



GENETIC TECHNOLOGIES LIMITED

A.B.N. 17 009 212 328

Quarterly Activities Report
and
Appendix 4C of the ASX Listing Rules
for the quarter ended
31 March 2007

GENETIC TECHNOLOGIES LIMITED

QUARTERLY ACTIVITIES REPORT FOR THE QUARTER ENDED 31 MARCH 2007

GENETIC TESTING

Medical diagnostics. For the third consecutive quarter, revenues generated by the Company's medical diagnostics division have exceeded budget, with the March quarter recording the greatest revenue for the financial year to date. Revenue growth is largely being driven by an increase in the number of breast cancer gene tests performed at the request of researchers and publicly funded familial cancer clinics.

Family relationships. Revenues generated by GTG's paternity and relationship testing services business for the quarter under review fell short of budget. Sales are being affected by price discounting from competitors as well as the introduction of another NATA accredited provider into the market place. Several marketing initiatives have been instigated to try and recapture this loss of market share.

Forensics. The Company is continuing to pursue a number of avenues to increase its forensics work and is currently examining various opportunities in the animal sector. It is hoped that several relevant announcements will be forthcoming during the coming quarter.

Animals. The Company's canine testing program continues to perform well, with a number of new products and services having been recently launched. The Company is also in discussions with a number of overseas parties regard the addition of further tests.

The Company's livestock testing business has been adversely affected by the drought which has had a resulting negative impact on revenue. However, expenditure in this area has been reduced with the resources being allocated to other testing areas which are experiencing solid growth.

Sports performance. GTG continues to examine ways to expand the distribution of its proprietary ACTN3 SportsGene Test[®]. Following recent licensing activity, the Company is now holding discussions which may result in the ACTN3 SportsGene Test[®] being licensed to other parties for various territories around the world commencing with Europe and the United States.

LICENSING

On 19 February 2007, the Company announced that it had granted a license to its non-coding patents to Sciona, Inc., a company based in Boulder, Colorado, USA. This license, which runs for nine years, is the first step in a progressive co-operation between GTG and Sciona in relation to the emerging lifestyle and life-extension markets. GTG received a signing fee and will receive future annual payments from Sciona, increasing with time. GTG will also be granted the right to market the Sciona range of products in the Asia-Pacific region and to perform the relevant genetic tests at the GTG laboratory in Melbourne. The cash payments to be received by GTG from Sciona and the additional rights being granted to GTG are estimated to exceed A\$2 million in value.

On 21 February 2007, the Company announced that it had also granted a license to its non-coding patents to Merlogen LLC, a company based at Texas A&M University in College Station, Texas, USA, which specialises in researching canine genetic disorders. In conjunction with granting the research license, GTG has secured an exclusive commercial license from Merlogen to offer a genetic test in the Asia-Pacific region for Alport's Syndrome in canines and, under the agreement, GTG will become Merlogen's preferred genetic testing partner in the Asia-Pacific region. In addition to Alport's Syndrome, Merlogen has developed a number of other leading genetic tests for canines and is investigating a number of other significant canine genetic disease traits.

The Company advises that it has appointed the firm of Hamilton DeSanctis and Cha as new licensing contractors to assist the Company to pursue licenses in USA. Hamilton DeSanctis and Cha is based in Denver, Colorado and will also assume all licensing opportunities previously managed by PatentBridge. Both Mr. DeSanctis and Mr. Cha bring substantial experience to the Company's licensing program, having been involved in the Company's negotiations with Applera Corporation. The precise terms of this engagement are confidential but any fees payable will be paid on a contingency basis.

RESEARCH AND DEVELOPMENT

RareCollect®. RareCollect® is a program designed to develop a widely applicable, non-invasive, pre-natal genetic test based on the successful isolation of foetal cells from maternal blood. Initial trials were conducted at the Women's and the Children's hospitals involving a total of 150 patients, most of whom were women with a high rate of susceptibility to trisomic diseases due to family histories and were therefore termination patients. These trials demonstrated that the RareCollect technology provided an accuracy equivalent to traditional, but more invasive, techniques. Further, the results have enabled the submission of an ethics application for a trial involving 2,000 women at the Monash Medical School which has subsequently been approved. It is envisaged that the trial will commence in April 2007. These significant developments will in turn facilitate the ongoing discussions with various commercial parties who have already expressed an interest to support the project.

