priority of our patents or patent applications and those of the other parties involved in the interference proceeding. Intellectual property proceedings are costly, and could affect our results of operations. These proceedings can also divert the attention of managerial and technical personnel. If we do not prevail in any intellectual property proceeding, in addition to any damages we might have to pay, we could be required to stop the infringing activity, or obtain a license to or design around the intellectual property in question. In interference proceedings, our patent rights could be invalidated and the scope of our patents could be limited. If we are unable to obtain licenses to intellectual property rights that we need to conduct our business, or are unable to design around any third party patent, we may be unable to sell some of our products, which will result in reduced revenue.

We have in the past and may in the future become a party to litigation involving patents and intellectual property rights. We have previously commenced litigation against a number of parties to protect our rights pertaining to our intellectual property. We may in the future receive claims of infringement of intellectual property rights from other parties. If we do not prevail in any future legal proceedings, we may be required to pay significant monetary damages. In addition, we could also be prevented from using certain processes or prevented from selling certain configurations of our products or services that were found to be within the scope of the patent claims. In the event we did not prevail in any future proceeding, we would either have to obtain licenses from the other party, avoid certain product configurations or modify some of our products, services and processes to design around the patents. Licenses could be costly or unavailable on commercially reasonable terms. Designing around patents or focusing efforts on different configurations could be time consuming, and we may have to remove some of our products or services from the market while we were completing redesigns. Accordingly, if we are unable to settle future intellectual property disputes through licensing or similar arrangements, or if any such future disputes are determined adversely to us, our ability to market and sell our products and services could be harmed. This would in turn reduce demands for our services and harm our financial condition and results of operations.

In addition, in order to protect or enforce our patent rights or to protect our ability to operate our business, we may need to initiate other patent litigation against third parties. These lawsuits could be expensive, take significant time to resolve, and could divert Management s attention from other business concerns. These lawsuits could result in the invalidation or limitation in the scope of our patents or forfeiture of the rights associated with our patents. We may not prevail in any such proceedings and a court may find damages or award other remedies in favor of our opposing party in any of these suits. During the course of any future proceedings, there may be public announcements of the results of hearings, motions and other interim proceedings or developments in the litigation. Securities analysts or investors may perceive these announcements to be negative, which could cause the market price of our stock to decline.

We may be subject to professional liability suits and our insurance may not be sufficient to cover damages. If this occurs, our business and financial condition may be adversely affected.

Our business exposes us to potential liability risks that are inherent in the testing, manufacturing, marketing and sale of genetic tests. The use of our products and product candidates, whether for clinical trials or commercial sale, may expose us to professional liability claims and possible adverse publicity. We may be subject to claims resulting from incorrect results of analysis of genetic variations or other screening tests performed using our services. Litigation of such claims could be costly. We could expend significant funds during any litigation proceeding brought against us. Further, if a court were to require us to pay damages to a plaintiff, the amount of such damages could significantly harm our financial condition. Although we have public and product liability insurance coverage under broadform liability and professional indemnity policies, for an aggregate amount of $60,000,000, the level or breadth of our coverage may not be adequate to fully cover potential liability claims. To date we have not been subject to any claims, or ultimately liability, in excess of the amount of our coverage. In addition, we may not be able to obtain additional professional liability coverage in the future at an acceptable cost. A successful claim or series of claims brought against us in excess of our insurance coverage and the effect of professional liability litigation upon the reputation and marketability of our technology and products, together with the diversion of the attention of key personnel, could negatively affect our business.

We use potentially hazardous materials, chemicals and patient samples in our business and any disputes relating to improper handling, storage or disposal of these materials could be time consuming and costly.

Our research and development, production and service activities involve the controlled use of hazardous laboratory materials and chemicals, including small quantities of acid and alcohol, and patient tissue and blood samples. We do not knowingly deal with infectious samples. We, our collaborators and service providers are subject to stringent Australian federal, state and local laws and regulations governing occupational health and safety standards, including those governing the use, storage, handling and disposal of these materials and certain waste products. However, we could be liable for accidental contamination or discharge or any resultant injury from hazardous materials, and conveyance, processing, and storage of samples and data from patient samples. If we, our collaborators or service providers fail to comply with applicable laws or regulations, we could be required to pay penalties or be held liable for any damages that result and this liability could exceed our financial resources. Further, future changes to environmental health and safety laws could cause us to incur additional expense or restrict our operations. We have never had a reportable serious injury through the date of this Annual Report.

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In addition, our collaborators and service providers may be working with these types of hazardous materials, including hazardous chemicals, in connection with our collaborations. In the event of a lawsuit or investigation, we could be held responsible for any injury caused to persons or property by exposure to, or release of, these patient samples that may contain viruses and hazardous materials. The cost of this liability could exceed our resources. While we maintain broadform liability insurance coverage for these risks, in the amount of up to $40,000,000, the level or breadth of our coverage may not be adequate to fully cover potential liability claims. To date, we have not been subject to claims, or ultimately liability, in excess of the amount of our coverage. Our broadform insurance coverage also covers us against losses arising from an interruption of our business activities as a result of the mishandling of such materials. We also maintain workers compensation insurance, which is mandatory in Australia, covering all of our workers in the event of injury.

We depend on the collaborative efforts of our academic and corporate partners for research, development and commercialization of some of our products. A breach by our partners of their obligations, or the termination of the relationship, could deprive us of valuable resources and require additional investment of time and money.

Our strategy for research, development and commercialization of some of our products has historically involved entering into various arrangements with academic and corporate partners and others. As a result, our strategy depends, in part, upon the success of these outside parties in performing their responsibilities. Our collaborators may also be our competitors. We cannot necessarily control the amount and timing of resources that our collaborators devote to performing their contractual obligations and we have no certainty that these parties will perform their obligations as expected or that any revenue will be derived from these arrangements.

If our collaborators breach or terminate their agreement with us or otherwise fail to conduct their collaborative activities in a timely manner, the development or commercialization of the product candidate or research program under such collaborative arrangement may be delayed. If that is the case, we may be required to undertake unforeseen additional responsibilities or to devote unforeseen additional funds or other resources to such development or commercialization, or such development or commercialization could be terminated. The termination or cancellation of collaborative arrangements could adversely affect our financial condition, intellectual property position and general operations. In addition, disagreements between collaborators and us could lead to delays in the collaborative research, development, or commercialization of certain products or could require or result in formal legal process or arbitration for resolution. These consequences could be time-consuming and expensive and could have material adverse effects on us.

Other than our contractual rights under our license agreements, we may be limited in our ability to convince our licensees to fulfill their obligations. If our licensees fail to act promptly and effectively, or if a dispute arises, it could have a material adverse effect on our results of operations and the price of our Ordinary Shares and ADSs.

We rely upon scientific, technical and clinical data supplied by academic and corporate collaborators, licensors, licensees, independent contractors and others in the evaluation and development of potential therapeutic methods. There may be errors or omissions in this data that would materially adversely affect the development of these methods.

We may seek additional collaborative arrangements to develop and commercialize our products in the future. We may not be able to negotiate acceptable arrangements in the future and, if negotiated, we have no certainty that they will be on favorable terms or if they will be successful. In addition, our partners may pursue alternative technologies independently or in collaboration with others as a means of developing treatments for the diseases targeted by their collaborative programs with us. If any of these events occurs, the progress of the Company could be adversely affected and our results of operations and financial condition could suffer.

Problems associated with international business operations could affect our ability to license our technology and our results of operations.

We seek to license our intellectual property and to market our growing range of other products and services on a global scale, including in countries that are considered to provide significantly less protection to intellectual property than the United States and Australia. In addition, a number of other risks are inherent in international transactions and commerce, including political and economic instability, foreign currency exchange fluctuations and changes in tax laws.

Government regulation of genetic research or testing may adversely affect the demand for our services and impair our business and operations.

From time to time, federal, state and/or local governments adopt regulations relating to the conduct of genetic research and genetic testing. In future, these regulations could limit or restrict genetic research activities as well as genetic testing for research or clinical purposes. In addition, if such regulations are adopted, these regulations may be inconsistent with, or in conflict with, regulations adopted by other government bodies. Regulations relating to genetic research activities could adversely affect our ability to conduct our research and development activities. Regulations restricting genetic testing could adversely affect our ability to market and sell our products and services. Accordingly, any regulations of this nature could increase the costs of our operations or restrict our ability to conduct our testing business and might adversely affect our operations and financial condition.

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Gene Patenting Debate in Australia

In 2008, the Australian Senate commenced an inquiry into the issues surrounding the patenting of genes. The inquiry was due to report its findings in early 2009. On September 30, 2010, the Senate re-referred the matter to the Senate Community Affairs Committee for inquiry and report. Having extended the timeline on several occasions, the Senate inquiry was then interrupted by an Australian Federal election in October 2010.

On November 26, 2010, the report arising from the Senate s inquiry into gene patents was released. It tabled 16 recommendations primarily aimed at making amendments to existing provisions of the Patents Act, while minimizing unforeseen consequences of changes to biotechnology sector, including the potential prohibition on patenting biological materials.

The Senate Report also noted a number of events that may affect further decisions, such as the Private Member s Bill that was introduced into the Federal Parliament. The Private Member s Bill was referred immediately to the Legal and Constitutional Affairs - Legislation Committee for inquiry and report by June 16, 2011. The Report also said the Committee heard conflicting evidence as to whether a prohibition on the patenting of genes and other biological materials (a) would be effective, and (b) would not lead to unforeseen consequences in other fields of technology, particularly biotechnology, research and development.

The *Patent Amendment (Human Genes and Biological Materials) Bill 2010* (the Bill) was introduced in the Lower House of the Australian Parliament on October 18, 2010. On November 26, 2010, the Senate referred the Bill to the Legal and Constitutional Affairs - Legislation Committee. The Committee received 122 submissions and held two public hearings for inquiry where 31 witnesses appeared at the public hearings. On September 22, 2011, the report arising from the Senate s inquiry into the Bill was released. It tabled only one recommendation: The Committee recommends that the Senate should not pass the Bill.

The *Intellectual Property Laws Amendment (Raising the Bar) Bill 2012* was passed into law on March 20, 2012. This legislation does not ban or restrict patents on genetic material other than by raising the bar for the granting of any new patents.

Australian Federal Court Patent Proceeding

In June 2010, a group of Australian plaintiffs initiated litigation in the Australian Federal Court challenging the validity of certain claims of an Australian patent owned by Myriad Genetics Inc. (Australian patent 686004 - 004). Genetic Technologies was named as a respondent to this matter by virtue of the fact that Genetic Technologies is the exclusive licensee of the BRCA patents in Australia (which includes the 004 patent).

This matter bears a resemblance to the U.S. litigation filed by the American Civil Liberties Union against Myriad s U.S. patent equivalent in which a U.S. Federal District Court ruled that isolated DNA sequences are not eligible for patent protection because of the fact that they are products of nature . On July 29, 2011, Myriad successfully appealed this decision with the Federal Circuit Court of Appeals reversing the decision of the United States District Court for the Southern District of New York. On March 26, 2012 the U.S. Supreme Court remanded the case back to the U.S. Court of Appeals for the Federal Circuit for reconsideration. On August 16, 2012, the U.S. Court of Appeals for the

Federal Circuit ruled on the Myriad case in the U.S., upholding the patentability of gene patents.

On September 30, 2011, Genetic Technologies filed documents with the Australian Federal Court to the effect that the Company submits to the orders of the Court and takes no further part in the proceedings. On February 15, 2013, the Australian Federal Court ruled in favor of Myriad Genetics in this matter.

Myriad Genetics argued that by virtue of the process of extracting the gene from the body, it had satisfied the requirements of an invention according to section 18(1)(a) of the Patents Act which states that an invention must be a manner of manufacture . Based on previous case law, the Court held that a manner of manufacture requires an artificial state of affairs of some discernible effect that is of economic significance.

That decision was subsequently appealed by one of the plaintiffs on March 4, 2013. The Australian Federal Court again ruled in favor of Myriad Genetics on September 5th 2014. The decision by the court leaves intact its earlier ruling that isolated gene sequences, even if they contain the same information as DNA sequences in the body, become a manufactured object as a result of the isolation process, conferring on them an artificial state , and making them patentable.

We rely on the services of individuals who possess special skills and experience.

Much of the future success of the Company depends on the continued service and availability of skilled personnel, including members of its senior executive team, and those in technical, marketing and staff positions. While we actively recruit new employees with such skills and experience to reduce our reliance on these individuals, skilled personnel, with specific experience in the biotechnology industry, are in high demand and competition for their talents is intense.

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Ethical and other concerns surrounding the use of genetic information may reduce the demand for our services.

Public opinion regarding ethical issues related to the confidentiality and appropriate use of genetic testing results may influence government authorities to call for limits on, or regulation of the use of, genetic testing. In addition, such authorities could prohibit testing for genetic predisposition to certain conditions, particularly for those that have no known cure. Furthermore, adverse publicity or public opinion relating to genetic research and testing, even in the absence of any governmental regulation, could reduce the potential markets for our services, which could materially and adversely affect our revenues.

Although we are a leader in the field of genetics in Australia, we do not undertake any activities in the contentious areas of cloning, stem cell research or other gene-altering areas. As such, many of the ethical issues that may be relevant to other participants in the genetics industry are not necessarily applicable to us.

Out-licensing of our intellectual property

The patenting of genes and issues surrounding access to genetic knowledge are the subjects of extensive and ongoing public debate in many countries. By way of example, the Australian Law Reform Commission has previously conducted two inquiries into the social uses of genetic information. The patents we hold over uses of non-coding DNA have broad scope and have also been the subject of debate and some criticism in the media. A risk we face is that individuals or organizations in one or more of the countries in which these patents have issued could take legal action to seek their amendment, revocation or invalidation, something which has happened previously on several occasions in various jurisdictions, though we have prevailed in all such cases.

Furthermore, any time that we initiate legal action against parties that infringe our patents we face a risk that the infringer will defend itself through a counter-claim of patent invalidity or other such claims. Subsequent legal action could potentially overturn, invalidate or limit the scope of our patents.

Under the relevant Patent Acts in most of the countries in which our non-coding patents have issued, the relevant judicial system has rights to impose compulsory licensing. The relevant governments typically hold march-in rights by which they may unilaterally choose to exploit the technology. To the extent that the Company s non-coding technology is used in the conduct of research, we also face risks, uncertainty and controversy over the licensing of our technology to those conducting research. Whether or not researchers should be exempted from obligations to take licenses to relevant patents was the subject of another government inquiry conducted by the Australian Council for Intellectual Property who recommended the creation of a research exemption.

For further information relevant to this subject, refer to the section entitled *Gene Patenting Debate in Australia* earlier in this section 3.D.

Our genetic testing activities

There is a view held by some elements of the medical and academic communities that the marketing of some of our cancer predisposition and risk assessment tests is done solely with a commercial objective in mind. In essence, some parties have indicated that, in their view, the risk of inheriting certain types of cancer is too low to warrant the marketing of genetic testing services to the wider cancer community where such promotion may increase anxiety unnecessarily. Guidelines laid down by the Australian National Health Medical Research Council also prevent us from promoting our testing in a manner which may cause any unnecessary alarm .

In recent years, health care payers as well as federal and state governments have focused on containing or reducing health care costs. We cannot predict the effect that any of these initiatives may have on our business. In particular, gene-based therapeutics, if successfully developed and commercialized, are likely to be costly compared to currently available drug therapies. Health care cost containment initiatives focused either on gene-based therapeutics or on genetic testing could result in the growth in the clinical market for genetic testing being curtailed or slowed. In addition, health care cost containment initiatives could also cause pharmaceutical companies to reduce research and development spending. In either case, our business and our operating results could be adversely affected. Further, genetic testing in clinical settings is often billed to third-party payers, including private insurers and governmental organizations. If our current and future clinical products and services are not considered cost-effective by these payers, reimbursement may not be available to users of our services. In this event, potential customers would be much less likely to use our services and our business and operating results could be harmed. Further, the amounts we receive in respect of the tests we perform may fall.

In regards to other medical tests we offer, increased competition from countries such as China and India is likely to make inroads to our marketplaces, offering lower priced tests which may decrease our profitability. Within Australia, the continued performance by public institutions of certain medical diagnostic tests also carries the risk that those institutions may acquire the latest generation of robotic test platforms which are able to perform tests at substantially lower costs. In some cases, these institutions are heavily subsidized by the government and therefore do not have the same commercial and amortization cost bases of a publicly listed company such as Genetic Technologies. As such, they may be able to offer tests at a lower price than we can offer them.

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Launch of BREVAGenTM

With the acquisition of our BREVAGenTM breast cancer risk assessment test in 2010 and its subsequent launch in June 2011, a number of potential commercial risks have been identified. The test exists in a new area of genetic testing, being a predictive test, and it will take time for us to establish credibility and educate the potential customer groups we have identified. This may result in a lag in establishing reasonable rates of sales which may be aggravated by any resistance associated with price sensitivity. Despite various studies and review publications, clinician adoption of the test on a regular basis requires substantial resources and effort.

Establishing a new U.S. company, such as we have done with Phenogen Sciences Inc., requires staffing with qualified and experienced salespeople and the identification of territories in which to start selling the test. These salespeople require time to establish customer contact and to convert sales. Invariably, some new employees are not be able to adapt to the new sales environment and may need to be replaced after the first stage of selling, potentially hampering growth. Even though the Company s Australian laboratory has now been CLIA certified, U.S. government health care programs could potentially restrict our ability to offer the test in the U.S., thereby restricting our available market.

The U.S. healthcare reimbursement system with which we interact is highly complex, involving a series of independent insurers, together with the insured and other third parties involved to assist with credentialing and the administration of the payment processes. Establishing benchmarks with insurers is a time consuming process which could delay the receipt of initial payments until such time as rules with each provider can be established.

In October 2014 the BREVAGen breast cancer risk assessment test was modified to contain further genetic markers and greater ethnic coverage. The test was relaunched as BREVAGen*plus*®. The risks associated with the new version of the test remain essentially unchanged.

Item 4. Information on the Company

Item 4.A History and Development of the Company

We were incorporated under the laws of Western Australia on January 5, 1987 as Concord Mining N.L. and operated as a mining company. On August 13, 1991, we changed our name to Consolidated Victorian Gold Mines N.L. On December 2, 1991, we changed our name to Consolidated Victorian Mines N.L. On March 15, 1995, we changed our name to Duketon Goldfields N.L.

On October 15, 1999, the Company s corporate status was changed from a No Liability Company to a company limited by shares. On August 29, 2000, following the acquisition of Swiss company GeneType AG, we changed our name to Genetic Technologies Limited, which is our current name. At that time, we phased out our mining activities and became a biotechnology company, following which our stock exchange listing was duly transferred from the mining board of the ASX to the industrial board and our shares were thereafter classified under the industry group Health and Biotechnology , completing our transformation from a mining company into a biotechnology company. Our current activities in biotechnology primarily concentrate on three clearly defined areas of activity which are covered under Item 4.B Business Overview .

Our Australian Company Number (ACN) is 009 212 328. Our Australian Business Number (ABN) is 17 009 212 328. We operate pursuant to our constitution, the Australian *Corporations Act 2001*, the Listing Rules of the Australian Securities Exchange, the Marketplace Rules of NASDAQ and, where applicable, local, state and federal legislation in the countries in which we operate.

Our registered office, headquarters and laboratory are all located at 60-66 Hanover Street, Fitzroy, Victoria, 3065 Australia. Our telephone number is +61 3 8412 7000. Our website address is www.gtglabs.com. The offices of our U.S. subsidiary, Phenogen Sciences Inc., are located at 9115 Harris Corners Parkway, Suite 320, Charlotte, North Carolina, 28269 U.S.A. The telephone number for the Phenogen Sciences office is +1 877 992 7382. Information on our websites and websites linked to them do not constitute part of this Annual Report.

In July 2008, we acquired all of the issued shares of Frozen Puppies Dot Com Pty. Ltd. based in Calga, New South Wales, which was Australia s leading provider of canine reproductive services for a total consideration of $1,550,097, comprising a combination of shares in the Company (with a value of $1,041,667) and cash. During the year ended June 30, 2010, a decision was made by the Company to strategically realign its animal business and to focus on the provision of animal genetic tests, rather than the services that were acquired as part of the acquisition of the Frozen Puppies Dot Com business in 2008. Following the disposal of assets related to the reproductive services business during the 2011 financial year, the associated business was discontinued and, as a result, Frozen Puppies Dot Com Pty. Ltd. was subsequently deregistered on June 1, 2011.

On April 14, 2010, we announced that we had acquired certain assets from Perlegen Sciences, Inc. in California, with the main asset being the BREVAGen breast cancer risk assessment test (BREVAGen). In addition to the BREVAGen test, we also acquired a suite of patents valid to 2022 which augment and extend our current non-coding patent portfolio. On June 28, 2010, we incorporated a wholly-owned subsidiary named Phenogen Sciences Inc. in the State of Delaware which commenced selling the BREVAGen test in the U.S. marketplace in June 2011.

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Item 4.B Business Overview

We are a biotechnology company focused on expanding our genetic testing business in the Asia-Pacific region and, with the addition of the BREVAGenTM breast cancer risk assessment test, in the U.S.A. and later in Europe. In addition, we are now pursuing commercial opportunities in other areas of activity:

(i) out-licensing our non-coding patents globally; and

(ii) supporting a late-stage research and development project in which we are already involved.

Industry background

The Human Genome Project announced (in April 2003) the completion of the first draft of the entire sequence of the human genome. The biotechnology industry has since worked to build upon the vast amount of knowledge generated by that program in order to develop a better understanding of the genetic basis of human health and disease. Increasingly, genetics is being shown to play a key role in the diagnosis and treatment of many diseases in humans, as well as diseases in animals and plants. This increasing understanding of genetics is providing new information for understanding such predisposing or causative factors in many diseases.

Prior to the Human Genome Project, the successful mapping of the Mouse Genome (published in December 2002) permitted, for the first time, a detailed comparison of human genes and mouse genes. One of the key findings that has arisen from this work is the significant role that non-coding DNA plays in controlling gene function in both human genes and mouse genes. For some scientists, but not for our Company, the discovery of the great significance of non-coding DNA to gene function were new, significant and totally unexpected.

A major focus in science is now the identification and analysis of genetic variations and disease-associated genes within the genome. These genetic variations, or polymorphisms, in the DNA sequences vary between individuals. The most common genetic variations are Single Nucleotide Polymorphisms, or SNPs, which are merely a difference in a single nucleotide. The first draft of the human genome identified over 1.4 million SNPs that can be useful as positional signposts for disease-associated DNA sequences in a gene or as markers to map genes along a chromosome. A significant number of these SNPs (perhaps more than 97%) are now known to be non-coding.

Genomics

A genome is an organism s complete set of DNA and the study of that DNA is called genomics. Genomes vary in size, with bacteria displaying the smallest known genome at 600,000 DNA base pairs, while human and mouse genomes have over 3 billion. The DNA of the human genome is organized into 24 distinct chromosomes that contain from 50 million to 250 million base pairs on each chromosome. The DNA on each

chromosome contains genes that are specific sequences that encode proteins that actually perform the work within a cell and also make up the cell itself. Surprisingly, only about 2% to 5% of the human genome is organized into coding DNA, with the remainder being considered to be non-coding DNA. The global patent portfolio on which our out-licensing activities is based is centered on proprietary methods for utilizing the valuable information contained within these non-coding regions.

Genetic variability

Almost 99.9% of an individual s genome is identical to that of every other individual s genome. However, even slight variations in sequence can drastically change how a gene functions. Variations can lead to harmless changes, such as blue eyes instead of brown, or to major diseases such as cancer, cystic fibrosis, or cardiovascular disease. Genetic variations can also be responsible for many of the differences in the ways individuals respond to drug therapies. As a result of this knowledge, routine analysis of SNPs and other genetic variations is expected to play an increasingly important role in the discovery and development of new drugs, as well as in a variety of diagnostic therapeutic and other medical and life science applications. Industry sources estimate there are millions of genetic variations in the human genome, creating demand for products and technologies that can quickly and accurately detect and analyze these variations. It is thought that the medicine of the future will be dispensed to a patient based on his or her own specific DNA variations. This type of personalized medicine will require sophisticated genetic tests to determine the genetic composition of an individual, and it is now recognized that such genetic make-up depends not only on the form of the coding DNA, but also the form of the associated non-coding DNA.

Genetic tests

Most genes come in many different forms, called alleles. One or more allele may be associated with a particular disease state. Genetic testing involves the direct examination of an individual s DNA for a DNA marker associated with the allele of interest. The determination of the particular alleles an individual has within his or her DNA is called genotyping.

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The most commonly tested marker of a particular allele is a SNP. As much as 98% of the human genome is considered to be non-coding DNA, the majority of the identified 1.4 million SNPs are also located in non-coding regions of DNA. We believe that a license to our proprietary methods of analyzing non-coding regions of DNA will be absolutely necessary for many of the genetic tests of the future. Similarly, tests for genetic abnormalities or mutations may involve not just individual SNPs, but also groups of SNPs or even larger sequences of DNA, and such abnormal sequences - large or small - may be located either in the coding region alone, or in the non-coding region alone, or in both the coding and non-coding regions of the gene (or genes) under examination. Clearly, the variations within genes that may be responsible for a disease are now known to be much more complicated than was previously understood, and the role of non-coding DNA is now being found to be highly relevant in a growing number of diseases. This similarly applies to genetic disorders in animals and plants. Accordingly, in future, more and more genetic testing will look not only at coding variations, but also at the non-coding variations within a particular gene.

Building the Genetic Testing Business

Background and history of the paternity testing business

In the early 1990 s, GeneType AG established a small service testing laboratory in Melbourne, Australia, initially to show-case its non-coding inventions, but also to generate revenue to help support and fund its ambitious research programs in those early days. Following the acquisition of several other small DNA testing laboratories in Australia, GeneType AG consolidated its genetic testing business such that the Company is now the largest provider of paternity and related testing services in Australia. Further, our service testing laboratory in Fitzroy (an inner suburb of Melbourne, Victoria) is the leading non-Government genetic testing service provider in Australia. We now have extensive experience in providing DNA-based individuality testing for the resolution of disputed paternity and the determination of familial relationships for immigration purposes.

The most common type of DNA testing is paternity testing - where we determine the father of a given child. In order to perform this test we take a sample from the mother, alleged father and child. The test can also be performed without the mother s sample but this makes the analysis somewhat more complex and the price for the test increases accordingly.

Other types of tests we can offer include:

- Y chromosome testing - determines if two males come from the same paternal line, i.e. have a common father or grandfather.
- Mitochondrial DNA testing - determines if two people come from the same maternal line.
- Sibship testing - determines if people are full siblings, i.e. have the same mother and father.

- Maternity testing - determines the mother of a given child.

- DNA typing - reveals the DNA makeup of an individual.

- Grandparent analysis - determines the grandparents of a given child. This is mainly used when the father of a child is deceased and a will is being contested.

- Antenatal DNA testing - determines the father of an as-yet unborn child.

We issue reports for the Family Court in Australia and provide similar services internationally for the Department of Immigration and Citizenship (DIAC). We are one of only two DNA testing laboratories in Australia recognized by DIAC to provide DNA tests for immigration purposes.

Over time, we have gained a reputation as a leading genetic testing laboratory, and progressively, we have received specimens for testing from other countries, most of which are located in the Asia-Pacific region. In addition, we have received requests to perform tests outside of the area of human paternity which has led to the expansion of our testing services, as summarized below.

Expansion of testing services beyond paternity testing

(1) Medical testing - the strategic alliance with Myriad Genetics Inc. delivered to the Company exclusive rights in Australia and New Zealand to perform DNA testing for susceptibility to a range of cancers. In April 2003, we established our cancer susceptibility testing facility within our Australian laboratory. In June 2003, this facility was granted provisional accreditation by the National Association of Testing Authorities, Australia (NATA). This important area of testing has since gained momentum, with the addition of new equipment and new employees joining the Company.

In November 2003, the Company joined the world-wide genetic testing network GENDIA as the sole reference laboratory for the network in Australia and New Zealand. GENDIA consists of more than 50 laboratories from around the world, each contributing expertise in their respective disciplines to create a network capable of providing more than 2,000 different genetic tests. This has provided the Company with the ability to offer comprehensive testing services to its customer base in the Asia-Pacific region as well as increasing our exposure to other markets.

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In November 2004, the Company announced a strategic alliance with Australian biotechnology company Bionomics Limited for the commercialization of the diagnostic genetic test for the condition Severe Myoclonic Epilepsy in Infancy. This test was the first to expand the Company s human molecular diagnostics focus beyond cancer susceptibility testing. In July 2006, we further cemented our position as Australia s leading independent provider of complex genetic testing services with NATA granting further accreditation of our Melbourne laboratory to provide a wide range of complex genetic tests. Genetic analysis for the predisposition and diagnosis of a wide range of disease states is increasingly being used by clinicians in standard medical practice. We committed to providing the gold standard in testing technology, with superior turn-around times and a substantially more cost efficient service. Attainment of the further accreditation by NATA in the area of complex gene sequencing testing services has enabled various government funded genetics services to utilize the Company s testing service to improve patient care.

Having established an excellent laboratory service with significant excess capacity, the Company announced in July 2008 that a commercial decision had been made to enforce the rights granted to it under an exclusive license from Myriad to perform diagnostic testing of the BRCA1 and BRCA2 genes in Australia and New Zealand. However, following the removal of five Directors from the Board at the Company s Annual General Meeting on November 19, 2008, the new Board undertook a formal review of the Company s decision to enforce its BRCA testing rights and subsequently resolved to immediately revert to its original decision to allow other public laboratories in Australia to freely perform BRCA testing.

In October 2009, a new strategic direction was established to focus efforts in creating a portfolio of tests that would be aimed at assisting medical clinicians with cancer management. This would comprise tests that were created by the Company and in-licensed from third parties which would then be marketed by Genetic Technologies in the Asia-Pacific region. In November 2009, distribution agreements were executed with Trimgen and Rosetta Genomics of the U.S. to acquire distribution rights for their tests across Oceania. In addition to the current test portfolio, GTG began introducing itself to the global oncology market via regular attendance at international medical conferences and direct to market selling activities. An additional agreement to acquire local distribution rights from Response Genetics of the U.S. was then executed by the Company in January 2010.

In December 2009, Genetic Technologies negotiated an exclusive option to investigate the purchase of various assets from Perlegen Sciences, Inc. of Mountain View, California which included a breast cancer non-familial risk assessment test, BREVAGen . Those assets were subsequently purchased by the Company in April 2010. Work then began on validating the test in GTG s Australian laboratory as well as initiating the process for obtaining CLIA certification which would enable the Company to undertake the testing of samples received from the U.S. market. By July 2010, a new U.S. subsidiary named Phenogen Sciences Inc. had been incorporated by the Company in Delaware to market and distribute the BREVAGen test across mainland U.S.A. In April 2011, the Company announced that it had gained certification of its Australian laboratory under the U.S. Clinical Laboratories Improvements Amendments, as regulated by the Centers for Medicare and Medicaid in Baltimore, Maryland. This certification, which enables the Company to accept and test samples from U.S. residents, was the culmination of preparations required for the U.S. launch of the Company s BREVAGen test which occurred in June 2011. Phenogen Sciences has since established an office in Charlotte, North Carolina.

In August 2012, the Company announced that it had received European CE Mark approval for BREVAGen , which will allow BREVAGen to be sold in the EU and other countries that recognise the CE Mark.

During the first half of the 2013 financial year, the Company announced that it had received licensure to sell BREVAGen into the states of California and Florida, bringing the total number of U.S. states in which the BREVAGen test can be sold to 49 of the 50 U.S. states. In July 2013, the Company was inspected by a representative of the New York State Department of Health, Clinical Laboratory Evaluation Program (CLEP). The Company s laboratory received an inspection result with no deficiencies reported and, on August 30, 2013, the Company announced that it had received the formal certificate of qualification from CLEP. This approval allows the Company to test BREVAGenTM

samples from residents of New York State (a densely populated state of nearly 20 million people) and completes the out of state licensures allowing the Company to provide testing services to all 50 U.S. states. Genetic Technologies wholly-owned US subsidiary, Phenogen Sciences Inc., (Phenogen) has commenced appointing representatives to cover this state, with a particular emphasis on New York City.

Test samples received

Since launching its BREVAGen test in the US market in July 2011, the number of test samples received in each of the subsequent ten quarters has increased. The start of CY14 however, brought with it severe winter weather conditions across large tracts of the US and this restricted patient and physician physical access to medical centres and willingness to attend for anything other than urgent medical care. Further to this challenge, the holiday period coincided with the introduction of the Affordable Care Act, which created uncertainty in patients understanding of their out-of-pocket expense liability that also restricted the uptake of BREVAGen. As a result, the number of test samples received in the March 2014 quarter, was, for the first time since launch, lower than that of the previous quarter. In the following quarter, the company saw a return of patients to doctors offices and improved preparedness to take preventative care decisions, resulting in a return to growth in BREVAGen test samples received during the quarter ended June 30, 2014. Total patient samples received during the quarter were 1,096, representing 37% growth over the March 2014 quarter (800 samples).

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Total samples received for the year of 3,935 was more than double that received in the previous corresponding period, representing an increase of more than 150%, reinforcing the Company s decision to place increased focus on breast centres, radiology groups and high-population, health-conscious territories and this continued focused activity is anticipated to result in further growth over the coming quarters. Further, as a result of both increased test sample numbers and positive reimbursement changes since January 1, 2013, total sales revenue for the year increased by more than 400% over the previous corresponding period.

During the financial year ended June 30, 2012, the Company generated the first sales of its BREVAGentest. Whilst not material to the overall result, in accordance with revenue recognition principles, due to the relatively limited numbers of tests sold in that first year of launch, the income generated from these sales was recorded on a cash basis. Effective January 1, 2013, significant changes in the US reimbursement system have impacted (positively) on the amounts the Company has since received for the BREVAGentests it performs.

In the current year, as a result of historical experience, the Company is able to estimate its revenue deductions and accordingly has recognized deferred revenue of $446,000. Accordingly, we now recognize revenueon the BREVAGen test at the point of sale when we are able to estimate the transaction price. Historically, we recognized revenue for the BREVAGen test upon cash receipt as we did not have enough history or agreements signed with the insurers to make a reliable estimate of the contract price

New York State

On August 30, 2013, the Company announced that it had received its Clinical Laboratory Permit from the New York State Department of Health. This permit, which allows the Company to offer the BREVAGen test to residents of New York State, completed the final out-of-state licensure allowing the Company to provide testing services to all 50 US states. The Company is now able to meet requests received from New York physicians to provide the BREVAGen test to patients as part of their clinical practice and Phenogen Sciences Inc. (Genetic Technologies US subsidiary) has now appointed its first representative to cover this State, with a particular emphasis on New York City.

Further expansion of the Company s credentialing program

Credentialing with Preferred Provider Organisations (PPOs) allows for expedited claim adjudication as in-network . A PPO is a managed care organisation of medical doctors, hospitals and other health care providers which has covenanted with insurers or third-party administrators to provide health care, at reduced rates, to the clients of the respective insurer or administrator. Credentialing is a process whereby provider organisations such as physicians, care facilities and ancillary providers (including testing service providers such as Phenogen Sciences) contract directly with the PPO. Contracts with PPOs are fundamental to having claims for the BREVAGen test adjudicated as in-network .

During the year, the Company announced that, through Phenogen Sciences, it had executed a further agreement with InterWest Health to use the InterWest provider network. The execution of this agreement takes to eight the number of such PPO agreements that the Company has now entered into. As at the date of this Report, the cumulative total number of covered lives for which its BREVAGen risk assessment test could be adjudicated as in-network is more than 102 million.

The positive impact of this activity has been demonstrated in reviewing reimbursement payments received in respect of the BREVAGen test since its launch. The average reimbursement received in respect of claims that were adjudicated as in-network was significantly higher than the amounts received in respect of claims that were adjudicated as out-of-network , with the time taken to collect the funds also being materially shorter.

Once in-network, the Company receives improved cash flow via faster payment while still obtaining an acceptable level of reimbursement and reducing the costs incurred through appealing denials. Once BREVAGen sample volumes reach a significant level and Genetic Technologies has gathered the necessary additional clinical utility data, the Company intends to approach insurers directly to contract.

Credentialing contracts have now been executed between the Company and InterWest Health, FedMed Inc., MultiPlan Network, Three Rivers Provider Network, Prime Health Services, National Preferred Provider Network / PlanCare America / Ohio Preferred Provider Network LLC (NPPN / OPPN), Galaxy Health Network and Fortified Provider Network.

Reimbursement

Up until the end of the 2012 calendar year, insurance claims for BREVAGen were submitted using the so-called code stack of CPT methodology codes. Reimbursement under this regime was positive, with a low percentage of denials and appeals. However, effective January 1, 2013, the AMA removed the code stack claim process, requiring tests without a specific CPT code to be claimed via an Unlisted or Miscellaneous Code .

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As a result of these changes, the Company now uses a Miscellaneous Code when submitting claims for reimbursement from insurers. As part of this transition, the list price for the BREVAGen test was increased to enable the Company to receive payment for aspects of the test that were not previously available under the code stack. Importantly, notwithstanding this, the Company did not seek to increase the maximum out-of-pocket amount that a given patient is required to pay for a BREVAGen test under its Patient Protection Program .

Though the Company s reimbursement per test (including write-offs and denials for non-coverage) has increased by more than 30%, the use of a miscellaneous code requires more administration and time by the Insurance Company to adjudicate the claim and thus increasing the time taken to receive reimbursement.

Cost effectiveness studies to improve reimbursement outcomes

Further to the publication in the journal of Cancer Prevention Research, Vol 6 (12) dated December 5, 2013: pp 1328 36, demonstrating the cost effectiveness of the BREVAGen test to guide MRI screening, an additional paper has been published demonstrating the cost effectiveness of the BREVAGen test to direct chemoprevention.

On March 7, 2014, GTG announced the publication in the journal Applied Health Economics and Health Policy Vol 12 (2): pp 203 17, of a study entitled Economic Evaluation of Using a Genetic Test to Direct Breast Cancer Chemoprevention in White Women with a Previous Breast Biopsy . This study was a collaborative project between the Company and Archimedes Inc. of San Francisco, a healthcare modelling and analytics organization. The study examined the cost-effectiveness of utilizing BREVAGen to direct tamoxifen chemoprevention.

An in-silico model of breast cancer and health care processes was used to simulate a population of white women aged 40-69, who were at elevated risk for breast cancer due to a history of benign breast biopsy, in a virtual clinical trial. Women were assessed for risk of developing breast cancer using the BREVAGen test to determine eligibility for five years of tamoxifen therapy. The BREVAGen test was most cost-effective when given to patients at an intermediate risk of developing breast cancer (1.2 - 1.66% 5-year risk). The results demonstrated that adding genetic information about breast cancer susceptibility loci to current decision models for breast cancer chemoprevention not only improves clinical outcomes (with an average of 15 breast cancer cases prevented per 1,000 women), but is also cost-effective, with an incremental cost-effectiveness ratio below the benchmark number used by US payers of $50,000 per quality-adjusted life year (QALY) saved.

Clinical utility studies are currently being designed and will be commenced during the latter part of 2014. The data obtained in these studies will be utilised in the direct contracting discussions with Insurers and self-insured employer groups.

Further validation studies supporting BREVAGen

The Company continues to actively progress research programs with leading international academic collaborators to confirm the utility of genomic risk assessment in other ethnic populations and to incorporate the full portfolio of currently known common breast cancer susceptibility variants into the BREVAGen test.

New Product Development

Planning is well progressed and the Company is on target to release BREVAGenplus in Q4, CY14. The new version of BREVAGen incorporates an expanded SNP (Single Nucleotide Polymorphism) panel, providing an increase in the predictive power of the test. Importantly, it will also be validated in Hispanic and African American women populations, thereby increasing the applicable market and simplifying the marketing process for BREVAGen in clinics and breast centres.

The launch of this next generation BREVAGen, is anticipated to result in accelerated sample test volume growth.

(2) Animal testing - in May 2003, we acquired the assets of Genetic Science Services to expand the range of tests we can offer to include relevant genetic testing in animals - for example, progeny testing in horses, dogs, deer, sexing in birds, and animal disease identification and susceptibility testing for a range of animals, including exotic and zoo animals. This acquisition also allowed the Company to support research projects involving other animals.

In addition to NATA accreditation for complex genetic analysis mentioned above, in 2006 GTG also received NATA accreditation for the provision of canine forensic analysis services. We are the only laboratory in Australia to receive such accreditation. This accreditation ensures that we will continue to be the laboratory of choice for all canine forensic analysis, especially where prosecutions are initiated for dog attacks. In the state of Victoria alone, there are in excess of 7,000 dog incidents reported annually. This accreditation, together with the recent announcement of a genetic test to determine the breed of dogs, places the Company in a strong position to provide genetic analysis services to local councils around Australia. During 2008, the Company launched its Dog Attack Pack, a forensic tool enabling local government officers to collect samples from dog attacks and BITSA , a breed identification test that uses DNA analysis to provide a history of a dog s breed.

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In July 2008, we acquired Frozen Puppies Dot Com Pty. Ltd., an Australian company specializing in canine reproductive services, following which the Company expanded its facilities into territories outside of Australia and developed relationships with breeders and associations in China, Japan, New Zealand and elsewhere. Staff were employed to manage the Company s activities in these territories and purpose-built facilities were established on the outskirts of Beijing, China and in several States of Australia. However, during the year ended June 30, 2010, a decision was made by the Company to strategically realign its animal business and to focus on the provision of animal genetic tests, rather than the services that were acquired as part of the acquisition of the Frozen Puppies Dot Com business in 2008. As a result, most of the centers and related assets were sold off and, following these disposals, Frozen Puppies Dot Com Pty. Ltd. was subsequently deregistered in June 2011.

In September 2009, GTG again won a tender for being the exclusive provider of genetic services to Greyhounds Australasia. At this time, the Company s animals business was re-launched through a new website; www.animalnetwork.com.au which provides information on genetic tests, a database of breeder dog results supplied from GTG tests, services and the ability to order tests online.

By late 2009, the new strategy for GTG of focusing on genetic health started to impact the way resources would be used in the animals business. This change in strategic direction meant that many ad-hoc and small / infrequent volume animal tests were eliminated from the animal testing portfolio. A decision to focus solely on canine genetic tests meant an increase in establishing relationship with new channel partners. In the Veterinary market, Gribbles was appointed as the Company s exclusive distribution partner for Australia and New Zealand. In the animal welfare area, our relationship with Lort Smith Animal Hospital continued and additional relationships established with the Animal Welfare Leagues in New South Wales and South Australia and the New Zealand Kennel Club. Outside the main cities, distribution agreements were set up with ART in Rockhampton, Queensland.

(3) Forensic testing - recognizing the increasing use of DNA analysis in forensics and the demand this would place on existing government laboratories, in February 2004, the Company successfully gained forensics accreditation from the National Association of Testing Authorities, Australia (NATA). We were the first non-government laboratory in Australia to be awarded this accreditation. Since then, we have developed a highly efficient and technologically advanced forensics laboratory. This capability was substantially advanced by our recent non-coding licensing deal with Applera Corporation under which we secured equipment and supplies essential to conducting forensics analysis. Together with these resources and our experience in DNA analysis, the Company is becoming a major provider of DNA analysis services to the Australian forensics community.

In April 2006, we announced that we had been awarded a contract to supply the New South Wales (N.S.W.) Police Force with DNA analysis services, under which we provided services for an initial trial period of three months. Following this successful trial, we executed a three year contract with the NSW Police Force in January 2008 for DNA analysis services for their volume crime samples, such as burglary and motor vehicle theft. This contract represented a major breakthrough for the Company and was the first time in Australia that any Police Force had awarded a long-term contract to outsource the testing of their crime samples. The initial term of the contract with the NSW Police Force ended in January 2011. The contract has since expired in January 2013.

(4) Plant testing - in March 2002, we formed a joint venture with the Victorian State Government s Department of Primary Industry, for the purpose of providing a high throughput genotyping service for plant testing - in order to help plant breeders identify the genes responsible for the detection of commercially relevant traits, such as resistance to disease, accelerated growth and the improvement of crop yields. A new company, AgGenomics Pty. Ltd., was formed, with us as the majority shareholder and the State agency as the minority partner. After a number of years in business, AgGenomics Pty. Ltd. was deregistered on June 20, 2012.

Australian heritage businesses

The 2014 financial results for the Company s Australian genetic testing businesses exceeded budget expectations. These well-established heritage businesses, which comprise the provision of a wide range of medical, paternity, forensic and animal genetic tests, continued to maintain dominant positions in a number of their respective markets, despite some considerable price competition from several competitors.

Sale of heritage Australian Genetics business

On 22 September 2014, subsequent to balance date the Company announced that it had signed a binding contract of sale for its heritage Australian Genetics business (Australian Genetics) to Specialist Diagnostics Services Ltd (SDS), the wholly owned pathology subsidiary of Primary Health Care Ltd. The Australian Genetics business provides diagnostic and sequencing services encompassing Australia-only medical, forensic, paternity and animal genomic testing. Under the terms of sale, SDS will acquire the Australian Genetics business for $2,000,000 in cash. Assuming all conditions are met, settlement of the transaction is expected to occur within the next month.

The divestment of the Australian Genetics business follows the Company s announcement on 15 September 2014, of plans to sell non-core assets and focus business activities on the US MDx market and commercialisation of the Company s lead breast cancer risk test BREVAGen.

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Our Patent Portfolio

The acquisition of GeneType AG in August 2000 gave our Company ownership rights to a potentially significant portfolio of issued patents. During the intervening years, this portfolio has since been expanded by both organic growth and the acquisition of intellectual property assets from third parties. We constantly review our patent portfolio to ensure that we maintain potentially important patents but at the same time keep costs to a minimum by no longer pursuing less commercially attractive and relevant intellectual property. The major families of patents in the portfolio as of the date of this Annual Report include:

(a) Intron Sequence Analysis;

(b) Genomic Mapping;

(c) Perlegen;

(d) BREVAGenTM;

(e) Laboratory Techniques;

(f) Ancestral Haplotypes;

(g) Athletic Performance;

(h) RareCellect Project.

