



# 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 2008**

# GENETIC TECHNOLOGIES LIMITED

## QUARTERLY ACTIVITIES REPORT FOR THE QUARTER ENDED 31 MARCH 2008

### OPERATIONS SUMMARY

During the March 2008 quarter, overall revenue of \$4.8 million was 118% higher than for the March 2007 quarter. On a year to date basis, total revenue is up at \$13.9 million which is 126% higher than for the prior comparable period. It should be noted, however, that the last quarter of the 2007 financial year included some significant licensing fees.

Revenues generated from the Company's genetic testing operations increased significantly over the previous quarter, with total revenues of around \$1 million having been recorded. This represents a 26% increase over the March 2007 quarter. For the nine-month period then ended, total testing revenues exceeded \$2.7 million which was 20% ahead of the prior comparable period. Revenues generated from the Company's licensing program exceeded \$3.5 million, taking the total licensing fees received during the nine-month period ended 31 March 2008 to approximately \$10.3 million.

Sales of genetic tests for the companion animal market continued to grow strongly and the Company believes that the market potential is still largely untapped. Accordingly, it has continued to invest in expanding its sales and marketing infrastructure within the Asia-Pacific region.

On 21 January 2008, the Company announced the execution of a three-year forensic DNA testing agreement with the New South Wales Police Force. Under the terms of the agreement, GTG will conduct forensic DNA analysis on "volume crime" samples such as break and enter, malicious damage, motor vehicle theft, and theft of items from motor vehicles. The awarding of the contract follows the completion of a successful three-month trial which the Company undertook for NSW Police in the middle of 2006. The first samples to be tested under this contract arrived in January 2008 and sample numbers to date have been in line with expectations.

Also in January, the Company appointed EPIC Athletic Performance Inc., a Colorado-based talent identification company, as a distributor of the ACTN3 SportsGene Test® product in the US. The ACTN3 SportsGene Test can provide insight into whether individuals are more geared towards endurance or sprint events from a genetic perspective.

A major new focus for the Company has been to invest in developing new genetic tests to expand its service menu. Considerable progress has already been made with several new products having been introduced during the March quarter.

During the quarter, the Company launched two new canine DNA trait tests and two new disease tests for dog breeders. The trait tests include the Long Hair Gene test – available for more than 13 breeds – and a DNA test for Natural Bob Tail. Breeders will now be able to easily and accurately breed for these desirable traits; something that was previously difficult to achieve. The two new disease tests launched include a DNA test for Krabbes Disease and a test for Grey Collie Syndrome. Dogs affected with these genetic diseases have a greatly reduced life expectancy.

The Company also developed a *Species I.D Test* that can potentially help authorities, agencies and food manufacturers identify the species of origin of biological samples. The test is able to determine whether a blood stain or biological sample has come from one of eight animal species including horse, sheep, cow, bird, goat, dog, cat or pig and has already proven its utility in suspected product contamination cases. The *Species I.D Test* gives investigators the power to not only find out the species of animal, but also determine the animal's sex and unique DNA profile – or fingerprint.



## **CORPORATE MATTERS**

During the period from 1 January 2008 until the date of this Report, there were no changes to the Company's issued capital, with 362,389,899 ordinary shares now on issue. During the same period, a total of 750,000 unlisted options over ordinary shares in the Company were cancelled. Accordingly, as at the date of this Report, there are 11,775,602 unlisted options outstanding, with exercise prices ranging from \$0.17 to \$0.53.

**Signed on behalf of Genetic Technologies Limited**

Dated this 28<sup>th</sup> day of April, 2008

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MICHAEL B. OHANESSIAN  
*Chief Executive Officer*

# 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 2008**

### Consolidated statement of cash flows

	Current quarter (March 2008) \$A	Year to date (nine months) \$A
<b>Cash flows related to operating activities</b>		
1.1 Receipts from customers	<b>4,374,567</b>	<b>12,173,546</b>
1.2 Payments for		
(a) staff costs	<b>(1,415,175)</b>	<b>(3,968,718)</b>
(b) advertising and marketing	<b>(65,267)</b>	<b>(138,710)</b>
(c) research and development	-	<b>(700,000)</b>
(d) leased assets	-	-
(e) other working capital	<b>(1,630,446)</b>	<b>(5,488,122)</b>
1.3 Dividends received	-	-
1.4 Interest and items of a similar nature received	<b>220,802</b>	<b>515,407</b>
1.5 Interest and other costs of finance paid	<b>(14,814)</b>	<b>(48,079)</b>
1.6 Income taxes paid	-	-
1.7 Grant and other income	-	-
<b>Net operating cash flows</b>	<b>1,469,667</b>	<b>2,345,324</b>

+ 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 2008) \$A	Year to date (nine months) \$A
1.8 Net operating cash flows (carried forward)	<b>1,469,667</b>	<b>2,345,324</b>
<b>Cash flows related to investing activities</b>		
1.9 Payment for the acquisition of:		
a) businesses (item 5)	-	-
b) equity investments	-	-
c) intellectual property	-	-
d) physical non-current assets	<b>(92,970)</b>	<b>(107,544)</b>
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	<b>29,000</b>	<b>55,659</b>
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)	-	-
<b>Net investing cash flows</b>	<b>(63,970)</b>	<b>(51,885)</b>
<b>1.14 Total operating and investing cash flows</b>	<b>1,405,697</b>	<b>2,293,439</b>
<b>Cash flows related to financing activities</b>		
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	-	-
1.19 Dividends paid	-	-
1.20 Repayment of finance lease principal	<b>(238,614)</b>	<b>(529,396)</b>
<b>Net financing cash flows</b>	<b>(238,614)</b>	<b>(529,396)</b>
<b>Net increase (decrease) in cash held</b>	<b>1,167,083</b>	<b>1,764,043</b>
1.21 Cash at beginning of quarter/year to date	<b>14,290,083</b>	<b>13,783,750</b>
1.22 Exchange rate adjustments	<b>(139,927)</b>	<b>(230,554)</b>
1.23 <b>Cash at end of quarter</b>	<b>15,317,239</b>	<b>15,317,239</b>

+ 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	<b>359,574</b>
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 \$244,576 paid in consulting fees, bonuses, commissions, Directors' fees, superannuation and salaries to Directors and entities associated with Directors during the quarter. The amount also includes rental and outgoings of \$114,998 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 an approximate 15.19% minority interest in the North Laverton 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	<b>2,500,000</b>	<b>384,224</b>

+ See chapter 19 for defined terms.

**Appendix 4C**  
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**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 2008) \$A	Previous quarter (December 2007) \$A
4.1 Cash on hand and at bank	<b>2,599,172</b>	<b>1,763,038</b>
4.2 Term deposits	<b>12,718,067</b>	<b>12,527,045</b>
4.3 Bank overdraft	-	-
4.4 Commercial Bills of Exchange	-	-
<b>Total cash at end of quarter</b> (item 1.23)	<b>15,317,239</b>	<b>14,290,083</b>

**Acquisitions and disposals of business entities**

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	<b>Not applicable</b>	<b>Not applicable</b>
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: **28 April 2008**  
*Chief Executive Officer*

Print name: **Michael B. Ohanessian**

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+ 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.

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