ImmunAid. The ImmunAid project seeks to improve the efficiency of treatments for cancer and chronic diseases such as AIDS. Results from cancer patients tested in Australia and USA have further supported the ImmunAid discovery, namely the existence of a cycling immune response in cancer and HIV patients. During March, ImmunAid project leader Martin Ashdown presented this work as an invited speaker at the international *Potent New Anti-Tumor Immunotherapies* meeting in Canada. Organised by Nicholas P. Restifo M.D. of the National Cancer Institute, the meeting brought together the world's leading scientists who are securing the basic foundations of the new cancer immunology. Last October, the ImmunAid discovery was also presented at the Cancer Research Institute International Cancer Immunotherapy Symposia Series in New York. A poster presented how C-reactive protein ("CRP") may be used as a surrogate biomarker for immune response and regulation. Independent trials in the USA to use the immune cycle to determine the optimal timing for intervention commenced during the past quarter. Further experiments in Australia directed at demonstrating the ImmunAid cycle in patients with different cancers are underway. Ethics approval applications for similar trials to those being conducted in USA are now being prepared in Australia for treating late-stage patients with various cancers. Discussions have also been initiated with parties in relation to potential commercialisation strategies.

Pathogens. Research is continuing in relation to the pathogens program which seeks to discover new drug targets for the control of intestinal parasitic diseases in livestock in collaboration with the Universities of Melbourne and Newcastle. The project is further supported by a grant of \$970,000 from Meat and Livestock Australia Limited ("MLA"). Researchers have identified two new classes of chemicals that kill the two major species of parasitic worms infecting sheep. This data has been incorporated into two project provisional patent applications that were lodged in November 2006. During the past quarter, a US-based animal health pharmaceutical company tested a limited number of the candidate chemicals in their parasite models. Whilst there were positive effects, they were not sufficiently strong for the company to proceed with a collaboration. The testing results will provide the basis for the synthesis of more potent candidates. MLA is organising further visits with other animal health chemical companies later in the year.

Genomic Matching Technique. Research continues at the C.Y. O'Connor ERADE Village Foundation in Western Australia in relation to new concepts in genetic testing, including: (1) identification of disease associations, e.g. blindness in humans; (2) improved diagnostics for bone marrow transplantation; (3) the identification of aggressive breeds of dogs; (4) new tests to improve productivity in aquaculture; and (5) new software to assist in genetic analysis. A further application for substantial funding for this project from the Commercial Ready scheme was submitted during the past quarter but was unsuccessful. The analysis of the results from a large number of samples from patients suffering the mild and severe forms of a disease resulting in blindness (age-related macular degeneration) together with age-matched controls have undergone an initial assessment. The analysis has demonstrated that there may be a correlation between the various forms of the disease which is to be addressed in more detail during the coming quarter. A patent application has since been lodged which will protect these developments. Characterising potential diagnostic regions of human DNA outside the tissue typing areas is nearing completion with the aim of filing a provisional patent application early in 2007.

RESEARCH AND DEVELOPMENT (cont.)

Addictive States. Work focusing on the identification of polymorphisms of potential diagnostic use in a range of human diseases continued at King's College, London, in order to characterise the genetic variation which could significantly increase the risk of an individual developing cocaine addiction or dependence. The genetic variations identified by the work are located in the non-coding regions of the genome. During the quarter under review, GTG has evaluated the commercialisation possibilities of the discoveries protected in the first of the patents from this project. It was decided that the cost of protecting this application did not justify the continuing investment in that particular patent application, which was subsequently dropped in the US. Examination of the commercial potential of the second of these patent applications is continuing.

Patents. A comprehensive review of the GTG patent portfolio has resulted in some recommendations to the Board of a potential revised patent strategy to be introduced during the coming quarter.

CORPORATE MATTERS

Appointment of new Director. On 26 February 2007, the Company announced the appointment of Mr. David Carruthers to the Board of Directors as an additional Non-Executive Director.

CEO succession plan. On 29 March 2007, the Company announced that the founder and Chief Executive Officer of GTG, Dr. Mervyn Jacobson, had informed the Board that, as he had now reached the age of 65, he wished the Company to activate an orderly succession plan. He intends to retire from his current role as CEO as soon as an appropriate successor is able to assume this position. Accordingly, the Board has now retained an executive recruitment firm to conduct a search in Australia and overseas for a new Chief Executive Officer.

Changes to capital structure. During the period from 1 January 2007 up to the date of this Report, there were no changes to the Company's capital structure. As such, as at the date of this Report, there was a total of 362,389,899 ordinary shares on issue and 13,877,500 unlisted options over ordinary shares in the Company, with exercise prices ranging from \$0.38 to \$0.70.