(a) The Intron Sequence Analysis patents allow for the detection of specific motifs within the genetic material in the non-coding regions of DNA which have been shown may be linked to certain alleles or haplotypes within the coding region of the gene. In other words, whereas most geneticists previously looked at the genetic information located within the coding region alone, our inventions have provided a means of also looking at additional useful information which is located within the non-coding part of the gene, and which is now known to also be important in influencing gene function and, in particular, protein production. It is also now known that more than 100 human diseases are associated with genetic changes in the non-coding part of a particular gene and which are linked to the function of the coding part of that gene.

(b) The Genomic Mapping patents describe methods for analyzing genetic material collected from various selected populations to identify and locate genes and markers of interest, by identifying highly polymorphic sites throughout the genome and particular haplotypes associated with such sites, all based on a reading of sequence information in the non-coding portions of the genome.

(c) The Perlegen patents describe the family of patents that were acquired from Perlegen Sciences, Inc. that provide methods for discovering genetic associations to disease and which build on and augment the Genomic Mapping patents.

(d) **The BREVAGenTM patents** describe a combination of method and product filings which describes a breast cancer risk assessment test based on both genetic and clinical factors to deliver an improved understanding of an individual s risk of contracting breast cancer.

(e) **The Laboratory Techniques patents** describe a method for identifying band positions in an electrophoretic separation by also including a control, which serves as an internal standard.

(f) **The Ancestral Haplotypes patents** describe a method for determining ancestral haplotypes using haplospecific geometric elements within the major histocompatibility complex multi-gene cluster and methods of genetic analysis involving the amplification of complimentary duplicons. These patents were acquired by the Company from the C.Y. O Connor ERADE Village Foundation in Western Australia.

(g) **The Athletic Performance patents** describe a method that enables aspects of athletic performance to be predicted based on detection of various forms of the alpha actinin 3 (ACTN3) gene. These patents were acquired from the University of Sydney in New South Wales.

(h) **The RareCellect Project patents** comprise a suite of patents, the older ones of which describe a novel and safe method for the isolation and collection of fetal cells from the peripheral blood of a pregnant woman, utilizing various HLA or other markers plus flow cytometry - all without any invasive procedure that might endanger the mother or the child. Together with more recent patents, these form the basis of the intellectual property associated with the RareCellect project.

The many issued, allowed and pending patents claimed by GeneType AG, and which are now owned by our Company, distinguish us from competitors by giving us the legal right to claim ownership of proprietary methods and compositions for analysis of DNA using information contained within non-coding regions and for the isolation of fetal cells. The methods and compositions for analysis of DNA may be used to identify a particular form of a gene or to map the location of a disease-associated gene.

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In total, we have 18 issued patents and 12 patent applications in the United States. Reflecting our international business strategy, we have also sought and been granted foreign patents by many other major industrialized nations, corresponding to each of the major patents already issued in the United States.

Generally, United States patents filed with the United States Patent Office prior to June 8, 1995 have a term of 17 years from the date of issuance, and 20 years from the application filing date or earlier claimed priority date in the case of patents issued from applications filed on or after June 8, 1995. For applications filed after May 29, 2000, the term is 20 years from the date of filing. A minimum term of 17 years is assured, provided the applicant causes no delays during prosecution. Patents in most other countries have a term of 20 years from the date of filing the patent application. Our issued United States patents began to expire in 2009. We intend to continue to file patent applications as we develop new products, technologies and patentable enhancements. Prosecution practices have been implemented to avoid any applicant delays that could compromise the 17-year minimum term. There can be no guarantee that such procedures will prevent the loss of a potential patent term. This is particularly true in the short-term as the patent rules implementing the most recent patent term changes are relatively new and untested.

Complex legal and factual determinations and evolving law make patent protection uncertain. As a result, we cannot be certain that patents will be issued from any of our pending patent applications or from applications licensed to us or that any issued patents will have sufficient breadth to offer meaningful protection. In addition, our issued patents may be successfully challenged, invalidated, circumvented or rendered unenforceable so that our patent rights would not create an effective competitive barrier. Moreover, the laws of some countries may not protect our proprietary rights to the same extent as do the United States patent laws.

In addition to patent protection, we rely on trade secret protection of our intellectual property. We attempt to protect our trade secrets by entering into confidentiality agreements with third parties, employees and consultants. Our employees and consultants are required to sign agreements to assign to us their interests in discoveries, inventions, patents, trademarks and copyrights arising from their work for us. They are also required to maintain the confidentiality of our intellectual property, and refrain from unfair competition with us during their employment and for a certain period of time after their employment with us, which includes solicitation of our employees and customers. We cannot be certain these agreements will not be breached or invalidated. In addition, third parties may independently discover or invent competing technologies or reverse engineer our trade secrets or other technologies.

In the future, we may become involved in lawsuits in which third parties file claims asserting that our technologies or products infringe on their intellectual property. We cannot predict whether third parties will assert such claims against us or against the licensors of technologies licensed to us, or our licensees, or whether those claims will hurt our business. We may be forced to defend against such claims, whether they are with or without merit or whether they are resolved in favor of or against our licensors or us and may face costly litigation and diversion of Management s attention and resources. As a result of such disputes, we may have to develop costly non-infringing technologies or enter into licensing agreements. These agreements may oblige us to accept costly terms, which could seriously limit the ability to conduct our operations and affect adversely our financial condition.

In addition, we may become involved in lawsuits in which third parties file claims asserting that one or more of our patents are invalid. We cannot predict whether third parties will assert such claims against us or against the licensees of such patents, or whether those claims will have an adverse impact on our business. We may be forced to defend against such claims, whether they are with or without merit or whether they are resolved in favor of or against our licensees or us and may face costly litigation and diversion of Management s attention.

Historically, were have initiated legal proceedings against a number of companies, including Applera Corporation. On December 12, 2005, we announced the final settlement of our patent dispute with Applera, further to a settlement conference held in San Francisco, California. The parties executed a number of binding agreements, including a final Settlement Agreement plus license agreements and a supply agreement and, subsequently, they jointly applied to Northern California District Court requesting that all claims and counterclaims in the legal action be dismissed forthwith. The total value of the consideration receivable by us is approximately $15 million, payable partly in cash and partly in kind, including agreements supplying the Company with certain Applera equipment, reagents and intellectual property rights.

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Our current patent portfolio is described below. Numbers refers to either provisional, application, publication or patent number.

	Country / region	Numbers	Granted	Pending
INTRON SEQUENCE ANALYSIS				
Intron sequence analysis method for detection of adjacent and remote locus alleles as haplotypes Earliest priority August 25, 1989	Australia	AU654111	•	
		AU672519	•	
	Austria	AT144797	•	
	Belgium	EP414469	•	
	Canada	CA2023888	•	
	Denmark	DK414469	•	
	Europe	EP414469	•	
	France	EP414469	•	
	Germany	DE69029018	•	
		DD299319	•	
	Great Britain	EP414469	•	
	Greece	GR3022410	•	
	Hong Kong	HK1008053	•	
	Israel	IL95467	•	
	Italy	EP414469	•	
	Japan	JP3206812	•	
	Luxembourg	EP414469	•	
	Netherlands	EP414469	•	
	New Zealand	NZ235051	•	
	Singapore	SG47747	•	
	South Africa	ZA9006765	•	
	Spain	ES2095859	•	
	Sweden	EP414469	•	
	Switzerland	EP414469	•	
	United States	US5192659	•	
		US5612179	•	
		US5789568	•	
GENOMIC MAPPING				
Genomic mapping method by direct haplotyping using intron sequence analysis Earliest priority July 11, 1990	Australia	AU647806	•	
	Austria	AT185377	•	
	Belgium	EP570371	•	
	Canada	CA2087042	•	
	Denmark	DK570371	•	
	Europe	EP570371	•	
	France	EP570371	•	
	Germany	DE69131691	•	
	Great Britain	EP570371	•	
	Ireland	IE912426	•	
	Israel	IL98793	•	
	Italy	EP570371	•	
	Japan	JP3409796	•	
	Luxembourg	EP570371	•	
	Netherlands	EP570371	•	
	New Zealand	NZ238926	•	

South Africa	ZA9105422	•
Sweden	EP570371	•
Switzerland	EP570371	•
United States	US5851762	•

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	Country / region	Numbers	Granted	Pending
PERLEGEN				
Methods for genomic analysis	Australia	AU785425	•	
Earliest priority March 30, 2001	Canada	CA2380047		•
	Europe	EP1246114		•
	Israel	IL148783	•	
	United States	US6969589	•	
	United States	US12/795361		•
Methods for identifying matched groups	United States	US7124033	•	
Earliest priority April 30, 2003				
Genetic analysis systems and methods	Australia	AU2003202919	•	
Earliest priority January 7, 2002	Belgium	1463840	•	
	Canada	CA2472646	•	
	Denmark	1463840	•	
	Europe	1463840	•	
	France	1463840	•	
	Germany	1463840	•	
	Great Britain	1463840	•	
	Luxembourg	1463840	•	
	United States	US6897025	•	
Life sciences business systems and methods	United States	US6955883	•	
Earliest priority March 26, 2003				
Life science business systems	United States	US7427480	•	
Earliest priority March 26, 2003				
Pharmaceutical and diagnostic business systems and methods	United States	US7135286	•	
Earliest priority March 26, 2002				
Haplotype structure of Chromosome 21 (LQTS)	United States	US7115726	•	
Earliest priority March 30, 2001				
BREVAGenTM				
Methods for genetic analysis	United States	US7127355	•	
Earliest priority March 5, 2004	United States	13/749060		•
	Japan	JP2007502088		•
	Japan	2013-151528		•
[redacted]				
Methods for genetic analysis	Australia	AU2008304485	•	
Earliest priority September 27, 2007	Canada	CA2704152		•
	Europe	08833114.5	•	
	United States	14/030091		•

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	Country / region	Numbers	Granted	Pending
BREVAGenTM (cont.)				
Markers for breast cancer	Australia	AU2006320559	•	
Earliest priority November 29, 2006		AU2012202265		•
		AU2013203426		•
		AU2013203435		•
	Austria	1954834	•	
	Belgium	1954834	•	
	Canada	CA2631621		•
	China	CN20068005171.0	•	
		CN201310524782.4		•
		CN201310524916.2		•
		CN201310524765.0		•
	Denmark	1954834	•	
	Europe	1954834	•	
		12156416.5		•
		12156418.1		•
		12156417.3		•
		12156415.7		•
	France	1954834	•	
	Germany	1954834	•	
	Great Britain	1954834	•	
	Hong Kong	HK09101235.4	•	
		12112875.1		•
		12112368.5		•
		12112874.2		•
		12112873.3		•
	Iceland	1954834	•	
	Ireland	1954834	•	
	Israel	IL191566	•	
		227562		•
		227563		•
		227564		•
	Japan	JP2008543446	•	
		2013-112566		•
	Luxembourg	1954834	•	
	Netherlands	1954834	•	
	South Korea	KR1020087015808	•	
		10-2013-7020281		•
		10-2013-7031549		•
	Switzerland	1954834	•	
	United States	US12/890272		•
		US12/370972		•
Methods for breast cancer risk assessment	Australia	2010256343	•	
Earliest priority June 1, 2009	Canada	2763500		•
	China	201080033130.5		•
	Europe	10782820.4		•
	Hong Kong	12109000.5		•
	Israel	216627		•
	Japan	2012-513409		•
	Mexico	MX/a/2011/012913		•
	United States	US12/920815		•

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	Country / region	Numbers	Granted	Pending
RARECELLECT® PROJECT				
Fetal cell recovery method	Australia	AU649027	•	
Earliest priority March 27, 1990	Austria	AT194166	•	
	Belgium	EP521909	•	
	Canada	CA2059554	•	
	Denmark	DK521909	•	
	Europe	EP521909	•	
	France	EP521909	•	
	Germany	DE69132269	•	
	Great Britain	EP521909	•	
	Greece	GR3034487	•	
	Ireland	IE910996	•	
	Israel	IL97677	•	
	Italy	EP521909	•	
	Japan	JP2965699	•	
	Luxembourg	EP521909	•	
	Netherlands	EP521909	•	
	New Zealand	NZ237589	•	
	Singapore	SG79188	•	
	South Africa	ZA9102317	•	
	Spain	ES2149760	•	
	Sweden	EP521909	•	
	Switzerland	EP521909	•	
	United States	US5447842	•	
Identification of fetal DNA and fetal cell markers in maternal plasma or serum	Australia	AU2004217872	•	
Earliest priority March 5, 2003	United States	US10/547721	•	
		US13/757527		•
Biological sampling device	Australia	2010207877	•	
Earliest priority January 27, 2009		2013245490		•
	Canada	2787405		•
	China	201080014151.2		•
	Europe	10735423.5		•
	Hong Kong	12105199.4		•
	Israel	514310		•
	Singapore	201105383-2	•	
		201400616-7		•
	United States	13/146376		•
		14/066264		•
Device and method for obtaining a biological sample	United States	14/074215	•	
Earliest priority November 7, 2013	PCT	PCT/AU2014/000454		•

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	Country / region	Numbers	Granted	Pending
RARECELLECT® PROJECT (cont.)				
Cell processing and/or enrichment methods	Europe	EP09712569.4		•
Earliest priority February 18, 2008 &	United States	US12/918015		•
July 3, 2008	Canada	2752838		•
Methods for obtaining fetal genetic material	Australia	2010239131		•
Earliest priority April 21, 2009	Canada	2795268		•
	Europe	10766487.2		•
	Israel	215808		•
	Singapore	201107673.4	•	
	United States	13/265485		•
Methods of enriching and detecting fetal nucleic acids	Australia	2010336017		•
Earliest priority December 23, 2009	Canada	2817990		•
	Europe	10838414.0		•
	Hong Kong	13103054.2		•
	Israel	220560		•
	United States	13/518454		•
ANCESTRAL HAPLOTYPES				
Genetic analysis	Europe	EP660877	•	
Earliest priority November 1, 1991	France	EP660877	•	
	Germany	DE69232726	•	
	Great Britain	EP660877	•	
Method for determining ancestral haplotypes using haplospecific geometric elements within the major histocompatability complex multigene cluster				
Earliest priority November 1, 1991	United States	US6383747	•	
ATHLETIC PERFORMANCE				
ACTN3 genotype screen for athletic performance	Australia	AU2003258390	•	
Earliest priority September 16, 2002	Canada	CA2499084	•	
	China	03825166.3	•	
	Europe	EP1546403	•	
	France	EP1546403	•	
	Germany	EP1546403	•	
	Great Britain	EP1546403	•	
	India	IN216886	•	
	Japan	2004-534867	•	
	New Zealand	NZ538890	•	
	Russia	RU2388829	•	
	United States	US7615342	•	
LABORATORY TECHNIQUES				
Internal standards for electrophoretic separations	Austria	AT159589	•	
Earliest priority July 11, 1990	Europe	EP466479	•	
	France	EP466479	•	
	Germany	DE69127999	•	
	Great Britain	EP466479	•	

Japan	JP4232850	•
Sweden	EP466479	•
United States	US5096557	•

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Out-licensing our Non-coding Patents Globally

The Company is currently licensing its non-coding patents in the United States, Europe and elsewhere. This strategy was initiated in late 2000, soon after GeneType AG and its non-coding DNA patents were acquired by the Company. The first step in the process was to secure patent insurance, which we achieved in early 2001. This policy has since expired.

Thereafter, we progressively made contact with many companies in the United States and elsewhere, bringing the patents to their attention and indicating how they might benefit from a license to the Company s non-coding patents. The plan initially was to grant a number of licenses focusing primarily on the up-front fee component, and then to progressively build recurring annuity or royalty component of subsequent licenses. When we identified companies that appeared to be infringing our patents, while also indicating they would not take a license, we put them on formal notice under our patent insurance policy. Overall, the strategy has unfolded as planned.

In recent years, this strategy had evolved further with the appointment of Colorado-based law firm Sheridan Ross PC as our assertion partner. With their assistance, the Company has now filed three large patent infringement suits in the U.S. against more than 20 separate parties. Further, more than 10 individual patent infringement suits have also been filed in the USA. Settlement and license agreements have since been executed with a majority of these parties. As of the date of this Annual Report, negotiations continue with the remaining parties and with other parties outside the U.S. lawsuits.

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Our Licenses and Commercial Collaborations

Since commencing our licensing program back in 2002, we have granted commercial licenses to a total of 72 licensees and 6 research licenses to the following parties as of October 6, 2014, which are listed in reverse chronological order of the effective dates of the respective licenses:

Commercial licensees

71. Promega Corporation, USA
69. Bio-Reference Laboratories / GenPath and Lenetix, **USA**
67. Genesis Genetics Institute, LLC, **USA**
65. Bioscientia Institute for Medical Diagnostics and other Sonic Subsidiaries, **Germany**
63. Genetics & IVF Institute Inc., **USA**
61. 454 Life Sciences Corporation, **USA**
59. Conexio Genomics Pty. Ltd., **Australia**
57. Sonic Group companies, **USA**
55. AutoImmun Diagnostika GmbH, **Germany**
53. Attomol GmbH, **Germany**
51. Orchid Cellmark Inc., **USA**
49. Sunrise Medical Laboratories Inc., **USA**
47. Pioneer Hi-Bred International Inc., **USA**
45. Laboratoires Réunis, **Luxembourg**
43. Beckman Coulter Inc. / Clinical Data Inc., **USA**
41. Molecular Pathology Laboratory Network Inc., **USA**
39. Gen-Probe Inc., **USA**
37. Millennium Pharmaceuticals Inc., **USA**
35. General Electric Company, **USA**
33. Kimball Genetics Inc., **USA**
31. Syngenta Crop Protection AG, **Switzerland**
29. Thermo Fisher Scientific Inc., **USA**
27. Sciona Inc., **USA**
25. Innogenetics NV (HLA products), **Belgium**
23. Optigen LLC, **USA**
18 - 21. Four agriculture groups, **New Zealand**
16. Bionomics Limited, **Australia**
14. ViaLactia Biosciences Limited, **New Zealand**
12. Genzyme Corporation, **USA**
10. Laboratory Corporation of America Holdings, **USA**
8. Quest Diagnostics Inc., **USA**
6. Biotage AB, **Sweden**
4. Perlegen Sciences Inc., **USA**
2. Sequenom Inc., **USA**

72. Histogenetics LLC, USA
70. Reprogenetics LLC,USA
68. Genelex Corporation, **USA**
66. Reproductive Genetics Institute Inc., **USA**
64. Laboratory Corporation of America Holdings (LabCorp)., **USA**
62. PreventionGenetics LLC, **USA**
60. One Lambda Inc., **USA**
58. GeneSeek Inc., **USA**
56. Eurofins STA Laboratories Inc., **USA**
54. Hologic Inc., **USA**
52. Navigenics Inc., **USA**
50. ViennaLab Diagnostics GmbH, **Austria**
48. Qiagen Sciences LLC, **USA**
46. Innogenetics NV (medical diagnostic products), **Belgium**
44. Interleukin Genetics Inc., **USA**
42. Monsanto Company (cattle genetics) **USA**
40. EraGen Inc., **USA**
38. TIB MOLBIOL Syntheselabor GmbH, **Germany**
36. GeneDx (Bio Reference Laboratories Inc.), **USA**
34. Prometheus Laboratories Inc. **USA**
32. BioSearch Technologies Inc., **USA**
30. Monsanto Company (swine genetics), **USA**
28. Monsanto Company (plant genetics) **USA**
26. Genosense Diagnostics GmbH, **Austria**
24. Bovigen LLC, **USA**
22. Applera Corporation, **USA**
17. Australian Genome Research Facility Limited, **Australia**
15. C.Y. O Connor ERADE Village Foundation, **Australia**
13. MetaMorphix Inc., **USA** (license subsequently terminated)
11. Ovita Limited, **New Zealand**
9. TM Bioscience Corporation, **Canada**
7. ARUP, **USA**
5. Myriad Genetics Inc., **USA**
3. Nanogen Inc., **USA**
1. Genetic Solutions Pty. Ltd., **Australia**

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Research licensees

6. Texas A&M University (Merlogen Inc.), **USA**
4. University of Technology Sydney, **Australia**
2. University of Sydney, **Australia**
5. Colorado State University, **USA**
3. King s College London, **England**
1. University of Utah, **USA**

On February 16, 2010, the Company announced it had filed a patent infringement suit in respect of its non-coding DNA technologies against a number of parties in the U.S. District Court, Western District of Wisconsin. The counter-parties included Beckman Coulter Inc., Monsanto Company, Interleukin Genetics Inc., Orchid Cellmark Inc., Gen-Probe Inc., Molecular Pathology Laboratory Network Inc., Sunrise Medical Laboratories and Pioneer Hi-Bred International Inc. In April 2011, the Company was pleased to announce the successful culmination of this suit, importantly with no counterparty proceeding to trial. The various settlement and license agreements which were granted to the counterparties of this first suit generated gross fees in excess of $5.8 million and the suit was administratively closed by the Court.

On January 20, 2011, the Company announced it had filed a second patent infringement law suit in the U.S.A., this time in the U.S. District Court, Western District of Texas, Austin Division. The seven counterparties to this action, each a company associated with Sonic Healthcare Limited, were: American Esoteric Laboratories, Clinical Pathology Laboratories Inc., Clinical Pathology Laboratories Southeast, East Side Clinical Laboratories, Clinical Pathology Laboratories Mid-Atlantic, Pathology Laboratories Inc. and Sonic Healthcare U.S.A. Inc. This second suit followed the successful settlement between GTG and Sunrise Medical Laboratories (a counterparty to the first assertion suit, detailed above) which is also an entity associated with Sonic. On February 21, 2012, the Company announced the successful conclusion of the second assertion suit having executed a Settlement with the companies associated with Sonic Healthcare Limited.

On May 26, 2011, the Company announced it had filed a third patent infringement law suit in the U.S.A., this time in the U.S.A. District Court, Western District of Colorado. The ten counterparties to this suit are: Agilent Technologies Inc., Bristol-Myers Squibb Company, Eurofins STA Laboratories Inc., GlaxoSmithKline LLC, Hologic Inc., Merial LLC, Navigenics Inc., GeneSeek Inc., Pfizer Inc. and 454 Life Sciences Corporation. Subsequent to filing this suit in Colorado, Settlement and License Agreements have been executed with a numbers of these parties including: Navigenics Inc., Hologic Inc., Eurofins STA Laboratories Inc., GeneSeek Inc. and 454 Life Sciences Corporation.

The Company is asserting actions against a number of different companies in 4 different States in the U.S.

On December 24, 2013, the Company reported that efficiencies in both legal resources and court times have been achieved by consolidating 4 cases, pending in the district of Delaware, in front of the same judge. The consolidation includes significant cases against companies such as Bristol Myers Squibb and Pfizer. These cases are awaiting scheduling orders but have been deferred until the court has ruled on 2 pending invalidity motions brought by 3 of the parties in September 2013 and in February 2014.

On March 14, 2014, the Company announced that a further consolidation had been achieved in the Northern District of California where, following the transfer of the Natera case, it has been consolidated, for at least some of the proceeding with the Agilent case. Following the court s ruling in favour of the Company, - denying the motion to dismiss based on invalidity, issued on March 9, 2014 - case scheduling and discovery procedures are underway.

In the Glaxo-SmithKline LLC (GSK) case in the District of North Carolina, the Company has filed a second amended complaint introducing infringement activities related to a second Company patent. Subsequently, GSK has filed a motion to dismiss based on the familiar invalidity arguments raised by other parties. Further court activities will again be deferred until the ruling of the Judge in this matter.

On August 26, 2014, the United States District Court for the Middle District of North Carolina issued an Order denying a motion brought by GlaxoSmithKline, LLC (GSK) to dismiss the patent infringement law suit brought against it by GTG. This significant success follows the separate success reported on March 12, 2014, when a similar motion to dismiss filed by Agilent in the Northern District of California was also denied.

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The following section describes our existing commercial and research licenses. We announced our first license to the non-coding patents to the Australian livestock testing firm Genetic Solutions Pty. Ltd., in February 2002. Since then, we have granted many additional licenses to parties located all over the world.

Commercial Licenses

Genetic Solutions License: In November 2001, we granted a license to Genetic Solutions Pty. Ltd. who paid us a non-refundable license fee in cash in return for a license to our non-coding analysis and mapping patents. The license can be terminated by either party upon any material breach of any term or condition by the other party which has not been timely cured after notice. We may also terminate the agreement in the event of the bankruptcy of the licensee or discontinuation of their business.

Sequenom License: In April 2002, we granted a license to bioinstrument maker Sequenom, Inc., who paid us a non-refundable license fee in cash and shares in return for a license to our non-coding analysis and mapping patents. The license can be terminated by either party upon any material breach of any term or condition by the other party which has not been timely cured after notice. We may also terminate the agreement in the event of the bankruptcy of the licensee or discontinuation of their business.

Nanogen License: In April 2002 we granted a license to Nanogen, Inc, of San Diego, USA, who specializes in the development of biochip applications in genetics diagnostics. Nanogen paid us a non-refundable license fee and unlisted warrants in return for a license limited to genetic research and human diagnostics. Specifically, Nanogen receives no rights to the mapping patent nor any applications in animals or plants. Since the date of the initial license, the warrants became in the money and we exercised them, acquiring Nanogen shares which we disposed of in market transactions generating further income. The license can be terminated by either party upon any material breach of any term or condition of the agreement not timely cured. We also can terminate the agreement in the event the licensee becomes involved in insolvency proceedings or if it discontinues its business for any reason.

Perlegen License: In August 2002, we granted a license to US genome researcher, Perlegen Sciences, Inc. of Mountain View, California, which paid a non-refundable combination of cash and securities for an exclusive license limited to a specialized field known as high resolution whole genome analysis . Either party can terminate the license agreement upon any material breach of any term or condition by the other party that is not timely cured after notice. We also have the right to terminate the agreement in the event of insolvency of the licensee or if it discontinues its business for any reason.

Myriad Licenses: In October 2002, we announced a licensing agreement with Myriad Genetics, Inc., under which we granted Myriad broad rights to utilize our non-coding patents, in return for which Myriad agreed to pay us a non-refundable license fee plus future fees on an annual basis in lieu of royalties, plus the rights to bring Myriad s predictive tests to Australia and New Zealand. These tests, which include genetic susceptibility tests for breast cancer, ovarian cancer, bowel cancer, melanoma and cardiac risk are now being offered by the Company in Australia and have resulted in the expansion of our existing genetic testing facilities in Melbourne. The license can be terminated by either party upon material breach by the other party that is not cured within 30 days of notice. We also may terminate if the licensee fails to make any payment required by the agreement. Under the second of two agreements, we are granted a license to use Myriad s diagnostic services in Australia and New Zealand in exchange for an annual fee. We are obligated to use reasonable efforts to commercialize the licensed diagnostic services in Australia and New Zealand. Under the terms of this agreement, we have been granted an option in exchange for upfront payments and a continuing royalty, to expand the license in respect of full sequence testing, which has not been exercised. The term of this agreement extends until 2012. Either party can terminate the agreement upon a material breach not timely cured after notice. In addition, Myriad can terminate if we fail to make any payment required under the agreement.

Pyrosequencing Licenses: In March 2003, we announced a cross-licensing agreement with Pyrosequencing AB, of Sweden (now known as Biotage AB). Pyrosequencing received a broad non-exclusive license to our non-coding DNA analysis and mapping patents but only when used in combination with Pyrosequencing s sequencing by synthesis reagents. In return, we received a non-refundable cash up front payment, plus royalties for the life of the non-coding patents, plus three state-of-the-art analytical instruments (Pyrosequencing systems), plus other IP rights and assays from Pyrosequencing. Either party can terminate the agreement upon material breach that is not timely cured by the other party after notice. In addition, either party can terminate the agreement if the other party becomes involved in insolvency proceedings, or if the other party discontinues its business for any reason.

ARUP License: In April 2003, we announced a license to Associated Regional & University Pathologists (ARUP) of Salt Lake City, Utah. ARUP is a laboratory system owned by the University of Utah, and the first service provider actually performing human genetic testing to take a license from the Company. The license was granted in return for a one-time non-refundable license issue fee. The license is terminable by a party upon material breach by the other party that is not timely cured after notice. In addition, we have the right to terminate if the licensee becomes involved in an insolvency or discontinues its business for any reason. In May, 2003, we had also granted the University of Utah a separate research license which is terminable upon material breach by the licensee not timely cured after notice.

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Quest License: In August 2003, we granted a license to our non-coding analysis patents to Quest Diagnostics Inc., based in New Jersey. The terms included a non-refundable signing fee plus ongoing annual payments in lieu of royalties from Quest for services provided by it in genetic laboratory testing in the United States, Canada and Mexico. In addition, the license is terminable by one party in the event of a material breach by the other party not cured after notice. Either party may also terminate the license in the event of an insolvency event affecting the other party or the discontinuation of business by the other party. Effective June 1, 2010, we amended the license which had been granted to Quest as part of a settlement with that company. In return for agreeing to the amendment, Quest made a further payment to Genetic Technologies.

TM Bioscience License: In December 2003, we granted a license to our non-coding analysis and mapping patents to TM Bioscience Corporation of Toronto, Canada. The terms provide for a signing fee plus ongoing annual payments as a non-refundable license fee and an annual royalty on licensed products. This was our first commercial license granted to a Canadian company. TM Bioscience is a leading provider of diagnostic kits for human genetic testing, exported globally. The agreement is terminable by a party upon material breach by the other party that is not timely cured, and may be terminated by us in the event of dissolution or sale of the business of the licensee.

LabCorp License: In February 2004, we granted a license to our non-coding patents to Laboratory Corporation of America Holdings (known as LabCorp), a leading provider of human diagnostic services. The consideration received for the license, which covers both the non-coding analysis and mapping patents, included a non-refundable signing fee plus annual license annuity payments for the life of the patents, through 2015. LabCorp also withdrew a declaratory action in respect of our patents which had been initiated in New Jersey. The license is terminable by either party upon material breach by the other party that is not timely cured. In addition, we are entitled to terminate the agreement in the event that the licensee intentionally and knowingly promotes the licensee s reference testing to third party clinical laboratories for the purpose of circumventing the need for such laboratories to license our patents. The licensee is entitled to terminate the agreement at any time upon 30 days prior written notice and we can terminate in the event of an insolvency event involving the licensee or discontinuation of its business.

Ovita License: In June 2004, we entered into a license agreement with Ovita Limited of New Zealand, granting them a license to our non-coding patents to the extent required in order to commercialize genetic marker tests and pedigree tests and to conduct research and development activities for new applications of our technology in connection with testing of sheep and cattle. The agreement included the payment of an initial non-refundable research license fee, a non-refundable commercial license fee and a royalty on licensed products made using our patents, payable calculated on gross sales. The license is terminable by a party for material breach that is not cured by the other party, by licensee upon 30 days written notice to us and by either party in the event of discontinuation of its business, an insolvency event or failure to pay amounts due and owing to the other.

Genzyme License: Effective as of September 17, 2004, we granted a license to our non-coding patents to Genzyme Corporation, based in Cambridge, Massachusetts, in order for the licensee to perform preclinical and human research and human genetic testing. The grant of the license was in exchange for a non-refundable license issue fee consisting of a cash component and an in-kind component. The in-kind component consisted of a license agreement in respect of patents owned by Johns Hopkins University and licensed by the licensee. In addition, Genzyme is obligated to pay to us license annuity fees in lieu of a royalty for each year of the term. Either party can terminate the agreement upon material breach not timely cured, in the event of insolvency of the licensee, or by the licensee at any time upon 30 days written notice to us.

MetaMorphix Agreements: In September 2004, we executed two agreements with MetaMorphix, Inc., based in Maryland and specializing in the genetics and genomics of certain animal species, particularly cattle and dogs. Under the first such agreement, we granted a license to use our non-coding patents in order to commercialize applications of diagnostic assays for use in the livestock, aquaculture and companion animal industries. The licensee is obligated to pay us annually increasing license annuity fees in lieu of a royalty, as well as a non-refundable license issue fee. Either party can terminate the agreement upon a material breach not timely cured, or by us upon the licensee s discontinuation of its business for any reason. Under the second license, to which MMI Genomics, Inc. (a subsidiary of MetaMorphix) is also a party, we were granted a license to the licensor s patents and associated know-how in order to perform internal DNA-based diagnostic assays for use in our cattle

and canine identity and parentage verification services. We have subsequently paid the licensor a non-refundable license fee. The licensor s obligations include ongoing support for the license and know-how. The agreement is terminable by either party upon material default by the other party that is not timely cured, or by the licensor in the event we discontinue our cattle and canine identity and parentage verification genotyping services business for any reason. The license to our non-coding patents that was previously granted to MetaMorphix was terminated in October 2009 as a result of a material unremedied breach by that company.

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ViaLactia License: In September 2003, we reached agreement with ViaLactia Biosciences (NZ) Limited of Auckland, New Zealand regarding the terms of a research and commercial license to the Company s non-coding patents. ViaLactia is a wholly-owned subsidiary of Fonterra, New Zealand s largest dairy cooperative. The license was formally concluded in December 2003. The purpose of the license is to permit ViaLactia to conduct internal research activities and development of applications of our technology in the dairy industry, including new applications concerning dairy cattle, pasture grasses, mice as models for dairy cattle and yeast and bacteria as applied to the dairy industry. The license is terminable by either party upon material default of the other party that is not timely cured, without other penalty.

C.Y. O Connor ERADE Village Foundation: In October 2003, we announced that we had signed heads of agreement to establish a broad strategic alliance with the C.Y. O Connor ERADE Village Foundation, a leader in biotechnology innovation based in Perth, Western Australia. Definitive documentation was concluded in June 2004. Under the terms of the agreement, we acquired all of the Foundation s patents and other intellectual property in the fields of genetics and genomics, including the Foundation s issued U.S. patent 6383747 and foreign equivalents. This extensive package of intellectual property has created additional opportunities for us in support of licensing and service testing. As part of the arrangement, the Foundation acquired a license to our non-coding patents for a fee, such that the net purchase price for us was settled by the issuance of a total of 16,666,667 of our Ordinary Shares to the Foundation based on a market value of $0.39 per share. The transaction closed in June 2004. Under the arrangement, we support the ongoing genetics and genomics programs of the Foundation. Initially, five projects were selected for priority attention and we will provide $4.5 million to the Foundation, spread over five years, to help fund such research and development of new intellectual property. On July 7, 2004, the Company supplied a letter of credit for $450,000 for the term of the agreement. Under the agreements, we are the primary commercialization vehicle for all new inventions, patents, intellectual property and business opportunities arising at the Foundation in the field of genetics or genomics. We are also obligated to pay royalties to the Foundation on gross revenue derived from the Foundation IP. We may terminate the license following any breach of the license by the licensee, either party can terminate following a material breach that is not timely cured or following an insolvency event of the other party. On June 15, 2009, being the fifth anniversary of the Effective Dates of the various underlying agreements between the Company and the Foundation, the agreements terminated. As a result, the letter of credit for $450,000 which had been supplied by the Company was withdrawn.

Bionomics Licenses: Effective November 5, 2004, we entered into two agreements with Bionomics Limited, a public company based in Adelaide, South Australia. Under the first such agreement, we granted a non-exclusive, royalty-free license to Bionomics to use our non-coding patents in order to (i) perform research and development activities relating to and arising from the identification of genetic factors that may influence epilepsy and (ii) commercialize the results of those research and development activities including, without limitation, epilepsy diagnostic assays. Bionomics paid us a non-refundable license fee on signing. Either party can terminate the agreement upon a material breach not timely cured. Under the second agreement with Bionomics, we were granted a license to use certain intellectual property rights, including patent rights and associated know-how, relating to epilepsy gene discoveries and epilepsy diagnostic assays subject to minimum annual royalties. We paid Bionomics a non-refundable license fee. The agreement is terminable by either party upon material default by the other party that is not timely cured.

Australian Genome Research Facility License: Effective December 31, 2004, we granted a license to the non-coding patents to Australian Genome Research Facility Ltd. (AGRF) pursuant to which AGRF can use the patents on a non-exclusive basis for the purpose of performing genotyping services. The license requires an advance non-refundable license fee and an annual non-refundable annuity for the term of the license in lieu of a royalty, which continues until sooner terminated or the licensee no longer utilizes the patent. The agreement is terminable by mutual agreement, or by us in the event of a breach of a term or condition by the licensee or if it is subject to an insolvency event.

New Zealand Licenses: Effective June 30, 2005, we entered into a license agreement with four commercial parties in New Zealand: AgResearch Limited, The Horticulture and Food Research Institute of New Zealand Limited, New Zealand Forest Research Limited and Livestock Improvement Corporation Limited. Under the terms of the agreement, the parties were granted licenses to our non-coding patents in consideration for which they paid us a non-refundable license issue fee.

Applera Licenses: Effective December 8, 2005, we entered into various agreements with Applera Corporation of Norwalk, Connecticut as part of a settlement of a patent dispute. The binding agreements include a final Settlement Agreement plus license agreements and a supply agreement. The total consideration receivable by us was paid partly in cash and partly in kind - including agreements supplying the Company with certain Applera equipment, reagents and intellectual property rights

Optigen Licenses: Effective May 23, 2006, we executed an agreement with Optigen, LLC of Ithaca, New York. Under the agreement, Genetic Technologies granted Optigen a non-exclusive license to our non-coding patents for applications in dogs, and Optigen granted the Company the exclusive right to offer and perform the complete range of Optigen genetic tests for diseases in dogs in the Asia-Pacific region. The addition of the Optigen tests substantially expanded the range of genetic tests offered by us to the canine industry in our region. The license granted by us to Optigen provides Optigen with access to our non-coding technology, covering all relevant genetic tests and research activities conducted by Optigen, in dogs.

Bovigen License: Effective June 1, 2006, we granted a license to the non-coding patents to Bovigen, LLC of Harahan, Louisiana. Under the agreement, Bovigen will use the Company s non-coding technology to build its business of

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offering genetic tests to the American livestock industry to determine the presence or absence of certain desirable traits in individual cattle. The rights that we licensed to Bovigen were granted non-exclusively, and are limited to applications in cattle in the USA, Canada and South America. In consideration for granting the license, Bovigen paid us an up-front signing fee and will pay ongoing royalties on the future sales by Bovigen for the life of the non-coding patents.

Innogenetics Licenses: Effective June 30, 2006, we granted a license to the Company s non-coding patents to Innogenetics NV of Ghent, Belgium. Innogenetics is a significant supplier of genetic testing kits in Europe and is listed on the Belgium and German stock exchanges. In consideration for granting the license, Innogenetics paid us an up-front signing fee and will pay ongoing annuities for the life of the non-coding patents. The agreement is terminable by mutual agreement, or by us in the event of a breach of a term or condition by the licensee or if it is subject to an insolvency event. Effective November 8, 2010, we granted a second license to the Company s non-coding patents to Innogenetics as part of a settlement of a dispute which, this time, covers its work in molecular diagnostics products.

Genosense License: Effective December 1, 2006, we granted a license to the Company s non-coding patents to Genosense Diagnostics GmbH, a leading anti-aging and preventive genetic diagnostics company based in Vienna, Austria. In consideration for granting the license, Genosense paid us an up-front signing fee and will pay ongoing annuities for the life of the non-coding patents. The agreement is terminable by mutual agreement, or by us in the event of a breach of a term or condition by the licensee or if it is subject to an insolvency event.

Sciona License: Effective February 16, 2007, we granted a license to the Company s non-coding patents to Sciona, Inc. based in Boulder, Colorado. This license runs for nine years and is the first step in a progressive co-operation between us and Sciona in relation to the emerging lifestyle and life-extension markets. We received a signing fee plus annual payments from Sciona, increasing with time. We were also granted the right to market the Sciona range of products in the Asia-Pacific region, and to perform the relevant genetic tests at our laboratory in Melbourne. Sciona is a leading provider of personalised genetic tests which focus primarily on lifestyle and nutritional adjustments to enhance health and longevity. The agreement is terminable by mutual agreement, or by us in the event of a breach of a term or condition by the licensee or if it is subject to an insolvency event. During 2009, Sciona was placed into receivership.

Monsanto Licenses: Effective June 20, 2007, we granted a license to the Company s non-coding patents to Monsanto Company, based in St. Louis, Missouri. As part of the license, which covers Monsanto s work in plants, Monsanto made an up-front cash payment which, under the terms of the license, cannot be disclosed. Effective August 22, 2007, we granted a second license to Monsanto which, this time, covers its work in swine. In respect of this second license, Monsanto paid us a further up-front payment. Effective July 30, 2010, we granted a third license to the Company s non-coding patents to Monsanto which, this time, covers its work in cattle. In respect of this third license, Monsanto paid us a third up-front payment.

Thermo Fisher Scientific License: Effective June 29, 2007, we granted a license to the Company s non-coding patents to Thermo Fisher Scientific Inc., based in Waltham, Massachusetts. Thermo Fisher is the parent company of Athena Diagnostics, Inc., a genetic testing laboratory based in Worcester, Massachusetts, with whom we had been in discussions for some time. As part of the license, Thermo Fisher made an up-front cash payment which, under the terms of the license, cannot be disclosed.

Syngenta License: Effective September 28, 2007, we granted a license to the Company s non-coding patents to Syngenta Crop Protection AG, based in Basel, Switzerland. Syngenta is a large plant and seed company, active in more than 90 countries, with more than 19,000 employees. As part of the license, Syngenta made an up-front cash payment which, under the terms of the license, cannot be disclosed.

BioSearch License: Effective September 30, 2007, we granted a license to the Company s non-coding patents to BioSearch Technologies Inc., based in Novato, California. As part of the license, pursuant to which BioSearch is permitted to distribute certain DNA structures, known as oligos or probes, to end users worldwide for research purposes only, BioSearch made an up-front cash payment which, under the terms of the license, cannot be disclosed.

Kimball License: Effective November 16, 2007, we granted a license to the Company s non-coding patents to Kimball Genetics Inc., based in Denver, Colorado. As part of the license, Kimball made an up-front cash payment which, under the terms of the license, cannot be disclosed.

Prometheus License: Effective December 23, 2007, we granted a license to the Company s non-coding patents to Prometheus Laboratories Inc., based in San Diego, California. As part of the license, Prometheus made an up-front cash payment which, under the terms of the license, cannot be disclosed.

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GE License: Effective January 14, 2008, we executed a Settlement and License Agreement with General Electric Company (and indirectly its subsidiary GE Healthcare Bio-Sciences Corp.), based in Piscataway, New Jersey. The agreement between the Company and GE Healthcare involves a settlement of all disputes between the parties and the granting of a license to GTG s non-coding patents. As part of the agreement, GE Healthcare made an up-front cash payment which, under the terms of the agreement, cannot be disclosed.

GeneDx License: Effective October 1, 2008, we granted a license to the Company s non-coding patents to GeneDx, a subsidiary of Bio Reference Laboratories Inc., based in Gaithersburg, Maryland. The license granted permits GeneDx to perform PTEN testing until the patent expires in March 2010. As part of the license, GeneDx made an up-front cash payment which, under the terms of the agreement, cannot be disclosed.

Millennium License: Effective October 22, 2008, we granted a license to the Company s non-coding patents to Millennium Pharmaceuticals Inc., based in Cambridge, Massachusetts. As part of the license, Millennium made an up-front cash payment which, under the terms of the agreement, cannot be disclosed.

TIB MOLBIOL License: Effective December 8, 2008, we granted a license to the Company s non-coding patents to TIB MOLBIOL Syntheselabor GmbH, based in Berlin, Germany. As part of the license, TIB MOLBIOL made an up-front cash payment which, under the terms of the agreement, cannot be disclosed.

Gen-Probe License: Effective April 29, 2010, we granted a license to the Company s non-coding patents as part of a settlement agreement to Gen-Probe Inc., based in San Diego, California. As part of the license, Gen-Probe made an up-front cash payment which, under the terms of the agreement, cannot be disclosed.

EraGen License: Effective April 30, 2010, we granted a license to the Company s non-coding patents as part of a settlement agreement to EraGen Biosciences Inc., based in Madison, Wisconsin. As part of the license, EraGen made an up-front cash payment which, under the terms of the agreement, cannot be disclosed.

Molecular Pathology License: Effective June 18, 2010, we granted a license to the Company s non-coding patents as part of a settlement agreement to Molecular Pathology Laboratory Network Inc., based in Maryville, Tennessee. As part of the license, Molecular Pathology made an up-front cash payment which, under the terms of the agreement, cannot be disclosed.

Beckman Coulter / Clinical Data License: Effective August 24, 2010, we granted a license to the Company s non-coding patents as part of a settlement agreement to Beckman Coulter Inc. and Clinical Data Inc., based in Brea, California and Newton, Massachusetts, respectively. As part of the license, both parties made an up-front cash payment which, under the terms of the agreement, cannot be disclosed.

Interleukin License: Effective October 1, 2010, we granted a license to the Company s non-coding patents as part of a settlement agreement to Interleukin Genetics Inc., based in Waltham, Massachusetts. As part of the license, Interleukin made an up-front cash payment and one further cash payment in 2011 both of which, under the terms of the agreement, cannot be disclosed.

Laboratoires Réunis License: Effective October 20, 2010, we granted a license to the Company s non-coding patents as part of a settlement agreement to Laboratoires Réunis, based in Junglinster, Luxembourg. As part of the license, Laboratoires Réunis made an up-front cash payment together with subsequent instalment payments which, under the terms of the agreement, cannot be disclosed.