Gtech International Resources Limited. As advised in previous reports, the Company continues to investigate potential opportunities for Gtech International Resources Limited, the Canadian-listed company in which GTG holds a 75.8% direct equity interest. As at 31 March 2007, Gtech held cash reserves of approximately A\$495,000.

Signed on behalf of Genetic Technologies Limited

DR. MERVYN JACOBSON
Chief Executive Officer

Dated this 23rd day of April, 2007.

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005.

Name of entity

GENETIC TECHNOLOGIES LIMITED

ABN

17 009 212 328

Quarter ended ("current quarter")

31 MARCH 2007

Consolidated statement of cash flows

	Current quarter (March 2007) \$A	Year to date (nine months) \$A
Cash flows related to operating activities		
1.1 Receipts from customers	2,049,403	5,330,670
1.2 Payments for (a) staff costs	(1,122,378)	(3,472,197)
(b) advertising and marketing	(41,701)	(419,383)
(c) research and development	(831,213)	(2,054,120)
(d) leased assets	(132,970)	(402,545)
(e) other working capital	(2,199,125)	(3,827,832)
1.3 Dividends received	-	-
1.4 Interest and items of a similar nature received	93,546	382,741
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Grant and other income	381,600	918,962
Net operating cash flows	(1,802,838)	(3,543,704)

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

Consolidated statement of cash flows (cont.)

	Current quarter (March 2007) \$A	Year to date (nine months) \$A
1.8 Net operating cash flows (carried forward)	(1,802,838)	(3,543,704)
Cash flows related to investing activities		
1.9 Payment for the acquisition of:		
a) businesses (item 5)	-	-
b) equity investments	-	-
c) intellectual property	-	-
d) physical non-current assets	(24,644)	(147,352)
e) other non-current assets	-	-
1.10 Proceeds from the disposal of:		
a) businesses (item 5)	-	-
b) equity investments	-	-
c) intellectual property	-	-
d) physical non-current assets	-	-
e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
Net investing cash flows	(24,644)	(147,352)
1.14 Total operating and investing cash flows	(1,827,482)	(3,691,056)
Cash flows related to financing activities		
1.15 Proceeds from the issue of shares	-	-
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Advances made to third parties	(3,922)	(87,215)
1.19 Dividends paid	-	-
1.20 Repayment of finance lease principal	(126,358)	(373,873)
Net financing cash flows	(130,280)	(461,088)
Net increase (decrease) in cash held	(1,957,762)	(4,152,144)
1.21 Cash at beginning of quarter/year to date	9,511,627	11,885,247
1.22 Exchange rate adjustments	(59,486)	(238,724)
1.23 Cash at end of quarter	7,494,379	7,494,379

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A
1.24	Aggregate amount of payments to the parties included in item 1.2	239,539
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

The amount included at Item 1.24 includes \$118,645 in consulting fees, Directors' fees, superannuation and salaries paid to Directors and entities associated with Directors during the quarter. The amount also includes rental and outgoings of \$120,894 for the Melbourne laboratory premises paid to an entity associated with a Director.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

None.

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

The Company has a 16.87% minority interest in the Duketon Belt Joint Venture in Western Australia. No cash was contributed by the Company during the quarter.

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

		Amount available \$A	Amount used \$A
3.1	Loan facilities	-	-
3.2	Credit standby arrangements Hire purchase facility	2,500,000	1,632,868

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

Reconciliation of cash

Reconciliation of cash at the end of the quarter
(as shown in the consolidated statement of cash flows)
to the related items in the accounts is as follows:

	Current quarter (March 2007) \$A	Previous quarter (December 2006) \$A
4.1 Cash on hand and at bank	5,070,147	7,107,796
4.2 Deposits at call	2,424,232	2,403,831
4.3 Bank overdraft	-	-
4.4 Commercial Bills of Exchange	-	-
Total cash at end of quarter (item 1.23)	7,494,379	9,511,627

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	Not applicable	Not applicable
5.2 Place of incorporation or registration		
5.3 Consideration for acquisition or disposal		
5.4 Total net assets		
5.5 Nature of business		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: Date: **23 April 2007**
Chief Executive Officer

Print name: **Dr. Mervyn Jacobson**

+ See chapter 19 for defined terms.

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
 - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
 - 9.2 - itemised disclosure relating to acquisitions
 - 9.4 - itemised disclosure relating to disposals
 - 12.1(a) - policy for classification of cash items
 - 12.3 - disclosure of restrictions on use of cash
 - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

+ See chapter 19 for defined terms.