Pioneer Hi-Bred License: Effective November 29, 2010, we granted a license to the Company s non-coding patents to Pioneer Hi-Bred International Inc. Pioneer is a DuPont corporation based in Johnston, Iowa. As part of the license, Pioneer made an up-front cash payment which, under the terms of the agreement, cannot be disclosed.

Qiagen License: Effective December 22, 2010, we granted a license to the Company s non-coding patents to Qiagen Sciences LLC as part of a settlement agreement. Qiagen is a company based in Germantown, Maryland. As part of the license, Qiagen made an up-front cash payment which, under the terms of the agreement, cannot be disclosed.

Sunrise License: Effective January 17, 2011, we granted a license to the Company s non-coding patents to Sunrise Medical Laboratories Inc. as part of a settlement agreement. Sunrise is a company based in Hicksville, New York. As part of the license, Sunrise made an up-front cash payment which, under the terms of the agreement, cannot be disclosed.

ViennaLab License: Effective March 25, 2011, we granted a license to the Company s non-coding patents to ViennaLab Diagnostics GmbH as part of a settlement agreement. ViennaLab is a company based in Vienna, Austria. As part of the license, ViennaLab made an up-front cash payment which, under the terms of the agreement, cannot be disclosed.

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Orchid Cellmark License: Effective March 31, 2011, we granted a license to the Company s non-coding patents to Orchid Cellmark Inc. as part of a settlement agreement. Orchid Cellmark is a company based in Princeton, New Jersey. As part of the license, Orchid Cellmark made an up-front cash payment which, under the terms of the agreement, cannot be disclosed.

Navigenics License: Effective June 29, 2011, we granted a license to the Company s non-coding patents to Navigenics Inc. as part of a settlement agreement. Navigenics is a company based in Foster City, California. As part of the license, Navigenics made an up-front cash payment which, under the terms of the agreement, cannot be disclosed.

Attomol License: Effective August 15, 2011, we granted a license to the Company s non-coding patents to Attomol GmbH as part of a settlement agreement. Attomol is a company based in Bronkow, Germany. As part of the license, Attomol made an up-front cash payment which, under the terms of the agreement, cannot be disclosed.

Hologic License: Effective October 18, 2011, we granted a license to the Company s non-coding patents to Hologic Inc. as part of a settlement agreement. Hologic is a company based in Bedford, Massachusetts. As part of the license, Hologic made an up-front cash payment which, under the terms of the agreement, cannot be disclosed.

AutoImmun Diagnostika License: Effective November 18, 2011, we granted a license to the Company s non-coding patents to AutoImmun Diagnostika GmbH, a company based in Strassberg, Germany. As part of the license, AutoImmun Diagnostika made an up-front cash payment which, under the terms of the agreement, cannot be disclosed.

Eurofins STA Laboratories License: Effective January 31, 2012, we granted a license to the Company s non-coding patents to Eurofins STA Laboratories Inc., a company based in Longmont, Colorado, as part of a settlement agreement. As part of the license, Eurofins made an up-front cash payment which, under the terms of the agreement, cannot be disclosed.

Sonic Group License: Effective February 15, 2012, we granted a license to the Company s non-coding patents to seven US-based companies associated with Sonic Healthcare Limited of Sydney, Australia, as part of a settlement agreement. As part of the license, the various companies made an up-front cash payment which, under the terms of the agreement, cannot be disclosed.

GeneSeek License: Effective May 4, 2012, we granted a license to the Company s non-coding patents to GeneSeek Inc., a company based in Lincoln, Nebraska, as part of a settlement agreement. As part of the license, GeneSeek made an up-front cash payment which, under the terms of the agreement, cannot be disclosed.

Conexio Genomics License: Effective August 31, 2012, we granted a license to the Company s non-coding patents to Conexio Genomics Pty. Ltd., a company based in Fremantle, Western Australia. As part of the license, Conexio made an up-front cash payment which, under the terms of the agreement, cannot be disclosed.

One Lambda License: Effective October 17, 2012, we granted a license to the Company s non-coding patents to One Lambda, Inc. a company based in Canoga Park, California, as a part of settlement agreement. As part of the license, One Lambda made an up-front cash payment which, under the terms of the agreement, cannot be disclosed.

454 Life Sciences License: Effective November 16, 2012, we granted a license to the Company s non-coding patents to 454 Life Sciences Corporation based in Branford, Connecticut, as a part of settlement agreement. As part of the license, 454 Life Sciences made an up-front cash payment which, under the terms of the agreement, cannot be disclosed.

Genetics & IVF Institute License: Effective April 16, 2013, we granted a license to the Company s non-coding patents to Genetics & IVF Institute, Inc, based in Fairfax, Virginia, as a part of settlement agreement. As part of the license, Genetics & IVF Institute made an up-front cash payment which, under the terms of the agreement, cannot be disclosed.

Laboratory Corporation of America Settlement Agreement: Effective April 23, 2013, we executed a Settlement Agreement with Laboratory Corporation of America Holdings, based in Burlington, North Carolina. As part of the Agreement, Laboratory Corporation of America made an up-front cash payment which, under the terms of the agreement, cannot be disclosed.

PreventionGenetics License: Effective April 26, 2013, we granted a license to the Company s non-coding patents to PreventionGenetics, LLC based in Marshfield, Wisconsin, as a part of settlement agreement. As part of the license PreventionGenetics made an up-front cash payment which, under the terms of the agreement, cannot be disclosed.

Bioscientia Institute for Medical Diagnostics and other Sonic Subsidiaries, Europe, License: Effective May 28, 2013, we granted a license to the Company s non-coding patents to Sonic Healthcare European Clinical Laboratory Entities, associated with Sonic Healthcare Limited of Sydney, Australia, as a part of settlement agreement. As part of the license various companies made an up-front cash payment which, under the terms of the agreement, cannot be disclosed.

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Reproductive Genetics Institute License: Effective June 26, 2013, we granted a license to the Company s non-coding patents to Reproductive Genetics Institute, Inc., based in Chicago, Illinois, as a part of settlement agreement. As part of the license Reproductive Genetics Institute, made an up-front cash payment which, under the terms of the agreement, cannot be disclosed.

Genelex License: Effective August 15, 2013, we granted a license to the Company s non-coding patents to Genelex Corporation, based in Seattle, Washington, as a part of settlement agreement. As part of the license Genelex, made an up-front cash payment which, under the terms of the agreement, cannot be disclosed.

Genesis Genetics License: Effective August 29, 2013, we granted a license to the Company s non-coding patents to Genesis Genetics Institute, LLC, based in Detroit, Michigan, as a part of settlement agreement. As part of the license Genesis Genetics, made an up-front cash payment which, under the terms of the agreement, cannot be disclosed.

Bio-Reference /Genpath / Lenetix License: Effective October 1, 2013, we granted a license to the Company s non-coding patents to Bio-Reference Laboratories, Inc., Genpath Diagnostics based in Elmwood Park, New Jersey, and Lenetix Medical Screening Laboratory, based in Mineola , New York, as a part of settlement agreement. As part of the license, the parties made an up-front cash payment which, under the terms of the agreement, cannot be disclosed.

Reprogenetics License: Effective December 23, 2013, we granted a license to the Company s non-coding patents to Reprogenetics LLC, based in New Jersey, as a part of settlement agreement. As part of the license, Reprogenetics made an up-front cash payment which, under the terms of the agreement, cannot be disclosed.

Promega License: Effective March 13, 2014, we granted a license to the Company s non-coding patents to Promega Corporation, based in Madison, Wisconsin, as a part of settlement agreement. As part of the license, Promega made an up-front cash payment which, under the terms of the agreement, cannot be disclosed.

Histogenetics License: Effective August 10, 2014, we granted a license to the Company s non-coding patents to Histogenetics, based in Ossining, New York, as a part of settlement agreement. As part of the license, Histogenetics made an up-front cash payment which, under the terms of the agreement, cannot be disclosed.

Research Licenses

University of Utah License: On April 30, 2003, we granted a research license to the University of Utah, in Salt Lake City, Utah. This is a royalty-free license to permit the University to conduct research in exchange for a nominal fee.

University of Sydney License: In July 2003, we granted a research license to the University of Sydney, in Australia. We subsequently entered into a further agreement (dated September 4, 2003) with the University of Sydney pursuant to which we received the exclusive right to commercialize a new and potentially significant genetic invention made by a professor in the Neurogenetics Research Unit and the University s Faculty of Medicine. This Australian invention is intended to permit an improved understanding of the genetic factors underlying superior athletic and sports performance, based on the presence or absence of the ACTN3 gene. Under the terms of this agreement, we made an upfront payment, agreed to pay a royalty on net sales of the invention by us and a fee on first grant of a patent for the invention or any patent rights in any country and a further payment of part of any consideration of whatever kind received by us under a license of the assigned intellectual property.

King s College License: In December 2003, we granted a license to our non-coding patents to King s College, London, in the United Kingdom. Under the terms of the license, King s College will be able to apply the non-coding patents to its internal research programs. The license is terminable by either party upon any material breach not timely cured, without penalty. King s College is considered a leader in the field of researching the genetic basis of various psychiatric and psychological disorders, including schizophrenia, anxiety / depression and certain attention deficit disorders. Future commercial applications arising from research at King s College would require an additional commercial license from us. In March 2004, we initiated a joint research project in the United Kingdom to explore the functionality of certain non-coding DNA elements, initially with special focus on the genetics of breast cancer susceptibility and the genetics of certain neuro-psychiatric conditions, such as schizophrenia. The project was funded by us for a further period of six months, in an amount of GBP53,000 that was paid in two instalments. In May 2005, we extended the project for the period from June 1, 2005 to December 31, 2005 and agreed to fund the costs incurred by King s College during that period up to a maximum amount of GBP51,360. In February 2006, the Company agreed to further extend its research agreement with King s College for the period from February 1, 2006 to August 31, 2006 and agreed to fund the costs incurred by King s College during that period up to a maximum amount of GBP63,700. Following the conclusion of this funding round, the project was terminated.

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University of Technology License: Effective December 23, 2003, we granted a research license to the University of Technology, Sydney, to permit the University to conduct internal research activities to research, identify, map and develop tests for genetic markers and genes of interest. Either party has the right to terminate the agreement upon the occurrence of a material breach that is not timely cured, without other penalty.

Colorado State University License: Effective May 14, 2004, we granted a research license to the Colorado State University. This is a royalty-free license to permit the University to conduct research in exchange for a nominal fee.

Texas A&M University License: Effective February 7, 2007, we granted a research license to Merlogen LLC, a company associated with Texas A&M University. As part of the license, we received a nominal fee and received rights to use certain technologies in the field of animal genetics.

In addition to the above agreements, we continue to negotiate licensing terms to grant licenses to our non-coding patents to many companies, large and small, and also to government and private institutes, in many countries. Refer above for details of the Company s current assertion program.

Our Support for Significant Research Projects

During the year ended June 30, 2014, Genetic Technologies supported one major research program (RareCellect), details of which have been provided below. In previous years, other projects, which have since been terminated or otherwise commercialized, have also been supported by the Company. Some projects have arisen from new inventions made by the Company while some have been made by others who have approached the Company seeking collaboration and support for their activities.

By its very nature, research is unpredictable and involves a considerable element of risk. Such risks may relate to scientific concepts, the implementation of the science, the protection of any inventions made and the success or otherwise in persuading others to respect the intellectual property acquired or created by the Company. Specifically, patents filed may not issue or may later be challenged by others. Even if patents issue, the methods described may, with time, be superseded by alternative methods which may prove to be commercially more attractive. Even if patents issue and the methods developed are successfully reduced to practice and can be shown to be commercially relevant, there is still no assurance that other parties will respect the patents or will take licenses to use the intellectual property. In such circumstances, it is possible that legal action will be necessary to enforce the Company s rights. Such action, in turn, raises a new series of risks including potentially significant legal costs and uncertain outcomes.

To the extent that delays are encountered in concluding the research projects, additional costs may be incurred. Further, the projected revenues from the projects may also be deferred, potentially impacting on the Company s liquidity. In such cases, the Company may seek to partner with outside parties, who will contribute to the costs of research in return for an interest in the project, or the Company may seek to raise additional working capital from the Market. In a worst case scenario, the projects may well be closed down with no valuable intellectual property having been created for the Company.

RareCellect™ Project

In March 2001, the Company began to develop and commercialize patents held by GeneType AG, a subsidiary of Genetic Technologies, relating to the recovery of fetal cells circulating in the peripheral blood of a pregnant woman. These patents, with an earliest priority date of March 27, 1990, have been granted or allowed in most countries where filed, including the United States, United Kingdom, France, Germany, Australia and Japan.

It has long been recognized that a simple, universally applicable, non-invasive means of obtaining fetal genetic material for prenatal diagnostic testing would represent a major advance over existing practices such as the more invasive amniocentesis and chorionic villus sampling (CVS). Both amniocentesis and CVS are invasive and carry a miscarriage rate of between 0.5% and 2% depending on the operator. A safer, non-invasive means of obtaining fetal genetic material could be widely adopted throughout the developed world. As part of the RareCellect™ project, the Company has designed and tested a proprietary sampling device that can safely and reliably collect fetal material from the cervix, and has combined this with a proprietary processing technology that delivers either fetal cellular and/or genetic material which is suitable for analysis to identify genetic disorders using currently available technologies.

The Company is now actively pursuing out-licensing/co-development partnering options for the RareCellect Project.

Background and unmet need

Genetic disorders account for a significant health burden across the world. In the developed world, it is increasingly common for women to have babies later in life (25% of these births are born to women over 35 years of age), and this can significantly increase the risk of genetic disorders in their offspring.

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Current pre-natal testing involves non-invasive screening and invasive diagnostic testing. Screening uses ultrasound of the fetus and maternal serum testing and can be performed from 11 to 13 weeks of pregnancy. Although safe, these tests are not reliable, with a detection rate of between 70% and 95% (between 5% and 30% of abnormalities are not detected), and a false positive rate of 5% (women with healthy babies being subjected to unnecessary invasive testing). Diagnostic testing requires the removal of fetal material using chorionic villus sampling (from 10 to 12 weeks gestation) or amniocentesis (from 15 to 18 weeks gestation). Each of these surgical procedures is invasive and carries a significant risk to both the fetus and the mother. Miscarriage rates, which can be as high as 2%, are dependent on the skill of the operator and the gestation age. As a direct result of the risky nature of these procedures, diagnostic testing tends to be limited to high-risk patients including women over the age of 35, and results may take as long as two weeks to obtain.

The RareCellect solution

The Company has developed a proprietary sampling device using materials and design features which will ensure safe, non-traumatic sampling of the optimal region of the cervix to yield fetal genetic material. Prototypes of the device have been manufactured and tested on over 250 women to sample fetal material during early stages of pregnancy (6 to 12 weeks). The device is protected by a U.S. provisional patent. The Company has also developed processing methods that can deliver fetal cells or DNA in a form that is suitable for testing using any of the currently approved diagnostic methodologies. These processing methods are also covered by provisional patents.

Commercial opportunity

The Company believes that RareCellect offers a unique opportunity to successfully penetrate the $2 billion global prenatal testing market, with the potential for market launch within three to five years. By offering a safe sampling and processing methodology that provides sufficient fetal material for subsequent analysis, it has the potential to displace currently available invasive diagnostic procedures. Amniocentesis and chorionic villus sampling represent an estimated $1 billion market per annum in the U.S. alone. A non-invasive and safe alternative to amniocentesis / CVS could replace and even expand (to lower risk pregnancies) this market.

A comprehensive memorandum detailing technical aspects of the technology and the commercial potential of the project has been compiled, as has a virtual data room containing a full data package on the project. As detailed above, a number of international parties who operate in the RareCellect space have now been identified with a view to partnering the project by way of out-license or co-development arrangement on acceptable commercial terms.

Markets and competition: There are some four million pregnancies per year in the United States alone. It is already the case that some form of antenatal screening is provided for most pregnancies in developed countries. The trend towards increasing numbers of women becoming pregnant later in life is resulting in an increasing risk of chromosomal aberrations in these pregnancies. Given the expense, inconvenience and inaccuracy of current screening strategies, and the risks associated with subsequent invasive diagnostic procedures, it seems probable that a reliable, accurate, non-invasive, and relatively inexpensive diagnostic test would be rapidly adopted and applied in all pregnancies early in the pregnancy which would substantially increase the current markets. This conclusion has, of course, been reached by a number of other parties. Several commercial diagnostic tests based on circulating fetal DNA from maternal plasma are beginning to appear in this space. However, the Company believes that cervical mucus samples may provide a better alternative to fetal DNA recovered from maternal circulation as they have the potential to yield higher quantities and higher quality fetal genetic material.

Government regulation: The provision of clinical testing services and in vitro diagnostic medical devices is subject to extensive regulatory requirements in most developed countries. In the United States, the Centers for Medicare and Medicaid Services (CMS) regulates all laboratory testing (except research) performed on humans in the United States through the Clinical Laboratory Improvement Amendments (CLIA). The Food and Drug Administration (FDA) regulates clinical trials and medical devices. In Australia, the regulation of clinical trials and medical devices is performed by the Therapeutic Goods Administration (TGA). Accreditation of laboratories offering pathology services is granted by the Health Insurance Commission, based on a report of assessment by the National Association of Testing Authorities, Australia (NATA). In addition, in the State of Victoria, where the Company has its headquarters, accreditation may also be obtained from the Pathology Services Accreditation Board, again subject to favorable assessment by NATA.

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Competition

Licensing

Our out-licensing business principally covers two families of non-coding DNA patents. As we are the sole owners of these patents there is, by definition, no direct competition in this activity. However, to some degree, there are alternate technologies in the market place which can be used to perform genetic analysis and genomic mapping and so in this regard we do face indirect competition and a potential risk of technological obsolescence. A risk of patent invalidation always exists with the possibility of the discovery of previously unknown prior art, as well as the risk of patent re-examination. Apart from these risks, the aging and expiry of our non-coding family of patents remains, and thus our ability to generate future license revenues from these particular patents may be restricted. It is anticipated that, over time however, licensing of additional patents filed by the Company in other areas of genetics and our other research projects may replace revenues currently generated from the licensing of these non-coding patents.

During the year ended June 30, 2009, we successfully prevailed in legal proceedings with respect to a Nullity Action in the German Patent Court regarding the equivalent to U.S. Patent No. 5,612,179 (the 179 patent). We subsequently responded to questions raised by the U.S. Patents and Trademarks Office (USPTO) in relation to a Request for Re-examination of seven of the thirty six claims contained in 179 patent and, on May 10, 2010, we announced that we had received formal notification from the USPTO that it had upheld, without amendment, all of the claims which formed the basis of the re-examination action of the Company s core non-coding DNA patent.

On July 9, 2012, the Company announced that it had received formal notification from the USPTO that it had received and granted a request for a second *ex parte* re-examination of claims 1-18 and 26-32 of the 179 patent brought by Merial LLC of Duluth, Georgia (Merial). Requesting re-examination is a common strategy employed by defendants in patent infringement proceedings and, as such, it is not unexpected from Merial who is currently a defendant in the action originally brought by the Company in the U.S. District Court for the District of Colorado for infringement of the 179 patent. On March 15, 2013, the Company announced that the USPTO had issued an action reaffirming the validity of certain claims contained in the Company s 179 patent. In its formal notification to the Company, the USPTO stated that claims 1-18 and 26-32 of the 179 patent are confirmed and claims 19-25 and 33-36 are not reexamined .

On April 19, 2013, the Company advised that the USPTO had received a third request for an *ex parte* re-examination of the 179 patent, again from Merial, and that the request had been granted. As was the case in all previous challenges, GTG will actively defended this matter and had the patent upheld. On September 30, 2013, the Company announced that it had received an *Ex-Parte Re-examination Certificate* once again confirming the patentability of claims 1-18 and 26-32 of the 179 patent. However, the Company also announced that Merial filed yet another (its third) request with the USPTO for re-examination of the 179 patent. This request for re-examination was once again, defended by the Company and again upheld with all claims intact as announced on February 12, 2014. The 179 patent is robust and our efforts have been very successful, now having been through four re-examinations with the USPTO which resulted in the re-issuing of the patent in full with all claims upheld, as mentioned above.

As a further result of our assertion program in the US, three independent but similar motions to dismiss have been brought by defendants in our assertion program. In each case, motions to dismiss were filed arguing the patents were invalid because they covered natural phenomenon or laws of nature and thus not entitled to patent protection. Again the Company has actively defended these actions and to date has prevailed in two cases that have been heard as announced by the Company on March 12, 2014 and August 26, 2014. The Company is still awaiting the decision regarding the third motion to dismiss and will actively defend any challenges to the patents as they arise.

Genetic testing - paternity

The size of the Australian DNA paternity testing market can only be estimated, as the tests fall outside of the Australian public health (Medicare) regime and hence no central records are kept. Our best estimate is that the total size of the market is about 5,000 to 6,000 tests per year which, if correct, would give the Company approximately a 50 percent total market share. There are presently a number of other laboratories that offer these tests in Australia, all of which are NATA accredited. The Australian market for paternity testing is now saturated and, since the entry of two of the three major pathology companies in the later part of 2003, our ability to generate growing revenues from this market has reduced. At present, our market share has stabilized.

Other competitors in this marketplace include: DNAlabs (a wholly-owned subsidiary of Sydney IVF), Sonic Health Care (a division of Sonic, the second largest pathology provider in Australia), Healthscope - formerly Gribbles (the third largest pathology provider in Australia), Victorian Institute of Forensic Medicine (this is the Coroner s laboratory in Victoria), John Tonge Centre (this is the Coroner s laboratory in Queensland), Medvet Science (owned by the South Australian State Government), DNA Solutions (which sells its services over the internet) and DNA-Bioscience.

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Genetic testing - diagnostics

As the sole licensee in Australia and New Zealand for the genetic test for the predisposition for familial breast cancer, we do not have any commercial competitors in this area but Healthscope also supply genetic tests to the healthcare market. In the public arena, tests are provided by the pathology departments of certain public hospitals. They are not true competitors in that the numbers of such tests that can be performed is restricted due to limited Government funding, but they do constitute the majority of tests conducted in this field. State Health Departments fund tests for the public sector based on various criteria and skewed to the most at risk profiles.

Genetic testing - forensics

Forensic DNA testing is defined to include DNA tests, the results of which can be relied upon as evidence in a court of law. To meet the strict standards of court evidence, forensic testing can only be conducted through NATA accredited laboratories that have been approved for such work. We were the first non-government owned, NATA accredited forensics laboratory in Australia. At the moment, virtually all forensic testing is conducted through state government owned laboratories. In some cases, these laboratories have backlogs and do not generally undertake private DNA forensic tests. As such, we are one of a few accredited laboratory currently providing forensic testing services to the public and private markets. To resolve the backlog problem, various state governments have already suggested that they plan to investigate the possibility of outsourcing the testing of forensic samples to the private sector. In January 2008, the Company announced that it had been awarded a three year contract to supply New South Wales Police with DNA analysis services, however this contract has since expired in January 2013.

Genetic testing - animals

GTG offers a DNA testing service across a number of animal species, particularly with respect to establishing an animal s pedigree and parentage. This test is common across animal species and is not proprietary. Accordingly, any laboratory that can provide a DNA parentage / pedigree test is able to enter this market. GTG has also developed a large portfolio of genetic tests for the canine area.

Some major pathology companies in Australia have already established vet pathology businesses and almost all have expertise in human DNA profiling and at least one such company has commenced offering canine genetic tests. Currently, the major canine pathology company in Australia has a relationship with GTG whereby it sends all of its canine genetic testing to GTG.

Research

Whilst a number of companies around the world are active in the area of prenatal testing, there are currently no commercially available products that compete directly with the RareCellect™ cervical sampling technology.

Environmental Regulations

The Company s operations are subject to environmental regulations under Australian State legislation. In particular, the Company is subject to the requirements of the *Environment Protection Act 1993*. A license has been obtained under this Act to produce listed waste.

Item 4.C Corporate Structure

The diagram below shows the corporate structure of the Genetic Technologies group as of the date of this Annual Report:

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Genetic Technologies is the holding company of the Group and is listed on the Australian Securities Exchange, under the code GTG and, via its ADRs, on the NASDAQ Capital Market, under the ticker symbol GENE.

Item 4.D Property, Plant and Equipment

As of the date of this Report, the Company has executed two leases in respect of premises occupied by the Group.

Fitzroy, Victoria

Genetic Technologies Limited rents the offices and laboratory premises which are located at 60-66 Hanover Street, Fitzroy, Victoria, Australia (an inner suburb of Melbourne) from Crude Pty. Ltd. The lease is due to expire on August 31, 2015. The anticipated total rental charge in respect of the year ending June 30, 2015 is approximately $361,746. Genetic Technologies Limited does not have an option to purchase the leased premises at the expiry of the lease period.

Charlotte, North Carolina

Phenogen Sciences Inc., a wholly-owned subsidiary of Genetic Technologies Limited, rents office premises which are located at 9115 Harris Corners Parkway, Suite 320, Charlotte, North Carolina, USA from New Boston Harris Corners LLC. The lease is due to expire on October 31, 2014 and is currently being re-negotiated for a further 12 months. The anticipated total rental charge in respect of the year ending June 30, 2015 is approximately USD 33,599. Phenogen Sciences Inc. does not have an option to purchase the leased premises at the expiry of the lease period.

Item 5. Operating and Financial Review and Prospects

You should read the following discussion and analysis in conjunction with Item 3.A Selected Financial Data and our financial statements, the notes to the financial statements and other financial information appearing elsewhere in this Annual Report. In addition to historical information, the following discussion and other parts of this Annual Report contain forward-looking statements that reflect our plans, estimates, intentions, expectations and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. See the Risk Factors section of Item 3 and other forward-looking statements in this Annual Report for a discussion of some, but not all, factors that could cause or contribute to such differences.

Item 5.A Operating Results

Overview

Our Formation

GeneType AG was incorporated in Zug, Switzerland on February 13, 1989 to exploit the commercialization of the hypothesis that the non-coding region of the human HLA gene complex of chromosome 6 is a valuable and highly ordered reservoir of useful genetic information, largely overlooked by the rest of the world at that time.

Genetic Technologies Limited was incorporated on January 5, 1987 as Concord Mining NL in Western Australia. On August 13, 1991, we changed our name to Consolidated Victorian Gold Mines NL to better reflect the operations of the Company at the time. On December 2, 1991, we again changed our name to Consolidated Victorian Mines NL. On March 5, 1995, we again changed our name to Duketon Goldfields NL. On October 15, 1995, we changed our status from a No Liability company to a company limited by shares and the name became Duketon Goldfields Limited. On August 29, 2000, we changed our name to Genetic Technologies Limited, which is the current name of the Company.

On August 29, 2000, Duketon Goldfields Limited received shareholder approval to change its activities from a mining company to a biotechnology and genetics company on the acquisition of all the issued capital of GeneType AG of Switzerland. Following the acquisition of GeneType AG, the new combination has been engaged in the researching, developing and commercialization of genetic concepts primarily related to our intron sequence patents and genomic mapping patents. We are also the largest accredited paternity testing laboratory in Australia which GeneType has been operating since 1990. Over the past seven years, the Company has granted licenses to its patents and expects to derive revenue from further licensing of its patents. Prior to the merger with GeneType AG, the mining exploration activities had ceased and were being progressively disposed of by August 2000. The Company was basically an investment shell and following the completion of the merger the old shareholders of GeneType AG were in control of the company which formed the basis for treating the acquisition of GeneType AG as a reverse acquisition.

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Formerly a Development Stage Enterprise

Until 2002, we were a development stage enterprise. We had been developing our technology that resulted in the granting of seven families of patents in the U.S.A. which we have now actively started to commercialize and enforce. Since inception up to June 30, 2014, we have incurred $92,175,113 in accumulated losses. Our losses have resulted principally from costs incurred in research and development, general and administrative and sales and marketing costs associated with our operations. Refer to the Consolidated Statements of Operations in Item 18.

The research and development costs incurred prior to August 2000 were funded by the shareholders of GeneType AG. On completion of the merger of Duketon Goldfields Limited and GeneType AG in August 2000, to form Genetic Technologies Limited, existing funds of approximately $6 million within Genetic Technologies Limited were applied towards the Group s research and development and general and administrative expenses. The Company has since completed several placements of shares, including one in August 2003 and one in July 2011, and there have been other amounts raised from the exercise of unlisted options, principally in April 2005. We have primarily depended on these sources of funds to meet our financing needs. However, we now license our non-coding technology and provide a series of genetic tests, both of which generate revenue to fund our expenses.

In 2011, we generated our first net profit after tax. However, the extent to which we continue to generate profits will, amongst other things, depend on the quantum of license fees received from the licensing of our patents, the amount of annuities and royalties we receive from past licenses, the success we have with respect to the commercialization of our research projects, the rate at which our new genetic tests are taken up by our customers, and in particular the BREVAGenTM test in the U.S. market, and generally the number of genetic tests we conduct.

Where we derive our revenues

Our major source of revenues up to June 30, 2002 were grants received from the Australian Government under the START Program licensing, fees from licensing the non-coding patents, DNA paternity testing services income in Australia . Since 2002, our revenues have been derived principally from the sale of genetic tests and the granting of licenses to our non-coding technology. During that period, our licensing program has been successful in securing licenses from a total of 72 commercial licensees and 6 research licensees (see Item 4.A for a complete list). In June 2011, we launched the BREVAGenTM breast cancer risk assessment test in the U.S. marketplace and, as we are now accredited to offer the test in all 50 U.S. States, we anticipate that the revenues from the sale of this test will increase.

Fiscal year

As an Australian company, our fiscal, or financial, year ends on June 30 each year. We produce audited consolidated accounts at the end of June each year and provide reviewed half-yearly accounts for the periods ending on December 31 each year, both of which are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Recent Accounting Pronouncements

In respect of the year ended June 30, 2014, the Group has assessed all new accounting standards mandatory for adoption during the current year, noting no new standards which would have a material effect on the disclosure in these financial statements. There has been no affect on the profit and loss or the financial position of the Group. Certain new accounting standards and interpretations have been published that are not mandatory for June 30, 2014 reporting periods. The Group s and the parent entity s assessment of the impact of these new standards and interpretations is set out in Note 2(b) of the attached financial statements.

Critical Accounting Policies

The accounting policies which are applicable to the Group and the parent entity are set out in Notes 2(c) to 2(ab) of the attached financial statements.

Comparison of the year ended June 30, 2014 to the year ended June 30, 2013

Revenues from operations

Our revenues from continuing operations (which include fees from the sale of genetic testing services) increased by 35%, or $1,187,097, as compared to the 2013 financial year. The increase in revenue was primarily due to the increase in the sales of the BREVAGenTM breast cancer risk assessment test by $1,365,150 from the previous financial year. The increase included a one off adjustment of $446,000 due the Group changing from recognizing revenue on a cash basis to an accrual basis for this test. As at June 30, 2014, the Company now has enough historical data to use to enable it to determine a reliable estimate of the amount of revenue expected to be received. Declines in revenues other medical testing ($50,849), together with canine disease testing ($113,417), contributed to the decrease, both of which were due to increased price competition from our competitors.

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Cost of sales

Our cost of sales from continuing operations (which include direct costs incurred in performing our genetic testing services) decreased by $107,738 (5.5%), from the 2013 financial year. There was a reduction in the amount of stock written off during the 2014 year ($98,788) compared to the previous financial year. There was also a reduction in the depreciation expense ($46,358) as some of the laboratory equipment became fully depreciated during the current financial year.

Gain on deconsolidation of subsidiary

On December 12, 2013, the Company announced that its former Canadian-listed subsidiary, Gtech International Resources Limited (Gtech) had completed its acquisition of Sydney-based company Simavita Holdings Limited (Simavita Holdings), as originally disclosed by the Company to the ASX on July 30, 2013. The Group recognised a one-off gain on disposal of the subsidiary in the 2014 financial year of $761,361. As part of the transaction, in which Simavita Holdings raised approximately $14.3 million via the issue of approximately 34.9 million new shares at an issue price of $0.41 per share (before the payment of costs and the repayment of certain debts), Gtech changed its name to Simavita Limited (Simavita).

The shares of Simavita commenced trading on the TSXV, under the trading symbol SV , on December 6, 2013. On December 9, 2013, Simavita lodged documents with the ASX pursuant to which it also sought a listing of CHESS Depositary Interests (CDIs) on the ASX. The Simavita CDIs were listed on the ASX, under the ASX code SVA , on February 20, 2014.

Immediately following the completion of the acquisition, Genetic Technologies Limited held a total of 1,306,166 shares in Simavita, representing approximately 2.2% of that company s total issued capital. As a result of the transaction, Gtech was deconsolidated from the GTG Group and a number of changes were made to the Board of that company to reflect the new ownership. Cash disposed on loss of control of subsidiary was $162,576 (refer Cash Flow Statement).

On this date the subsidiary was deconsolidated and the retained interest was recognised as an available for sale financial asset recognised at fair value. This asset has since been sold prior to the balance sheet date for $577,497 and has been included as proceeds from the sale of available-for-sale financial assets within the cash flow statement.

The Gtech International Resources Limited subsidiary was allocated to the Corporate segment.

There were no such transactions in the 2013 financial year.

Other revenue

Other revenue includes the total revenues generated from our licensing activities. For the 2014 financial year, the Company s licensing revenues were $863,832 which represented a decrease of 82% as compared to the result from the previous year of $4,784,913. During the 2014 financial year, we executed Settlement and License Agreements with five parties: Genesis Genetic Institute, LLC., Genelex Corporation., BioReference / Genepath and Lenetix., Reprogenetics LLC., Promega Corporation. Included in the total licensing revenues is royalty and annuity income of $235,335, which decreased by $969,901 during the 2014 year. Licensing revenues form part of the Australian geographic segment.

The 2014 financial year continued to present new challenges for the Company s licensing program, including the below mentioned re-examination proceedings for the `179 patent, and also certain changes to US legislation and new interpretations of US case law, all of which have contributed to some delay in reaching various settlements. The Company announced that on September 30, 2013, Merial had filed yet another request, its third, with the USPTO for re-examination of the 179 patent. On February12, 2014: the Company announced that it had received a further ExParte Re-Examination Certificate from the United States Patent and Trademark Office (USPTO), this one dated February 10, 2014 (the Certificate). In the Certificate, the USPTO confirms the patentability of claims 1-15, 17,18, 26-29 and 32 and no amendments have been made to the 179 patent. As previously stated, Genetic Technologies will actively defend such re-examinations and will also continue to vigorously pursue entities infringing the Company s proprietary non-coding DNA technology.

On December 24,2013, the Company reported that efficiencies in both legal resources and court times have been achieved by consolidating 4 cases, pending in the district of Delaware, in front of the same judge. The consolidation includes significant cases against companies such as Bristol Myers Squibb and Pfizer. These cases are awaiting scheduling orders but have been deferred until the court has ruled on the pending invalidity motion brought by 3 of the parties. Pleasingly, 2 invalidity motions have been dismissed and the case for GSK is proceeding. However, we are still awaiting the ruling for the third motion in the District of Delaware.

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On March 12, 2014, the Company announced that a further consolidation had been achieved in the Northern District of California where, following the transfer of the Natera case, it has been consolidated, for at least some of the proceeding with the Agilent case. Following the court s ruling in favour of the Company, - denying the motion to dismiss based on invalidity, issued on March 9, 2014 . The company has and will continue to resolve these cases appropriately based on the evidence found during the prosecution of cases.

In the Glaxo-SmithKline LLC (GSK) case in the District of North Carolina, the Company has filed a second amended complaint introducing infringement activities related to a second Company patent. Subsequently, GSK has filed a motion to dismiss based on the familiar invalidity arguments raised by other parties. Again pleasingly, the motion was dismissed and the case is proceeding.

The Company intends to maintain the momentum of its U.S. assertion program and to continue generating licensing revenues during the 2015 financial year. Sheridan Ross continues to assist GTG with its licensing and intellectual property activities.

Selling and marketing expenses

Selling and marketing expenses increased by $984,778 (19%) to $6,251,595 during the 2014 financial year. Considerable expenses ($5,762,023) were incurred this financial year as part of the expansion of the Company s U.S. activities with respect to the sale of BREVAGenTM as compared with $3,608,635incurred during the preceding financial year. This was an increase of $2,153,388 over the previous financial year. There were offsetting decreases in selling and marketing expenses incurred in Australia due to decreased personnel related costs of $625,666 due to restructuring measures incurred by the Company in the 2013 financial year and decreased consultancy costs of $154,407 and decreased marketing expenses of $146,769 compared with the prior financial year.

General and administrative expenses

General and administrative expenses decreased by $1,240,673 (28%) to $3,173,109 during the financial year. In the previous financial year a provision for doubtful debts was expensed for $278,242 relating to an advance to an associate. The advance was forgiven in the 2014 financial year and the provision was reversed. In the 2013 financial year one off capital raising expenses (which were not allowed to be offset against equity) of $292,081 were incurred. In the 2014 financial year no such costs have been incurred. Employee related costs have also decreased by $218,679 during the 2014 financial year.

Licensing, patent and legal costs

Licensing, patent and legal costs decreased significantly by $1,320,625 (55%) to $1,079,199 during the 2014 financial year. The decrease in revenues from the new licenses granted during the financial year resulted in a material decrease in the quantum of commissions payable of $1,080,116, together with a decrease in associated legal fees of $155,314.

Laboratory, research and development costs

Laboratory, research and development costs decreased by $164,339 (5%) to $3,298,127 during the 2014 financial year. During the financial year patent costs increased by $112,621 (22%) mostly due to increased patent costs from the RareCellect research project. Offsetting decreases in employee costs of $167,850 and offsetting decreases in contract research costs of $146,614 occurred in the current financial year. The reductions in current year contract research expenses were due to the one-off expense of a cost effectiveness study of the BREVAGenTM breast cancer risk assessment test in the previous financial year.

Finance costs

Finance costs increased by $705,231 during the 2014 the financial year due to significant finance costs ($691,649) incurred with the establishment of the Iron Ridge convertible note facility.

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Other income and expenses

Other income and expenses included the following movements:

- Receipt of the research and development tax credit of $358,395 in the current financial year increased by $177,359. The Research Tax Credit is now recognized on an accrual basis when realizable. In the prior year this was accounted for on a cash basis and the Company has corrected the accounting policy in the current year. Foreign exchange gains incurred during financial year of $167,584 compared with foreign exchange gains in the prior year of $46,264. This represented a net increase in overall exchange gains of $121,320 or 262%.

- The gain arising from the disposal of fixed assets of $53,277 during the 2014 financial year compared to a loss of $1,416 in the prior year. The gain on sale this financial year arose from the sale of an item of plant and equipment that had previously been fully written down.

- The fair value gains on financial assets at fair value through profit or loss of $295,533 for the current financial year related to the revaluation of the ImmunAid option fee. There was no similar amount incurred in the 2013 financial year.

On May 16, 2014, as part of the share exchange agreement approved at an Extraordinary General meeting of Shareholders held on April 17, ImmunAid Limited (ImmunAid) granted the Company a total of 2,250,000 options to acquire ordinary shares in ImmunAid at a price of $1.35 per share at any time during the three years from the date on which the ImmunAid Options are granted. As part of the consideration the Company paid ImmunAid an option fee of $500,000 of which $114,159 was paid in cash and the balance of $ 385,841 was applied against outstanding debts.

Fair value loss on financial liabilities at fair value through profit or loss

- Fair value loss on financial liabilities at fair value through profit or loss for the current financial year of $648,374 that related to the year-end valuation of the convertible note facility included in the balance sheet under borrowings. There was no similar amount incurred in the 2013 financial year.

Comparison of the year ended June 30, 2013 to the year ended June 30, 2012

Revenues from operations

Our revenues from continuing operations (which include fees from the sale of genetic testing services) decreased by 9%, or $314,032, as compared to the 2012 financial year. Declines in revenues from BRCA breast cancer risk testing ($555,145), together with canine disease testing ($213,085), contributed to the decrease, both of which were due to increased price competition from our competitors. Revenues received from paternity testing grew by $134,915 as compared to the 2012 financial year. The launch of the Company s new BREVAGenTM breast cancer risk assessment test in July 2011 contributed $332,501 to total genetic testing revenues. Looking forward, we anticipate growth in the number of these new breast cancer risk tests being sold in the U.S. marketplace as we expand the local sales force into new and larger territories such as New York State during the 2014 financial year. During the 2013 financial year, revenues from continuing operations principally formed part of the Australian geographic segment, with the exception of sales of the BREVAGenTM test which were U.S. based.

Cost of sales

Our cost of sales from continuing operations (which include direct costs incurred in performing our genetic testing services) decreased slightly by $3,158, from the 2012 financial year. While there was an expected decrease in the cost of sales due to the reduction in the number of tests performed, there was an offsetting increase in stock write-offs during the year of $168,523. During the previous financial year, there was a small stock write-back.

Gain on deconsolidation of subsidiary

In April 2012, the Company announced that its former subsidiary, ImmunAid Pty. Ltd. (ImmunAid), had successfully raised $1,000,000 in a private placement from U.S., European and Australian sophisticated investors. As a result of this issue, the equity interest in ImmunAid held by the Company fell below 50% and, due to the resulting loss of control, ImmunAid was deconsolidated from the Genetic Technologies Group on that date. After allowing for certain capital restructuring and the payment of capital raising expenses, the pricing of this financing round, which was participated in by independent, arm s-length parties, placed a value on GTG s stake in ImmunAid of in excess of $4.5 million. In turn, this transaction created a one-off gain on deconsolidation of $5,113,175 in the prior year which did not occur in the 2013 year.

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Other revenue

Other revenue includes the total revenues generated from our licensing activities as well as interest income. For the 2013 financial year, the Company s licensing revenues were $4,784,913 which represented an increase of 89% as compared to the result from the previous year of $2,526,599. During the 2013 financial year, we executed Settlement and License Agreements with eight parties: Conexio Genomics Pty. Ltd., Genetics & IVF Institute Inc., One Lambda Inc., Laboratory Corporation of America Holdings (LabCorp), PreventionGenetics LLC, Reproductive Genetics Institute Inc., 454 Life Sciences Corporation and Bioscientia Institute for Medical Diagnostics and other Sonic Subsidiaries, Europe, under which those companies have been granted non-exclusive rights to a number of GTG patents, including non-coding analysis and gene mapping. . Included in the total licensing revenues is royalty and annuity income of $1,205,236, which decreased by $131,704 during the 2013 year. Licensing revenues form part of the Australian geographic segment.

Selling and marketing expenses

Selling and marketing expenses increased by $882,634 (20%) to $5,266,818 during the 2013 financial year. Considerable expenses ($3,608,635) were incurred this financial year as part of the expansion of the Company s U.S. activities with respect to the sale of BREVAGenTM as compared with $3,048,099 incurred during the preceding financial year. This was an increase of $560,537 over the previous financial year. There were also increases in selling and marketing expenses incurred in Australia due to increased personnel related costs of $133,479 and increased consultancy costs of $135,885 due mainly from changes in the reimbursement regime in the U.S.A.

General and administrative expenses

General and administrative expenses decreased by $1,194,256 (21%) to $4,413,782 during the financial year. In the previous financial year, a significant one-off share based payment expense of $1,759,980 associated with transactions concerning shares in ImmunAid Pty. Ltd., accounted for the majority of this decrease. This decrease was offset by one off capital raising expenses which were not allowed to be offset against equity of $292,081. Transaction costs of $175,341 relating to the Scheme Merger Agreement between the company s Canadian subsidiary pursuant to which it would, subject to shareholder approval, acquire all of the outstanding shares of Sydney-based company Simavita Holdings Limited also added to the expenses incurred during the current year.

Licensing, patent and legal costs

Licensing, patent and legal costs increased significantly by $1,131,986 (89%) to $2,399,824 during the 2013 financial year. The increase in revenues from the new licenses granted during the financial year resulted in material increase in the quantum of commissions payable of $999,387, together with an increase in associated legal fees of $173,915.

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Laboratory, research and development costs

Laboratory, research and development costs decreased by $566,903 (14%) to $3,462,466 during the 2013 financial year. During the 2012 financial year, the Company recognized an impairment charge in respect of certain intangible assets of $104,338. Also, in the prior financial year the Company spent $173,897 on patent costs for its subsidiary ImmunAid Pty. Ltd. This subsidiary has now deconsolidated from the Group. There were no comparable expenses for these two items in the current financial year. There was also a reduction in employee costs by $130,932 and royalties payable by $77,763 during the 2013 financial year as one of the Company s license agreements has expired. These reductions in current year expenses were partially offset by the one-off expense of a cost effectiveness study of the BREVAGenTM breast cancer risk assessment test of $153,020.

Finance costs

Finance costs decreased by $6,249 (14%) during the 2013 the financial year due to a reduction in the liabilities associated with plant and equipment that had been financed under hire purchase agreements and a reduction in the bank fees associated with credit card processing.

Other income and expenses

Other income and expenses included the following movements:

- Receipt during the 2013 financial year of a research and development tax credit of $181,036. Previously, research and development tax reduction amounts claimable were added to the Company s carry forward tax losses and were not payable in cash by the Australian Taxation Office.

- Foreign exchange gains incurred during financial year of $46,264 compared with foreign exchange gains in the prior year of $141,364. This represented a net decrease in overall exchange gains of $95,100 or 67% which was partly attributable to the fact that in the prior financial year roughly half of the cash received from the issue of shares in the Company was received in U.S. dollars and converted to Australian dollars shortly after being received at a favorable AUD to USD exchange rate. Most of the Company s total foreign exchange gains for that year arose from this single conversion.

- The loss arising from the disposal of fixed assets of $1,416 during the 2013 financial year compared to a profit of $31,455 in the prior year. The gain on sale last financial year arose from the sale of an item of plant and equipment that had previously been fully written down.

Item 5.B Liquidity and Capital Resources

Summary

Our overall cash position depends on numerous factors, including the success of licensing our non-coding patents, the numbers of genetic tests processed by our laboratory, completion of our product research and development activities, ability to commercialize our products, market acceptance of our products and services and how we choose to commercially exploit our technology.

During the year ended June 30, 2014, we incurred comprehensive losses of $10,283,545. During the year ended June 30, 2013, we incurred comprehensive losses of $9,323,063. During the year ended June 30, 2012, we incurred comprehensive losses of $5,303,942.

Since inception, our operations have been financed primarily from capital contributions by our stockholders, proceeds from our licensing activities and revenues from operations, grants, and interest earned on the Company s cash and cash equivalents.

During the year ended June 30, 2014, the Company s net cash flows used in continuing operations were $10,987,088. During the year ended June 30, 2013, the Company s net cash flows used in continuing operations were $7,516,779. During the year ended June 30, 2012, the Company s net cash flows used in continuing operations of $7,674,174. The Company s cash and cash equivalents were $2,831,085 as of June 30, 2014.

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Financing and plans for restructure

On September 15, 2014, subsequent to balance date, the Company, announced plans to restructure and realign its group activities. The changes announced will enable the Company to focus its strategy on the US molecular diagnostics (MDx) market and commercialisation of the Company s lead breast cancer risk test BREVAGen. The restructure and realignment of group activities follows a recent review of operations by the Company aimed at supporting the Company s US MDx strategy.

The core plans approved by the Board include:

- the sale / divestment of non-core assets;
- the realignment of internal cost structures through a disciplined approach to cost management and capital allocation being driven by the recently appointed CFO;
- a board restructure, including the appointment of new directors, to support and enhance Company s focus on the US MDx market; and
- a proposed Company name change to represent a MDx focus.

The plans being implemented are expected to provide investors with a focused MDx company and refined US commercialisation strategy for BREVAGen, with a significantly reduced operating cost base.

In support of these plans, the Company finalised the raising of $2,150,000 financing via the issue of unlisted secured (debt) notes (Notes) to existing and new Australian institutional and wholesale investors. The Notes will carry a 10.0% coupon rate, and subject to shareholder approval or, where the Company otherwise notifies that the Notes are convertible (in compliance with all applicable laws), the Notes will also be convertible into ordinary shares (at a 10.0% discount to the 5 day VWAP). The Notes will also carry free attached options to purchase further shares in the Company (Options) and will be subject shareholder approval. Shareholder approval for the conversion under Notes and the grant of the Options will be sought at a General Meeting.

The funds raised under the financing will be used to support Genetic Technologies short-term capital requirements and, together with existing cash reserves, will support the Company s refocused US MDx strategy.

As disclosed in Note 2(a) of the attached financial statements, the Directors have undertaken an assessment of the Company s ability to pay its debts as and when they fall due. As part of this assessment, the Directors have had regard to the Company s cash flow forecasts for the twelve month period from the date of the attached Financial Report and the cash balance on hand as at that date. The Directors recognize that there is uncertainty in the consolidated entity s cash flow ands wholly dependent on the Company being successful in raising additional funds via the issuance of new equity in the near term. Any issuance of new equity will be subject to shareholder approval, which will be sought at the appropriate time. However, the Directors believe that the Company will be successful in raising new funds, in the timeframe required, and

accordingly will be able to maintain sufficient cash reserves beyond the twelve month period from the date of this Annual Report.

Our net cash from / (used in) operating activities was $(10,987,088), $(7,516,779) and $(7,674,174), for the years ended June 30, 2014, 2013 and 2012, respectively. Cash from / (used in) operating activities for each period consisted primarily of losses incurred in operations reduced by depreciation and amortization expenses, share based payments expenses, foreign exchange movements and unrealized profits and losses relating to investments. In approximate order of magnitude, cash outflows typically consist of staff-related costs, selling and marketing expenses, service testing expenses, general and administrative expenses, legal/patent fees and research and development costs.

Our net cash from / (used in) investing activities was $232,375, $(178,652), and $492,177 for the years ended June 30, 2014, 2013 and 2012, respectively. Typically, cash used in investing activities related to the acquisition of laboratory equipment. In addition, the agreement reached with Applera Corporation in December 2005 has provided us with significant credits for laboratory equipment and reagents produced by that company. As of June 30, 2014, the balance of credits due under the various agreements with Applera Corporation was $930,951.

Our net cash from / (used in) financing activities was $11,922,964, $437,955, and $10,851,070, for the years ended June 30, 2014, 2013 and 2012, respectively. In respect of the year ended June 30, 2014, the Company generated net cash flows of $7,000,000 from the issue of 97,222,302 ordinary shares and $5,581,462 net from the issue of convertible notes . In respect of the year ended June 30, 2013, the Company generated net cash flows of $481,500 from the issue of 10,700,000 ordinary shares. In respect of the year ended June 30, 2012, the Company generated net cash flows of $10,902,037 from the issue of 60,000,000 ordinary shares.

Apart from the purchase of plant and equipment of $181,875 in 2014, $53,611 in 2013, and $76,314 in 2012, we had no material capital expenditures for the years ended June 30, 2014, 2013 and 2012.

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Future cash requirements

We expect that operating expenses and, to a lesser extent, capital expenditures will be a material use of our cash resources in future. As of June 30, 2014, we had cash and cash equivalents totaling $2,831,085. Subsequent to this date, the Company raised a further $2,150,000 from the issue of unlisted secured (debt) notes (Notes) to existing and new Australian institutional and wholesale investors. On 22 September 2014, the Company announced that it had signed a binding contract of sale for its heritage Australian Genetics business (Australian Genetics) to Specialist Diagnostics Services Ltd (SDS), the wholly owned pathology subsidiary of Primary Health Care Ltd. The Australian Genetics business provides diagnostic and sequencing services encompassing Australia-only medical, forensic, paternity and animal genomic testing. Under the terms of sale, SDS will acquire the Australian Genetics business for $2,000,000 in cash. Assuming all conditions are met, settlement of the transaction is expected to occur by the end of October, 2014.

As disclosed above, the Directors have undertaken an assessment of the Company s ability to pay its debts as and when they fall due. As part of this assessment, the Directors have had regard to the Company s cash flow forecasts for the twelve month period from the date of the attached Financial Report and the cash balance on hand as at that date. The Directors recognize that there is uncertainty in the consolidated entity s cash flow forecasts However, the Directors believe that the consolidated entity will be able to maintain sufficient cash reserves beyond the twelve month period from the date of this Annual Report through a range of available options as disclosed in Note 2(a) of the attached financial statements. We do not have any lines of credit with National Australia Bank Limited (NAB) and nominal credit card facilities with NAB and Bank of America, N.A. which, as of June 30, 2014, had total available credit of $250,721.

Operating leases

We are obligated under two operating leases for periods expiring through August 31, 2015. These leases relate to the premises occupied by the Company in Fitzroy, Victoria, Australia and by its U.S. subsidiary, Phenogen Sciences Inc., in Charlotte, North Carolina, U.S.A. The following table summarises the future minimum lease payments in respect of the two operating leases that had remaining non-cancellable lease terms in excess of one year as of June 30, 2014:

Year ending June 30,		
2015		373,379
2016		60,585
Total minimum lease payments	$	433,964

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Item 5.C Research and Development, Patents and Licenses, etc.

Our principal business is biotechnology, with the emphasis on genomics and genetics, the licensing of our non-coding patents, reduction to practice of our fetal cell patents and expansion of the related service testing business.

The following table details historic R&D expenditure by project.

	2014 $	2013 $	2012 $
RareCellect	352,478	313,791	289,208
ImmunAid (refer note)			188,525
Nematode project	1,053	1,053	906
Research at C.Y. O Connor (refer note)	9,101	12,662	182,184
Other general R&D	249,267	245,871	231,451
Total R&D expense	611,899	573,377	892,274
Other expenditure	16,783,115	17,391,133	16,523,044
Total expenditure	17,395,014	17,964,510	17,415,308
R&D as a % of total expenditure	4%	3%	5%

Note: Research by the C.Y. O Connor ERADE Village Foundation was terminated during the 2009 financial year. The costs incurred since that time relate to impairment charges and legal fees associated with the patent portfolio that was acquired as part of that project.

ImmunAid research is carried out by former subsidiary ImmunAid Limited. As this subsidiary was deconsolidated from the Group during 2012 there was no expense incurred by the Group in 2013 and 2014.

Due to the nature of the Company s business, it is important that any intellectual property in the form of new discoveries be protected. The table described in Item 4.B hereinabove provides the status of all patent applications the Company has filed.

Item 5.D Trend Information

The direction of genetic research

Following upon the original non-coding inventions made by GeneType AG and the publication and dissemination of this work in the early 1990 s, research groups world-wide have increasingly sought to investigate and, if possible, establish non-coding associations in a great number of diseases which were hitherto unexplained.

In 2002, Nature Publishing Group produced a summary of some 284 separate research projects which sought to establish non-coding associations in relation to either the cause or the outcome of many human diseases. Within that group, more than 100 human conditions have since been shown to be linked to non-coding genetic variations. In 1999, an international collaboration, known as the SNP Consortium was established to identify all single nucleotide polymorphisms (SNPs) of relevance to a complete understanding of human genetics. More recently, the international HapMap project was launched to identify relevant human haplotypes.

All of these projects depend significantly on the basic inventions owned by our Company. It remains our corporate objective to encourage all such research which we expect will, in time, lead to a great number of new commercial licensing opportunities for Genetic Technologies. Such opportunities are also not limited to human applications, given the recent expansion of interest in the genetics of animals, plants and lower forms of life, including parasites and many organisms that contribute to either disease or to recuperative environmental systems of our planet. Such research is likely to expand significantly in the coming years. Our ability to secure licensing agreements from these areas of research as they develop into commercial operations will determine the level of revenue in the future.

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The direction of genetic testing

Further to the completed first phase of the Human Genome Project in mid-2001, and then the Mouse Genome Project in December 2002, there is now a greatly improved general understanding of gene structure, gene function and gene expression. This is likely to lead to new genetic tests and new genetic treatments - perhaps even tailored to an individual s unique genetic code. DNA testing for forensic purposes has already been shown to be extremely reliable in matters of criminal justice, disputed paternity and family relationships. Genetic testing will also be increasingly relied upon to assist with disease diagnosis, and also in the improved assessment disease risk factors. In addition, genetic testing will be applied more and more to help identify specific animal and plant traits that are either desirable or undesirable, in order to help breeders better select their future seed stock. We believe the demand for an expansion of genetic testing will continue to grow in the coming years.

Item 5E. Off-balance sheet arrangements

We are not a party to any material off-balance sheet arrangements. In addition, we have no unconsolidated special purpose financing or partnership entities that are likely to create any material contingent obligations.

Item 5F. Information about contractual obligations

The table below shows the contractual obligations and commercial commitments as of June 30, 2014:

	0-1 year	>1-<3 years	>3-<5 years	>5 years
Operating lease commitments	**$** 373,379	$ 60,585	$	$

The above financial obligations are in respect of leases over office and laboratory premises.

Item 6. Directors, Senior Management and Employees

Item 6.A Directors and Senior Management

The Directors of the Company as of the date of this Annual Report are:

Dr. Malcolm R. Brandon, BScAgr, PhD *(Non-Executive)*

In office from July 1,2013 up to the date of this Report

Dr. Brandon, 67, was appointed to the Board on 5 October 2009 and as its Chairman on 28 November 2012. He also served as Chairman of the Company s Audit Committee until 12 December 2013 and as a member of the Company s Corporate Governance Committee since 12 December 2013. He has spent his career in the biotech and life sciences sector where he has over 35 years experience in commercially focused research and development and in building successful companies which have commercialised a wide range of technologies. As the founding director of the Centre for Animal Biotechnology, a research arm within the University of Melbourne Veterinary Science School, he was responsible for fund raising and the development of many agricultural technologies and products. Dr. Brandon was a co-founder and Director of Stem Cell Sciences Ltd. and Smart Drug Systems Inc. and is the Chairman of genetics and artificial animal breeding company Clone International which uses cloning technologies to breed cattle, sheep and horses and to preserve the genetics of elite animals

Dr. Mervyn Cass, MBBS *(Non-Executive)*

In office from July 1, 2013 up to the date of this Report

Dr. Cass, 73, was appointed to the Board on September 30, 2011 and also serves as a member of the Company s Audit Committee and as Chairman of the Corporate Governance Committee.. He is a practising medical practitioner and, after 28 years as the senior partner in an occupational medical practice in Port Melbourne, accepted the appointment as Medical Director of a plastic surgery centre in 1996. He was the founding Chairman of the Australasian Occupational Medical Group and was a Director of Wolfe Research Pty. Ltd., a private medical biotech company associated with RMIT University. He has been an advisor to the Victorian Government on Workers Compensation and Radiological Standards in general practice and is a former member of the Jewish Community Council of Victoria, the roof body of the Victorian Jewish Community.

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Dr Paul A. Kasian, AM**,** PhD, MBA *(Non-Executive)*

In office from December 12, 2013 up to the date of this Report

Dr. Kasian, 57, was appointed to the Board on December 12, 2013 and also serves as a member of the Company s Corporate Governance Committee. Dr. Kasian is an experienced executive director with demonstrated domestic and international success in funds management, encompassing senior leadership, investment and risk roles. Previously, Dr. Kasian has held senior leadership positions in a number of investment groups, including Chief Investment Officer at HSBC Asset Management; Head of HSBC Global Financial Team; Founding Director Accordius and Founding Director Wallara Asset Management.

Dr. Kasian has significant funds management experience in Australia leading investment in the healthcare and life sciences sector. He was previously a Project Leader at ICI Australia providing advice on biotech projects and acquisitions. He holds a PhD in Microbiology and a Master of Business Administration, both from the University of Melbourne.

Grahame Leonard AM, BA (Hons), LLB, CA, CPA, FAICD (Dip), AFAIM *(Non-Executive)*

In office from November 29, 2013 up to the date of this Report

Mr. Leonard, 73, was appointed to the Board on November 29, 2013 and also serves as Chairman of the Company s Audit Committee. Mr. Leonard is a qualified Chartered Accountant and a Barrister and Solicitor of the Supreme Court of Victoria. He began his professional life in various positions in the steel industry, having worked for 20 years with Lysaght (BHP), gaining invaluable training and experience in all facets of management, honing his skills in negotiating, training, planning and communication.

He subsequently accepted a senior executive position as Divisional General Manager with Nylex, which evolved into the BTR Nylex group. On his return from establishing a distribution structure in USA in 1986, Mr. Leonard became Chief Operating Officer and Finance Director of the Australian subsidiary of the publishing multinational, The Thomson Corporation.

Mr. Leonard s current professional positions include Commissioner, Victorian Multicultural Commission; Chairman, Escrow Angel Pty. Ltd., Diffuze Pty. Ltd., Health Media Group Pty Ltd and Digital Collective Pty. Ltd. Director, Skylabs Pty. Ltd., Opco Pty. Ltd. and Sunnymarsh Pty. Ltd. His numerous community positions include member Committee of Management, Past President and Honorary Life Member Executive Council of Australian Jewry; Director and Immediate Past Honorary Chief Executive Officer of Transparency International Australia (the Australian arm of the international anti-corruption watchdog), and member Governance and Steering Committees on the Jewish Community Demographic Survey Project.

In 2003, Mr. Leonard was awarded the Centenary Medal, instituted to commemorate the centenary of Federation of Australia, for community service and, in 2008 he was appointed a Member of the Order of Australia.

Prof. Ian McKenzie, PhD, MD, FRACP *(Non-Executive)*

In office from November 29, 2013 up to the date of this Report

Professor McKenzie,76, was appointed to the Board on November 29, 2013 and also serves as a member of the Company s Corporate Governance Committee. Professor McKenzie graduated in Medicine (1961 MBBS) from Melbourne University and trained in Internal Medicine at the Royal Melbourne Hospital at the time when renal transplantation was being established. An MD and MRACP/FRACP followed and a PhD on Antibodies in Transplantation . He then worked at the Massachusetts General Hospital in Boston, and at the Jackson Laboratory in Bar Harbor, Maine USA, where his interest in Lymphocyte Surface antigens developed when working with Dr. George Snell (Nobel Prize 1980).

On return to Australia in 1974, Professor McKenzie worked at the Austin Hospital, established a Centre of Excellence in the Department of Pathology at the University of Melbourne and, in 1990, was appointed as Founding Director of the Austin Research Institute (ARI). His research at the ARI resulted in the formation of Prima Biomed Limited where he was a founding Board Member. He is currently a member of the Scientific Advisory Board of Revivicor (USA) and is an honorary member of the Australian Society for Immunology, Transplant Society of Australia and New Zealand, and International Xenotransplantation Association.

Professor McKenzie s major contributions are described in more than 700 papers, covering allo- and xeno-transplantation, cell surface antigens and studies in the diagnosis and therapy of cancer. His laboratory pioneered the application of monoclonal antibody technology in Australia in the 1970 s, some of which were used in the clinic, either alone or as immunoconjugates, or were used to develop serum based ELISA tests for breast or ovarian cancer and were successfully licensed. More recently, he has been consulting for several biotech companies, particularly involved in cancer vaccines and was the scientific consultant before joining the Board of the CRC for Biomarker Translation.

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Mr. David Carter, B.Ec, LL.B (Hons), LL.M (Monash), BCL (Oxford)

In office from September 24, 2014 (subsequent to balance sheet date) up to the date of this Report

Mr. Carter, 60, was appointed to the Board on September 24, 2014. Mr. Carter is an experienced company director, corporate lawyer and adviser. Mr. Carter has been an international partner of one of the world s largest law firms and has extensive legal and management experience. He has been a director of a number of listed company boards, a chairman of two, and chair of two audit and risk and nomination and remuneration committees.

Mr. Carter is currently a director of Thorn Group Limited (ASX Listed) (immediate past Chair), Glutagen Pty Ltd; and In:Capital Pty Ltd. Other companies where he has acted as a director include VENCorp Ltd (the public corporation responsible for managing the gas and electricity market and transmission grid in Victoria), Azure Healthcare Limited (Chairman) (ASX Listed), and the not for profit company, Diabetes Australia Victoria Limited.

Mr. Carter has significant practical corporate governance experience through his role as a director and his legal advisory roles. He has good relationships within participants in financial markets and is focused on strategic development and shareholder value.

Dr. Lindsay Wakefield, M.B.B.S

In office from September 24, 2014 (subsequent to balance sheet date) up to the date of this Report

Dr. Wakefield, 56, was appointed to the Board on September 24, 2014. Dr. Wakefield started Safetech in 1985. In 1993, he left Medicine to become the fulltime CEO of the Company. Over the next 25 years Safetech became a force in the Australian material handling and lifting equipment market, designing and manufacturing a wide range of industrial products. In 2006, Safetech was awarded the Telstra Australian National Business of the Year.

In 2013, Safetech merged to become STS (Safetech Tieman Solutions) which is Australia s largest manufacturer and supplier of dock equipment, freight hoists and custom lifting solutions.

Dr. Wakefield continues as Managing Director of STS and has been a keen Biotech investor for past 20 years, often at a mezzanine level.

Also during the financial year, Mr. Tommaso Bonvino served as a Director of the Company and Chairman of the Board from the beginning of the year until he resigned on November 29, 2013. Mr. Benjamin Silluzio served as a Director of the Company from the beginning of the year until he resigned on November 29, 2013.

Senior Management

We have a professional team of qualified and experienced personnel, including a number of research and development scientists and technicians. The Group currently has 63 full-time-equivalent employees in addition to the four Directors listed above. Of the total number of personnel, nine have Doctorate qualifications. The members of the Company s Senior Leadership Team as at the date of this Report, and a brief summary of their relevant experience, is as follows:

Alison J. Mew, *(Chief Executive Officer)*

Ms. Mew, 56, was appointed as Chief Operating Officer in August 2009 and subsequently as Chief Executive Officer in December 2013. She has a diverse background in leadership and operations management in the biopharmaceutical industry, in both Australia and overseas, covering animal and human health, including more than 13 years with CSL Ltd. in various senior positions.

Euillio Buccilli, *(Chief Financial Officer)*

Mr Buccilli, 61, was appointed to the role of Chief Financial Officer on June 2, 2014. He joins the Company after more than 35 years of senior management experience with blue chip corporations such as General Electric, Computer Science Corporation, Coles Myer, and Challenger Limited. Whilst at GE, he was seconded to the U.S., where he worked at the GE Capital Headquarters located in Stamford, Connecticut. He possesses extensive financial and commercial experience, with a strong emphasis on financial and corporate management.

Mark J. Ostrowski, *(Senior Vice President Sales and Marketing Phenogen Sciences Inc.)*

Mr. Ostrowski, 51, was appointed as Senior Vice President Sales and Marketing Phenogen Sciences Inc. in September 2012. He brings more than 20 years of sales and marketing experience in molecular diagnostics having served in senior managerial positions at several companies focused on women s health and oncology, including Myriad Genetics and DIANON Systems. During his tenure at Myriad, he managed a sales force of over 200 representatives, demonstrating average annual revenue growth of over 50%.

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Dr. Richard Allman, PhD *(Scientific Director)*

Dr. Allman, 54, joined the Company in 2004 and was appointed as Scientific Director in December 2012. He has over 20 years of scientific and research experience in both the academic arena in the UK and the commercial sector in Australia. He has wide experience in research leadership, innovation management, and intellectual property strategy, covering oncology, diagnostics, and product development. Prior to entering the biotech sector, Dr. Allman s academic career encompassed oncology research, drug development, and assay design.

Diana Newport, *(Quality and Business Operations Director)*

Ms. Newport, 57, was appointed as Quality and Business Operations Director in September 2013. She comes to the Company with extensive international Quality Systems and operational experience in the highly regulated industries of food and pharmaceutical. The Company will benefit from her recent senior roles within the CSL quality control laboratories.

M. Luisa Ashdown, *(Director of Global Licensing and Intellectual Property)*

With expertise in the area of genetics and immunology, Ms. Ashdown, 58, has been with the Company since it started in 1989 and was instrumental in the establishment of the Company s laboratory capability and DNA testing services. She has since served in various roles including as Director of several of GTG s subsidiaries. For over a decade, she has been involved in Licensing and Intellectual Property defence and management.

Also during the financial year, Mr. Ivan Jasenko resigned as Operations Director on August 16, 2013 and Mr. Thomas Howitt resigned as Chief Financial Officer and Company Secretary on March 28, 2014.

Item 6.B Compensation

Details of the nature and amount of each major element of the compensation of each director of the Company and each of the named officers of the Company and its subsidiaries, for services in all capacities during the financial year ended June 30, 2014 are listed below. All figures are stated in Australian dollars (AUD).

Name and title of Directors	Year	Short-term Salary/fees $	Other $	Post-employment Superannuation $	Other long-term benefits $	Share-based Options $	Totals $
Dr. Malcolm R. Brandon	**2014**	**67,125**		**28,059**			**95,184**
Non-Executive Chairman	2013	51,759		26,458			78,217

Tommaso Bonvino(1)	**2014**	**22,343**	**2,066**	**24,409**
Non-Executive Director	2013	52,318	4,708	57,026
Dr. Mervyn Cass	**2014**	**33,516**	**25,069**	**58,585**
Non-Executive Director	2013	52,318	4,708	57,026
Benjamin Silluzio (2)	**2014**	**22,343**	**2,066**	**24,409**
Non-Executive Director	2013	29,344	2,641	31,985
Dr. Melvyn J. Bridges	**2014**			
Ex-Non-Exec. Chairman	2013	32,683	9,754	42,437
Gregory W. Brown	**2014**			
Ex-Non-Executive Director	2013	18,016	1,621	19,637
Huw D. Jones	**2014**			
Ex-Non-Executive Director	2013	21,229	1,910	23,139
Grahame Leonard A.M. (3)	**2014**	**31,281**	**2,893**	**34,174**
Ex-Non-Executive Director	2013			
Prof. Ian McKenzie (4)	**2014**	**31,281**	**2,893**	**34,174**
Ex-Non-Executive Director	2013			
Dr. Paul Kasian (5)	**2014**	**29,460**	**2,725**	**32,185**
Ex-Non-Executive Director	2013			
Sub-totals for Directors	**2014**	**237,349**	**65,771**	**303,120**
	2013	257,667	51,800	309,467

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Notes:

(1) Mr. Tommaso Bonvino resigned as a Director of the Company on November 29, 2013.

(2) Mr. Benjamin Silluzio resigned as a Director of the Company on November 29, 2013.

(3) Mr. Grahame Leonard was appointed as Non-Executive Director of the Company on December 2, 2013.

(4) Prof. Ian McKenzie was appointed as Non-Executive Director of the Company on December 2, 2013.

(5) Dr. Paul Kasian was appointed as Non-Executive Director of the Company on December 12, 2013.

(6) Mr. David Carter and Dr. Lindsay Wakefield were appointed as Non-Executive Directors of the Company on September 24, 2014, subsequent to balance sheet date.

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Executives

Name and title of Executives	Year	Short-term Salary/fees $	Other $	Post-employment Superannuation $	Other long-term benefits $	Share-based Options $	Totals $
Alison J. Mew	**2014**	**227,375**		**22,812**	**4,168**		**254,355**
Chief Executive Officer	2013	223,133		24,999	13,726		261,858
Thomas G. Howitt(1)	**2014**	**187,824**	**114,755**	**17,374**			**319,953**
Chief Financial Officer and Company Secretary	2013	222,624	20,000	22,286	(721)		264,189
Mark J. Ostrowski(2)	**2014**	**299,828**			**6,591**	**60,661**	**367,080**
US Senior Vice President Sales and Marketing	2013	221,953	10,778		9,844	63,549	306,124
Dr. Richard Allman	**2014**	**125,725**		**14,252**	**7,459**		**147,436**
Scientific Director	2013	114,076		13,782	12,817		140,675
Dr. Paul D.R. MacLeman(7)	**2014**						
Ex-Chief Executive Officer	2013	122,949	161,297	11,064			295,310
Lewis J. Stuart (8)	**2014**						
Ex-General Manager US ops.	2013	52,843	107,752				160,595
Gregory J. McPherson (9)	**2014**						
Ex-VP Sales and Marketing	2013	182,157	77,775	16,844			276,776
Dr. David J. Sparling(10)	**2014**						
Ex-VP Legal / Corp. Develop.	2013	79,781	102,248	8,080			190,109
Ivan Jasenko (3)	**2014**	**20,470**	**12,893**	**1,894**		**(12,156)**	**23,101**
Ex-Operations Director	2013	148,607		13,374	4,760	12,624	179,365
Diana Newport (4)	**2014**	**98,692**		**23,878**	**7,644**		**130,214**
Quality & Ops. Director	2013						
Luisa Ashdown (5)	**2014**	**140,441**		**12,991**	**8,500**	**20,761**	**182,693**
Director, Licensing & IP	2013						
Eutillio Buccilli (6)	**2014**	**14,433**		**2,865**	**1,289**		**18,587**
Chief Financial Officer	2013						
Sub-totals for Executives	**2014**	**1,114,788**	**127,648**	**96,066**	**35,651**	**69,266**	**1,443,419**
	2013	**1,368,123**	**479,850**	110,429	40,426	76,173	2,075,001
Total remuneration of	**2014**	**1,352,137**	**127,648**	**161,837**	**35,651**	**69,266**	**1,746,539**
Key Management Personnel	2013	**1,625,790**	**479,850**	162,229	40,426	76,173	2,384,468

Notes:

The following changes to KMP occurred during the period from July 1, 2013 to the date of this Report:

(1) Mr. Thomas Howitt resigned as a Chief Financial Officer and Company Secretary of the Company on March 28, 2014. Included in his payments under the heading other is the payment of unused annual leave and unused long service leave of $114,755 (2013: $nil) and STI payments of $nil (2013:20,000).

(2) Mr. Mark Ostrowski received a STI payment of $nil (2013:$10,778).

(3) Mr. Ivan Jasenko resigned as Operations Director of the Company on August 16, 2013. Included in his payments under the heading other is the payment of unused annual leave of $12,893 (2013: $nil).

(4) Ms. Diana Newport was appointed as Quality and Business Operations Director of the Company on September 26, 2013.

(5) Ms. Luisa Ashdown became a member of the Key Management Personnel on August 23, 2013.

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(6) Mr. Eutillio Buccilli was appointed as Chief Financial Officer of the Company on June 2, 2014

(7) Dr. Paul MacLeman resigned as Chief Executive Officer of the Company on November 27, 2012. Included in his payments under the heading other is a termination payment of $nil (2013: $161,297).

(8) Mr. Lewis Stuart ceased to be an employee of the Company on August 24, 2012. Included in his payments under the heading other is a termination payment of $nil (2013: $107,752).

(9) Mr. Greg McPherson ceased to be an employee of the Company on July 12, 2013. Included in his payments under the heading other is a termination payment of $nil (2013: $77,775) that was accrued as at June 30, 2013.

(10) Dr. David Sparling resigned as VP Legal and Corporate Development on November 27, 2012. Included in his payments under the heading other is a termination payment of $ nil (2013: $102,248).

The details of those Executives nominated as Key Management Personnel under section 300A of the *Corporations Act 2001* have been disclosed in this Report. No other employees of the Company meet the definition of Key Management Personnel as defined in *IAS 24 / (AASB 124) Related Party Disclosures*, or senior manager as defined in the *Corporations Act 2001*.

Executive officers are those officers who were involved during the year in the strategic direction, general management or control of the business at a company or operating division level. The remuneration paid to Executives is set with reference to prevailing market levels and comprises a fixed salary, various short term incentives (which are linked to agreed key performance indicators), and an option component. Options are granted to Executives in line with their respective levels of experience and responsibility.

Options exercised, granted and lapsed as part of remuneration during the year ended June 30, 2014

During the 2014 financial year no options were granted as equity compensation benefits to Executives, as disclosed below. Details of the options held by the Executives nominated as Key Management Personnel during the year ended June 30,2014 are set out below.

	Number of options						
Name of Executive	**Exercised**	**Granted**	**Exercise price**	**Number lapsed**	**Fair value per option**	**Value at date of lapse**	**Final vesting date**
Alison J. Mew							Not applicable
Thomas G. Howitt				500,000			Not applicable

Mark J. Ostrowski		Not applicable
Dr. Richard Allman		Not applicable
Gregory J. McPherson		Not applicable
Ivan Jasenko	500,000	Not applicable
Diana Newport		Not applicable
Luisa Ashdown		Not applicable
Eutillio Buccilli		Not applicable
Totals	1,000,000	

Options exercised, granted and lapsed as part of remuneration during the year ended June 30, 2013

During the 2013 financial year, there were 2,400,000 options granted as equity compensation benefits to Executives. 10,700,000 options were exercised and 800,000 lapsed.

Fair values of options

During the year ended June 30, 2014, a total of 1,000,000 options that had previously been issued to KMPs lapsed. Of this number, a total of 1,000,000 options were forfeited, whilst no options expired. The lapsed options had no fair value on the date they lapsed as they were out of the money . During the year ended June 30, 2013, a total of 10,700,000 options were exercised (refer Note 28 for details).

The above options granted during the 2014 financial year vest in three equal tranches after 12 months, 24 months and 36 months from the date of grant, respectively. As at June 30, 2014, there were 2 executives and 13 employees who held options that had previously been granted under the Company s respective option plans.

Fair values at grant date are independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected divided yield and the risk-free interest rate for the term of the option.

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Optionholdings of Key Management Personnel

June 30, 2014

Name of optionholder	Opening balance	Granted	Number of options Exercised	Lapsed	Closing balance	Vesting as at year end Exercisable	Vesting as at year end Not exercisable	Financial year in which options vest	Fair Value yet to vest $
Executive									
Thomas G. Howitt	500,000			(500,000)					
Alison J. Mew									
Gregory J. McPherson									
Mark J. Ostrowski	2,400,000				2,400,000	800,000	1,600,000	2016	104,000
Richard Allman									
Ivan Jasenko	500,000			(500,000)					
Diana Newport									
Luisa Ashdown	1,000,000				1,000,000	666,667	333,333	2015	21,667
Luisa Ashdown	500,000				500,000	500,000		2014	
Eutillio Buccilli									
Totals	4,900,000			(1,000,000)	3,900,000	1,966,667	1,933,333		125,667

30 June 2013

Name of optionholder	Opening balance	Granted	Number of options Exercised	Lapsed	Closing balance	Vesting as at year end Exercisable	Vesting as at year end Not exercisable	Financial year in which options vest	Fair value yet to vest $
Executive									
Dr. Paul DR MacLeman	3,600,000		(3,600,000)						
Thomas G. Howitt	2,500,000		(1,000,000)	(1,000,000)	500,000	500,000			
Alison J. Mew	1,500,000		(1,500,000)						
Lewis J. Stuart	2,400,000		(1,600,000)	(800,000)					
Gregory J. McPherson	1,500,000		(1,500,000)						
Dr. David J. Sparling	1,500,000		(1,500,000)						
Mark J. Ostrowski		2,400,000			2,400,000		2,400,000	2016	156,000
Richard Allman									
Ivan Jasenko	500,000				500,000	333,333	166,667	2014	16,833
Totals	13,500,000	2,400,000	(10,700,000)	(1,800,000)	3,400,000	833,333	2,566,667		172,833

Options

We introduced a Staff Share Plan on November 30, 2001. On November 19, 2008, the shareholders of the Company approved the introduction of a new Employee Option Plan. Collectively, these Plans establish the eligibility of our employees and those of any subsidiaries, and of consultants and independent contractors to a participating company who are declared by the Board to be eligible, to participate. Broadly speaking, the respective Plans permits us, at the discretion of the Board, to issue traditional options (with an exercise price). The Plans conform with the IFSA Executive Share and Option Scheme Guidelines and, where participation is to be made available to staff who reside outside Australia, there may have to be modifications to the terms of grant to meet or better comply with local laws or practice.

As of the date of this Annual Report, there were 2 executives and 13 employees who have been granted options under the Plans. Options issued under the Plan carry no rights to dividends and no voting rights.

Options issued under the Plans during the following financial years are as follows:

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Year ended June 30, 2012:

During the year ended June 30, 2012, a total of 3,250,000 options over the Company s ordinary shares were issued to certain employees of the Group. Each option, which was issued at no charge, entitles the holder to acquire one ordinary share in the Company at exercise prices ranging from $0.12 to $0.20 cents each up to, and including, February 20, 2017, unless exercised before that date. The options vest in three equal tranches after 12 months, 24 months and 36 months from the date of grant, respectively.

Also during the 2012 financial year, a total of 166,667 options were exercised at a price of $0.045 each, generating total funds of $7,500 for the Company. Further, 2,608,333 options that had previously been issued to employees lapsed. Of this number, a total of 1,958,333 options were forfeited, whilst the remaining 650,000 options expired. Option holders do not have any right, by virtue of their options, to participate in any share issue of the Company or any related body corporate.

Year ended June 30, 2013:

During the year ended June 30, 2013, a total of 3,650,000 options over the Company s ordinary shares were issued to certain employees of the Group. Each option, which was issued at no charge, entitles the holder to acquire one ordinary share in the Company at exercise prices ranging from $0.10 to $0.14 cents each up to, and including, January 25, 2018, unless exercised before that date. The options vest in three equal tranches after 12 months, 24 months and 36 months from the date of grant, respectively

During the 2013 financial year, a total of 10,700,000 shares were issued as a result of the exercise of options. No options have been exercised since the end of the financial year. During the 2013 financial year, a total of 3,550,000 options that had been issued to employees lapsed. Of this number, a total of 1,550,000 options were forfeited, while the remaining 2,000,000 options expired. Option holders do not have any right, by virtue of their options, to participate in any share issue of the Company or any related body corporate

Year ended June 30, 2014:

During the year ended June 30, 2014, a total of 1,250,000 options over the Company s ordinary shares were issued to certain employees of the Group. Each option, which was issued at no charge, entitles the holder to acquire one ordinary share in the Company at exercise of $0.11 cents each up to, and including, July 11, 2018, unless exercised before that date. The options vest in three equal tranches after 12 months, 24 months and 36 months from the date of grant, respectively.

During the 2014 financial year, there were no shares were issued as a result of the exercise of options. No options have been exercised since the end of the financial year. During the 2014 financial year, a total of 3,000,000 options that had been issued to employees were forfeited. Option holders do not have any right, by virtue of their options, to participate in any share issue of the Company or any related body corporate

As of the date of this Annual Report, there was a total of 7,775,000 options outstanding.

Options granted under the Plans carry no rights to dividends and no voting rights. In accordance with the terms of the Plans, options granted prior to June 2007 generally vest on the basis of 25% per annum and can be exercised at any time after vesting to the date of their expiry. The options generally have an expiry date of six years from the date of grant. Options granted after July 2007, generally vest in three equal tranches after 12 months, 24 months and 36 months from the date of grant, respectively. These later options generally have an expiry date of nearly five years from the date of grant.

During the years ended June 30, 2014, 2013 and 2012, the Company recorded a share-based payments expense in respect of the options granted of $119,531, $223,005 and $268,343, respectively.

This share based payment expense is included within selling and marketing costs, general and administrative costs, licensing, patent and legal costs, and laboratory research and development costs in the statement of comprehensive income/(loss).

The following is additional information relating to the options granted under the respective Plans as of June 30, 2014:

	Options outstanding			Options exercisable	
Range of exercise prices	**Number of options**	**Weighted average exercise price**	**Remaining weighted average contractual life (years)**	**Number of options**	**Weighted average exercise price**
$0.01 - $0.10	750,000	$ 0.10	3.52	250,000	$ 0.100
$0.11 - $0.20	7,025,000	$ 0.156	2.67	3,925,000	$ 0.172
	7,775,000	$ 0.151	2.75	4,175,000	$ 0.167

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The following is additional information relating to the options granted under the respective Plans as of June 30, 2013:

	Options outstanding			Options exercisable	
Range of exercise prices	Number of options	Weighted average exercise price	Remaining weighted average contractual life (years)	Number of options	Weighted average exercise price
$0.01 - $0.10	1,500,000	$ 0.082	3.64	500,000	$ 0.045
$0.11 - $0.20	8,025,000	$ 0.159	3.45	2,666,667	$ 0.176
	9,525,000	$ 0.147	3.48	3,166,667	$ 0.155

The following is additional information relating to the options granted under the respective Plans as of June 30, 2012:

	Options outstanding			Options exercisable	
Range of exercise prices	Number of options	Weighted average exercise price	Remaining weighted average contractual life (years)	Number of options	Weighted average exercise price
$0.01 - $0.10	12,000,000	$ 0.045	2.85	12,000,000	$ 0.045
$0.11 - $0.20	6,425,000	$ 0.167	3.99	1,258,333	$ 0.190
$0.21 - $0.30	1,700,000	$ 0.220	0.32	1,700,000	$ 0.220
	20,125,000	$ 0.099	3.00	14,958,333	$ 0.077

The fair value for the options issued to employees was estimated at the date of grant using a Black-Scholes option-pricing model with the following range of assumptions for June 30:

	2014	2013	2012
Risk Free Interest Rate	3.13%	3.24% to 3.66%	3.23% to 3.65%
Expected Dividend Yield			
Historic and Expected Volatility	80%	95% to 100%	83% to 100%
Option Exercise Prices	$0.105	$0.045 to $0.22	$0.12 to $0.2
Weighted Average Exercise Price	$0.105	$0.129	$0.145
Expected Lives	3.82 years	3.48 years	3.83 years

A total of 1,250,000 options were granted during the year ended June 30, 2014. A total of 3,650,000 options were granted during the year ended June 30, 2013. A total of 3,250,000 options were granted during the year ended June 30, 2012.

Indemnification and Insurance with respect to Directors

We are obligated pursuant to an indemnity agreement, to indemnify the current Directors and executive officers and former Directors against all liabilities to third parties that may arise from their position as Directors or officers of the Company and our controlled entities, except where to do so would be prohibited by law. In addition, we currently carry insurance in respect of Directors and officers liabilities for current and former Directors, Company Secretary and executive officers or employees.

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Item 6.C Board Practices

The Board of Directors

Under our Constitution, our Board of Directors is required to comprise at least three Directors. As of the date of this Annual Report, our Board comprised five Directors.

The role of the Board includes:

(a) Reviewing and making recommendations in remuneration packages and policies applicable to directors, senior executives and consultants.

(b) Nomination of external auditors and reviewing the adequacy of external audit arrangements.

(c) Establishing the overall internal control framework over financial reporting, quality and integrity of personnel and investment appraisal. In establishing an appropriate framework, the board recognized that no cost effective internal control systems will preclude all errors and irregularities.

(d) Establishing and maintaining appropriate ethical standards in dealings with business associates, suppliers, advisers and regulators, competitors, the community and other employees.

(e) Identifying areas of significant business risk and implementing corrective action as soon as practicable after a risk is identified.

(f) Nominating of audit and nomination and remuneration committee members.

The Board meets to discuss business regularly throughout the year, with additional meetings being held when circumstances warrant. Included in the table below are details of the meetings of the Board and the two sub-committees of the Board that were held during the 2014 financial year.

	Directors meetings		Sub-Committees of the Board			
			Audit		Corporate Governance	
Name of Director	**Eligible**	**Attended**	**Eligible**	**Attended**	**Eligible**	**Attended**
Dr. Malcolm R. Brandon (1)	14	13	1	1		
Tommaso Bonvino (2)	6	6				
Dr. Mervyn Cass (4)	14	14	4	4		
Benjamin Silluzio	6	6	1	1		
Grahame Leonard A.M. (3)	8	8	3	3		
Prof. Ian McKenzie	8	8				
Dr. Paul Kasian	7	7	3	3		

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Committees of the Board

The Board has established an Audit Committee which operates under a specific Charter approved by the Board. It is the Board s responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators.

The Board has delegated the responsibility for the establishment and maintenance of a framework of internal control and ethical standards for the management of the Group to the Audit Committee. The Audit Committee also provides the Board with assurance regarding the reliability of financial information for inclusion in the financial reports. All members of the Audit Committee are independent Non-Executive Directors.

Committee membership

As at the date of this Report, the Company had an Audit Committee and a Corporate Governance Committee of the Board of Directors (the latter being formerly known as the Nomination and Remuneration Committee). The individuals who served as members of these Committees during the financial year were:

The various individuals who served as members of the Sub-Committees during the 2014 financial year were:

	Audit Committee	Corporate Governance Committee
Name of Member	**Period served**	**Period served**
Dr. Malcolm R. Brandon	July 1, 2013 to December 12, 2013	December 12, 2013 to June 30, 2014
Tommaso Bonvino	Not applicable	July 1, 2013 to November 29, 2013
Dr. Mervyn Cass	July 1, 2013 to June 30, 2014	July 1, 2013 to June 30, 2014
Benjamin Silluzio	July 1, 2013 to November 29, 2013	July 1, 2013 to November 29, 2013
Grahame Leonard A.M	December 12, 2013 to June 30, 2014	Not applicable
Prof. Ian McKenzie	Not applicable	December 12, 2013 to June 30, 2014
Dr. Paul Kasian	December 12, 2013 to June 30, 2014	Not applicable

Notes:

1. Dr. Brandon served as the Chairman of the Audit Sub-Committee from July 1, 2013 to December 12, 2013.

2. Mr. Bonvino served as the Chairman of the Corporate Governance Sub-Committee from July 1, 2013 to November 29, 2013.

3. Mr. Leonard served as the Chairman of the Audit Sub-Committee from December 12, 2013 to June 30, 2014.

4. Dr. Cass served as the Chairman of the Corporate Governance Sub-Committee from December 12, 2013 to June 30, 2014.

As of the date of this Annual Report, the members of the Audit Committee, all of whom are independent, were:

Grahame Leonard A.M *(Chairman)*

Dr. Mervyn Cass

Dr. Paul Kasian

During the 2005 financial year, the Board established a Nomination and Remuneration Committee, which meets to ensure that the Board continues to operate within the established guidelines including selecting candidates for the position of Director. During the 2006 financial year, the role of the Committee was expanded to include matters related to the Company s Corporate Governance affairs and its name changed to the Corporate Governance Committee to reflect that additional role. The members of the Committee have the right to appoint an independent consultant to attend meetings of the Committee, as appropriate.

As of the date of this Annual Report, the members of the Corporate Governance Committee, all of whom are independent, were:

Dr. Mervyn Cass *(Chairman)*

Dr. Malcolm R. Brandon

Prof. Ian McKenzie

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Compliance with NASDAQ Rules

NASDAQ listing rules require that we disclose the home country practices that we will follow in lieu of compliance with NASDAQ corporate governance rules. The following describes the home country practices and the related NASDAQ rule:

Majority of Independent Directors: We follow home country practice rather than NASDAQ s requirement in Marketplace Rule 4350(c)(1) that the majority of the Board of each issuer be comprised of independent directors as defined in Marketplace Rule 4200. As of the date of this Annual Report, our Board of Directors comprises of a majority of independent directors.

Compensation of Officers: We follow home country practice rather than NASDAQ s requirement in Marketplace Rule 4350(c)(3) that chief executive compensation be determined or recommended to the Board by the majority of independent directors or a compensation committee of independent directors. Similarly, compensation of other officers is not determined or recommended to the Board by a majority of the independent directors or a compensation committee comprised solely of independent directors. These decisions are made by our corporate governance committee which is comprised of a majority of independent directors. The ASX does not have a requirement that each listed issuer have a remuneration committee or otherwise follow the procedures embodied in NASDAQ s Marketplace Rule. Furthermore, no law, rule or regulation of the ASIC has such a requirement nor does the applicable corporate law legislation. Such home country practices are not prohibited by the laws of Australia.

Nomination: We follow home country practice rather than NASDAQ s requirement in Marketplace Rule 4350(c)(4) that director nominees be selected or recommended by a majority of the independent directors or by a nominations committee (in our case, the Corporate Governance Committee) comprised of independent directors. These decisions are made by our corporate governance committee which is comprised of a majority of independent directors. The ASX does not have a requirement that each listed issuer have a nominations committee or otherwise follow the procedures embodied in NASDAQ s Marketplace Rule. Furthermore, no law, rule or regulation of the ASIC has such a requirement nor does the applicable corporate law legislation. Accordingly, selections or recommendations of director nominees by a committee that is not comprised of a majority of directors that are not independent is not prohibited by the laws of Australia.

Quorum: We follow home country practice rather than NASDAQ s requirement in Marketplace Rule 4350(f) that each issuer provide for a quorum of at least 33 1/3 percent of the outstanding shares of the issuer s ordinary stock (voting stock). Pursuant to our Constitution we are currently required to have a quorum for a general meeting of three persons holding at least 10% of our Ordinary Shares. The practice followed by us is not prohibited by Australian law.

Item 6.D Employees

As of the date of this Annual Report, the Group comprising the Company and its subsidiaries, employed 63 full-time equivalent employees. The number of full-time equivalent employees as of the end of each respective financial year ended June 30 are as follows:

2014	63
2013	64
2012	56

Item 6.E Share Ownership

The relevant interest of the directors in the share capital of the Company as notified by them to the Australian Securities Exchange in accordance with section 205G(1) of the *Corporations Act 2001* as of the date of this Annual Report is as follows:

Director	Ordinary shares	Percentage of Capital held
Dr. Malcolm R. Brandon		N/A
David Carter		N/A
Dr. Mervyn Cass	577,834	0.082%
Grahame Leonard A.M.	3,000,000	0.426%
Dr. Paul Kasian	256,410	0.036%
Prof. Ian McKenzie		N/A
Dr. Lindsay Wakefield	14,916,846	2.117%

Notes: As of the date of this Annual Report, no options over Ordinary Shares are held by the Directors.

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Item 7. Major Shareholders and Related Party Transactions

Item 7.A Major Shareholders

As at the date of this Annual Report, there were no shareholders who is the beneficial owner of 5% or more of our voting securities.

The number of Ordinary Shares on issue in Genetic Technologies as of the date of this Annual Report was 704,531,272. The number of holders of Ordinary Shares in Genetic Technologies as of the date of this Annual Report was approximately 2,832.

The Company is not aware of any direct or indirect ownership or control of it by another corporation(s), by any foreign government or by any other natural or legal person(s) severally or jointly. Principal shareholders do not enjoy any special or different voting rights from those to which other holders of Ordinary Shares are entitled. The Company does not know of any arrangements, the operation of which may at a subsequent date result in a change in control of the Company.

Item 7.B Related Party Transactions

During the year ended June 30, 2014, various transactions between entities within the Group and other related parties occurred, as listed below. Except where noted, all amounts were charged on commercial, arm s-length terms and at commercial rates.

ImmunAid Limited

ImmunAid Limited (ImmunAid) is a former associate of Genetic Technologies Limited (the Company) in which the Company held a total of 4,500,000 ordinary shares, representing a 40% direct equity interest in ImmunAid until the following transactions were undertaken:-

- On December 18, 2013, the Company announced that entities associated with the Company s founder and largest beneficial shareholder, Dr. Mervyn Jacobson (collectively, the Jacobson Entities), had entered into transactions which, when completed, will result in the disposal by them of 105,937,500 shares in the Company. Subsequent to that date, the Jacobson Entities disposed of 30,000,000 shares in the Company.

- The Jacobson Entities and the Company entered into a binding Share Exchange Agreement (Agreement) pursuant to which, subject to shareholder approval, the Jacobson Entities will exchange a total of 75,937,500 shares in the Company at an agreed price of $0.08 per share in

return for 4,500,000 shares in ImmunAid Limited (ImmunAid) owned by the Company at an agreed price of $1.35 per share. The Jacobson Entities will not be entitled to vote at the Company shareholder meeting to consider the approval of this Agreement.

- ImmunAid and the Company have also executed an Option Agreement pursuant to which ImmunAid will, when completion occurs under the Agreement, grant to the Company options to acquire a total of 2,250,000 ordinary shares in ImmunAid. Each option will entitle the Company to acquire one ordinary share in ImmunAid at a price of $1.35 per share at any time for three years from the date on which the options are granted. In consideration for the options granted to the Company by ImmunAid, the Company will pay ImmunAid an option fee of $500,000, of which $385,841 will be satisfied by the forgiveness of outstanding debts currently owed to the Company by ImmunAid. The Company will pay the balance owed of $114, 159 on the option fee in cash. Based on the Company s current option agreement with ImmunAid, Dr. Mervyn Jacobson and Immunaid Limited are considered to be related parties of the Company.

- On March 13, 2014 the Company released the notice of the Extraordinary General Meeting of shareholders and Sample Proxy for the Meeting. The notice of meeting also included the Independent Expert s Report which was required to show that all of the transactions above are fair and reasonable to Non-Associated Shareholders.

- On April 17, 2014 the shareholders voted on the special resolution to approve the selective capital reduction by the Company and the disposal by the Company of shares in ImmunAid. The resolution was passed on a show of hands.

- On May 16, 2014, the Company announced the completion of Share transactions with Dr Mervyn Jacobson, at which time, the then number of ordinary issued shares in the Company was reduced by 11.4%, from 664,769,002 to 588,831,502, following the cancellation of the shares acquired from the Jacobson Entities. Following the transaction, the Jacobson Entities were left with a total holding of 30,536,184 ordinary shares in the Company, representing 5.19% of the Company s then total issued capital.

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- During the 2014 financial year, the Company rendered eleven (2013: twelve) invoices to ImmunAid totalling $42,093 (2013:$52,800) (inclusive of GST) in respect management services provided to ImmunAid by the Company. As at balance date, a total of $42,093 had been forgiven which related to the 2014 financial year and $44,000 had been forgiven which related to the prior financial year. These invoices were included the debt forgiven as part of the option fee transaction.

- During the 2014 financial year, the Company paid various expenses to third parties on behalf of ImmunAid totalling $20,470 (2013:$173,300). These amounts were recorded in the Company s balance sheet as a receivable, against which a full provision was raised. As part of the option fee transaction, these debts were forgiven and the provisions in the Company s books were reversed in full.

- Dr. Jacobson served as Chief Executive Officer of ImmunAid throughout the entire 2014 financial year. He rendered twelve invoices to ImmunAid totalling $200,004 (2013 $200,004) in respect of services performed by him. As at balance date he had received $nil (2013:$33,334) from ImmunAid. The remaining balance of $366,674 (2013:$166,670) was recorded in the ImmunAid s balance sheet as a payable.

Licensing services

During the year ended June 30, 2014, the Company paid a total of $50,000 (2013: $50,000) to Dr. Mervyn Jacobson in respect of an administrative allowance associated with his role as the Company s Vice President Global Licensing and Intellectual Property. During the year ended June 30, 2014, Dr. Mervyn Jacobson was also paid a management fee of $8,333 and an expense allowance for licensing of $16,667. Also during the year, Genetic Technologies Limited paid a total of $42,618 (2013: $293,981) to Transmedia Inc. in respect of commissions paid in relation to licensing services provided to the Company by Dr. Jacobson, and payment / reimbursement of associated travel expenses amounting to $45,043 (2013: $34,518).

Phenogen Sciences Inc.

During the year ended June 30, 2014, Phenogen Sciences Inc, a subsidiary, purchased testing services from Genetic Technologies Corporation Pty. Ltd., another subsidiary at a cost of $154,555 (2013: $49,136).

Except as noted, all transactions with Key Management Personnel have been entered into under terms and conditions no more favourable than those which the entity would have adopted if dealing at arm s length. Please refer below for a description of transactions with Key Management Personnel.

Item 7.C Interests of Experts and Counsel

Not applicable.

Item 8. Financial Information

Item 8.A Consolidated Statements and Other Financial Information

The information included in Item 18 of this Annual Report is referred to and referenced into this Item 8.A.

Litigation and other legal proceedings

Australian Federal Court Patent Proceeding

In June 2010, a group of Australian plaintiffs initiated litigation in the Australian Federal Court challenging the validity of certain claims of an Australian patent owned by Myriad Genetics Inc. (Australian patent 686004 - 004). Genetic Technologies was named as a respondent to this matter by virtue of the fact that Genetic Technologies is the exclusive licensee of the BRCA patents in Australia (which includes the 004 patent).

This matter bears a striking resemblance to the US litigation filed by the American Civil Liberties Union against Myriad s US patent equivalent in which a US Federal District Court ruled that isolated DNA sequences are not eligible for patent protection because of the fact that they are products of nature . On July 29, 2011, Myriad successfully appealed this decision with the Federal Circuit Court of Appeals reversing the decision of the United States District Court for the Southern District of New York. On March 26, 2012 the U.S. Supreme Court remanded the case back to the US Court of Appeals for the Federal Circuit for reconsideration. On August 16, 2012, the U.S. Court of Appeals for the Federal Circuit ruled on the Myriad in the U.S., upholding the patentability of gene patents.

On September 30, 2011, Genetic Technologies filed documents with the Australian Federal Court to the effect that Genetic Technologies submits to the orders of the Court and takes no further part in the proceedings.

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On September 30, 2011, Genetic Technologies filed documents with the Australian Federal Court to the effect that the Company submits to the orders of the Court and takes no further part in the proceedings. On February 15, 2013, the Australian Federal Court ruled in favor of Myriad Genetics in this matter.

Myriad Genetics argued that by virtue of the process of extracting the gene from the body, it had satisfied the requirements of an invention according to section 18(1)(a) of the Patents Act which states that an invention must be a manner of manufacture . Based on previous case law, the Court held that a manner of manufacture requires an artificial state of affairs of some discernible effect that is of economic significance.

That decision was subsequently appealed by one of the plaintiffs on March 4, 2013. The Australian Federal Court again ruled in favor of Myriad Genetics on September 5, 2014. The decision by the court leaves intact its earlier ruling that isolated gene sequences, even if they contain the same information as DNA sequences in the body, become a manufactured object as a result of the isolation process, conferring on them an artificial state , and making them patentable.

Dividends

Until our businesses are profitable beyond our expected research and development needs, our Directors are unlikely to be able to recommend that any dividend be paid to our shareholders. Our Directors will not resolve a formal dividend policy until we generate profits. Our current intention is to reinvest our income in the continued development and expansion of our businesses.

Item 8.B Significant Changes to Financial Information

Our consolidated financial statements are set out on pages F1 to F48 of this Annual Report (refer to Item 18).

Significant other changes

Executive Moves and Appointments

On October 15, 2013, the Company announced that Ms. Alison Mew would step aside from her responsibilities as the Company s CEO for a period of three months for personal, health-related reasons. On January 7, 2014, the Company announced that this arrangement had been extended until March 31, 2014. Ms Mew returned to full-time work to resume her position of Chief Executive Officer, as from Tuesday, April 1, 2014.

Mr. Eutillio Buccilli was appointed as Chief Financial Officer, effective June 2, 2014, replacing Mr. Thomas Howitt who resigned his position as Chief Financial Officer and Company Secretary effective, March 28, 2014.

Options

On September 11, 2013, the Company granted a total of 1,250,000 options over ordinary shares in the Company to employees. The options, which were granted at no cost, entitle the holders to acquire one ordinary share at a price of $0.105 at any time up to, and including July 18, 2018, subject to certain vesting conditions.

Annual Report and AGM

On October 25, 2013, the Company released its 2013 Annual Report and Notice for the 2013 Annual General Meeting of shareholders (AGM) which was held at 10.45 am on Friday, November 29, 2013 in the Treetops Room at Melbourne Museum. All resolutions that were put before the shareholders at the AGM were passed.

Changes to the Board of Directors

On November 29, 2013, following the conclusion of the Company s 2013 AGM, Prof. Ian McKenzie and Mr. Grahame Leonard AM were appointed as Directors of the Company. At the conclusion of the AGM, two former Directors, Mr. Tommaso Bonvino and Mr. Benjamin Silluzio, ceased to be Directors of the Company.

On December 12, 2013, Dr. Paul Kasian was appointed as a Director of the Company.

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Significant events after balance date

Convertible Notes

Subsequent to June 30, 2014, Redeemable Convertible Notes with a face value of USD 1,300,000 were converted in return for which Ironridge received 90,612,780 ordinary shares (including ordinary shares issued in lieu of interest payment and true-up adjustment). As a result of this conversion, the face value of the remaining Notes has been reduced to USD 450,000 as at the date of this Report.

Options

On July 31, 2014, the Company granted a total of 6,875,000 options over ordinary shares in the Company to employees. The options, which were granted at no cost, entitle the holders to acquire one ordinary share at a price of $0.04 at any time up to, and including 31 May 2019, subject to certain vesting conditions.

Licensing

On August 26, 2014, the United States District Court for the Middle District of North Carolina last week issued an Order denying a motion brought by GlaxoSmithKline, LLC (GSK) to dismiss the patent infringement law suit brought against it by GTG. This significant success follows the separate success reported on March 12, 2014, when a similar motion to dismiss filed by Agilent in the Northern District of California was also denied.

Notice of EGM

On August 28, 2014 the Company released the Notice for an Extraordinary General Meeting of shareholders (the Meeting), together with a Sample Form of Proxy for the Meeting. Refer below for results of EGM.

Nasdaq notice

On September 3, 2014, the Company announced that it received a letter dated 29 August 2014, from the Nasdaq Stock Market notifying the Company that for the last 30 consecutive business days, prior to 28 August, the bid price for the Company s ordinary shares had closed below the minimum $US1.00 per share requirement for continued inclusion under Nasdaq Marketplace Listing Rules (the Rules).The letter stated that in accordance with the Rules the Company has 180 calendar days, or until 25 February 2015, to regain compliance.

The issuance of such notices, by Nasdaq, are a matter of procedure, with the Company currently considering its position and the options available in order to regain compliance.

Financing and plans for restructure

On September 15, 2014, the Company, announced plans to restructure and realign its group activities. The changes announced will enable the Company to focus its strategy on the US molecular diagnostics (MDx) market and commercialisation of the Company s lead breast cancer risk test BREVAGen. The restructure and realignment of group activities follows a recent review of operations by the Company aimed at supporting the Company s US MDx strategy.

The core plans approved by the Board include:

- the sale / divestment of non-core assets;
- the realignment of internal cost structures through a disciplined approach to cost management and capital allocation being driven by the recently appointed CFO;
- a board restructure, including the appointment of new directors, to support and enhance Company s focus on the US MDx market; and
- a proposed Company name change to represent a MDx focus.

The plans being implemented are expected to provide investors with a focused MDx company and refined US commercialisation strategy for BREVAGen, with a significantly reduced operating cost base.

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In support of these plans, the Company finalised the raising of $2,150,000 financing via the issue of unlisted secured (debt) notes (Notes) to existing and new Australian institutional and wholesale investors. The Notes will carry a 10.0% coupon rate, and subject to shareholder approval or, where the Company otherwise notifies that the Notes are convertible (in compliance with all applicable laws), the Notes will also be convertible into ordinary shares (at a 10.0% discount to the 5 day VWAP). The Notes will also carry free attached options to purchase further shares in the Company (Options) and will be subject shareholder approval. Shareholder approval for the conversion under Notes and the grant of the Options will be sought at a General Meeting.

The funds raised under the financing will be used to support Genetic Technologies short-term capital requirements and, together with existing cash reserves, will support the Company s refocused US MDx strategy.

Sale of heritage Australian Genetics business

On September 22, 2014, the Company announced that it had signed a binding contract of sale for its heritage Australian Genetics business (Australian Genetics) to Specialist Diagnostics Services Ltd (SDS), the wholly owned pathology subsidiary of Primary Health Care Ltd. The Australian Genetics business provides diagnostic and sequencing services encompassing Australia-only medical, forensic, paternity and animal genomic testing. Under the terms of sale, SDS will acquire the Australian Genetics business for $2,000,000 in cash. Assuming all conditions are met, settlement of the transaction is expected to occur within the next month.

The divestment of the Australian Genetics business follows the Company s announcement on September 15, 2014, of plans to sell non-core assets and focus business activities on the US MDx market and commercialisation of the Company s lead breast cancer risk test BREVAGen.

Appointment of two new Directors

On September 24, 2014, the Company announced it is pleased to advise that Mr. David Carter and Dr. Lindsay Wakefield have today been appointed Non-Executive Directors of the Company on casual appointment , in that the new appointees will then be required to submit themselves for re-election at the upcoming AGM, as per article 19.4 of the Company s Constitution.

Results of EGM

On September 30, 2014, at an Extraordinary General Meeting shareholders were asked to consider and, if thought fit, to pass the following resolutions:

1. Ratification prior issue of shares under the Ironridge Convertible Note

2. Approval issue of further shares under the Ironridge Convertible Note

The two resolutions were put before the shareholders and were passed on a show of hands.

Launch of BREVAGenplus

On October 1, 2014, the Company announced the US launch of BREVAGen*plus*, an easy-to-use predictive risk test for the millions of women at risk of developing sporadic, or non-hereditary, breast cancer. The test is an enhancement of the Company s first generation product, BREVAGen. BREVAGen*plus* assesses both clinical risk factors and genetic markers known to be associated with sporadic, or non-hereditary, breast cancer to determine a woman s five-year and lifetime risk of developing the disease. It is designed to facilitate better informed decisions about breast cancer screening and preventive treatment plans. The test is directed towards Caucasian, Hispanic and African-American women, age 35 years or above, who have not had breast cancer, lobular carcinoma in situ (LCIS) or ductal carcinoma in situ (DCIS), and have one or more risk factors for developing breast cancer.

There were no other significant changes in the state of affairs that are not described elsewhere in this Annual Report.

Since June 30, 2014, there has not been any other matter or circumstance, other than as referred to elsewhere in this Annual Report, that has arisen that has significantly affected, or may significantly affect our operations, results of those operations or the state of our affairs in future years.

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Item 9. The Offer and Listing

Item 9.A Offer and Listing Details

The Company s Ordinary Shares were listed on the Australian Securities Exchange (the ASX) in July 1987. Set out below is the highest and lowest market quotations for the Ordinary Shares reported on the Daily Official List of the ASX since July 1, 2007.

Financial Year	Period Covered	High	Low
		(in $0.00)	
Yearly data 2010	Year ended June 30, 2010	0.063	0.033
2011	Year ended June 30, 2011	0.285	0.020
2012	Year ended June 30, 2012	0.350	0.080
2013	Year ended June 30, 2013	0.150	0.060
2014	Year ended June 30, 2014	0.105	0.035
Quarterly data 2013	Quarter ended September 30, 2012	0.150	0.090
	Quarter ended December 31, 2012	0.120	0.060
	Quarter ended March 31, 2013	0.092	0.070
	Quarter ended June 30, 2013	0.115	0.065
2014	Quarter ended September 30, 2013	0.105	0.075
	Quarter ended December 31, 2013	0.085	0.053
	Quarter ended March 31, 2014	0.074	0.048
	Quarter ended June 30, 2014	0.056	0.035
Monthly data 2014	Month ended June 30, 2014	0.041	0.035
	Month ended July 31, 2014	0.045	0.031
	Month ended August 31, 2014	0.033	0.024
	Month ended September 30, 2014	0.029	0.022

As of the date of this Annual Report, we had 704,531,272 Ordinary Shares on issue, without par value. See Item 10B Our Constitution for a detailed description of the rights attaching to our shares and Item 12D American Depositary Receipts for a description of the rights attaching to the American Depositary Shares.

The Company s securities are also listed on NASDAQ Capital Market (under the ticker GENE) in the form of American Depositary Shares. Each American Depositary Share evidences thirty Ordinary Shares. Since listing on the NASDAQ Global Market on September 2, 2005, the ADRs have traded in a range from a low of USD 0.35 to a high of USD 13.85. The most recent sale of the Company s ADRs, as recorded on October 24, 2014, occurred at a price of USD 0.36.

Following the listing of the Company s ADRs in September 2005, our Ordinary Shares are registered under Section 12 of the Securities Exchange Act of 1934 and we file an Annual Report with the Securities and Exchange Commission on Form 20-F. As a foreign private issuer, we are not be subject to the proxy rules under Section 14 of the Securities Exchange Act of 1934, and our officers, Directors and principal stockholders are not subject to the insider short-swing profit disclosure and recovery provisions of Section 16 of that Act.

Starting in January 14, 2002, the ADSs traded in the USA over-the-counter market under the symbol GNTLY and dealers prices for the ADSs have been quoted in the pink sheets published by the National Quotations Bureau, Inc. Commencing on September 2, 2005, our ADSs were listed on the NASDAQ Global Market and, subsequently, the NASDAQ Capital Market, under the ticker GENE .

The Company has registered one class of American Depositary Shares (ADSs) on Form F-6 pursuant to the U.S. Securities Act of 1933, as amended. One ADS represents thirty Ordinary Shares without par value. As of June 30, 2014, there was a total of 9,606,574 ADSs outstanding, representing approximately 46.94% of the Company s total issued capital as of that date.

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The table below sets forth the high and low sales prices in United States dollars for the ADSs during the periods indicated:

Financial Year	Period Covered	High	Low
		(in USD)	
Yearly data 2010	Year ended June 30, 2010	1.99	0.90
2011	Year ended June 30, 2011	9.80	0.65
2012	Year ended June 30, 2012	11.06	2.29
2013	Year ended June 30, 2013	4.79	2.00
2014	Year ended June 30, 2014	1.24	1.00
Quarterly data 2013	Quarter ended September 30, 2012	4.79	3.05
	Quarter ended December 31, 2012	3.95	2.00
	Quarter ended March 31, 2013	2.90	2.22
	Quarter ended June 30, 2013	3.35	2.25
2014	Quarter ended September 30, 2013	2.54	2.22
	Quarter ended December 31, 2013	1.85	1.35
	Quarter ended March 31, 2014	1.78	1.39
	Quarter ended June 30, 2014	1.24	1.00
Monthly data 2014	Month ended June 30, 2014	1.24	1.00
	Month ended July 31, 2014	1.31	0.81
	Month ended August 31, 2014	0.95	0.60
	Month ended September 30, 2014	0.71	0.50

Item 9.B Plan of Distribution

Not applicable.

Item 9.C Markets

Effective September 2, 2005, our ADSs were listed on the NASDAQ Global Market under the ticker GENE . Effective July 1, 2010, the ADSs were transferred to the NASDAQ Capital Market. The ticker remained unchanged. Our Ordinary Shares are listed and trade on the Australian Securities Exchange under the code GTG .

Item 9.D Selling Shareholders

Not applicable.

Item 9.E Dilution

Not applicable.

Item 9.F Expenses of the Issue

Not applicable.

Item 10. Additional Information

Item 10.A Share Capital

As of June 30, 2014, we had a total of 613,918,492 Ordinary Shares on issue. None of these shares were subject to any form of escrow as of that date and, as such, all of the shares were listed on the Australian Securities Exchange and were freely tradable.

Based on our review of shareholder records (based solely on the addresses), as of June 30, 2014 there were 38 U.S. resident shareholders of our Ordinary Shares holding 12,633,681 shares representing 1.34% of the total issued and outstanding Ordinary Shares. Our Ordinary Shares do not have a par value. These figures do not include any Ordinary Shares which may held by U.S. residents in the form of American Depositary Receipts (ADRs).

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During the last five years, the number of Ordinary Shares on issue has increased as follows:

Date	Nature of issue	Number of Ordinary Shares issued / outstanding	Movement in share capital / balance $
As of June 30, 2009		**374,644,801**	**71,285,663**
April 14, 2010	Acquisition of assets from Perlegen Sciences Inc.	29,960,351	1,092,442
As of June 30, 2010		**404,605,152**	**72,378,105**
	There were no Ordinary Shares issued in 2011		
As of June 30, 2011		**404,605,152**	**72,378,105**
July 27, 2011	Placement of Ordinary Shares as part of capital raising	60,000,000	10,894,537
January 25, 2012	Exercise of 166,667 options @ $0.045 each	166,667	7,500
As of June 30, 2012		**464,771,819**	**83,280,142**
October 19, 2012	Exercise of 10,200,000 options @ $0.045 each	10,200,000	459,000
January 24, 2013	Exercise of 500,000 options @ $0.045 each	500,000	22,500
April 10, 2013	Other transaction costs		(25,797)
As of June 30, 2013		**475,471,819**	**83,735,845**
August 9, 2013	Issue of shares as part of private placements @ $0.072	14,555,576	1,048,001
August 14, 2013	Issue of shares as part of private placements @ $0.072	15,999,980	1,151,999
August 30, 2013	Issue of shares as part of private placements @ $0.072	11,111,111	800,000
October 8, 2013	Issue of shares as part of private placements @ $0.072	19,277,837	1,388,000
October 9, 2013	Issue of shares as part of private placements @ $0.072	24,333,333	1,752,000
October 14, 2013	Issue of shares as part of private placements @ $0.072	5,000,000	360,000
November 18, 2013	Issue of shares as part of private placements @ $0.072	6,944,445	500,000
December 31, 2013	Issue of shares as part of the conversion of convertible notes	8,714,541	281,722
January 20, 2014	Issue of shares as part of the conversion of convertible notes	16,517,440	569,022
February 12, 2014	Issue of shares as part of the conversion of convertible notes	17,645,870	554,939
February 19, 2014	Issue of shares as part of the conversion of convertible notes	16,379,660	552,975
March 3, 2014	Issue of shares as part of the conversion of convertible notes	15,388,290	548,968
April 10, 2014	Issue of shares as part of the conversion of convertible notes	17,429,100	533,732
May 16, 2014	Shares cancelled as part of the swap deal	(75,937,500)	(3,569,702)
June 3, 2014	Issue of shares in respect of interest rate true up adjustment relating to March and April, under convertible notes	2,117,250	
June 27, 2014	Issue of shares as part of the conversion of convertible notes	22,969,740	531,519
To November, 2013	Other transaction costs arising on share issue		(658,528)
As of June 30, 2014		**613,918,492**	**90,080,492**

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On April 14, 2010, we issued 29,960,351 Ordinary Shares by way of private placement. The placement involved the issue of 27,940,530 shares to an institutional investor group in the USA at a price of $0.039 each, which raised a total of $1,089,681 in cash, before the payment of associated expenses. The remaining 2,019,821 shares, which were issued at a price of $0.040 each, were issued as partial consideration for the acquisition of assets from Perlegen, as detailed above. All of the shares were issued in accordance with ASX Listing Rule 7.1 and, as such, shareholder approval for the placement was not required. The majority of the net cash proceeds raised from the placement were used by the Company to purchase assets from Perlegen, including BREVAGen breast cancer risk assessment test.

On July 27, 2011, the Company announced that it had issued by way of private placement a total of 60,000,000 ordinary shares in the Company to institutional and sophisticated investors in the USA and Australia. The placement, in which the shares were issued at a price of $0.195 each, raised a total of $11,700,000 in cash, before the payment of associated expenses of $805,463. All of the shares were issued in accordance with ASX Listing Rule 7.1 and, as such, shareholder approval for the placement was not required. Proceeds from the placement will be used to fund acquisition growth in the molecular diagnostics field focusing on women s cancer and management, and to accelerate the roll-out of the Company s lead cancer risk test BREVAGenTM in the U.S.A.

During August 2013, the Company completed the placement of 41,666,667 ordinary shares at an issue price of $0.072 per share, raising a total of $3,000,000, prior to the payment of one-off transaction costs. A further $4,000,000 was received by the Company under its Share Purchase Plan (SPP), during October and November 2013, before the payment of associated costs. At the same issue price of $0.072 per share (and after allowing for rounding), this resulted in the issue of a further 55,555,635 ordinary shares in the Company.

On September 10, 2013, the Company announced that it had executed documents with Ironridge BioPharma Co., a division of institutional investor Ironridge Global IV, Ltd. (Ironridge), in respect of redeemable convertible notes to raise USD 5,000,000 (the Notes). The details of the Notes were provided to all shareholders in a Notice of Extraordinary General Meeting at which approval for the issue of the Notes was sought from shareholders. This approval was subsequently received on November 29, 2013.

On December 23, 2013, the Notes were drawn down and the Company received $5,627,462 (being the Australian dollar equivalent of USD 5,000,000) from Ironridge, before the payment of associated costs.

As at June 30, 2014, Notes with a face value of USD 3,250,000 had been converted by Ironridge in return for which Ironridge received 117,161,871 ordinary shares (including ordinary shares issued in lieu of interest payment and an interest true-up adjustment). Subsequent to balance date, further conversion notices were received from Ironridge in respect of Notes with a face value of USD 900,000. These were converted in return for which Ironridge received 54,187,950 ordinary shares (including ordinary shares issued in lieu of interest payment).

As of June 30, 2014 and 2013, the following outstanding unlisted options, together with their respective ASX codes and expiry dates, were convertible into Ordinary Shares. The exercise prices are quoted in Australian dollars.

Option description	2014	Weighted ave. exercise price	2013	Weighted ave. exercise price
GTGAI (expiring May 8, 2015)			**500,000**	**$ 0.045**
GTGAK (expiring February 20, 2017)	**750,000**	**$ 0.120**	**1,750,000**	**$ 0.120**

GTGAM (expiring July 31, 2016)	**1,000,000**	**$**	**0.200**	**1,000,000**	**$**	**0.200**
GTGAO (expiring August 29, 2017)	**2,650,000**	**$**	**0.140**	**2,650,000**	**$**	**0.140**
GTGAQ (expiring December 1, 2017)	**250,000**	**$**	**0.100**	**250,000**	**$**	**0.100**
GTGAS (expiring January 25, 2018)	**500,000**	**$**	**0.100**	**750,000**	**$**	**0.100**
GTGAW (expiring March 31, 2016)	**1,875,000**	**$**	**0.190**	**2,625,000**	**$**	**0.190**
GTGAY (expiring 11 July 2018)	**750,000**	**$**	**0.110**			
Balance at the end of the financial year	**7,775,000**	**$**	**0.151**	**9,525,000**	**$**	**0.147**

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Item 10.B Our Constitution

At the Annual General Meeting of the Company held on November 23, 2005, the shareholders resolved to replace the existing Constitution with a revised version. A copy of the Constitution has been posted on the Company s website: www.gtglabs.com. The principal changes which have been implemented in the new Constitution may be summarized as follows:

- General changes general changes are proposed to make the Constitution consistent with best practice, update legal matters under the existing Constitution consistent with legislative and regulatory developments and to address certain content and language aspects.

- ASX Listing Rules it provides that the Listing Rules prevail in the event of any inconsistency.

- Shares it allows the Directors to issue shares subject to the *Corporations Act 2001* and the Listing Rules.

- Proportionate takeover power the existing Constitution has a clause in it requiring shareholder approval to be obtained before any proportionate takeover is made. However, that clause is ineffective because it needs to have been renewed at least every three years in accordance with the requirements of the Corporations Act. The new Constitution does not include this clause on the basis that it offers no real benefit.

- Unmarketable parcels the new Constitution permits the Company to sell holdings of less than a marketable parcel in accordance with the procedural and timing requirements of the Listing Rules. This only applies if a shareholder has an opportunity to opt out of any proposed sale arrangement and does not do so.

- Notice of shareholders meetings the new Constitution enables notice of shareholders meetings to be given by electronic means.

- Changes to general meetings the new Constitution enables the Directors to change the venue for, and postpone or cancel a general meeting if such meeting is unnecessary, in the interests of shareholders, if the venue would be unreasonable or impractical, or for reasons of efficiency. This does not apply in the event of a meeting requisitioned by shareholders.

- Quorum for shareholders meetings a quorum of three shareholders represents a quorum for shareholders meetings, whether by way of being personally present, attorney, proxy or corporate representative.

- Casting vote the Chairman of a shareholders meeting does not have a casting vote.

- Number of Directors it contemplates that the number of Directors need to be not less than three nor more than the number determined by the Directors which, until otherwise determined, is ten.

- Share qualification a Director need not hold any shares in the Company in order to be a Director.

- Alternate directors there are no provisions entitling the Directors to appoint alternate directors, on the basis that this is an outdated and undesirable approach.

- Directors tenure of office a Director must retire from office or seek re-election by no later than the third Annual General Meeting following his or her appointment or re-election or three years, whichever is longer (other than the Managing Director).

- Vacation of office the office of a Director is automatically vacated if the Director is an Executive Director under an employment agreement and that agreement terminates, unless the Board otherwise determines.

- Powers of Directors the Directors have a general power to manage the Company s business.

- Meetings of Directors the Directors may meet in person or by electronic means.

- Quorum for Directors meetings the quorum for Directors meetings is three, unless otherwise determined.

- Casting vote the Chairman has a casting vote at Directors meetings.

- Indemnity the new Constitution contains an updated indemnity clause in favor of the current and former Directors, Secretaries indemnifying them from liability consistent with the Corporations Act provisions and to the maximum extent permitted by law.

- Insurance the Company must maintain and pay insurance premiums with respect to its current and former Directors, Secretaries and other officers to the extent permitted by law.

- Access current and former Directors may access the financial and other records of the Company for the purposes of legal proceedings involving the person.

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Item 10.C Material Contracts

There were no material contracts entered into during the year preceding the date of this Annual Report which were outside the ordinary course of business. See also Item 4.B Our Licenses and Commercial Collaborations .

Item 10.D Exchange Controls and Other Limitations Affecting Security Holders

Under existing Australian legislation, the Reserve Bank of Australia does not inhibit the import and export of funds, and, generally, no permission is required to be given to Genetic Technologies for the movement of funds in and out of Australia. However, payments to or from (or relating to) Iraq, its agencies or nationals, the government or a public authority of Libya, or certain Libyan undertakings, the authorities in the Federal Republic of Yugoslavia (Serbia and Montenegro) or their agencies, the Taliban (also referred to as the Islamic Emirate of Afghanistan), or the National Union for the Total Independence of Angola (also known as UNITA), its senior officials or the adult members of their immediate families, may not be made without the specific approval of the Reserve Bank of Australia.

Accordingly, at the present time, remittances of any dividends, interest or other payment by Genetic Technologies to non-resident holders of Genetic Technologies securities in the U.S. are not, subject to the above, restricted by exchange controls or other limitations.

Takeovers Act

There are no limitations, either under the laws of Australia or under the Company s Constitution, to the right of non-residents to hold or vote Genetic Technologies Ordinary Shares other than the Commonwealth Foreign Acquisitions and Takeovers Act 1975 (the Takeovers Act). The Takeovers Act may affect the right of non-Australian residents, including U.S. residents, to hold Ordinary Shares but does not affect the right to vote, or any other rights associated with, any Ordinary Shares held in compliance with its provisions. Acquisitions of shares in Australian companies by foreign interests are subject to review and approval by the Treasurer of the Commonwealth of Australia under the Takeovers Act. The Takeovers Act applies to any acquisition of outstanding shares of an Australian company that exceeds, or results in a foreign person or persons controlling the voting power of more than a certain percentage of those shares. The thresholds are 15% where the shares are acquired by a foreign person, or group of associated foreign persons, or 40% in aggregate in the case of foreign persons who are not associated. Any proposed acquisition that would result in an individual foreign person (with associates) holding more than 15% must be notified to the Treasurer in advance of the acquisition. There are statutory limitations in Australia on foreign ownership of certain businesses, such as banks and airlines, not relevant to the Company. However, there are no other statutory or regulatory provisions of Australian law or Australian Securities Exchange requirements that restrict foreign ownership or control of Genetic Technologies.

Corporations Act 2001

As applied to Genetic Technologies Limited, the *Corporations Act 2001* (the *Corporations Act 2001*) prohibits any legal person (including a corporation) from acquiring a relevant interest in Ordinary Shares if after the acquisition that person or any other person s voting power in

Genetic Technologies Limited increases from 20% or below to more than 20%, or from a starting point that is above 20% and below 90%.

This prohibition is subject to a number of specific exceptions set out in section 611 of the *Corporations Act 2001* which must be strictly complied with to be applicable.

In general terms, a person is considered to have a relevant interest in a share in Genetic Technologies if that person is the holder of that share, has the power to exercise, or control the exercise of, a right to vote attached to that share, or has the power to dispose of, or to control the exercise of a power to dispose of that share.

It does not matter how remote the relevant interest is or how it arises. The concepts of power and control are given wide and extended meanings in this context in order to deem certain persons to hold a relevant interest. For example, each person who has voting power above 20% in a company or a managed investment scheme which in turn holds shares in Genetic Technologies is deemed to have a relevant interest in those Genetic Technologies shares. Certain situations (set out in section 609 of the *Corporations Act 2001*) which would otherwise constitute the holding of a relevant interest are excluded from the definition.

A person s voting power in Genetic Technologies Limited is that percentage of the total votes attached to Ordinary Shares in which that person and its associates (as defined in the *Corporations Act 2001*) holds a relevant interest.

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Item 10.E Taxation

This summary of material tax consequences is based on the tax laws of the United States (including the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations thereunder, published rulings and court decisions) and on the Australian tax law and practice as in effect on the date hereof. In addition, this summary is based on the income tax convention between the United States and Australia (the Treaty). The foregoing laws and legal authorities as well as the Treaty are subject to change (or changes in interpretation), possibly with retroactive effect. Finally, this summary is based in part upon the representations of our ADR Depositary and the assumption that each obligation in the Deposit Agreement and any related agreement will be performed in accordance with its terms.

The discussion does not address any aspects of U.S. taxation other than federal income taxation or any aspects of Australian taxation other than federal income taxation, stamp duty and goods and services tax. This discussion does not necessarily address all aspects of U.S. or Australian federal tax considerations that may be important to particular investors in light of their individual investment circumstances or investors subject to special tax regimes, like broker-dealers, insurance companies, banks or other financial institutions, tax-exempt organizations, regulated investment companies, real estate investment trusts or financial asset securitization investment trusts, persons who actually or constructively own 10% or more of our ADRs or Ordinary Shares, persons who hold ADRs or Ordinary Shares as part of a straddle, hedge, conversion or constructive sale transaction or other integrated transaction, persons who have elected mark-to-market accounting, U.S. holders whose functional currency is not the U.S. dollar, U.S. expatriates, investors liable for the alternative minimum tax, partnerships and other pass-through entities, or persons who acquired their ADRs or Ordinary Shares through the exercise of options or similar derivative securities or otherwise as compensation. Prospective investors are urged to consult their tax advisers regarding the U.S. and Australian federal, state and local tax consequences and any other tax consequences of owning and disposing of ADRs and shares.

Australian Tax Consequences

In this section, we discuss Australian tax considerations that apply to non-Australian tax residents who are residents of the United States with respect to the ownership and disposal by the absolute beneficial owners of ADRs. This summary does not discuss any foreign or state tax considerations, other than stamp duty.

Nature of ADRs for Australian Taxation Purposes

ADRs held by a U.S. holder will be treated for Australian taxation purposes as being held under a bare trust for that holder. Consequently, the underlying Ordinary Shares will be regarded as owned by the ADR holder for Australian income tax and capital gains tax purposes. Dividends paid on the underlying Ordinary Shares will also be treated as dividends paid to the ADR holder, as the person beneficially entitled to those dividends. Therefore, in the following analysis, we discuss the tax consequences to non-Australian resident holders of Ordinary Shares which, for Australian taxation purposes, will be the same as to U.S. holders of ADRs.

Taxation of Dividends

Australia operates a dividend imputation system under which dividends may be declared to be franked to the extent of tax paid on company profits. Fully franked dividends are not subject to dividend withholding tax. Dividends payable by our company to non-Australian resident stockholders will be subject to dividend withholding tax, to the extent the dividends are unfranked. Dividend withholding tax will be imposed at 30%, unless a stockholder is a resident of a country with which Australia has a double taxation agreement. Under the provisions of the Treaty, the Australian tax withheld on unfranked dividends paid by us to which a resident of the United States is beneficially entitled is generally limited to 15% if the U.S. resident holds less than 10% of the voting rights of our company, unless the shares are effectively connected to a permanent establishment or fixed base in Australia through which the stockholder carries on business or provides independent personal services, respectively. Where a U.S. corporate resident holds 10% or more of the voting rights of our company, the withholding tax rate is reduced to 5%.

Tax on Sales or other Dispositions of Shares - Capital Gains Tax

Non-Australian resident stockholders who hold their shares in us on capital account will not be subject to Australian capital gains tax on any gain made on a sale or other disposal of our shares, unless they hold 10% or more of our issued capital and the Company holds real property situated in Australia, the market value of which is 50% or more of the market value of the Company. The Australian Taxation Office maintains the view that the Treaty does not limit Australian capital gains tax. Australian capital gains tax applies to net capital gains charged at a taxpayer s marginal tax rate but, for certain stockholders, a discount of the capital gain may apply if the shares have been held for 12 months or more. For individuals, this discount is 50%. For superannuation funds, the discount is 33%. There is no discount for a company that derives a net capital gain. Net capital gains are calculated after deducting capital losses, which may only be offset against such gains.

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Tax on Sales or other Dispositions of Shares - Stockholders Holding Shares on Revenue Account

Some non-Australian resident stockholders may hold shares on revenue rather than on capital account, for example, share traders. These stockholders may have the gains made on the sale or other disposal of the shares included in their assessable income under the ordinary income provisions of the income tax law, if the gains are sourced in Australia. Non-Australian resident stockholders assessable under these ordinary income provisions in respect of gains made on shares held on revenue account would be assessed for those gains at the Australian tax rates for non-Australian residents, which start at a marginal rate of 32.5%. Some relief from the Australian income tax may be available to non-Australian resident stockholders under the Treaty, for example, because the stockholder derives business profits not through a permanent establishment in Australia. To the extent an amount would be included in a non-Australian resident stockholder s assessable income under both the capital gains tax provisions and the ordinary income provisions, the capital gain amount would generally be reduced, so that the stockholder would not be subject to double tax on any part of the income gain or capital gain.

Dual Residency

If a stockholder were a resident of both Australia and the United States under the respective domestic taxation laws of those countries, that stockholder may be subject to tax as an Australian resident. If, however, the stockholder is determined to be a U.S. resident for the purposes of the Treaty, the Australian tax would be subject to limitation by the Treaty. Stockholders should obtain specialist taxation advice in these circumstances.

Stamp Duty

Any transfer of shares through trading on the Australian Securities Exchange, whether by Australian residents or foreign residents, is not subject to stamp duty within Australia.

Australian Death Duty

Australia does not have estate or death duties. Further, no capital gains tax liability is realized upon the inheritance of a deceased person s shares. However, the subsequent disposal of the shares by beneficiaries may give rise to a capital gains tax liability.

Goods and Services Tax

The issue or transfer of shares will not incur Australian goods and services tax and does not require a stockholder to register for Australian goods and services tax purposes.

United States Federal Income Taxation

As used below, a U.S. holder is a beneficial owner of an ADR that is, for U.S. federal income tax purposes, (i) a citizen or resident alien individual of the United States, (ii) a corporation (or an entity treated as a corporation) created or organized under the law of the United States, any State thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if (1) a court within the United States is able to exercise primary supervision over the administration of the trust, and one or more United States persons have the authority to control all substantial decisions of the trust, or (2) the trust has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a United States person. For purposes of this discussion, a non-U.S. holder is a beneficial owner of an ADR that is (i) a nonresident alien individual, (ii) a corporation (or an entity treated as a corporation) created or organized in or under the law of a country other than the United States or a political subdivision thereof or (iii) an estate or trust that is not a U.S. Holder. If a partnership (including for this purpose any entity treated as a partnership for U.S. federal tax purposes) is a beneficial owner of an ADR, the U.S. federal tax treatment of a partner in the partnership generally will depend on the status of the partner and the activities of the partnership. A holder of an ADR that is a partnership and partners in that partnership should consult their own tax advisers regarding the U.S. federal income tax consequences of holding and disposing of ADRs. We have not sought a ruling from the Internal Revenue Service (IRS) or an opinion of counsel as to any U.S. federal income tax consequence described herein. The IRS may disagree with the description herein, and its determination may be upheld by a court.

GIVEN THE COMPLEXITY OF THE TAX LAWS AND BECAUSE THE TAX CONSEQUENCES TO ANY PARTICULAR INVESTOR MAY BE AFFECTED BY MATTERS NOT DISCUSSED HEREIN, PROSPECTIVE INVESTORS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE SPECIFIC TAX CONSEQUENCES OF THE ACQUISITION, OWNERSHIP AND DISPOSITION OF ADRs, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL AND NON-U.S. TAX LAWS, AS WELL AS U.S. FEDERAL TAX LAWS.

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Nature of ADRs for U.S. Federal Income Tax Purposes

In general, for U.S. federal income tax purposes, a holder of an ADR will be treated as the owner of the underlying shares. Accordingly, except as specifically noted below, the tax consequences discussed below with respect to ADRs will be the same as for shares in the Company, and exchanges of shares for ADRs, and ADRs for shares, generally will not be subject to U.S. federal income tax.

Taxation of Dividends

U.S. holders. In general, subject to the passive foreign investment company rules discussed below, a distribution on an ADR will constitute a dividend for U.S. federal income tax purposes to the extent that it is made from our current or accumulated earnings and profits as determined under U.S. federal income tax principles. If a distribution exceeds our current and accumulated earnings and profits, it will be treated as a non-taxable reduction of basis to the extent of the U.S. holder s tax basis in the ADR on which it is paid, and to the extent it exceeds that basis it will be treated as capital gain. For purposes of this discussion, the term dividend means a distribution that constitutes a dividend for U.S. federal income tax purposes.

The gross amount of any dividend on an ADR (which will include the amount of any Australian taxes withheld) generally will be subject to U.S. federal income tax as foreign source dividend income, and will not be eligible for the corporate dividends received deduction. The amount of a dividend paid in Australian dollars will be its value in U.S. dollars based on the prevailing spot market exchange rate in effect on the day the U.S. holder receives the dividend or, in the case of a dividend received in respect of an ADR, on the date the Depositary receives it, whether or not the dividend is converted into U.S. dollars. A U.S. holder will have a tax basis in any distributed Australian dollars equal to its U.S. dollar amount on the date of receipt, and any gain or loss realized on a subsequent conversion or other disposition of Australian dollars generally will be treated as U.S. source ordinary income or loss. If dividends paid in Australian dollars are converted into U.S. dollars on the date they are received by a U.S. holder, the U.S. holder generally should not be required to recognize foreign currency gain or loss in respect of the dividend income.

Subject to certain exceptions for short-term and hedged positions, a dividend that a non-corporate holder receives on an ADR will be subject to a maximum federal income tax rate of 20% if the dividend is a qualified dividend . A dividend on an ADR will be a qualified dividend if (i) either (a) the ADRs are readily tradable on an established market in the United States or (b) we are eligible for the benefits of a comprehensive income tax treaty with the United States that the Secretary of the Treasury determines is satisfactory for purposes of these rules and that includes an exchange of information program, and (ii) we were not, in the year prior to the year the dividend was paid, and are not, in the year the dividend is paid, a passive foreign investment company (PFIC). The ADRs are listed on the NASDAQ Capital Market, which should qualify them as readily tradable on an established securities market in the United States. In any event, the Treaty satisfies the requirements of clause (i)(b), and we are a resident of Australia entitled to the benefits of the Treaty. Based on our audited financial statements and relevant market and shareholder data, we believe we were not a PFIC for U.S. federal income tax purposes for our taxable years ended June 30, 2013 and June 30, 2014, respectively, but we may be classified as a PFIC in the current taxable year. Given that the determination of PFIC status involves the application of complex tax rules, and that it is based on the nature of our income and assets from time to time, no assurances can be provided that we will not be considered a PFIC for the current (or any past or future) taxable year. In addition, as described in the section below entitled Passive Foreign Investment Company Rules, if we were a PFIC in a year while a U.S. holder held an ADR, and if the U.S. holder has not made a qualified electing fund election effective for the first year the U.S. holder held the ADR, the ordinary share underlying the ADR remains an interest in a PFIC for all future years or until such an election is made. The IRS takes the position that such rule will apply for purposes of determining whether an ADR is an interest in a PFIC in the year a dividend is paid or in the prior year, even if we do not satisfy the tests to be a PFIC in either of those years. Even if dividends on the ADRs would otherwise be eligible for qualified dividend treatment, in order to qualify for the reduced qualified dividend tax rates, a non-corporate holder must hold the ordinary share on which a dividend is paid for more than 60 days during the 120-day period beginning 60 days before the ex-dividend date, disregarding for this purpose any period during which the

non-corporate holder has an option to sell, is under a contractual obligation to sell or has made (and not closed) a short sale of substantially identical stock or securities, is the grantor of an option to buy substantially identical stock or securities or, pursuant to Treasury regulations, has diminished their risk of loss by holding one or more other positions with respect to substantially similar or related property. In addition, to qualify for the reduced qualified dividend tax rates, the non-corporate holder must not be obligated to make related payments with respect to positions in substantially similar or related property. Payments in lieu of dividends from short sales or other similar transactions will not qualify for the reduced qualified dividend tax rates.

A non-corporate holder that receives an extraordinary dividend eligible for the reduced qualified dividend rates must treat any loss on the sale of the stock as a long-term capital loss to the extent of the dividend. For purposes of determining the amount of a non-corporate holder s deductible investment interest expense, a dividend is treated as investment income only if the non-corporate holder elects to treat the dividend as not eligible for the reduced qualified dividend tax rates. Special limitations on foreign tax credits with respect to dividends subject to the reduced qualified dividend tax rates apply to reflect the reduced rates of tax.

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The U.S. Treasury has announced its intention to promulgate rules pursuant to which non-corporate holders of stock of non-U.S. corporations, and intermediaries through whom the stock is held, will be permitted to rely on certifications from issuers to establish that dividends are treated as qualified dividends. Because those procedures have not yet been issued, it is not clear whether we will be able to comply with them.

Non-corporate holders of ordinary shares are urged to consult their own tax advisers regarding the availability of the reduced qualified dividend tax rates with respect to dividends received on the ADRs in the light of their own particular circumstances.

Any Australian withholding tax imposed on dividends received with respect to the ADRs will be treated as a foreign income tax eligible for credit against a U.S. holder s U.S. federal income tax liability, subject to generally applicable limitations under U.S. federal income tax law. For purposes of computing those limitations separately under current law for specific categories of income, a dividend generally will constitute foreign source passive category income or, in the case of certain holders, general category income. A U.S. holder will be denied a foreign tax credit with respect to Australian income tax withheld from dividends received with respect to the ADRs to the extent the U.S. holder has not held the ADRs for at least 16 days of the 30-day period beginning on the date which is 15 days before the ex-dividend date or to the extent the U.S. holder is under an obligation to make related payments with respect to substantially similar or related property. Any days during which a U.S. holder has substantially diminished its risk of loss on the ADRs are not counted toward meeting the 16-day holding period required by the statute. The rules relating to the determination of the foreign tax credit are complex, and U.S. holders are urged to consult with their own tax advisers to determine whether and to what extent they will be entitled to foreign tax credits as well as with respect to the determination of the foreign tax credit limitation. Alternatively, any Australian withholding tax may be taken as a deduction against taxable income, provided the U.S. holder takes a deduction and not a credit for all foreign income taxes paid or accrued in the same taxable year. In general, special rules will apply to the calculation of foreign tax credits in respect of dividend income that is subject to preferential rates of U.S. federal income tax.

Non-U.S. holders. A dividend paid to a non-U.S. holder of an ADR will not be subject to U.S. federal income tax unless the dividend is effectively connected with the conduct of trade or business by the non-U.S. holder within the United States (and is attributable to a permanent establishment or fixed base the non-U.S. holder maintains in the United States if an applicable income tax treaty so requires as a condition for the non-U.S. holder to be subject to U.S. taxation on a net income basis on income from the ADR). A non-U.S. holder generally will be subject to tax on an effectively connected dividend in the same manner as a U.S. holder. A corporate non-U.S. holder under certain circumstances may also be subject to an additional branch profits tax, the rate of which may be reduced pursuant to an applicable income tax treaty.

Taxation of Capital Gains

U.S. holders. Subject to the passive foreign investment company rules discussed below, on a sale or other taxable disposition of an ADR, a U.S. holder will recognize capital gain or loss in an amount equal to the difference between the U.S. holder s adjusted basis in the ADR and the amount realized on the sale or other disposition, each determined in U.S. dollars. Such capital gain or loss will be long-term capital gain or loss if at the time of the sale or other taxable disposition the ADR has been held for more than one year. In general, any adjusted net capital gain of an individual is subject to a maximum federal income tax rate of 20%. Capital gains recognized by corporate U.S. holders generally are subject to U.S. federal income tax at the same rate as ordinary income. The deductibility of capital losses is subject to limitations.

Any gain a U.S. holder recognizes generally will be U.S. source income for U.S. foreign tax credit purposes, and, subject to certain exceptions, any loss will generally be a U.S. source loss. If an Australian tax is paid on a sale or other disposition of an ADR, the amount realized will include the gross amount of the proceeds of that sale or disposition before deduction of the Australian tax. The generally applicable limitations under U.S. federal income tax law on crediting foreign income taxes may preclude a U.S. holder from obtaining a foreign tax credit for any Australian tax paid on a sale or other disposition of an ADR. The rules relating to the determination of the foreign tax credit are complex, and

U.S. holders are urged to consult with their own tax advisers regarding the application of such rules. Alternatively, any Australian tax paid on the sale or other disposition of an ADR may be taken as a deduction against taxable income, provided the U.S. holder takes a deduction and not a credit for all foreign income taxes paid or accrued in the same taxable year.

Non-U.S. holders. A non-U.S. holder will not be subject to U.S. federal income tax on gain recognized on a sale or other disposition of an ADR unless (i) the gain is effectively connected with the conduct of trade or business by the non-U.S. holder within the United States (and is attributable to a permanent establishment or fixed base the non-U.S. holder maintains in the United States if an applicable income tax treaty so requires as a condition for the non-U.S. holder to be subject to U.S. taxation on a net income basis on income from the ADR), or (ii) in the case of a non-U.S. holder who is an individual, the holder is present in the United States for 183 or more days in the taxable year of the sale or other disposition and certain other conditions apply. Any effectively connected gain of a corporate non-U.S. holder may also be subject under certain circumstances to an additional branch profits tax, the rate of which may be reduced pursuant to an applicable income tax treaty.

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Passive Foreign Investment Company Rules

A special set of U.S. federal income tax rules applies to a foreign corporation that is a PFIC for U.S. federal income tax purposes. As noted above, based on our audited financial statements and relevant market and shareholder data, we believe that we were not a PFIC for U.S. federal income tax purposes for our taxable years ended June 30, 2013 and June 30, 2014, respectively, but we may be classified as a PFIC in the current taxable year. In addition, given that the determination of PFIC status involves the application of complex tax rules, and that it is based on the nature of our income and assets from time to time, no assurances can be provided that we will not be considered a PFIC for any past or future taxable years.

In general, a foreign corporation is a PFIC if at least 75% of its gross income for the taxable year is passive income or if at least 50% of its assets for the taxable year produce passive income or are held for the production of passive income. In general, passive income for this purpose means, with certain designated exceptions, dividends, interest, rents, royalties (other than certain rents and royalties derived in the active conduct of trade or business), annuities, net gains from dispositions of certain assets, net foreign currency gains, income equivalent to interest, income from notional principal contracts and payments in lieu of dividends. Passive assets are those assets that are held for production of passive income or do not produce income at all. Thus cash will be a passive asset. Interest, including interest on working capital, is treated as passive income for purposes of the income test. Based upon our current operations, our goodwill (the value of which should be based upon the Company s market capitalization) may be attributable to our activities that will generate active income and accordingly, may be treated as an active asset. The determination of whether a foreign corporation is a PFIC is a factual determination made annually and is therefore subject to change. Subject to exceptions pursuant to certain elections that generally require the payment of tax, once stock in a foreign corporation is stock in a PFIC in the hands of a particular shareholder that is a United States person, it remains stock in a PFIC in the hands of that shareholder.

If we are treated as a PFIC, contrary to the tax consequences described in U.S. Federal Income Tax Considerations Taxation of Dividends and U.S. Federal Income Tax Considerations Taxation of Capital Gains above, a U.S. holder that does not make an election described in the succeeding two paragraphs would be subject to special rules with respect to (i) any gain realized on a sale or other disposition of an ADR (for purposes of these rules, a disposition of an ADR includes many transactions on which gain or loss is not realized under general U.S. federal income tax rules) and (ii) any excess distribution by the Company to the U.S. holder (generally, any distribution during a taxable year in which distributions to the U.S. holder on the ADR exceed 125% of the average annual taxable distributions (whether actual or constructive and whether or not out of earnings and profits) the U.S. holder received on the ADR during the preceding three taxable years or, if shorter, the U.S. holder s holding period for the ADR). Under those rules, (i) the gain or excess distribution would be allocated ratably over the U.S. holder s holding period for the ADR, (ii) the amount allocated to the taxable year in which the gain or excess distribution is realized would be taxable as ordinary income in its entirety and not as capital gain, would be ineligible for the reduced qualified dividend rates, and could not be offset by any deductions or losses, and (iii) the amount allocated to each prior year, with certain exceptions, would be subject to tax at the highest tax rate in effect for that year, and the interest charge generally applicable to underpayments of tax would be imposed in respect of the tax attributable to each of those years. A U.S. holder who owns an ADR during any year we are a PFIC will generally have to file IRS Form 8621.

The special PFIC rules described above will not apply to a U.S. holder if the U.S. holder makes a timely election, which remains in effect, to treat the Company as a qualified electing fund (QEF) in the first taxable year in which the U.S. holder owns an ADR and the Company is a PFIC and if the Company complies with certain reporting requirements. Instead, a shareholder of a QEF generally is currently taxable on a pro rata share of the Company s ordinary earnings and net capital gain as ordinary income and long-term capital gain, respectively. Neither that ordinary income nor any actual dividend from the Company would qualify for the 20% maximum tax rate on dividends described above if the Company is a PFIC in the taxable year the ordinary income is realized or the dividend is paid or in the preceding taxable year. We have not yet determined whether, if we are a PFIC, we would make the computations necessary to supply U.S. holders with the information needed to report income and gain pursuant to a QEF election. It is, therefore, possible that U.S. holders would not be able to make or retain that election in any year we are a PFIC. Although a QEF election generally cannot be revoked, if a U.S. holder made a timely QEF election for the first taxable year it owned an ADR and the Company is a PFIC (or is treated as having done so pursuant to any of certain elections), the QEF election will not apply during any later taxable year in which the Company does not satisfy the tests to be a PFIC. If a QEF election is not made in that first taxable year, an election in a later year generally will require the payment of tax and interest.

In lieu of a QEF election, a U.S. holder of stock in a PFIC that is considered marketable stock could elect to mark the stock to market annually, recognizing as ordinary income or loss each year an amount equal to the difference as of the close of the taxable year between the fair market value of the stock and the U.S. holder s adjusted basis in the stock. Losses would be allowed only to the extent of net mark-to-market gain previously included in income by the U.S. holder under the election for prior taxable years. A U.S. holder s adjusted basis in the ADRs will be adjusted to reflect the amounts included or deducted with respect to the mark-to-market election. If the mark-to-market election were made, the rules set forth in the second preceding paragraph would not apply for periods covered by the election. A mark-to-market election will not apply during any later taxable year in which the Company does not satisfy the tests to be a PFIC. In general, the ADRs will be marketable stock if the ADRs are traded, other than in de minimis quantities, on at least 15 days during each calendar quarter on a national securities exchange that is registered with the SEC or on a designated national market system or on any exchange or market that the Treasury Department determines to have rules sufficient to ensure that the market price accurately represents the fair market value of the stock. Under current law, the mark-to-market election may be available to U.S. holders of ADRs because the ADRs are listed on the Nasdaq Capital Market, which constitutes a qualified exchange, although there can be no assurance that the ADRs will be regularly traded for purposes of the mark-to-market election.

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Given the complexities of the PFIC rules and their potentially adverse tax consequences, U.S. holders of ADRs are urged to consult their tax advisers about the PFIC rules, including the availability of, and consequences to them of making a QEF election or a mark-to-market election with respect to the ordinary shares in the event that the Company is classified as a PFIC for any taxable year.

Medicare surtax on net investment income

Non-corporate US Holders whose income exceeds certain thresholds generally will be subject to 3.8% Surtax on their Net Investment Income (which generally includes, among other things, dividends on, and capital gain from the sale or other taxable disposition of, the ADRs). Absent an election to the contrary, if a QEF election is available and made, QEF inclusions will not be included in net investment income at the time a US Holder includes such amounts in income, but rather will be included at the time distributions are received or gains are recognized. Non-corporate US Holders should consult their own tax advisors regarding the possible effect of such tax on their ownership and disposition of the Common Shares, in particular the applicability of this surtax with respect to a non-corporate US Holder that makes a QEF or mark-to-market election in respect of their Common Shares.

Information Reporting and Backup Withholding

Dividends paid on, and proceeds from the sale or other disposition of, an ADR to a U.S. holder generally may be subject to information reporting requirements and may be subject to backup withholding unless the U.S. holder provides an accurate taxpayer identification number or otherwise establishes an exemption. The amount of any backup withholding collected from a payment to a U.S. holder will be allowed as a credit against the U.S. holder s U.S. federal income tax liability and may entitle the U.S. holder to a refund, provided certain required information is furnished to the Internal Revenue Service. A non-U.S. holder generally will be exempt from these information reporting requirements and backup withholding tax but may be required to comply with certain certification and identification procedures in order to establish its eligibility for exemption.

Under U.S. federal income tax law and U.S. Treasury Regulations, certain categories of U.S. holders must file information returns with respect to their investment in, or involvement in, a foreign corporation. For example, all U.S. holders of PFIC stock are generally required to make annual return filings reporting their PFIC ownership and certain other information that the IRS may require. U.S. holders are urged to consult with their own tax advisors concerning such reporting requirements.

Reporting Obligations of Individual Owners of Foreign Financial Assets

Section 6038D of the Code generally requires U.S. individuals (and possibly certain entities that have U.S. individual owners) to file IRS Form 8938 if they hold certain specified foreign financial assets, the aggregate value of which exceeds $50,000. The definition of specified foreign financial assets includes not only financial accounts maintained in foreign financial institutions, but also, unless held in accounts maintained by a financial institution, any stock or security issued by a non-US. person, any financial instrument or contract held for investment that has an issuer or counterparty other than a U.S. person and any interest in a foreign entity.

THE DISCUSSION ABOVE IS NOT INTENDED TO CONSTITUTE A COMPLETE ANALYSIS OF ALL TAX CONSIDERATIONS APPLICABLE TO AN INVESTMENT IN ADRs. HOLDERS AND POTENTIAL HOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISERS CONCERNING THE TAX CONSEQUENCES RELEVANT TO THEM IN THEIR PARTICULAR SITUATION.

Item 10.F Dividends and Paying Agents

No dividends have been paid by the Company or recommended by the directors since the end of the previous financial year.

Item 10.G Statement by Experts

Not applicable.

Item 10.H Documents on Display

The documents concerning the Company which are referred to in this Annual Report may be inspected at the offices of the Company at 60-66 Hanover Street, Fitzroy, Victoria 3065 Australia. Following our listing on NASDAQ Global Market in September 2005, we are now subject to the information requirements of the U.S. Securities Exchange Act of 1934, as amended, and, in accordance therewith, we are required to file reports, including annual reports on Form 20-F, and other information with the U.S. Securities and Exchange Commission in electronic form. These materials, including this Annual Report and the exhibits thereto, may be inspected and copied at the Commission s public reference room in Washington, D.C. Please call the Commission at 1-800-SEC-0330 for further information regarding the public reference rooms. As a foreign private issuer, we are required to make filings with the Commission by electronic means. Any filings we make electronically will be available to the public over the Internet at the Commission s website at http://www.sec.gov. We also maintain a website at www.gtglabs.com. Information on our website and websites linked to it do not constitute a part of this Annual Report.

Item 10.I Subsidiary Information

The following is a list of the Company s subsidiaries as of the date of this Annual Report:

Name of subsidiary	Place of incorporation	Interest held
GeneType AG	Zug, Switzerland	100%
GeneType Corporation	California, U.S.A.	100%
GeneType Pty. Ltd.	Victoria, Australia	100%
Genetic Technologies Corporation Pty. Ltd.	New South Wales, Australia	100%
RareCellect Pty. Ltd.	New South Wales, Australia	100%
Phenogen Sciences Inc.	Delaware, U.S.A.	100%

Item 11. Quantitative And Qualitative Disclosures About Market Risk

Genetic Technologies Limited has exposure to changes in foreign currency exchange rates and interest rates. Refer Note 38 of the attached financial statements for further analysis surrounding market risk.

We invest excess cash in interest-bearing, investment-grade securities and time deposits in high-quality institutions. We do not utilize derivative financial instruments, derivative commodity instruments, positions or transactions in any material matter.

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Accordingly, we believe that, while the investment-grade securities and time-deposits we hold are subject to changes in financial standing of the issuer of such securities, the principal is not subject to any material risks arising from changes in interest rates, foreign currency exchange rates, commodity prices, equity prices or other market changes that affect market risk sensitive instruments. Since we hold cash and cash equivalents in Banks which are located outside Australia, we are subject to certain cross-border risks, though due to the size of the holdings these risks are not generally significant.

We operate in Australia, and we will be subject to certain foreign currency exposure. Historically, currency translation gains and losses have been reflected as adjustments to stockholders equity, while transaction gains and losses have been reflected as components of income and loss. Transaction gains and losses could be material depending upon changes in the exchange rates between the Australian dollar and the U.S. dollar. A significant amount of our license revenue has historically been denominated in U.S. dollars which provides us with a significant natural hedge against exchange rate movements.

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties failed completely to perform as contracted. Concentrations of credit risk (whether on or off-balance sheet) that arise from financial instruments exist for groups of customers or counterparties when they have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. Financial instruments on the balance sheet that potentially subject the Company to concentration of credit risk consist principally of cash and cash equivalents and trade accounts receivable. The Company places its cash and cash equivalents with quality institutions holding superior credit ratings in order to limit the degree of credit exposure. The Company has established guidelines relative to credit ratings, diversification and maturities that seek to maintain safety and liquidity. The Company does not require collateral to provide credit. In addition, the majority of the Company s licensing customers are large, reputable organizations, which also reduces the risk of credit exposure. The Company has not entered into any transactions that would qualify as a financial derivative instrument.

At June 30, 2014, two customers accounted for 12% ($130,208) and 14% ($151,726), respectively, of trade accounts receivable. At June 30, 2013, two customers accounted for 39% ($128,023) and 22% ($70,916), respectively, of trade accounts receivable.

At June 30, 2014, one supplier accounted for 17% ($153,472) of trade accounts payable. At June 30, 2013, one supplier accounted for 19% ($117,098) of trade accounts payable.

In 2014, there was one customer from whom the Group generated revenues representing 12% ($535,716) of the total consolidated revenue from continuing operations (excluding licensing). In 2013, there were no customers from whom the Group generated revenues representing 10% or more of the total consolidated revenue from continuing operations (excluding licensing).

Export and other sales, mainly to the U.S.A., which included licensing revenue, were $2,511,393, $5,630,945, $3,229,394 in 2014, 2013 and 2012, respectively.

Item 12. Description Of Securities Other Than Equity Securities

Item 12.A Debt Securities

Not applicable.

Item 12.B Warrants and Rights

Not applicable.

Item 12.C Other Securities

Not applicable

Item 12.D American Depositary Shares

Not applicable.

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PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies

Not applicable.

Item 14. Material Modifications to The Rights Of Security Holders and Use Of Proceeds

Not applicable.

Item 15. Controls and Procedures

Item 15.A Disclosure controls and procedures

We maintain disclosure controls and procedures as such term is defined in Rules 13(a) - 15(e) and 15(d) - 15(e) under the Securities Exchange Act of 1934 (the Exchange Act), as amended, that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed or submitted under the Securities Exchange Act of 1934 is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Disclosure controls and procedures, no matter how well designed and operated, can only provide reasonable assurance of achieving the desired control objectives.

Our Management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or our internal control over financial reporting will provide absolute assurance that all appropriate information will, in fact, be communicated to Management to allow timely decisions to be made or prevent all error and fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Additionally, the design of a control system must reflect the fact that there are resource constraints, and the benefit of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the company have been detected or that our control system will operate effectively under all circumstances. Moreover, the design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Our Management has carried out an evaluation, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as of June 30, 2014. Based on that evaluation, including the material weakness noted below in Item 15.B, the Chief Executive Officer and the Chief Financial Officer concluded that the Company s disclosure controls and procedures were ineffective as of June 30, 2014.

Item 15.B Management s annual report on internal control over financial reporting

Our Management is responsible for establishing and maintaining adequate internal control over financial reporting. The Securities Exchange Act of 1934 defines internal control over financial reporting in Rules 13(a) -15(f) and Rules 15(d) - 15(f) as a process designed by, or under the supervision of, the Company s principal executive and principal financial officers and effected by the Company s Board of Directors, Management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company;

- Provide reasonable assurance that transactions are recorded as necessary to permit the preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of Management and directors of the Company; and

- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company s assets that could have a material effect on the consolidated financial statements.

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A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the annual financial statements will not be prevented or detected on a timely basis.

Our Management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, have assessed the effectiveness of the Company s internal control over financial reporting as of June 30, 2014. In making this assessment, Management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission, or COSO, in Internal Control-Integrated Framework. As a result of that assessment, Management identified the following control deficiency as of June 30, 2014 that constituted a material weakness.

- *The Company did not maintain an adequate segregation of duties with respect to internal control over financial reporting*. We have limited accounting personnel with sufficient expertise in generally accepted accounting principles to enable effective segregation of duties to allow for appropriate monitoring of financial reporting matters and internal control over financial reporting. During the year, the current Chief Financial Officer (CFO) resigned from the Company in March 2014 and was not replaced until June 2014. During the interim period the Financial Controller assumed the interim CFO role. In addition to this, the Financial Controller has full access to SAP (accounting system), HR3 (payroll), online banking sites and is also a bank account signatory and has involvement in preparation of the financial statements and note disclosures with limited independent review. These control deficiencies are pervasive in nature and impact all significant accounts and critical accounting estimates. These control deficiencies did not result in material adjustments to the financial statements, however there is a reasonable possibility that a material misstatement of the annual financial statements would not have been prevented or detected on a timely basis due to the failure to design and implement appropriate segregation of duty controls.

Based upon its assessment, because of the material weakness described above our Management has concluded that, as of June 30, 2014, our internal control over financial reporting is not effective based upon the abovementioned criteria.

This Annual Report does not include an attestation report of the Company s registered public accounting firm regarding internal control over financial reporting. Management s report was not subject to attestation by the Company s registered public accounting firm pursuant to rules of the Securities and Exchange Commission that permit the Company to provide only Management s report in this Annual Report.

Item 15.C Attestation report of the registered public accounting firm

Not applicable.

Item 15.D Changes in internal control over financial reporting

During the 2014 financial year, there were changes in Management which resulted in a reduction in the number of key management personnel. These changes have limited the Company s ability to establish adequate segregation of duties and independent review of the financial statement close process.

Remediation plan

Segregation of duties. The Company plans to remediate the identified segregation of duties weakness by implementing additional review and oversight responsibilities to individuals who are independent of the financial statement preparation process.

Item 16.A Audit Committee Financial Expert

The prior chairman of the Audit Committee and Audit Committee Financial Expert, Dr. Malcolm Brandon, ceased to be the Chairman of the Audit Committee upon the appointment of Mr. Grahame Leonard A.M. as Director and Chairman of the Audit Committee of the Company on November 29, 2013. We believe Dr. Brandon does not qualify as a financial expert within the meaning of the Sarbanes-Oxley Act and related regulations. However, we believe that Mr. Grahame Leonard A.M. would meet the criteria of a financial expert.

Item 16.B Code Of Ethics

We have adopted a Code of Ethics (styled Code of Conduct) that applies to all of our Directors and employees, including our principal executive officer, principal financial officer and principal accounting officer or controller. The Code can be downloaded at our website (www.gtglabs.com). Additionally, any person, upon request, can ask for a hard copy or electronic file of the Code. If we make any substantive amendment to the Code or grant any waivers, including any implicit waiver, from a provision of the Code, we will disclose the nature of such amendment or waiver on our website. During the year ended June 30, 2014, no such amendment was made or waiver granted.

Our Board of Directors is responsible for the corporate governance of the consolidated entity and guides and monitors the business and affairs of Genetic Technologies on behalf of the shareholders by whom they are elected and to whom they are

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accountable. We are required to publish a Corporate Governance Statement annually that accords with the Australian Securities Exchange Corporate Governance Council s (the Council s) Principles of Good Corporate Governance and Best Practice Recommendations . This Statement appears in the Company s Financial Report for the year ended June 30, 2014 that was filed with the U.S. Securities and Exchange Commission on September 30, 2014.

In accordance with the Council s recommendations, the Corporate Governance Statement must now contain certain specific information and must disclose the extent to which we have followed the guidelines during the period. Where a recommendation has not been followed, that fact must be disclosed, together with the reasons for the departure. The Company s Corporate Governance Statement is now structured with reference to the Corporate Governance Council s principles and recommendations. Below is an extract from the Company s most recent Corporate Governance Statement: As at the date of this Annual Report, the following twelve Corporate Governance documents had been adopted by the Board, in addition to the Company s Constitution which was completely revised and subsequently approved by the Company s shareholders in November 2005. All significant policies are published on the Company s website (www.gtglabs.com).

- Board Charter, which defines the role of the Board and that of Management;
- Audit Committee Charter;
- Corporate Governance Committee Charter;
- Board Protocol, which clarifies the responsibilities of Directors and the Company s expectations of them;
- Code of Conduct, including a Document Retention Policy;
- Board Performance Evaluation Policy;
- Risk and Compliance Policy;
- Continuous Disclosure Policy;
- Securities Trading Policy;
- Diversity Policy;
- Shareholder Communications Policy; and
- Whistleblower Policy.

Item 16.C Principal Accountant Fees and Services

The following table sets forth the fees billed to us by our Independent Registered Public Accounting Firm, PricewaterhouseCoopers, during the financial years ended June 30, 2014 and 2013, respectively:

	Consolidated	
	2014 $	2013 $
Audit services		
PricewaterhouseCoopers in respect of:		
Audit of the Company s Financial Report under the *Corporations Act 2001*	**280,500**	**275,167**
Other assurance services	**60,000**	**60,000**
Other audit firms in respect of:		
Audit of the Financial Reports of subsidiaries	**3,864**	**16,425**
Total remuneration in respect of audit services	**344,364**	**351,592**
Non-audit services		
Other audit firms in respect of:		
Tax advice and compliance, accounting and other services	**21,470**	**5,676**
Total remuneration in respect of non-audit services	**21,470**	**5,676**
Total auditors remuneration	**365,834**	**357,268**

Audit Committee Pre-Approval Policies and Procedures

Our Board of Directors has established pre-approval and procedures for the engagement of its Independent Registered Public Accounting Firm for audit and non-audit services. The Board of Directors reviews the scope of the services to be provided, before their commencement, in order to ensure that there are no independence issues and the services are not prohibited services, as defined by the Sarbanes-Oxley Act of 2002.

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Item 16.D Exemptions From The Listing Standards For Audit Committees

Not applicable.

Item 16.E Purchases Of Equity Securities By The Issuer And Affiliated Purchasers

Not applicable.

Item 16.F Change in Registrant s Certifying Accountant

Not applicable.

Item 16.G Corporate Governance

Refer to Item 6C regarding the Company s Corporate Governance practices and the key differences between the Listing Rules of the Australian Securities Exchange and the Marketplace Rules of NASDAQ as they apply to us.

Item 16.H Mine Safety Disclosure

Not applicable.

PART III

Item 17. Financial Statements

The Company has responded to Item 18 in lieu of responding to this Item.

Item 18. Financial Statements

GENETIC TECHNOLOGIES LIMITED

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Item 19. Exhibits

The following documents are filed as exhibits to this Annual Report on Form 20-F:

1.1 Constitution of the Registrant.++

2.1 Deposit Agreement, dated as of January 14, 2002, by and among Genetic Technologies Limited, The Bank of New York Mellon, as Depositary, and the Owners and Holders of American Depositary Receipts (such agreement is incorporated herein by reference to the Registration Statement on Form F-6 relating to the ADSs (File No. 333-14270) filed with the Commission on January 14, 2002).

2.2. The total indebtedness authorized under any instrument relating to long term debt of the Company does not exceed 10% of our total consolidated assets. Any instrument relating to indebtedness will be supplied to the Commission upon its request.

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4(A).1	Staff Share Plan 2001 dated November 30, 2001. +
4(A).2	Employment contract with Alison Mew dated December 13, 2012.*
4(B).1	Lease over premises in Fitzroy, Victoria, Australia with an effective date of August 31, 2012.+++
4(B).2	Amendment to lease over premises in Charlotte, North Carolina, USA with an effective date of August 17, 2012.+++
12.01	Section 302 Certification
12.02	Section 302 Certification
13.01	Section 1350 Certification
13.02	Section 1350 Certification
23.01	Consent of Pricewaterhouse

* Certain provisions of this exhibit have been omitted and filed separately with the Commission pursuant to an application for confidential treatment under Rule 24b-2 promulgated under the Securities Exchange Act of 1934, as amended. Previously filed with the Company s Registration Statement on Form 20-F (File No. 0-51504) filed with the Commission on October 30, 2013 and incorporated herein by reference.

+ Previously filed with the Company s Registration Statement on Form 20-F (File No. 0-51504), filed with the Commission on August 19, 2005 and incorporated herein by reference.

++ Previously filed with the Company s Registration Statement on Form 20-F (File No. 0-51504) filed with the Commission on December 21, 2010 and incorporated herein by reference.

+++ Previously filed with the Company s Registration Statement on Form 20-F (File No. 0-51504) filed with the Commission on October 24, 2012 and incorporated herein by reference.

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SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Annual Report on its behalf.

GENETIC TECHNOLOGIES LIMITED

Dated: October 29, 2014	By:	/s/ Ms. Alison J. Mew	
		Name:	Ms. Alison J. Mew
		Title:	Chief Executive Officer

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Report of Independent Registered Public Accounting Firm

To The Board of Directors and Shareholders of Genetic Technologies Limited

In our opinion, the accompanying consolidated balance sheet and the related consolidated statement of comprehensive income, consolidated statement of cash flows, and consolidated statement of changes in equity present fairly, in all material respects, the financial position of Genetic Technologies Limited (the Company) and its subsidiaries at June 30, 2014 and June 30, 2013, and the results of their operations and their cash flows for each of the three years in the period ended June 30, 2014 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board. These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has suffered recurring losses from operations that raise a substantial doubt about its ability to continue as a going concern. Management s plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ PricewaterhouseCoopers

Melbourne, Australia

October 29, 2014

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GENETIC TECHNOLOGIES LIMITED 2014 Financial Report

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME/(LOSS)

For the year ended June 30, 2014

		Consolidated		
	Notes	2014 $	2013 $	2012 $
Revenue from continuing operations genetic testing services		**4,564,280**	3,377,183	3,691,215
Less: cost of sales	4	**(1,837,729)**	(1,945,467)	(1,948,625)
Gross profit from continuing operations genetic testing services		**2,726,551**	1,431,716	1,742,590
Other revenue	5	**979,879**	5,002,354	3,136,406
Other income	6	**955,025**	235,490	177,684
Gain on deconsolidation or disposal of subsidiary	7	**761,361**		5,113,175
Selling and marketing expenses		**(6,251,595)**	(5,266,818)	(4,384,184)
General and administrative expenses		**(3,173,109)**	(4,413,782)	(5,608,038)
Licensing, patent and legal costs		**(1,079,199)**	(2,399,824)	(1,267,838)
Laboratory and research and development costs		**(3,298,127)**	(3,462,466)	(4,029,369)
Finance costs		**(744,199)**	(38,968)	(45,217)
Fair value loss on financial liabilities at fair value through profit or loss		**(648,374)**		
Share of net loss of associate accounted for using the equity method	36	**(362,682)**	(437,185)	(132,037)
Loss from continuing operations before income tax expense		**(10,134,469)**	(9,349,483)	(5,296,828)
Income tax expense	9			
Loss for the year		**(10,134,469)**	(9,349,483)	(5,296,828)
Other comprehensive profit / (loss)				
Items that may be reclassified to profit or loss				
Exchange gains / (losses) on translation of controlled foreign operations	25	**(149,162)**	9,347	(6,818)
Exchange gains / (losses) on translation of non-controlled foreign operations	27	**86**	17,073	(296)
Other comprehensive profit / (loss) for the year, net of tax		**(149,076)**	26,420	(7,114)
Total comprehensive loss for the year		**(10,283,545)**	(9,323,063)	(5,303,942)
Profit loss for the year is attributable to:				
Owners of Genetic Technologies Limited		**(10,125,197)**	(9,298,367)	(5,287,523)
Non-controlling interests	27	**(9,272)**	(51,116)	(9,305)
Total loss for the year		**(10,134,469)**	(9,349,483)	(5,296,828)
Total comprehensive loss for the year is attributable to:				
Owners of Genetic Technologies Limited		**(10,274,359)**	(9,289,020)	(5,294,341)
Non-controlling interests	27	**(9,186)**	(34,043)	(9,601)
Total comprehensive loss for the year		**(10,283,545)**	(9,323,063)	(5,303,942)
Loss per share attributable to owners of the Company and from continuing operations:				
Basic loss per share (cents per share)	10	**(1.76)**	(1.97)	(1.15)

Diluted loss per share (cents per share)	10	**(1.76)**	(1.97)	(1.15)

The above consolidated statement of comprehensive income/(loss) should be read in conjunction with the accompanying notes.

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GENETIC TECHNOLOGIES LIMITED 2014 Financial Report

CONSOLIDATED BALANCE SHEET

As at June 30, 2014

	Notes	Consolidated 2014 $	Consolidated 2013 $
ASSETS			
Current assets			
Cash and cash equivalents	11	**2,831,085**	1,721,293
Trade and other receivables	12	**1,111,565**	328,642
Prepayments and other assets	13	**414,910**	398,185
Performance bond and deposits	14	**2,949**	209,296
Total current assets		**4,360,509**	2,657,416
Non-current assets			
Investments accounted for using the equity method	15		3,932,384
Financial assets at fair value through profit or loss	16	**795,533**	
Property, plant and equipment	17	**394,164**	423,168
Intangible assets and goodwill	18	**1,178,993**	1,306,559
Total non-current assets		**2,368,690**	5,662,111
Total assets		**6,729,199**	8,319,527
LIABILITIES			
Current liabilities			
Trade and other payables	19	**1,449,187**	1,375,536
Deferred revenue	20	**153,226**	320,781
Provisions	21	**715,603**	768,699
Total current liabilities		**2,318,016**	2,465,016
Non-current liabilities			
Provisions	21	**81,280**	96,224
Borrowings	22	**2,502,384**	
Total non-current liabilities		**2,583,664**	96,224
Total liabilities		**4,901,680**	2,561,240
Net assets		**1,827,519**	5,758,287
EQUITY			
Contributed equity	24	**90,080,492**	83,735,845
Reserves	25	**3,922,140**	3,951,771
Accumulated losses	26	**(92,175,113)**	(82,049,916)
Parent entity interest		**1,827,519**	5,637,700
Non-controlling interests	27		120,587
Total equity		**1,827,519**	5,758,287

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

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GENETIC TECHNOLOGIES LIMITED 2014 Financial Report

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2014

	Notes	Consolidated 2014 $	2013 $	2012 $
Cash flows from / (used in) operating activities				
Receipts from customers		**4,007,591**	8,460,774	6,300,410
Payments to suppliers and employees		**(15,058,176)**	(16,213,984)	(14,481,226)
Interest received		**116,047**	275,399	551,859
Interest and finance charges paid		**(52,550)**	(38,968)	(45,217)
Net cash flows from / (used in) operating activities	11	**(10,987,088)**	(7,516,779)	(7,674,174)
Cash flows from / (used in) investing activities				
Proceeds from the sale of plant and equipment			1,201	31,455
Purchases of plant and equipment		**(47,917)**	(53,611)	(76,314)
Proceeds from the sale of shares in associate			46,951	20
Purchase of shares in subsidiary				(10)
Proceeds from the sale of available-for-sale financial assets		**577,497**		
Cash disposed on loss of control of subsidiary		**(162,576)**		
Advances to associates		**(20,470)**	(173,193)	
Loans repaid by associate				537,026
Payment for financial assets at fair value through profit or loss		**(114,159)**		
Net cash flows from / (used in) investing activities		**232,375**	(178,652)	492,177
Cash flows from / (used in) financing activities				
Proceeds from the issue of shares		**7,000,000**	481,500	10,902,037
Equity transaction costs		**(658,498)**	(25,797)	
Proceeds from borrowings		**5,581,462**		1,000,000
Repayment of borrowings				(1,000,837)
Repayment of hire purchase principal			(17,748)	(50,130)
Net cash flows from / (used in) financing activities		**11,922,964**	437,955	10,851,070
Net increase / (decrease) in cash and cash equivalents		**1,168,251**	(7,257,476)	3,669,073
Cash and cash equivalents at beginning of year		**1,721,293**	8,900,235	5,104,667
Net foreign exchange difference		**(58,459)**	78,534	126,495
Cash and cash equivalents at end of year	11	**2,831,085**	1,721,293	8,900,235

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

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GENETIC TECHNOLOGIES LIMITED 2014 Financial Report

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2014

	Attributable to Members of Genetic Technologies Limited					
Consolidated	**Contributed equity $**	**Reserves $**	**Accumulated losses $**	**Parent interests $**	**Non-controlling interests $**	**Total equity $**
Balance at 30 June 2011	**72,378,105**	**1,697,914**	**(67,464,026)**	**6,611,993**	**202,002**	**6,813,995**
Loss for the year			(5,287,523)	(5,287,523)	(9,601)	(5,297,124)
Other comprehensive loss		(6,818)		(6,818)		(6,818)
Total comprehensive loss		(6,818)	(5,287,523)	(5,294,341)	(9,601)	(5,303,942)
Transactions with owners in their capacity as owners						
Contributions of equity (net)	10,902,037			10,902,037		10,902,037
Share-based payments		2,028,323		2,028,323		2,028,323
Reversal of share of issued capital					(37,771)	(37,771)
	10,902,037	2,028,323		12,930,360	(37,771)	12,892,589
Balance at June 30, 2012	**83,280,142**	**3,719,419**	**(72,751,549)**	**14,248,012**	**154,630**	**14,402,642**
Loss for the year			(9,298,367)	(9,298,367)	(51,116)	(9,349,483)
Other comprehensive income		9,347		9,347	17,073	26,420
Total comprehensive income / loss)		9,347	(9,298,367)	(9,289,020)	(34,043)	(9,323,063)
Transactions with owners in their capacity as owners						
Contributions of equity (net)	455,703			455,703		455,703
Share-based payments		223,005		223,005		223,005
	455,703	223,005		678,708		678,708
Balance at June 30, 2013	**83,735,845**	**3,951,771**	**(82,049,916)**	**5,637,700**	**120,587**	**5,758,287**
Loss for the year			(10,125,197)	(10,125,197)	(9,272)	(10,134,469)
Other comprehensive loss		(149,162)		(149,162)	86	(149,076)
Total comprehensive loss		(149,162)	(10,125,197)	(10,274,359)	(9,186)	(10,283,545)
Transactions with owners in their capacity as owners						
Contributions of equity (net)	6,341,472			6,341,472		6,341,472
Value of shares issued on conversion of convertible notes	3,572,877			3,572,877		3,572,877
Value of shares cancelled as part of the swap deal	(3,569,702)			(3,569,702)		(3,569,702)
Share-based payments		119,531		119,531		119,531
Removal of non-controlling interests on de-consolidation					(111,401)	(111,401)
	6,344,647	119,531		6,464,178		6,352,777
Balance at June 30, 2014	**90,080,492**	**3,922,140**	**(92,175,113)**	**1,827,519**		**1,827,519**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended June 30, 2014

1. CORPORATE INFORMATION

The Financial Report of Genetic Technologies Limited (the Company) for the year ended June 30, 2014 was authorised for issue in accordance with a resolution of the Directors dated October 29, 2014. Genetic Technologies Limited is incorporated in Australia and is a company limited by shares. The Directors have the power to amend and reissue the financial statements.

The Company s ordinary shares are publicly traded on the Australian Securities Exchange under the symbol GTG and, via Level II American Depositary Receipts, on the NASDAQ Capital Market under the ticker GENE.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

This general purpose Financial Report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001.*

Compliance with IFRS

The Financial Report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Historical cost convention

These financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires Management to exercise its judgement in the process of applying the Group s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are critical to the financial statements, are disclosed in Note 3.

Going concern

During the 2014 financial year, the Company incurred a total comprehensive loss after income tax of $10,283,545 (2013: $9,323,063) and net cash outflows from operations of $10,987,088 (2013: $7,516,779).

As at June 30, 2014, the Company held cash reserves of $2,831,085 and had net current assets of $2,042,493.

Subsequent to balance date, the Company has raised $4,150,000, before the payment of associated costs, through:

- $2,150,000 of new finance via the issue of unlisted secured (debt) notes to existing and new Australian institutional and wholesale investors; and

- $2,000,000 from the sale of its Heritage Australian Genetics business. Whilst subject to conditions precedent the sale is expected to complete within the next month.

As at the date of this Report, the Company held cash reserves of approximately $1,395,000.

The cash raised from the above two transactions, combined with its existing cash reserves, will enable the Company to fund its operations in the short to medium term.

However, the continuing viability of the Company and the group s ability to continue as a going concern and meet its debts and commitments as and when they fall due is wholly dependent on the Company being successful in raising additional funds via the issuance of new equity in the near term. Any issuance of new equity will be subject to shareholder approval, which will be sought at the appropriate time.

Due to the significant uncertainty surrounding the timing and quantum of the above event, there is a material uncertainty that may cast significant doubt on the Company s ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. However, the Directors believe that the Company will be successful in raising new funds, in the

timeframe required, and accordingly, have prepared the financial report on a going concern basis.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation (cont.)

Events subsequent to balance date

Convertible Notes

Subsequent to June 30, 2014, Redeemable Convertible Notes with a face value of USD 1,300,000 were converted in return for which Ironridge received 90,612,780 ordinary shares (including ordinary shares issued in lieu of interest payment and true-up adjustment). As a result of this conversion, the face value of the remaining Notes has been reduced to USD 450,000 as at the date of this Report.

On August 28, 2014, the Company announced that it has convened a general meeting for September 30, 2014 to consider approving further conversions under the Company s existing facility with Ironridge. Where a conversion occurs after shareholder approval that would reduce the Company s indebtedness under the Ironridge Facility, but it would not provide cash funding to the Company.

Options

On July 31, 2014, the Company granted a total of 6,875,000 options over ordinary shares in the Company. The options, which were granted at no cost, entitle the holders to acquire one ordinary share at a price of $0.04 at any time up to, and including May 31, 2019, subject to certain vesting conditions.

Licensing

On August 14, 2014, the Company announced that it had executed a Settlement and Release Agreement with Histogenetics LLC. New York, USA. The precise commercial terms of this Agreement are covered by formal confidentiality provisions and cannot be disclosed. This Agreement was achieved as a result of GTG s continuing patent assertion and monetization efforts in the USA.

On August 26, 2014, the United States District Court for the Middle District of North Carolina last week issued an Order denying a motion brought by GlaxoSmithKline, LLC (GSK) to dismiss the patent infringement law suit brought against it by GTG. This significant success follows the separate success reported on March 12, 2014, when a similar motion to dismiss filed by Agilent in the Northern District of California was also denied.

Notice of EGM

On August 28, 2014, the Company released the Notice for an Extraordinary General Meeting of shareholders (the Meeting), together with a Sample Form of Proxy for the Meeting. As detailed in the Notice, the Meeting will be held at 10.00 am on Tuesday, September 30, 2014, (Melbourne time) at the Company s offices.

Nasdaq notice

On September 3, 2014, the Company announced that it received a letter dated August 29, 2014, from the Nasdaq Stock Market notifying the Company that for the last 30 consecutive business days prior to August 28, the bid price for the Company s ordinary shares had closed below the minimum $US1.00 per share requirement for continued inclusion under Nasdaq Marketplace Listing Rules (the Rules). The letter stated that in accordance with the Rule the Company has 180 calendar days, or until February 25, 2015, to regain compliance.

The issuance of such notices, by Nasdaq, are a matter of procedure, with the Company currently considering its position and the options available in order to regain compliance.

Financing and plans for restructure

On September 15, 2014, the Company, announced plans to restructure and realign its group activities. The changes announced will enable the Company to focus its strategy on the US molecular diagnostics (MDx) market and commercialisation of the Company s lead breast cancer risk test BREVAGen. The restructure and realignment of group activities follows a recent review of operations by the Company aimed at supporting the Company s US MDx strategy.

The core plans approved by the Board include:

- the sale / divestment of non-core assets;
- the realignment of internal cost structures through a disciplined approach to cost management and capital allocation being driven by the recently appointed CFO;
- a board restructure, including the appointment of new directors, to support and enhance Company s focus on the US MDx market; and
- a proposed Company name change to represent a MDx focus.

The plans being implemented are expected to provide investors with a focused MDx company and refined US commercialisation strategy for BREVAGen, with a significantly reduced operating cost base.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation (cont.)

Events subsequent to balance date (cont.)

Financing and plans for restructure (cont.)

In support of these plans, the Company finalised the raising of $2.15M financing via the issue of unlisted secured (debt) notes (Notes) to existing and new Australian institutional and wholesale investors. The Notes will carry a 10.0% coupon rate, and subject to shareholder approval or, where the Company otherwise notifies that the Notes are convertible (in compliance with all applicable laws), the Notes will also be convertible into ordinary shares (at a 10.0% discount to the 5 day VWAP). The Notes will also carry free attached options to purchase further shares in the Company (Options) and will be subject shareholder approval. Shareholder approval for the conversion under Notes and the grant of the Options will be sought at a General Meeting.

The funds raised under the financing will be used to support Genetic Technologies short-term capital requirements and, together with existing cash reserves, will support the Company s refocused US MDx strategy.

Sale of heritage Australian Genetics business

On September 22, 2014, the Company announced that it had signed a binding contract of sale for its heritage Australian Genetics business (Australian Genetics) to Specialist Diagnostics Services Ltd (SDS), the wholly owned pathology subsidiary of Primary Health Care Ltd. The Australian Genetics business provides diagnostic and sequencing services encompassing Australia-only medical, forensic, paternity and animal genomic testing. Under the terms of sale, SDS will acquire the Australian Genetics business for $2,000,000 in cash. Assuming all conditions are met, settlement of the transaction is expected to occur within the next month.

The divestment of the Australian Genetics business follows the Company s announcement on September 15, 2014, of plans to sell non-core assets and focus business activities on the US MDx market and commercialisation of the Company s lead breast cancer risk test BREVAGen.

Appointment of two new Directors

On September 24, 2014, the Company announced it is pleased to advise that Mr. David Carter and Dr. Lindsay Wakefield have today been appointed Non-Executive Directors of the Company on casual appointment , in that the new appointees will then be required to submit themselves for re-election at the upcoming AGM, as per article 19.4 of the Company s Constitution.

Results of EGM

On 30 September 2014, at an Extraordinary General Meeting shareholders were asked to consider and, if thought fit, to pass the following resolutions:

1. Ratification prior issue of shares under the Ironridge Convertible Note

2. Approval issue of further shares under the Ironridge Convertible Note

The two resolutions were put before the shareholders and were passed on a show of hands.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(b) New accounting standards and interpretations

(i) Standards and Interpretations affecting amounts reported in the current period (and/or prior period)

The following new and revised standards and interpretations have been adopted in the current period and have affected the amounts reported in these financial statements.

- *AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, AASB 128 Investments in Associates and Joint Ventures, AASB 127 Separate Financial Statements and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards*

AASB 10 Consolidated Financial Statements was issued in August 2011 and replaces the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements and in Interpretation 112 Consolidation Special Purpose Entities. The group has reviewed its investments in other entities to assess whether the conclusion to consolidate is different under AASB 10 than under AASB 127. No differences were found and therefore no adjustments to any of the carrying amounts in the financial statements are required as a result of the adoption of AASB 10.

Under AASB 11 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. This accounting standard does not apply to the group as no joint arrangements were held by the company.

AASB 12 sets out the required disclosures for entities reporting under AASB 10 and AASB 11. It replaces the disclosure requirements currently found in AASB 127, AASB 128 and AASB 131.

- *AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13*

AASB 13 explains how to measure fair value and aims to enhance fair value disclosures; it does not change when an entity is required to use fair value to measure an asset or liability.

- *AASB 2012-2 Amendments to Australian Accounting Standards Disclosures Offsetting Financial Assets and Financial Liabilities*

AASB 2012-2 amendments do not change the current offsetting rules in AASB 132, but they clarify that the right of set-off must be available today (ie not contingent on a future event) and must be legally enforceable in the normal course of business as well as in the event of default, insolvency or bankruptcy. There are more extensive disclosures which focus on quantitative information about recognised financial instruments that are offset in the statement of financial position, as well as those recognised financial instruments that are subject to master netting or similar arrangements, irrespective of whether they are offset. The amendments did not have a significant impact to the Group.

- *AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements Revised Corporations Regulations 2M.3.03*

AASB 2011-4 amendments remove the individual key management personnel disclosure requirements from AASB 124 Related Party Disclosures, to achieve consistency with the international equivalent standard. Following the release of revised Corporations Regulations, all of the detailed disclosures will have to be included in the remuneration report for financial years commencing on or after July 1, 2013. Aggregate disclosures will still be required for the notes to the financial statements. These changes have been implemented in the current financial statements.

(ii) Standards and Interpretations in issue but not yet adopted

In respect of the year ended June 30, 2014, the Group has assessed all new accounting standards mandatory for adoption during the current year, noting no new standards which would have a material affect on the disclosure in these financial statements. There has been no effect on the profit and loss or the financial position of the Group. Certain new accounting standards and interpretations have been published that are not mandatory for June 30, 2014 reporting periods.

The Group s and the parent entity s assessment of the impact of these new standards and interpretations is set out below.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(b) New accounting standards and interpretations (cont.)

(ii) Standards and Interpretations in issue but not yet adopted (cont.)

- *IFRS 9 / (AASB 9) Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 , AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010), AASB 2012-6 Amendments to Australian Accounting Standards - Mandatory Effective Date of AASB 9 and Transition Disclosures and AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments* (effective January 1, 2018)

IFRS 9 / (AASB 9) *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until January 1, 2018 but is available for early adoption. When adopted, the standard will affect in particular the Group s accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income/(loss) if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss.

The standard is not expected to have an impact on the Group s accounting for financial instruments. All available-for-sale financial assets have been designated as not held for trading, such that fair value gains and losses are recognised in other comprehensive income/(loss). The derecognition rules have been transferred from AASB *139 Financial Instruments: Recognition and Measurement* and have not been changed. The Group has not yet decided when to adopt AASB 9.

AASB 2013-3 Amendments to AASB 136 Recoverable Amount Disclosures for Non-Financial Assets (effective January 1, 2014)

The AASB has made small changes to some of the disclosures that are required under AASB 136 *Impairment of Assets.* These may result in additional disclosures if the Group recognises an impairment loss or the reversal of an impairment loss during the period. They will not affect any of the amounts recognised in the financial statements. The Group intends to apply the amendment from July 1, 2014.

- *Annual Improvements to IFRSs 2010-2012 and 2011-2013 cycle (effective July 1, 2014)*

In December 2013, the IASB approved a number of amendments to International Financial Reporting Standards as a result of the annual improvements project. These include AASB-2 Share based payments and AASB 8, Operating segments . The Group does not expect that any

adjustments will be necessary as the result of applying the revised rules.

- *Revenue From Contracts With Customers*

The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer so the notion of control replaces the existing notion of risks and rewards. While the AASB has not yet issued an equivalent standard, they are expected to do so in the second half of 2014.

The Group has not yet considered the impact of the new rules on its revenue recognition policies. It will undertake a detailed assessment in the near future. The Group intends to apply the amendment from July 1, 2017.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(c) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Genetic Technologies Limited (the Company or Parent Entity) as at June 30, 2014 and the results of all subsidiaries for the year then ended. Genetic Technologies Limited and its subsidiaries together are referred to in this Financial Report as the Group or the Consolidated Entity .

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(c) Principles of consolidation (cont.)

Subsidiaries (cont.)

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement within the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains / losses on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the Group s policies. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income/(loss), consolidated balance sheet and consolidated statement of changes in equity, respectively.

Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost. The Group s investment in associates is detailed in Note 36.

The Group s share of its associate s post-acquisition profits or losses is recognised in profit or loss and its share of post-acquisition other comprehensive income/(loss) is recognised in other comprehensive income/(loss). The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the Group s share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group s interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of

associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Genetic Technologies Limited.

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income/(loss) in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income/(loss) are reclassified to profit or loss. If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income/(loss) are reclassified to profit or loss where appropriate.

(d) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing the performance of the operating segments, has been identified as the Chief Executive Officer.

(e) Parent entity financial information

The financial information for the parent entity, Genetic Technologies Limited has been prepared on the same basis as the consolidated financial statements, except that investments in subsidiaries are accounted for at cost in the financial statements of Genetic Technologies Limited. Loans to subsidiaries are written down to their recoverable value as at balance date.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(f) Foreign currency translation

The functional and presentation currency of Genetic Technologies Limited and its Australian subsidiaries is the Australian dollar (AUD). Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities which are denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the statement of comprehensive income/(loss).

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate ruling at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates ruling at the date when the fair value was determined. The functional currencies of the Company s five overseas subsidiaries are as follows:

Gtech International Resources Limited Canadian dollars (CAD)

Genetic Technologies (Beijing) Limited (1) Chinese yuan (CNY)

GeneType AG Swiss francs (CHF)

GeneType Corporation United States dollars (USD)

Phenogen Sciences Inc. United States dollars (USD)

As at the reporting date, the assets and liabilities of these subsidiaries are translated into the presentation currency of Genetic Technologies Limited at the rate of exchange ruling at the balance sheet date and the statement of comprehensive income/(loss) is translated at the weighted average exchange rates for the period unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions. The exchange differences arising on the retranslation are recognised in other comprehensive income/(loss) and taken directly to a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the statement of comprehensive income/(loss).

Note: (1) Genetic Technologies (Beijing) Limited was de-registered in 2014.

(g) Earnings per share (EPS)

Basic EPS is calculated by dividing the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year. Diluted EPS adjusts the figures used in the determination of basic EPS to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(h) Revenue recognition

Revenues are recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenues can be reliably measured. Revenues are recognised at the fair value of the consideration received or receivable net of the amounts of Goods and Services Tax. The following recognition criteria must also be met before revenue is recognised:

Rendering of services

Revenues from the rendering of services are recognised when the services are provided and the fee for the services provided is recoverable. Service arrangements are of short duration (in most cases less than three months).

License fees, royalties and annuities received

The Company licenses the use of its patented genetic technologies. License fee income is recorded on the execution of a binding agreement where the Group has no future obligations, it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The Group does not grant refunds to its customers. Refer also to Note 2(x). Royalties and annuities arising from the above licenses are recognised when earned in accordance with the substance of the agreement, in cases where no future performance is required by the Company and collection is reasonably assured.

Interest received

Revenue is recognised as the interest accrues using the effective interest method. Interest charged on loans to related parties is charged on commercial and arm s-length terms and conditions.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(i) Share-based payment transactions

The Group provides benefits to Group employees in the form of share-based payment transactions, whereby employees render services and receive rights over shares (equity-settled transactions). There is currently an Employee Option Plan in place to provide these benefits to executives and employees and the cost of these transactions is measured by reference to the fair value at the date they are granted.

The fair value of options granted is determined by Cape Leveque Securities Pty. Ltd., an independent valuer, using a Black-Scholes option pricing model. Cape Leveque Securities Pty. Ltd. has consented to having its name included in this Report. In valuing equity-settled transactions, no account is taken of any non-market performance conditions. The cost of equity-settled transactions is recognized as an employee benefits expense, together with a corresponding increase in equity, over the period in which the relevant vesting conditions are fulfilled, ending on the date the relevant employees become entitled to the award (vesting date). The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired; and (ii) the number of awards that, in the opinion of the Directors of the Group, will ultimately vest. This opinion is formed based on the best information available at balance date.

The Group uses non-market vesting conditions for its share-based payment transactions and no cumulative expense is recognised for any awards that do not ultimately vest. Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as at the date of modification. Where appropriate, the dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share. The Company s policy is to treat the options of terminated employees as forfeitures.

(j) Income tax

The income tax expense or revenue for the period is the tax payable on the current period s taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company s subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income/(loss) or directly in equity. In this case, the tax is also recognised in other comprehensive income/(loss) or directly in equity, respectively.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(j) Income tax (cont.)

Tax consolidation legislation

Genetic Technologies Limited (GTG) and its wholly-owned Australian-resident subsidiaries have implemented the tax consolidation legislation. The head entity, GTG, and the subsidiaries in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, GTG also recognises the current tax assets / liabilities and the deferred tax assets arising from unused tax losses and tax credits assumed from subsidiaries in the tax consolidated group. Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group. Details about the tax funding agreement are disclosed in Note 9. Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreements are recognised as a contribution to (or distribution from) wholly-owned tax subsidiaries.

(k) Other taxes

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST) except where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet. Cash flows are included in the cash flow statement on a gross basis and the GST component arising from investing and financing activities, which is recoverable from / payable to the taxation authority, are classified as operating cash flows.

(l) Withholding tax

The Group generates revenues from the granting of licenses to parties resident in overseas countries. Such revenues may, in certain circumstances, be subject to the deduction of local withholding tax. In such cases, revenues are recorded net of any withholding tax deducted.

(m) Finance costs

Finance costs are recognised using the effective interest rate method.

(n) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of 3 months or less. For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above. Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

(o) Trade and other receivables

Trade receivables, which are non-interest bearing and generally have terms of between 30 to 90 days, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that a receivable is impaired. Such evidence includes an assessment of the debtor s ability and willingness to pay the amount due. The amount of the allowance/impairment loss is measured as the difference between the carrying amount of the trade receivables and the estimated future cash flows expected to be received from the relevant debtors. Details regarding interest rate and credit risk of current receivables are disclosed in Note 37.

(p) Inventories

Inventories principally comprise laboratory and other supplies and are valued at the lower of cost and net realisable value. Inventory costs are recognised as the purchase price of items from suppliers plus freight inwards and any applicable landing charges. Costs are assigned on the basis of weighted average cost.

(q) Performance bonds and deposits

Performance bonds and deposits include cash deposits held as security for the performance of certain contractual obligations.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(r) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on either a straight-line or diminishing value basis over the estimated useful life of the respective asset as follows:

Laboratory equipment 3 to 5 years

Computer equipment 2 to 5 years

Office equipment 2 to 5 years

Equipment under hire purchase 3 years

Leasehold improvements lease term, being between 1 and 5 years

Costs relating to day-to-day servicing of any item of property, plant and equipment are recognised in profit or loss as incurred. The cost of replacing larger parts of some items of property, plant and equipment are capitalised when incurred and depreciated over the period until their next scheduled replacement, with the replacement parts being subsequently written off.

(s) Intangible assets

Patents

Patents held by the Group are used in the licensing, testing and research areas and are carried at cost and amortised on a straight-line basis over their useful lives, being from 5 to 10 years. External costs incurred in filing and protecting patent applications, for which no future benefit is reasonably assured, are expensed as incurred.

Research and development costs

Costs relating to research activities are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development. To date, all development costs have been expensed as incurred as their recoverability cannot be regarded as assured.

(t) Goodwill

Goodwill on acquisition is initially measured at cost, being the excess of the cost of the business combination over the acquirer s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following its initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised.

Goodwill is reviewed for impairment at each reporting date, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group s cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes and is not larger than an operating segment in accordance with *IFRS 8 (AASB 8) Operating Segments*.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(u) Impairment of assets (other than goodwill)

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Group makes an estimate of the asset s recoverable amount. An asset s recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset s value-in-use cannot be estimated to be close to its fair value. In such cases, the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at its revalued amount, in which case the impairment loss is treated as a revaluation decrease.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset s recoverable amount since the last impairment loss was recognised. If so, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless it reverses a decrement previously charged to equity, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset s revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(v) Leases and hire purchase agreements

Finance leases and hire purchase agreements, which transfer to the Group substantially all the risks and benefits incidental to ownership of the financed item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease and hire purchase payments are apportioned between finance charges and a reduction of the associated liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss. Capitalised leased assets and assets under hire purchase are depreciated over the shorter of the estimated useful life of the asset or the term of the agreement. Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease

payments are recognised as an expense in the statement of comprehensive income/(loss) on a straight-line basis over the lease term.

(w) Employee benefits

(i) Short-term obligations

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave. Liabilities arising in respect of wages and salaries, expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. Expenses for non-accumulating sick leave are recognised when the leave is taken during the year and are measured at rates paid or payable.

(ii) Other long-term employee benefit obligations

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the reporting period in which the employee renders the related service. They are therefore recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(x) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income/(loss) net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(y) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade payables and other payables generally have terms of between 30 and 60 days.

(z) Contributed equity

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Transaction costs arising on the issue of ordinary shares are recognised directly in equity as a deduction, net of tax, of the proceeds received. The Company has a share-based payment option plan under which options to subscribe for the Company s shares have been granted to certain executives and other employees (refer Note 28).

(aa) Financial assets and liabilities

During the year ended June 30, 2014, the Group acquired a financial asset and liability at fair value through profit or loss. Financial assets and liabilities at fair value through profit or loss are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value and at the end of each reporting period. The accounting for subsequent changes in fair value is recognised in profit or loss.

(ab) Deferred revenue

Genetic testing revenues

The Company operates facilities which provide genetic testing services. The Company recognises revenue from the provision of these services when the services have been completed. Fees received in advance of the testing process are deferred until such time as the Company completes its performance obligations.

Grant revenues

Grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. When the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of comprehensive income over the expected useful life of the relevant asset by equal annual instalments.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(ac) Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. All costs relating to acquisitions are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest s proportionate share of the acquiree s net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group s share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity s incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are evaluated and based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of certain assets and liabilities within the next annual reporting period are set out below.

Impairment of intangible assets and goodwill

The Group determines whether intangible assets, including goodwill, are impaired on at least an annual basis, in accordance with the accounting policies stated in Notes 2(s) and 2(t). This process requires an estimation to be made of the recoverable amount of the cash-generating units to which the respective assets are allocated.

Income and withholding taxes

The Group is subject to income and withholding taxes in both Australia and jurisdictions where it has foreign operations. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current, deferred and withholding tax provisions in the period in which such determination is made (refer Notes 2(j), 2(k) and 2(l)). In addition, the Group has considered the recognition of deferred tax assets relating to carried forward tax losses to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same subsidiary against which the unused tax losses can be utilised. However, utilisation of the tax losses also depends on the ability of the entity to satisfy certain tests at the time the losses are recouped (refer Note 9).

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3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Critical accounting estimates and assumptions (cont.)

Revenue from the sale of the BREVAGen test

During the financial year ended June 30, 2012, the Company generated the first sales of its BREVAGentest. Whilst not material to the overall result, in accordance with revenue recognition principles, due to the relatively limited numbers of tests sold in that first year of launch, the income generated from these sales was recorded on a cash basis. Effective January 1, 2013, significant changes in the US reimbursement system have impacted (positively) on the amounts the Company has since received for the BREVAGentests it performs.

As at June 30, 2014, the Company now has enough historical data to use to enable it to determine a reliable estimate of the amount of revenue expected to be received. Accordingly the Group now recognises the revenue on the BREVAGen test on an accruals basis. A one-off adjustment to increase revenue at this date was made for $446,000.

Share-based payments transactions

The Group measures the cost of equity-settled transactions with employees by reference to the value of the equity instruments at the date on which they are granted. The fair value is determined by an independent valuer using a Black-Scholes options pricing model.

Useful lives of assets

The estimation of the useful lives of assets has been based on historical experience as well as lease terms (for leased equipment) and patent terms (for patents). In addition, the condition of the assets is assessed at least annually and considered against the remaining useful life and adjustments to useful lives are made when considered necessary.

Research and development costs

An intangible asset arising from development expenditure on an internal project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

To date, all development costs have been expensed as incurred as their recoverability cannot be regarded as assured. In addition to the costs incurred by the Company s research and development group, costs of clinical and other trials are also included. The costs of research and development are expensed in full in the period in which they are incurred. The Group will only capitalise its development expenses when specific milestones are met and when the Group is able to demonstrate that future economic benefits are probable.

	Consolidated		
	2014	**2013**	**2012**
	$	**$**	**$**
4. COST OF SALES			
Inventories used	**929,538**	823,139	859,206
Direct labour costs	**716,731**	785,722	864,286
Depreciation expense	**126,942**	173,300	230,349
Inventories written off	**64,518**	163,306	(5,216)
Total cost of sales	**1,837,729**	1,945,467	1,948,625
5. OTHER REVENUE			
License fees received	**628,497**	3,579,677	1,189,170
Royalties and annuities received	**235,335**	1,205,236	1,337,429
Total other revenue	**863,832**	4,784,913	2,526,599

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	Consolidated		
	2014	**2013**	**2012**
	$	**$**	**$**
6. OTHER INCOME			
Net foreign exchange gains	**167,584**	46,264	141,364
Net profit / (loss) on disposal of plant and equipment	**53,277**	(1,416)	31,455
Management fees received	**38,267**	8,000	4,875
Research and development tax credit	**358,395**	181,036	
Loss on disposal of shares in subsidiary			(10)
Net profit on disposal of investments accounted for using the equity method		1,606	
Fair value gains on financial assets at fair value through profit or loss	**295,533**		
Net gain on sale of available-for-sale financial assets	**41,969**		
Total other income and expenses	**955,025**	235,490	177,684
7. GAIN ON DECONSOLIDATION OR DISPOSAL OF SUBSIDIARY			
Fair value of retained interest in subsidiary	**535,529**		
Recognition of investment in associate			4,546,951
Removal of net liabilities on loss of control of a subsidiary	**(9,172)**		528,433
Reclassification of foreign currency reserve on loss of control of a subsidiary to profit or loss	**123,603**		
Removal of non-controlling interests	**111,401**		37,771
Profit received from sale of shares in associate			20
Total gain on deconsolidation of subsidiary	**761,361**		5,113,175

Note: On December 12, 2013, the Company announced that its former Canadian-listed subsidiary, Gtech International Resources Limited (Gtech) had completed its acquisition of Sydney-based company Simavita Holdings Limited (Simavita Holdings), as originally disclosed by the Company to the ASX on July 30, 2013. As part of the transaction, in which Simavita Holdings raised approximately $14.3 million via the issue of approximately 34.9 million new shares at an issue price of $0.41 per share (before the payment of costs and the repayment of certain debts), Gtech changed its name to Simavita Limited (Simavita).

The shares of Simavita commenced trading on the TSXV, under the trading symbol SV , on December 6, 2013. On December 9, 2013, Simavita lodged documents with the ASX pursuant to which it also sought a listing of CHESS Depositary Interests (CDIs) on the ASX. The Simavita CDIs were listed on the ASX, under the ASX code SVA , on February 20, 2014.

Immediately following the completion of the acquisition, Genetic Technologies Limited held a total of 1,306,166 shares in Simavita, representing approximately 2.2% of that company s total issued capital. As a result of the transaction, Gtech was deconsolidated from the GTG Group and a number of changes were made to the Board of that company to reflect the new ownership. Cash disposed on loss of control of subsidiary was $162,576 (refer Cash Flow Statement).

On this date the subsidiary was deconsolidated and the retained interest was recognised as an available for sale financial asset recognised at fair value. This asset has since been sold prior to balance date for $577,497 and has been included as proceeds from the sale of available-for-sale financial assets within the cash flow statement.

The Gtech International Resources Limited subsidiary was allocated to the Corporate segment (refer Note 29).

8. EXPENSES

Amortisation of intangible assets	**127,566**	127,565	181,048
Depreciation of fixed assets	**83,937**	97,444	150,547
Employee benefits expenses	**6,797,341**	6,938,342	8,194,251
Operating lease expenses	**386,694**	369,254	354,958
Research and development expenses	**652,994**	573,377	892,274
Net impairment of intangible assets			104,338

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9. INCOME TAX

	Consolidated		
	2014	**2013**	**2012**
	$	**$**	**$**
Reconciliation of income tax expense to prima facie tax payable			
Loss before income tax expense	**(10,134,469)**	(9,349,483)	(5,296,828)
Tax at the Australian tax rate of 30% (2013: 30%)	**(3,040,341)**	(2,804,845)	(1,589,048)
Tax effect amounts which are not deductible / (taxable) in calculating taxable income			
Net impairment losses and other write-downs	**(83,376)**	54,883	31,301
Share-based payments expense	**35,859**	66,902	608,497
Share of net loss of associate accounted for using the equity method	**108,805**	131,156	39,611
Capital raising expenses	**92,194**	21,772	(48,328)
Disposal of associate accounted for using the equity method	**1,100,195**		
Gain on deconsolidation or disposal of subsidiary	**(216,056)**		(1,533,953)
Fair value gains on financial assets at fair value through profit or loss	**(88,660)**		
Research and development tax incentive	**(107,518)**	(54,311)	
Non-assessable forgiveness of debt	**(111,203)**		
Tax effect of inter-company transactions	**(81,909)**		
Withholding tax expense	**5,606**	20,330	19,753
Other non-deductible items	**2,869**	6,869	4,980
	(2,383,535)	(2,557,244)	(2,467,187)
Tax effect of adjustments relating to temporary differences			
Amortisation and depreciation expenses	**20,477**	46,701	25,557
Convertible note finance costs	**165,996**		
Fair value loss on financial liabilities at fair value through profit or loss	**194,512**		
Net movements in provisions	**(8,560)**	4,794	26,111
Settlement proceeds from Applera Corporation	**(87,488)**	(134,757)	(131,134)
Under /(over) provision	**(1,424,354)**	1,159,185	1,264,668
Tax losses utilised			
Tax losses not recognised	**3,522,952**	1,481,321	1,281,985
Income tax expense			
Net deferred tax assets			
Deferred tax assets			
Deferred revenue		96,234	79,994
Applera settlement	279,285	350,002	484,759
Intangible assets	2,170,487	2,404,695	2,099,763
Doubtful debts	32,677	64,286	26,635
Provisions	239,065	259,477	254,683
Other	64,754	52,553	
Total deferred tax assets	**2,786,269**	3,227,247	2,945,834
Deferred tax liabilities			
ImmunAid Option	88,660		
Total deferred tax liabilities	**88,660**		
Net deferred tax assets on temporary differences not brought to account	**(2,697,609)**	(3,227,247)	(2,945,834)
Total net deferred tax assets			
Tax losses			

Unused tax losses for which no deferred tax asset has been recognised	**52,645,184**	40,902,010	35,964,273
Potential tax benefit @ 30%	**15,793,555**	12,270,603	10,789,282

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9. INCOME TAX (cont.)

Subject to the Group continuing to meet the relevant statutory tests, the tax losses are available for offset against future taxable income.

As at balance date, there are unrecognised tax losses with a benefit of approximately $15,793,555 (2013: $12,270,603, 2012: $10,789,282) that have not been recognised as a deferred tax asset to the Group. These unrecognised deferred tax assets will only be obtained if:

a) The Group companies derive future assessable income of a nature and amount sufficient to enable the benefits to be realised;

b) The Group companies continue to comply with the conditions for deductibility imposed by the law; and

c) No changes in tax legislation adversely affect the Group companies from realising the benefit.

Tax consolidation legislation

Genetic Technologies Limited and its wholly-owned Australian subsidiaries implemented the tax consolidation legislation as from July 1, 2003. The accounting policy in relation to this legislation is set out in Note 2(j).

The entities in the tax consolidated group have entered into a Tax Sharing Agreement which, in the opinion of the Directors, limits the joint and several liabilities of the wholly-owned entities in the case of a default by the head entity, Genetic Technologies Limited.

The entities have also entered into a Tax Funding Agreement under which the wholly-owned entities fully compensate Genetic Technologies Limited for any current tax payable assumed and are compensated by Genetic Technologies Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Genetic Technologies Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the respective subsidiaries financial statements.

The amounts receivable or payable under the Tax Funding Agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year.

As at June 30, 2014, there are no unrecognised temporary differences associated with the Group s investments in subsidiaries, as the Group has no liability for additional taxation should unremitted earnings be remitted (2013: $nil).

10. LOSS PER SHARE

The following reflects the income and share data used in the calculations of basic and diluted loss per share:

	2014	**2013**	**2012**
	$	**$**	**$**
Loss for the year attributable to the owners of Genetic Technologies Limited	**(10,125,197)**	(9,298,367)	(5,287,523)
Weighted average number of ordinary shares used in calculating loss per share	**574,557,747**	472,084,970	460,402,869

Note: None of the 7,775,000 (2013: 9,525,000, 2012: 20,125,000) options over the Company s ordinary shares that were outstanding as at the reporting date are considered to be dilutive for the purposes of calculating diluted earnings per share.

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11. CASH AND CASH EQUIVALENTS

	Consolidated		
	2014	**2013**	**2012**
	$	**$**	**$**
Reconciliation of cash and cash equivalents			
Cash at bank and on hand	**2,831,085**	1,721,293	2,380,114
Short-term deposits			6,520,121
Total cash and cash equivalents	**2,831,085**	1,721,293	8,900,235
Reconciliation of loss for the year			
Reconciliation of loss for the year after income tax to net cash flows used in operating activities is as follows:			
Loss for the year after income tax	**(10,134,469)**	(9,349,483)	(5,296,828)
Adjust for non-cash items			
Amortisation and depreciation expenses	**338,445**	398,309	561,944
Share-based payments expense	**119,531**	223,005	2,028,323
Net impairment losses and other write-downs			104,338
Share of loss of associate	**362,682**	437,185	132,037
Loss on disposal of shares in subsidiary			10
Fair value gain on deconsolidation of subsidiary	**(225,833)**		(5,113,175)
Net (gain)/loss on sale of available for sale financial assets	**(41,969)**		
Fair value gains on financial assets at fair value through profit or loss	**(295,533)**		
Fair value losses on financial liabilities at fair value through profit or loss	**447,769**		
Provision for advance to associate		173,193	
Net (profit) / loss on disposal of plant and equipment	**(53,277)**	1,416	(31,455)
Net foreign exchange (gains) / losses	**46,344**	(52,114)	(141,365)
Net (profit) / loss on disposal of shares in associate		(1,606)	
Adjust for changes in assets and liabilities			
(Increase) / decrease in trade and other receivables	**(782,923)**	167,333	178,394
(Increase) / decrease in prepayments and other assets	**(16,725)**	137,940	(62,466)
(Increase) / decrease in performance bonds and deposits	**206,347**	(191,836)	(14,811)
(Increase) / decrease in financial assets at fair value through profit or loss	**(795,533)**		
Increase / (decrease) in trade and other payables	**73,651**	469,764	(209,256)
Increase / (decrease) in deferred revenue	**(167,555)**	54,135	103,100
Increase / (decrease) in provisions	**(68,040)**	15,980	87,036
Net cash flows from / (used in) operating activities	**(10,987,088)**	(7,516,779)	(7,674,174)
Financing facilities available			
As at June 30, 2014, the following financing facilities had been negotiated and were available:			
Total facilities			
Hire purchase facility			2,500,000
Credit cards	**277,298**	215,603	199,208
Facilities used as at reporting date			
Hire purchase facility			(17,748)
Credit cards	**(26,577)**	(60,918)	(15,861)
Facilities unused as at reporting date			
Hire purchase facility			2,482,252
Credit cards	**250,721**	154,685	183,347

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12. TRADE AND OTHER RECEIVABLES (CURRENT)

	Consolidated	
	2014	**2013**
	$	**$**
Trade receivables	**1,004,395**	513,633
Less: provision for doubtful debts	**(108,925)**	(214,285)
Net trade receivables	**895,470**	299,348
Other receivables	**216,095**	29,294
Total net current trade and other receivables	**1,111,565**	328,642

Note: Trade and other receivables for the Group include amounts due in US dollars of USD 511,307 (2013: USD 42,140) and European euros of EUR 90,000 (2013: EUR 90,000).

Refer Note 38 for details of aging, interest rate and credit risks applicable to trade and other receivables for which, due to their short-term nature, their carrying value approximates their fair value.

13. PREPAYMENTS AND OTHER ASSETS (CURRENT)

Prepayments	**201,916**	184,394
Inventories at the lower of cost and net realisable value	**212,994**	213,791
Total current prepayments and other assets	**414,910**	398,185

14. PERFORMANCE BONDS AND DEPOSITS (CURRENT)

Performance bonds		206,259
Deposits	**2,949**	3,037
Total current performance bonds and deposits	**2,949**	209,296

15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (NON-CURRENT)

Shares in associate (Note 36)	3,932,384
Total non-current investments accounted for using the equity method	3,932,384

Note: On December 18, 2013, the Company announced that it had entered into an agreement to sell its entire investment in ImmunAid Limited, subject to shareholder approval. On April 17, 2014 the shareholders passed the resolution to proceed with the transaction on a show of hands. On May 16, 2014 the Company announced the completion of the share transactions in which the Jacobson Entities (the Company s major shareholder) exchanged a total of 75,937,500 shares in the Company at an agreed price of $0.08 per share in return for the Company s 4,500,000 shares in ImmunAid Limited at an agreed price of $1.35 per share.

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (NON-CURRENT)

Option Fee ImmunAid Limited	**795,533**
Total financial assets at fair value through profit and loss	**795,533**

On May 16, 2014, as part of the share exchange agreement approved at an Extraordinary General meeting of Shareholders held on April 17th, ImmunAid Limited (ImmunAid) granted the Company a total of 2,250,000 options to acquire ordinary shares in ImmunAid at a price of $1.35 per share at any time during the three years from the date on which the ImmunAid Options are granted. As part of the consideration the Company paid ImmunAid an option fee of $500,000 of which $114,159 was paid in cash and the balance of $ 385,841 was applied against outstanding debts.

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17. PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	2014	**2013**
	$	**$**
Laboratory equipment, at cost	**3,479,145**	3,880,330
Less: accumulated depreciation	**(2,743,213)**	(2,824,044)
Less: impairment loss	**(426,950)**	(751,325)
Net laboratory equipment	**308,982**	304,961
Computer equipment, at cost	**728,323**	695,288
Less: accumulated depreciation	**(668,002)**	(617,439)
Net computer equipment	**60,321**	77,849
Office equipment, at cost	**229,104**	224,949
Less: accumulated depreciation	**(207,160)**	(190,301)
Net office equipment	**21,944**	34,648
Equipment under hire purchase, at cost	**1,251,114**	1,282,389
Less: accumulated depreciation	**(1,251,114)**	(1,272,389)
Less: impairment loss		(10,000)
Net equipment under hire purchase		
Leasehold improvements, at cost	**111,873**	111,873
Less: accumulated depreciation	**(108,956)**	(106,163)
Net leasehold improvements	**2,917**	5,710
Total net property, plant and equipment	**394,164**	423,168
Reconciliation of property, plant and equipment		
Opening gross carrying amount	**6,194,829**	6,222,730
Add: additions purchased during the year	**181,875**	53,611
Less: disposals made during the year	**(577,145)**	(81,512)
Closing gross carrying amount	**5,799,559**	6,194,829
Opening accumulated depreciation and impairment losses	**(5,771,661)**	(5,579,812)
Add: disposals made during the year	**577,145**	78,895
Less: depreciation expense charged	**(210,879)**	(270,744)
Closing accumulated depreciation and impairment losses	**(5,405,395)**	(5,771,661)
Total net property, plant and equipment	**394,164**	423,168

Reconciliation of movements in property, plant and equipment by asset category

Asset category	Opening net carrying amount $	Additions during year $	Net disposals during year $	Depreciation expense and impairment loss $	Closing net carrying amount $
Laboratory equipment	304,961	144,685		(140,664)	**308,982**
Computer equipment	77,849	33,035		(50,563)	**60,321**
Office equipment	34,648	4,155		(16,859)	**21,944**
Leasehold improvements	5,710			(2,793)	**2,917**
Totals	423,168	181,875		(210,879)	**394,164**

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18. INTANGIBLE ASSETS AND GOODWILL

	Consolidated	
	2014	**2013**
	$	**$**
Patents		
Patents, at cost	**36,662,592**	36,594,310
Less: accumulated amortisation	**(32,889,940)**	(32,797,420)
Less: impairment losses	**(3,632,338)**	(3,632,338)
Total net patents	**140,314**	164,552
Other intangible assets		
Assets associated with BREVAGenTM breast cancer risk test, at cost	**1,033,273**	1,033,273
Less: accumulated amortisation	**(309,982)**	(206,654)
Total net other intangible assets	**723,291**	826,619
Goodwill		
Goodwill, at cost	**358,012**	358,012
Less: accumulated impairment	**(42,624)**	(42,624)
Total net goodwill	**315,388**	315,388
Total net intangible assets and goodwill	**1,178,993**	1,306,559
Reconciliation of patents		
Opening gross carrying amount	**36,594,310**	36,322,585
Adjust for exchange rate movements	**68,282**	271,725
Closing gross carrying amount	**36,662,592**	36,594,310
Opening accumulated amortisation and impairment losses	**(36,429,758)**	(36,133,795)
Add: amortisation expense charged (refer below)	**(24,238)**	(24,238)
Adjust for exchange rate movements	**(68,282)**	(271,725)
Closing accumulated amortisation and impairment losses	**(36,522,278)**	(36,429,758)
Total net patents	**140,314**	164,552
Reconciliation of other intangible assets		
Opening net carrying amount	**826,619**	929,946
Less: amortisation expense charged (refer below)	**(103,328)**	(103,327)
Total net other intangible assets	**723,291**	826,619
Reconciliation of goodwill		
Opening gross carrying amount	**358,012**	358,012
Less: goodwill written off		
Closing gross carrying amount	**358,012**	358,012
Opening accumulated impairment losses	**(42,624)**	(42,624)
Add: goodwill written off		

Closing accumulated impairment losses	**(42,624)**	(42,624)
Total net goodwill	**315,388**	315,388

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18. INTANGIBLE ASSETS AND GOODWILL (cont.)

Remaining useful lives

The assets associated with the BREVAGenTM breast cancer risk test have a remaining useful life of 7 years as at June 30, 2014.

Disclosure of expenses

The total amortisation expense charged during the year in respect of intangible assets of $127,566 is disclosed in the consolidated statement of comprehensive income/(loss) under the headings of laboratory and research and development costs ($103,328) and licensing, patent and legal costs ($24,238).

Allocation of goodwill

The goodwill has been allocated to the operations segment (refer note 29).

19. TRADE AND OTHER PAYABLES (CURRENT)

	Consolidated	
	2014	**2013**
	$	**$**
Trade payables	**900,275**	622,216
Other payables	**311,746**	377,829
Accrued expenses	**237,166**	375,491
Total current trade and other payables	**1,449,187**	1,375,536

Note: Trade payables and other payables for the Group include amounts due in US dollars of USD 331,481 (2013: USD 307,332), Chinese yuan of CNY NIL (2013: CNY 41,291), Canadian dollars of NIL (2013: CAD 171,900), European euros of EUR 75,752 (2013: EUR 20,804), Swiss francs of CHF 2,790 (2013: CHF 3,090), New Zealand dollars of NZD 861 (2013: NZD 839) and Japanese yen of NIL (2013: JPY 62,928).

Refer Note 37 for details of contractual maturity and management of interest rate, foreign exchange and liquidity risks applicable to trade and other payables for which, due to their short-term nature, their carrying value approximates their fair value.

20. DEFERRED REVENUE (CURRENT)

Genetic testing fees received in advance	**153,226**	320,781
Total current deferred revenue	**153,226**	320,781

21. PROVISIONS (CURRENT AND NON-CURRENT)

Current provisions		
Annual leave	**370,327**	415,511
Long service leave	**345,276**	353,188
Total current provisions	**715,603**	768,699
Non-current provisions		
Long service leave	**81,280**	96,224
Total non-current provisions	**81,280**	96,224
Total provisions	**796,883**	864,923
Reconciliation of annual leave provision		
Balance at the beginning of the financial year	**415,511**	439,186
Add: obligation accrued during the year	**388,935**	382,655
Less: utilised during the year	**(434,119)**	(406,330)
Balance at the end of the financial year	**370,327**	415,511

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21. PROVISIONS (CURRENT AND NON-CURRENT) (cont.)

	Consolidated	
	2014	**2013**
	$	**$**
Reconciliation of long service leave provision		
Balance at the beginning of the financial year	**449,412**	409,757
Add: obligation accrued during the year	**58,415**	50,995
Less: utilised during the year	**(81,271)**	(11,340)
Balance at the end of the financial year	**426,556**	449,412

Note: The current provisions for annual leave and long service leave include a total amount of $345,276 (2013: $353,188) in respect of obligations which, based on historical evidence, the Company estimates will be settled more than 12 months from balance date.

22. BORROWINGS (NON-CURRENT)

Redeemable convertible notes at fair value	**2,502,384**
Total borrowings	**2,502,384**

Note: Borrowings for the Group include amounts due in US dollars of USD 2,362,000 (2013: NIL)

On December 23, 2013, Genetic Technologies Limited issued the redeemable convertible notes which had an initial face value of USD 5,000,000 to Ironridge BioPharma Co., a division of institutional investor Ironridge Global IV, Ltd. GTG received $5,627,462 (being the Australian dollar equivalent of USD 5,000,000) from Ironridge, before the payment of associated costs.

As at June 30, 2014, Notes with a face value of USD 3,250,000 had been converted in return for which Ironridge has received 117,161,871 ordinary shares in GTG (including ordinary shares issued in lieu of interest payment and an interest true-up adjustment).

After balance sheet date, Notes with a face value of USD 1,300,000 were converted in return for which Ironridge received 90,612,780 ordinary shares (including ordinary shares issued in lieu of interest payment and true-up adjustments). As a result of the above conversions, the face value of Notes remaining is reduced to USD 450,000.

23. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the Accounting Standards. An explanation of each level follows:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

(b) inputs other than prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table presents the Group s financial assets and financial liabilities measured and recognised at fair value as at June 30, 2014.

	Level 1	Level 2	Level 3	Total
At June 30, 2014	**$**	**$**	**$**	**$**
Assets				
Available-for-sale financial assets				
ImmunAid option financial asset			795,533	795,533
Total assets			795,533	795,533
Liabilities				
Financial liabilities at fair value through profit or loss				
Convertible note			2,502,384	2,502,384
Total liabilities			2,502,384	2,502,384

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23. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (cont.)

(i) Fair value hierarchy (cont.)

The Group s policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year, as the Company did not have any fair value assets or liabilities at June 30, 2013.

(ii) Valuation techniques used to derive level 2 and level 3 fair values

The Group obtains independent valuations for its financial assets and financial liabilities at least annually.

At the end of each reporting period, the directors update their assessment of the fair value of each asset and liability, taking into account the most recent independent valuations. The directors determine an assets or liabilities value range within a range of reasonable fair value estimates.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

(iii) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about significant unobservable inputs used in recurring level 3 fair value measurements. See (iv) below for the valuation methods adopted.

Description	Fair value at June 30, 2014	Unobservable inputs	Range of inputs (probability-	Relationship of unobservable inputs to fair value

	$		weighted average)	
ImmunAid option financial asset	795,533	Share price	$0.66 - $1.56 ($1.00)	The higher the share price, the higher the fair value
		Risk free cost of capital	2.63%	The higher the risk free cost of capital, the higher the fair value
		Expected life of option	2.87 years	The longer the expected life of the option, the higher the fair value
		Volatility of share price	65%	The higher the volatility, the higher the fair value
Convertible note	2,502,384	Share price	USD 1.06/unit (underlying ADR value)	The higher the share price, the lower the fair value
		Hurdle price	USD2.00, USD2.50, USD 3.50 for options 1, 2 and 3 respectively	The higher the hurdle price, the higher the fair value
		Risk free cost of capital	2.43%	The higher the risk free cost of capital, the lower the fair value
		Expected life of option	0.5 years	The longer the expected life of the option, the lower the fair value
		Volatility of share price	65%	The higher the volatility, the higher the fair value

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23. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (cont.)

(iv) Valuation processes

ImmunAid option financial asset

The value of the ImmunAid options held by Genetic Technologies as at year end (June 30, 2014) was calculated by an independent licensed financial services provider using the Black Scholes option pricing model.

The inputs to the pricing model are summarised as follows -

- An underlying share price of $1.00 per ImmunAid share. This value was consistent with that contained in the Independent Experts Report dated 7 March distributed to shareholders of the company.
- A risk free cost of capital of 2.63%
- An expected option life of 2.87 years
- A future expected volatility of 65%

The life of the options is based on the options being held until close to or at expiry. The future expected volatility is based on historical volatilities of a number of comparable listed companies.

As a result the value per option as at June 30 was determined as 35.4 cents. Accordingly for the 2.25 million options held by the company as at June 30, 2014 a value of $795,533 has been ascribed and recorded.

Convertible note

The value of the Ironridge Redeemable Convertible Note (IRCN) outstanding as at June 30, 2014 was calculated by an independent licensed financial services provider using:

- standard corporate bond pricing theory for the redemption amount for principal and interest payable, and

- a variation of the Black Scholes option pricing model often referred to as a cash or nothing option for the additional marginal redemptions available under certain company ADR price out-performance milestones

The value of the principal and interest payable under the IRCN was determined as the redemption amount (including that associated with an early conversion) of the IRCN at the estimated most-likely redemption date, estimated to be 6 months from June 30, 2014, discounted back at the coupon rate (7.5% per annum) attributable to the IRCN.

The inputs to the relevant option pricing model associated with the additional marginal redemptions under certain ADR price outperformance are summarised as follows:

- An underlying share price of USD 1.06/ unit

- Hurdle prices of: USD2.00, USD 2.50, USD 3.50, with marginal payoffs of -0.1x FV, 0.25 x FV, and 0.15x FV respectively, where FV = USD 1.75 million

- A risk free cost of capital of 2.43%

- An expected option life of 0.5 years. Being the estimated most likely redemption date of the IRCNs based on historical redemption behaviour of the holder

- A future expected volatility of 65%. Based on the historical volatility of the companys ADR s.

The optional values associated with additional marginal redemptions under certain ADR price-outperformance were as a result found to be immaterial. Accordingly the value of the IRCN was determined as 1.4 multiplied by USD 1.75 million being principal and interest or redemption amount due at the likely redemption date, discounted back by six months at the relevant coupon rate of 7.5% p.a. ie: USD 2.362 million.

The expected payoff is approximately 1.4x the stand-alone Note value for GTG ADR share price scenarios around USD 2.00 and below, which captures the share price at valuation date.

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24. CONTRIBUTED EQUITY

	Consolidated	
	2014	**2013**
	$	**$**
Issued and paid-up capital		
Fully paid ordinary shares	**90,080,492**	83,735,845
Total contributed equity	**90,080,492**	83,735,845

Movements in shares on issue

	Shares	**$**
Year ended June 30, 2014		
Balance at the beginning of the financial year	**475,471,819**	**83,735,845**
Add: shares issued as part of private placements	**97,222,302**	**7,000,000**
Add: shares issued as part of the conversion of convertible notes	**117,161,871**	**3,572,877**
Less: shares cancelled as part of the swap deal	**(75,937,500)**	**(3,569,702)**
Less: transaction costs arising on share issue		**658,528)**
Balance at the end of the financial year	**613,918,492**	**90,080,492**

	Shares	**$**
Year ended June 30, 2013		
Balance at the beginning of the financial year	464,771,819	83,280,142
Add: shares issued during the year from the exercise of options	10,700,000	481,500
Less: other share transaction costs		(25,797)
Balance at the end of the financial year	475,471,819	83,735,845

Terms and conditions of contributed equity

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares, which have no par value, entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

Capital management

When managing capital, Management s objective is to ensure that the Group continues as a going concern as well as to provide returns for shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure to reduce the entity s cost of capital.

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25. RESERVES

	Consolidated	
	2014	**2013**
	$	**$**
Foreign currency translation	**(301,673)**	(152,511)
Share-based payments	**4,223,813**	4,104,282
Total reserves	**3,922,140**	3,951,771
Reconciliation of foreign currency translation reserve		
Balance at the beginning of the financial year	**(152,511)**	(161,858)
Add: net currency translation gain / (loss)	**(149,162)**	9,347
Balance at the end of the financial year	**(301,673)**	(152,511)
Reconciliation of share-based payments reserve		
Balance at the beginning of the financial year	**4,104,282**	3,881,277
Add: share-based payments expense	**119,531**	223,005
Balance at the end of the financial year	**4,223,813**	4,104,282

Nature and purpose of reserves

Foreign currency translation reserve

This reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Share-based payments reserve

This reserve is used to record the value of share-based payments provided to employees and others providing similar services as part of their remuneration.

26. ACCUMULATED LOSSES

	Consolidated	
	2014	**2013**
	$	**$**

Balance at the beginning of the financial year	**(82,049,916)**	(72,751,549)
Add: net loss attributable to owners of Genetic Technologies Limited	**(10,125,197)**	(9,298,367)
Balance at the end of the financial year	**(92,175,113)**	(82,049,916)

27. NON-CONTROLLING INTERESTS

Reconciliation of non-controlling interests in subsidiaries		
Balance at the beginning of the financial year	**120,587**	154,630
Add: movements during the year		
Less: share of operating losses	**(9,272)**	(51,116)
Less: share of movement in reserves	**86**	17,073
Net loss attributable to non-controlling interests	**(9,186)**	(34,043)
Removal of non-controlling interests on de-consolidation	**(111,401)**	
Balance at the end of the financial year		120,587

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28. OPTIONS

As at June 30, 2014, the following options over ordinary shares in the Company were outstanding.

	2014		Weighted ave. exercise price	2013		Weighted ave. exercise price
Unlisted employee options (refer below)	**7,775,000**	**$**	**0.151**	9,525,000	$	0.147

On November 30, 2001, the Directors of the Company established a Staff Share Plan. On November 19, 2008, the shareholders of the Company approved the introduction of a new Employee Option Plan. Under the terms of the respective Plans, the Directors of the Company may grant options over ordinary shares in Genetic Technologies Limited to executives, consultants and employees of the Group. The options, which are granted at nil cost, are not transferable and are not quoted on ASX. As at June 30, 2014, there were 2 executives and 13 employees who held options that had been granted under the Plans. Options granted under the Plans carry no rights to dividends and no voting rights.

The movements in the number of options granted under the Plans are as follows:

	2014		Weighted ave. exercise price	2013		Weighted ave. exercise price
Balance at the beginning of the financial year	**9,525,000**	**$**	**0.147**	20,125,000	$	0.099
Add: options granted during the year	**1,250,000**	**$**	**0.11**	3,650,000	$	0.129
Less: options exercised during the year				(10,700,000)	$	0.045
Less: options forfeited during the year	**(3,000,000)**	**$**	**0.121**	(1,550,000)	$	0.093
Less: options expired during the year				(2,000,000)	$	0.216
Balance at the end of the financial year	**7,775,000**	**$**	**0.151**	9,525,000	$	0.147
Exercisable at the end of the financial year	**4,175,000**	**$**	**0.167**	3,166,667	$	0.155

There were no options exercised during the year ended June 30, 2014. A total of $481,500 was raised from the exercise of 10,700,000 options granted under the Employee Option Plan during the year ended June 30, 2013. The weighted average share price at the dates on which the options were exercised during the year ended June 30, 2013 was $0.106.

The numbers of options outstanding as at June 30, 2014 by ASX code, including the respective dates of expiry and exercise prices, are tabled below (refer Note 30 for further information). The options tabled below are not listed on ASX.

Option description	2014		Weighted ave. exercise price	2013		Weighted ave. exercise price
GTGAI (expiring May 8,2015)				500,000	$	0.045
GTGAK (expiring February 20, 2017)	**750,000**	**$**	**0.120**	1,750,000	$	0.120

GTGAM (expiring July 31, 2016)	**1,000,000**	**$**	**0.200**	1,000,000	$	0.200
GTGAO (expiring August 29, 2017)	**2,650,000**	**$**	**0.140**	2,650,000	$	0.140
GTGAQ (expiring December 1, 2017)	**250,000**	**$**	**0.100**	250,000	$	0.100
GTGAS (expiring January 25, 2018)	**500,000**	**$**	**0.100**	750,000	$	0.100
GTGAW (expiring March 31, 2016)	**1,875,000**	**$**	**0.190**	2,625,000	$	0.190
GTGAY (expiring July 11, 2018)	**750,000**	**$**	**0.110**			
Balance at the end of the financial year	**7,775,000**	**$**	**0.151**	9,525,000	$	0.147

The weighted average remaining contractual life of options outstanding as at June 30, 2014 was 2.75 years (2013: 3.48 years).

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29. SEGMENT INFORMATION

Identification of reportable segments

The Group has identified three reportable segments based on the similarity of the products produced and sold and/or the services provided, as these represent the sources of the Group s major risks and have the greatest effect on the rates of return. The segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The Group also separately reports the corporate headquarter function to clearly identify costs associated with that function. The corporate function is not considered to be an operating or reportable segment.

The Group s three operating segments can be described as follows:

Operations involves the provision of a range of genetic testing services.

Licensing involves the out-licensing of the Group s non-coding technology.

Research involves the undertaking of a range of research and development projects in the field of genetics and related areas.

The *Corporate* disclosures below include all revenues, costs, assets and liabilities associated with the headquarter function.

Business segments

		Revenues and income			
Segment		**Sales**	**Other**	**Totals**	**Profit / (loss)**
		$	**$**	**$**	**$**
Operations	**2014**	**4,564,280**	**53,277**	**4,617,557**	**(6,170,433)**
	2013	3,377,183	(1,419)	3,375,764	(6,725,608)
	2012	3,691,215	31,455	3,722,670	(5,747,234)
Licensing	**2014**		**863,832**	**863,832**	**(215,367)**
	2013		4,784,913	4,784,913	2,385,088
	2012		2,526,599	2,526,599	1,258,761
Research	**2014**		**358,395**	**358,395**	**(294,600)**
	2013		181,036	181,036	(392,341)
	2012				(892,274)

Sub-total	**2014**	**4,564,280**	**1,275,504**	**5,839,784**	**(6,680,400)**
	2013	3,377,183	4,964,530	8,341,713	(4,732,861)
	2012	3,691,215	2,558,054	6,249,269	(5,380,747)
Corporate	**2014**		**1,420,761**	**1,420,761**	**(3,454,069)**
	2013		273,314	273,314	(4,616,622)
	2012		5,869,211	5,869,211	83,919
Totals	**2014**	**4,564,280**	**2,696,265**	**7,260,545**	**(10,134,469)**
	2013	3,377,183	5,237,844	8,615,027	(9,349,483)
	2012	3,691,215	8,427,265	12,118,480	(5,296,828)

Segment		**Assets** $	**Liabilities** $	**Amortisation /depreciation** $	**Purchases of equipment** $
Operations	**2014**	**2,410,598**	**(1,466,106)**	**(281,501)**	**180,065**
	2013	1,960,237	(1,477,080)	(333,058)	42,469
Licensing	**2014**	**318,341**	**(188,443)**	**(25,926)**	
	2013	184,103	(100,458)	(28,195)	712
Research	**2014**	**202,305**	**(74,853)**	**(14,695)**	
	2013	35,224	(119,767)	(19,192)	990
Sub-total	**2014**	**2,931,244**	**(1,729,402)**	**(322,122)**	**180,065**
	2013	2,546,754	(1,765,440)	(379,144)	44,171
Corporate	**2014**	**3,797,955**	**(3,172,278)**	**(16,323)**	**1,810**
	2013	5,772,773	(795,800)	(19,165)	9,440
Totals	**2014**	**6,729,199**	**(4,901,680)**	**(338,445)**	**181,875**
	2013	**8,319,527**	**(2,561,240)**	**(398,309)**	**53,611**

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29. SEGMENT INFORMATION (cont.)

Geographic information

Australia is the home country of the parent entity and the location of the Company s genetic testing and licensing operations.

USA is the home of Phenogen Sciences Inc. and GeneType Corporation.

China is the home of Genetic Technologies (Beijing) Limited.

Canada is the home of Gtech International Resources Limited.

Switzerland is the home of GeneType AG.

Geographic segments

Segment		Revenues and income			
		Sales	Other	Totals	Profit/(Loss)
		$	$	$	$
Australia	**2014**	**2,867,665**	**2,273,473**	**5,141,138**	**(6,470,068)**
	2013	3,047,672	6,144,771	9,192,443	(4,782,247)
	2012	3,649,522	8,536,940	12,186,462	(2,055,144)
USA	**2014**	**1,696,615**	**422,157**	**2,118,772**	**(3,974,981)**
	2013	329,511	(906,929)	(577,418)	(4,330,769)
	2012	41,693	(109,678)	(67,985)	(3,161,898)
China	**2014**		**633**	**633**	**363,886**
	2013				(10,258)
	2012		1	1	(29,384)
Canada	**2014**				**(38,345)**
	2013				(211,397)
	2012				(38,484)
Switzerland	**2014**		**2**	**2**	**(14,961)**
	2013		2	2	(14,812)
	2012		3	3	(11,918)
Totals	**2014**	**4,564,280**	**2,696,265**	**7,260,545**	**(10,134,469)**
	2013	3,377,183	5,237,844	8,615,027	(9,349,483)
	2012	3,691,215	8,427,265	12,118,480	(5,296,828)

Segment		Assets $	Liabilities $	Amortisation /depreciation $	Purchases of equipment $
Australia	**2014**	**5,939,694**	**9,336,251**	**(320,476)**	**162,934**
	2013	7,809,210	**7,698,493**	(376,424)	45,164
USA	**2014**	**784,829**	**(14,091,395)**	**(17,969)**	**18,941**
	2013	279,137	(9,584,715)	(21,885)	8,447
China	**2014**				
	2013		(364,005)		
Canada	**2014**				
	2013	219,380	(172,219)		
Switzerland	**2014**	**4,676**	**(146,536)**		
	2013	11,800	(138,794)		
Totals	**2014**	**6,729,199**	**(4,901,680)**	**(338,445)**	**181,875**
	2013	8,319,527	(2,561,240)	(398,309)	53,611

Additional segment disclosures

Other revenues and income - corporate includes interest received of $116,047 (2013: $217,441).

Expenses - corporate includes employee benefits expenses of $1,537,479 (2013: $1,756,159) and a share of loss in associate of $362,682 (2013: $437,185).

Assets - corporate includes cash of $2,831,085 (2013:$1,721,293).

Liabilities - corporate includes trade and other payables of $486,612 (2013: $579,570) and provisions of $183,283 (2013: $216,231).

The *Corporate business* and the *Australian geographic segments* include a share of loss in associate of $362,682 (2013: $437,185).

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29. SEGMENT INFORMATION (cont.)

Additional segment disclosures (cont.)

Included in the above figures are the following intersegment balances and transactions:

	Consolidated	
	2014	**2013**
	$	**$**
Loan payable (USA) and loan receivable (Australia)	**346,315**	3,562
Foreign exchange gain (USA) and foreign exchange loss (Australia)	**422,157**	905,700
Cost of sales (USA) and sales (Australia)	**154,555**	49,136

Segment products and locations

The three principal business segments of the Group are operations, licensing and research. The principal geographic segment is Australia, with the Company s headquarters being located in Melbourne in the State of Victoria.

Segment accounting policies

Segment information is prepared in conformity with the accounting policies of the entity and Accounting Standard *IFRS 8 (AASB 8) Operating Segments* which was adopted by the Company in 2009. As a result, the primary reporting segments now reflect more closely the information that Management uses to make decisions about operating matters. Interest received and finance costs are allocated under the heading *Corporat*e as they are not part of the core operations of any other segment.

Major customers

The Group has a number of major customers to which it provides both products and services. During the year ended June 30, 2014, there was one Australian customer from whom the Group generated revenues representing more than 10% ($ 535,716) of the total consolidated revenue from operations. During the year ended June 30, 2013, there were no such customers.

30. EMPLOYEE BENEFITS

Employee options

On November 30, 2001, the Directors of the Company established a Staff Share Plan. On November 19, 2008, the shareholders of the Company approved the introduction of a new Employee Option Plan. Under the terms of the respective Plans, the Directors may, at their discretion, grant options over the ordinary shares in the Genetic Technologies Limited to executives, consultants, employees, and former Non-Executive Directors, of the Group (refer Notes 28).

On September 13, 2013 1,250,000 options over ordinary shares (expiring July 11, 2018) were granted, at no cost, to a number of employees of the Company s US subsidiary, Phenogen Sciences Inc. Each option entitles the holders to acquire one ordinary share at a cost of between $0.105 (refer Note 28), settled in cash.

The above options granted during the 2014 financial year vest in three equal tranches after 12 months, 24 months and 36 months from the date of grant, respectively. As at June 30, 2014, there were 2 executives and 13 employees who held options that had previously been granted under the Plans.

The fair value of each option granted under the Employee Option Plan is estimated by an external valuer using a Black-Scholes option-pricing model with the following assumptions used for grants made during the years ended June 30, 2014 and 2013:

	2014	2013
Dividend yield	-	-
Historic volatility and expected volatility	80%	95%
Option exercises prices	$0.105	$0.10 to $0.14
Weighted average exercise price	$0.105	$0.129
Risk-free interest rate	3.13%	3.24% to 3.66%
Expected life of an option	3.82 years	4 years to 5 years

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

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30. EMPLOYEE BENEFITS (cont.)

Superannuation commitments

The Group does not have any defined benefit funds. In respect of the year ended June 30, 2014, the Group made statutory contributions to various superannuation funds on behalf of all employees in Australia at a rate of 9.25% per annum, in addition to making other superannuation contributions as part of salary packaging arrangements with staff. All contributions are expensed when incurred. In respect of the period commencing July 1, 2014, the rate increased to 9.5%. Contributions made by the Group of up to 9.25% per annum of employees wages and salaries are legally enforceable in Australia.

31. COMMITMENTS AND CONTINGENCIES

	Consolidated	
	2014	**2013**
	$	**$**
Operating lease expenditure commitments		
Minimum operating lease payments		
- not later than one year	**373,379**	359,497
- later than one year but not later than five years	**60,585**	376,450
- later than five years		
Total minimum operating lease payments	**433,964**	735,947

As at June 30, 2014, the above operating leases related to the following premises that are currently occupied by the Group:

Location	**Landlord**	**Use**	**Date of expiry of lease**	**Minimum payments ($)**
60-66 Hanover Street Fitzroy, Victoria 3065 Australia	Crude Pty. Ltd.	Office / laboratory	August 31, 2015	422,331
9115 Harris Corners Parkway, Suite 320 Charlotte, North Carolina 28269 USA	New Boston Harris Corners LLC	Office	October 31, 2014	11,633
			Total	433,964

Apart from the above, there were no other commitments or contingencies as at June 30, 2014.

32. CHANGES IN THE COMPOSITION OF THE ENTITY

De-registration of Genetic Technologies (Beijing) Limited

On April 4, 2014, the subsidiary Genetic Technologies (Beijing) Limited was de-registered.

Sale of Investment in ImmunAid Limited

On December 18, 2013, the Company announced that it had entered into an agreement to sell its entire investment in ImmunAid Limited, subject to shareholder approval. On April 17, 2014 the shareholders passed the resolution to proceed with the transaction on a show of hands. On May 16, 2014 the Company announced the completion of the share transactions in which the Jacobson Entities (the Company s major shareholder) exchanged a total of 75,937,500 shares in the Company at an agreed price of $0.08 per share in return for the Company s 4,500,000 shares in ImmunAid Limited at an agreed price of $1.35 per share. Refer to note 15.

De-consolidation of Gtech International Resources Limited

During the year ended June 30, 2014, the Group deconsolidated its former Canadian-listed subsidiary, Gtech International Resources Limited. As a result, the net liabilities, the foreign currency reserve and non-controlling interest of the formerly-consolidated subsidiary were derecognised from the Group at the carrying amounts on the date that control was lost. The retained equity interest has been recorded as an available for sale financial asset, and was sold prior to balance sheet date. Refer to note 7.

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33. AUDITORS REMUNERATION

	Consolidated	
	2014	**2013**
	$	**$**
Audit services		
PricewaterhouseCoopers in respect of:		
Audit of the Company s Financial Report under the *Corporations Act 2001*	**280,500**	275,167
Other audit firms in respect of:		
Audit of the Financial Reports of subsidiaries	**3,864**	16,425
Total remuneration in respect of audit services	**284,364**	291,592
Non-audit services		
PricewaterhouseCoopers in respect of:		
Other assurance services	**60,000**	
Other audit firms in respect of:		
Tax advice and compliance, accounting and other services	**21,470**	5,676
Total remuneration in respect of non-audit services	**81,470**	5,676
Total auditors remuneration	**365,834**	297,268

34. RELATED PARTY DISCLOSURES

Ultimate parent

Genetic Technologies Limited is the ultimate Australian parent company. As at the date of this Report, no shareholder controls more than 50% of the issued capital of the Company.

Transactions within the Group and with other related parties

During the year ended June 30, 2014, various transactions between entities within the Group and other related parties occurred, as listed below. Except where noted, all amounts were charged on commercial, arm s-length terms and at commercial rates.

ImmunAid Limited

ImmunAid Limited (ImmunAid) is a former associate of Genetic Technologies Limited (the Company) in which the Company held a total of 4,500,000 ordinary shares, representing a 40% direct equity interest in ImmunAid until the following transactions were undertaken:-

- On December 18, 2013, the Company announced that entities associated with the Company s founder and largest beneficial shareholder, Dr. Mervyn Jacobson (collectively, the Jacobson Entities), had entered into transactions which, when completed, will result in the disposal by them of 105,937,500 shares in the Company. Subsequent to that date, the Jacobson Entities disposed of 30,000,000 shares in the Company.

- The Jacobson Entities and the Company entered into a binding Share Exchange Agreement (Agreement) pursuant to which, subject to shareholder approval, the Jacobson Entities will exchange a total of 75,937,500 shares in the Company at an agreed price of $0.08 per share in return for 4,500,000 shares in ImmunAid Limited (ImmunAid) owned by the Company at an agreed price of $1.35 per share. The Jacobson Entities will not be entitled to vote at the Company shareholder meeting to consider the approval of this Agreement.

- ImmunAid and the Company have also executed an Option Agreement pursuant to which ImmunAid will, when completion occurs under the Agreement, grant to the Company options to acquire a total of 2,250,000 ordinary shares in ImmunAid. Each option will entitle the Company to acquire one ordinary share in ImmunAid at a price of $1.35 per share at any time for three years from the date on which the options are granted. In consideration for the options granted to the Company by ImmunAid, the Company will pay ImmunAid an option fee of $500,000, of which $385,841 will be satisfied by the forgiveness of outstanding debts currently owed to the Company by ImmunAid. The Company will pay the balance owed of $114, 159 on the option fee in cash. Based on the Company s current option agreement with ImmunAid, Dr. Mervyn Jacobson and Immunaid Limited are considered to be related parties of the Company.

- On March 13, 2014 the Company released the notice of the Extraordinary General Meeting of shareholders and Sample Proxy for the Meeting. The notice of meeting also included the Independent Expert s Report which was required to show that all of the transactions above are fair and reasonable to Non-Associated Shareholders.

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34. RELATED PARTY DISCLOSURES (cont.)

Transactions within the Group and with other related parties (cont.)

- On April 17, 2014 the shareholders voted on the special resolution to approve the selective capital reduction by the Company and the disposal by the Company of shares in ImmunAid. The resolution was passed on a show of hands.

- On May 16, 2014, the Company announced the completion of Share transactions with Dr Mervyn Jacobson, at which time, the then number of ordinary issued shares in the Company was reduced by 11.4%, from 664,769,002 to 588,831,502, following the cancellation of the shares acquired from the Jacobson Entities. Following the transaction, the Jacobson Entities were left with a total holding of 30,536,184 ordinary shares in the Company, representing 5.19% of the Company s then total issued capital.

- During the 2014 financial year, the Company rendered eleven (2013: twelve) invoices to ImmunAid totalling $42,093 (2013:$52,800) (inclusive of GST) in respect management services provided to ImmunAid by the Company. As at balance date, a total of $42,093 had been forgiven which related to the 2014 financial year and $44,000 had been forgiven which related to the prior financial year. These invoices were included the debt forgiven as part of the option fee transaction.

- During the 2014 financial year, the Company paid various expenses to third parties on behalf of ImmunAid totalling $20,470 (2013:$173,300). These amounts were recorded in the Company s balance sheet as a receivable, against which a full provision was raised. As part of the option fee transaction, these debts were forgiven and the provisions in the Company s books were reversed in full.

- Dr. Jacobson served as Chief Executive Officer of ImmunAid throughout the entire 2014 financial year. He rendered twelve invoices to ImmunAid totalling $200,004 (2013 $200,004) in respect of services performed by him. As at balance date he had received $nil (2013:$33,334) from ImmunAid. The remaining balance of $366,674 (2013:$166,670) was recorded in the ImmunAid s balance sheet as a payable.

Licensing services

During the year ended June 30, 2014, the Company paid a total of $50,000 (2013: $50,000) to Dr. Mervyn Jacobson in respect of an administrative allowance associated with his role as the Company s Vice President Global Licensing and Intellectual Property. During the year ended June 30, 2014, Dr. Mervyn Jacobson was also paid a management fee of $8,333 and an expense allowance for licensing of $16,667. Also during the year, Genetic Technologies Limited paid a total of $42,618 (2013: $293,981) to Transmedia Inc. in respect of commissions paid in relation to licensing services provided to the Company by Dr. Jacobson, and payment / reimbursement of associated travel expenses amounting to $45,043 (2013: $34,518).

Phenogen Sciences Inc.

During the year ended June 30, 2014, Phenogen Sciences Inc, a subsidiary, purchased testing services from Genetic Technologies Corporation Pty. Ltd., another subsidiary at a cost of $154,555 (2013: $49,136).

Except as noted, all transactions with Key Management Personnel have been entered into under terms and conditions no more favourable than those which the entity would have adopted if dealing at arm s length. Please refer below for a description of transactions with Key Management Personnel.

Details of Directors and Key Management Personnel as at balance date

Directors	*Executives*
Dr. Malcolm R. Brandon *(Non-Executive Chairman)*	Alison J. Mew *(Chief Executive Officer)*
Dr. Mervyn Cass *(Non-Executive)*	Eutillio Buccilli *(Chief Financial Officer)*
Mr. Grahame Leonard A.M. *(Non-Executive)*	Mark J. Ostrowski *(US Senior Vice President, Sales and Marketing)*
Prof. Ian McKenzie *(Non-Executive)*	Dr. Richard Allman *(Scientific Director)*
Dr. Paul Kasian *(Non-Executive)*	Diana Newport *(Quality and Business Operations Director)*
	Luisa Ashdown *(Director, Global Licensing and IP)*

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34. RELATED PARTY DISCLOSURES (cont.)

The following changes to Key Management Personnel occurred during the period from July 1, 2013 to the date of this Report:

1. Mr. Greg McPherson ceased to be an employee of the Company on July 12, 2013.

2. Mr. Ivan Jasenko resigned as Operations Director of the Company on August 16, 2013.

3. Ms. Luisa Ashdown became a member of the Key Management Personnel on August 23, 2013.

4. Ms. Diana Newport was appointed as Quality and Business Operations Director on September 26, 2013.

5. Mr. Tommaso Bonvino resigned as a Director of the Company on November 29, 2013.

6. Mr. Benjamin Silluzio resigned as a Director of the Company on November 29, 2013.

7. Mr. Grahame Leonard A.M. was appointed as a Non-Executive Director of the Company on December 2, 2014.

8. Prof. Ian McKenzie was appointed as a Non-Executive Director of the Company on December 2, 2014.

9. Dr. Paul Kasian was appointed as a Non-Executive Director of the Company on December 12, 2014.

10. Mr. Thomas Howitt resigned as Company Secretary and Chief Financial Officer on March 28, 2014.

11. Mr. Eutillio Buccilli was appointed as Chief Financial Officer on June 2, 2014.

	Consolidated	
	2014	**2013**
	$	**$**
Remuneration of Key Management Personnel		
Short-term employee benefits	**1,479,785**	2,105,640
Post-employment benefits	**161,837**	162,229
Share-based payments	**69,266**	76,173
Long-term benefits	**35,651**	40,426
Total remuneration of Key Management Personnel	**1,746,539**	2,384,468

Notes: Mr. Leonard A.M., Prof. McKenzie, Dr. Kasian, Ms. Ashdown, Ms. Newport and Mr. Buccilli became members of Key Management Personnel during the year ended June 30, 2014.

Mr. Silluzio, Mr. Bonvino, Mr. McPherson Mr. Jasenko and Mr. Howitt all ceased to be members of Key Management Personnel during the year ended June 30, 2014.

All equity transactions with Key Management Personnel, other than those arising from the exercise of options, have been entered into under terms and conditions no more favourable than those which the entity would have adopted if dealing at arm s length.

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35. SUBSIDIARIES

The following diagram is a depiction of the Group structure as at June 30, 2014.

		Group interest (%)		Net carrying value ($)	
Name of Group company	**Incorporation details**	**2014**	**2013**	**2014**	**2013**
Entities held directly by parent					
GeneType Pty. Ltd.	September 5, 1990				
(Dormant)	Victoria, Australia	**100%**	100%		
Genetic Technologies Corporation Pty. Ltd.	October 11, 1996				
(Genetic testing)	N.S.W., Australia	**100%**	100%	**2**	2
RareCellect Pty. Ltd.	March 7, 2001				
(Dormant)	N.S.W., Australia	**100%**	100%	**10**	10
GeneType AG	February 13, 1989				
(Dormant)	Zug, Switzerland	**100%**	100%	**1,350**	8,217
GeneType Corporation	December 18, 1989				
(Dormant)	California, U.S.A.	**100%**	100%		
Phenogen Sciences Inc.	June 28, 2010				
(BREVAGenTM)	Delaware, U.S.A.	**100%**	100%	**11,006**	11,006
Gtech International Resources Limited	November 29, 1968				
(Deconsolidated refer note below)	Yukon Territory, Canada		75.8%		47,161
Total carrying value				**12,368**	66,396
Entities held by other subsidiaries					
Genetic Technologies (Beijing) Limited	December 25, 2008		100%		

(Deconsolidated	refer note below)	Beijing Municipality, China

Note: On April 4, 2014, the subsidiary Genetic Technologies (Beijing) Limited was de-registered.

During the year ended June 30, 2014, the Group deconsolidated its former Canadian-listed subsidiary, Gtech International Resources Limited. As a result, the net liabilities, the foreign currency reserve and non-controlling interest of the formerly-consolidated subsidiary were derecognised from the Group at the carrying amounts on the date that control was lost. The retained equity interest has been recorded as an available for sale financial asset, and was sold prior to the balance sheet date.

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36. INVESTMENTS IN ASSOCIATES

	Consolidated	
	2014	**2013**
	$	**$**
Opening gross carrying amount	**3,932,384**	4,414,914
Less: book value of 46,951 ordinary shares sold in associate		(45,345)
Less: share of net loss of associate accounted for using the equity method	**(362,682)**	(437,185)
Less: 4,500,000 shares transferred to Dr Jacobson Entities as part of the share exchange agreement	**(3,569,702)**	
Closing gross carrying amount		3,932,384
Summarised financial information of associates		
The Group s share of the results of its associate, ImmunAid Limited, and its share of the aggregate assets and liabilities as at June 30, 2014 are as follows:		
Ownership interest (Note 32)		45.00%
Assets		29,906
Liabilities		(324,621)
Revenues		
Profit / (loss)	**(362,682)**	(437,185)

37. FINANCIAL RISK MANAGEMENT

The Group s activities expose it to a variety of financial risks such as credit risk, market risk (including foreign currency risk and interest rate risk) and liquidity risk. The Group s overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure the different types of risk to which it is exposed. These methods include sensitivity analysis in the case of foreign exchange, interest rate and aging analysis for credit risk.

Risk management is managed by the Group s Risk Management Committee under guidance provided by the Board of Directors. The Committee identifies and evaluates financial risks in close cooperation with the Group s operating units. The Board, via its Audit Committee, provides guidance for overall risk management, as well as policies covering specific areas, such as credit risk, foreign exchange risk and interest rate risk.

The Group s principal financial instruments comprise cash and cash equivalents. The Group also has other financial assets and liabilities, such as trade receivables and payables, which arise directly from its operations.

The Group does not typically enter into derivative transactions, such as interest rate swaps or forward currency contracts. It is, and has been throughout the period under review, the Group s policy that no trading in financial instruments shall be undertaken. The main risks arising from the Group s financial instruments are credit risk exposures, foreign currency risk, interest rate risk and liquidity risk. The policies for managing each of these risks are summarised below.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2.

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37. FINANCIAL RISK MANAGEMENT (cont.)

The Group holds the following financial instruments:

	Consolidated	
	2014	**2013**
	$	**$**
Financial assets		
Cash at bank / on hand	**2,831,085**	1,721,293
Trade and other receivables	**1,111,565**	328,642
Performance bond and deposits	**2,949**	209,296
Financial assets at fair value through profit or loss	**795,533**	
Total financial assets	**4,741,132**	2,259,231
Financial liabilities		
Trade and other payables	**1,449,187**	1,375,536
Borrowings	**2,502,384**	
Total financial liabilities	**3,951,571**	1,375,536

Credit risk

The Group s credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. If there is no independent rating, the Group assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings. The compliance with credit limits by customers is regularly monitored by Management. Sales to retail customers are required to be settled in cash or using major credit cards, thereby mitigating credit risk. The maximum exposures to credit risk as at June 30, 2014 in relation to each class of recognised financial assets is the carrying amount of those assets, as indicated in the balance sheet.

Financial assets included on the balance sheet that potentially subject the Group to concentration of credit risk consist principally of cash and cash equivalents and trade receivables. In accordance with the guidelines of the Group s Short Term Investment Policy, the Group minimises this concentration of risk by placing its cash and cash equivalents with financial institutions that maintain superior credit ratings in order to limit the degree of credit exposure. For banks and financial institutions, only independently-rated parties with a minimum rating of A-1 are accepted. The Group has also established guidelines relative to credit ratings, diversification and maturities that seek to maintain safety and liquidity. The Group does not require collateral to provide credit to its customers, however, the majority of the Group s customers to whom credit is provided are large, reputable organisations and, as such, the risk of credit exposure is limited. The Group has not entered into any transactions that qualify as a financial derivative instrument.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group s exposure to bad debts is not significant. As at June 30, 2014, the balance of the Group s provision for doubtful debts was $108,925 (2013: $214,285), out of a total net receivables balance as at

that date of $1,111,565 (2013: $328,642) (refer Note 12). For some trade receivables, the Group may also obtain security in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement.

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37. FINANCIAL RISK MANAGEMENT (cont.)

Market risk

Foreign currency risk

The Group operates internationally and is exposed to foreign currency exchange risk, primarily with respect to the US dollar and Canadian dollar, through financial assets and liabilities. It is the Group s policy not to hedge these transactions as the exposure is considered to be minimal from a consolidated operations perspective. Further, as the Group incurs expenses which are payable in US dollars, the financial assets that are held in US dollars provide a natural hedge for the Group.

Foreign exchange risk arises from planned future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity s functional currency and net investments in foreign operations. The risk is measured using sensitivity analysis and cash flow forecasting.

The Group has a Foreign Exchange Management Policy which was developed to establish a formal framework and procedures for the efficient management of the financial risks that impact on Genetic Technologies Limited through its activities outside of Australia, predominantly in the United States. The policy governs the way in which the financial assets and liabilities of the Group that are denominated in foreign currencies are managed and any risks associated with that management are identified and addressed. Under the policy, which is updated on a regular basis as circumstances dictate, the Group generally retains in foreign currency only sufficient funds to meet the expected expenditures in that currency. Surplus funds, if any, are converted into Australian dollars as soon as practicable after receipt.

As at June 30, 2014, the Group held the following financial assets and liabilities that were denominated in foreign currencies:

Consolidated	Year	USD	CAD	EUR	CNY	NZD	CHF	JPY
Financial assets								
Cash at bank / on hand	**2014**	**335,026**	**85**	**44**		**86**		
	2013	326,255	210,432	71,631		86	6,718	87,046
Trade and other receivables	**2014**	**90,313**		**90,000**				
	2013	42,140		90,000				
Total financial assets	**2014**	**425,339**	**85**	**90,044**		**86**		
	2013	368,395	210,432	161,631		86	6,718	87,046
Financial liabilities								
Trade and other payables	**2014**	**331,481**		**75,752**		**861**	**2,790**	

	2013	307,332	171,900	20,804	41,291	839	3,090	62,928
Borrowings	**2014**	**2,362,000**						
	2013							
Total financial liabilities	**2014**	**2,693,481**		**75,752**		**861**	**2,790**	
	2013	307,332	171,900	20,804	41,291	839	3,090	62,928

Notes: **USD** United States dollars **CAD** Canadian dollars **EUR** European euros **GBP** Great Britain pounds

CNY Chinese yuan **NZD** New Zealand dollars **CHF** Swiss francs **JPY** Japanese yen

During the year ended June 30, 2014, the Australian dollar / US dollar exchange rate strengthened by 3.2%, from 0.9146 at the beginning of the year to 0.9439 at the end of the year. During the same period, Australian dollar / Canadian dollar exchange rate strengthened by 4.6%, from 0.9627 at the beginning of the year to 1.0072 at the end of the year.

Based on the financial instruments held at June 30, 2014, had the Australian dollar weakened / strengthened by 10% against the US dollar with all other variables held constant, the Group s loss for the year would have been $218,000 lower / $267,000 higher (2013: loss $45,000 lower / loss $37,000 higher), mainly as a result of changes in the values of cash and cash equivalents which are denominated in US dollars, as detailed in the above tables.

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37. FINANCIAL RISK MANAGEMENT (cont.)

Market risk (cont.)

Interest rate risk

The Group s main interest rate risk arises in relation to its short-term deposits with various financial institutions. If rates were to decrease, the Group may generate less interest revenue from such deposits. However, given the relatively short duration of such deposits, the associate risk is relatively minimal. The Group also has various hire purchase liabilities with fixed interest rates. While these rates do not vary once the contract has been executed, the Group may be subject to interest rate movements if it were to acquire additional assets via similar contracts in the future.

The Group has a Short Term Investment Policy which was developed to manage the Group s surplus cash and cash equivalents. In this context, the Group adopts a prudent approach that is tailored to cash forecasts rather than seeking high returns that may compromise access to funds as and when they are required. Under the policy, the Group deposits its surplus cash in a range of deposits / securities over different time frames and with different institutions in order to diversify its portfolio and minimise risk.

On a monthly basis, Management provides the Board with a detailed list of all cash and cash equivalents, showing the periods over which the cash has been deposited, the name and credit rating of the institution holding the deposit and the interest rate at which the funds have been deposited. A comparison of interest rate movements from month to month and a variance to an 11am deposit rate is also provided.

At June 30, 2014, if interest rates had changed by +/- 50 basis points from the year-end rates, with all other variables held constant, the Group s loss for the year would have been $12,000 lower / higher (2013: loss $6,000 lower / higher), as a result of higher / lower interest income from cash and cash equivalents. Consolidated equity for the Group would have been $12,000 higher / lower (2013: $6,000 higher / lower) mainly as a result of an increase / decrease in the fair value of cash and cash equivalents.

The exposure to interest rate risks and the effective interest rates of financial assets and liabilities, both recognised and unrealised, for the Group is as follows:

Consolidated	Year	Floating rate $	Fixed rate $	Carrying amount $	Weighted ave. effective rate %	Ave. maturity period days
Financial assets						
Cash at bank / on hand	**2014**	**2,831,085**		**2,831,085**	**2.35%**	**At call**

	2013	1,721,293		1,721,293	1.50%	At call
Performance bond / deposits	**2014**		**2,949**	**2,949**		**At call**
	2013		209,296	209,296		At call
Financial assets at fair value	**2014**		**795,533**	**795,533**		**At call**
through profit or loss	2013					At call
Totals	**2014**	**2,831,085**	**798,482**	**3,629,567**		
	2013	1,721,293	209,296	1,930,589		
Financial liabilities						
Borrowings	**2014**		**2,502,384**	**2,502,384**	**7.50%**	**At call**
	2013					
Totals	**2014**		**2,502,384**	**2,502,384**		
	2013					

Note The convertible note is settled in shares of the Company.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities, such as its hire purchase and credit card facilities. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and, wherever possible, matching the maturity profiles of financial assets and liabilities. Due to the dynamic nature of the underlying businesses, Management aims to maintain flexibility in funding by keeping committed credit lines available. Surplus funds are generally only invested in instruments that are tradeable in highly liquid markets.

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37. FINANCIAL RISK MANAGEMENT (cont.)

Liquidity risk (cont.)

A balanced view of cash inflows and outflows affecting the Group is summarised in the table below:

Consolidated	Year	< 6 months $	6 to 12 months $	1 to 5 years $	> 5 years $	Totals $
Financial assets						
Cash at bank / on hand	**2014**	**2,831,085**				**2,831,085**
	2013	1,721,293				1,721,293
Trade and other receivables	**2014**	**1,111,565**				**1,111,565**
	2013	328,642				328,642
Performance bond and deposits	**2014**	**2,949**				**2,949**
	2013	209,296				209,296
Total financial assets	**2014**	**3,945,599**				**3,945,599**
	2013	2,259,231				2,259,231
Financial liabilities						
Trade and other payables	**2014**	**1,449,187**				**1,449,187**
	2013	1,375,536				1,375,536
Total financial liabilities	**2014**	**1,449,187**				**1,449,187**
	2013	1,375,536				**1,375,536**
Net maturity	**2014**	**2,496,412**				**2,496,412**
	2013	883,695				883,695

The Group had access to the following undrawn borrowing facility as at June 30, 2014:

Nature of facility	Facility limit $	Amount used $	Amount available $
Credit card facility	277,298	(26,577)	250,721

38. SUBSEQUENT EVENTS

Subsequent to June 30, 2014, Redeemable Convertible Notes with a cumulative face value of USD 1,300,000 were converted in return for which Ironridge Global IV, Ltd. received a total of 3,020,426 American Depositary Receipts (representing 90,612,780 ordinary shares). As a result of these conversions, the face value of the remaining Notes had been reduced to USD 450,000 as at the date of this Report.

On August 28, 2014, the Company announced that it has convened a general meeting for September 30, 2014 to consider approving further conversions under the Company s existing facility with Ironridge. Where a conversion occurs after shareholder approval that would reduce the Company s indebtedness under the Ironridge Facility, but it would not provide cash funding to the Company.

On July 31, 2014, the Company granted a total of 6,875,000 options over ordinary shares in the Company. The options, which were granted at no cost, entitle the holders to acquire one ordinary share at a price of $0.04 at any time up to, and including May 31, 2019, subject to certain vesting conditions.

On August 26, 2014, the United States District Court for the Middle District of North Carolina last week issued an Order denying a motion brought by GlaxoSmithKline, LLC (GSK) to dismiss the patent infringement law suit brought against it by GTG. This significant success follows the separate success reported on March 12, 2014, when a similar motion to dismiss filed by Agilent in the Northern District of California was also denied.

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38. SUBSEQUENT EVENTS (cont.)

Nasdaq notice

On September 3, 2014, the Company announced that it received a letter dated August 29, 2014, from the Nasdaq Stock Market notifying the Company that for the last 30 consecutive business days prior to August 28, the bid price for the Company s ordinary shares had closed below the minimum $US1.00 per share requirement for continued inclusion under Nasdaq Marketplace Listing Rules (the Rules).The letter stated that in accordance with the Rule the Company has 180 calendar days, or until 25 February 2015, to regain compliance.

The issuance of such notices, by Nasdaq, are a matter of procedure, with the Company currently considering its position and the options available in order to regain compliance.

Financing and plans for restructure

On September 15, 2014, the Company, announced plans to restructure and realign its group activities. The changes announced will enable the Company to focus its strategy on the US molecular diagnostics (MDx) market and commercialisation of the Company s lead breast cancer risk test BREVAGen. The restructure and realignment of group activities follows a recent review of operations by the Company aimed at supporting the Company s US MDx strategy.

The core plans approved by the Board include:

- the sale / divestment of non-core assets;

- the realignment of internal cost structures through a disciplined approach to cost management and capital allocation being driven by the recently appointed CFO;

- a board restructure, including the appointment of new directors, to support and enhance Company s focus on the US MDx market; and

- a proposed Company name change to represent a MDx focus.

The plans being implemented are expected to provide investors with a focused MDx company and refined US commercialisation strategy for BREVAGen, with a significantly reduced operating cost base.

In support of these plans, the Company finalised the raising of $2.15M financing via the issue of unlisted secured (debt) notes (Notes) to existing and new Australian institutional and wholesale investors. The Notes will carry a 10.0% coupon rate, and subject to shareholder approval or, where the Company otherwise notifies that the Notes are convertible (in compliance with all applicable laws), the Notes will also be convertible into ordinary shares (at a 10.0% discount to the 5 day VWAP). The Notes will also carry free attached options to purchase further shares in the Company (Options) and will be subject shareholder approval. Shareholder approval for the conversion under Notes and the grant of the Options will be sought at a General Meeting.

The funds raised under the financing will be used to support Genetic Technologies short-term capital requirements and, together with existing cash reserves, will support the Company s refocused US MDx strategy.

Sale of heritage Australian Genetics business

On September 22, 2014, the Company announced that it had signed a binding contract of sale for its heritage Australian Genetics business (Australian Genetics) to Specialist Diagnostics Services Ltd (SDS), the wholly owned pathology subsidiary of Primary Health Care Ltd. The Australian Genetics business provides diagnostic and sequencing services encompassing Australia-only medical, forensic, paternity and animal genomic testing. Under the terms of sale, SDS will acquire the Australian Genetics business for $2,000,000 in cash. Assuming all conditions are met, settlement of the transaction is expected to occur within the next month.

The divestment of the Australian Genetics business follows the Company s announcement on September 15, 2014, of plans to sell non-core assets and focus business activities on the US MDx market and commercialisation of the Company s lead breast cancer risk test BREVAGen.

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38. SUBSEQUENT EVENTS (cont.)

Appointment of two new Directors

On September 24, 2014, the Company announced it is pleased to advise that Mr. David Carter and Dr. Lindsay Wakefield have today been appointed Non-Executive Directors of the Company on casual appointment , in that the new appointees will then be required to submit themselves for re-election at the upcoming AGM, as per article 19.4 of the Company s Constitution.

Results of EGM

On September 30, 2014, at an Extraordinary General Meeting shareholders were asked to consider and, if thought fit, to pass the following resolutions:

1. Ratification prior issue of shares under the Ironridge Convertible Note

2. Approval issue of further shares under the Ironridge Convertible Note

The two resolutions were put before the shareholders and were passed on a show of hands.

Apart from these events, there have been no other significant events which have occurred after balance date.