

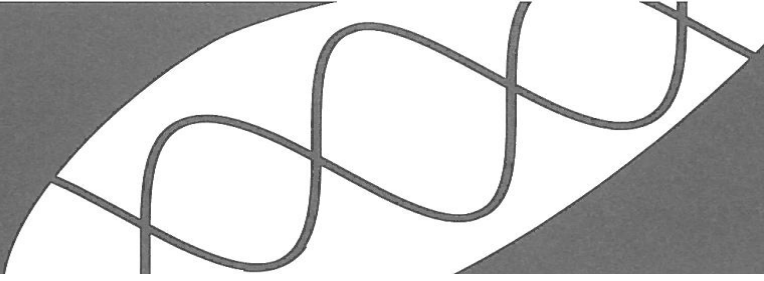
PHYTOGENE PTY LTD

Annual Report 2013



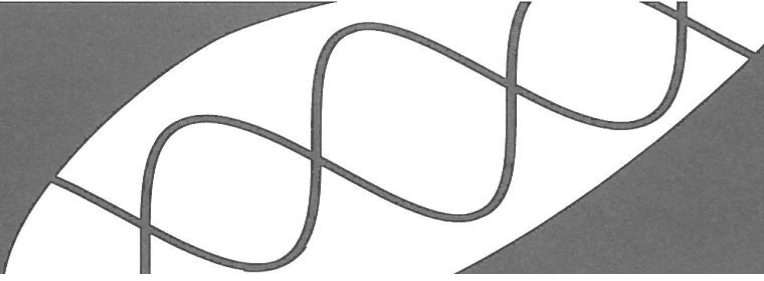


Phytogene Pty Ltd
ACN 098 823 235
475 Mickleham Road
Attwood, Victoria 3049
03 9217 4125



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COMPANY INFORMATION

Directors

Dr JM Slocombe (Chairman)
Dr CL Noble
Professor GC Spangenberg

Chief Scientific Officer

Professor GC Spangenberg

Company Secretary

Mr BG Lang

Registered Office

475 - 485 Mickleham Road
Attwood, VIC 3049
Telephone (03) 9217 4134
Facsimile (03) 9217 4161

Auditors

Auditor General of Victoria
Level 24, 35 Collins Street
Melbourne, VIC 3000

Bankers

Commonwealth Bank Aust.
499 St Kilda Road
Melbourne, VIC 3004

Treasury Corporation of Victoria
Level 12, 1 Collins Street
Melbourne, VIC 3000

A.C.N 098 823 235
A.B.N 45 098 823 235



REVIEW OF BUSINESS

Phytogene Pty Ltd was established in 2001 and is a wholly owned subsidiary of Agriculture Victoria Services Pty Ltd (AVS). Its purpose is to commercialise a proprietary and patented delayed plant leaf senescence technology with the trade mark, LXR®. The technology has a wide range of potential applications for major plant crops by increasing dry matter production, seed yield and drought tolerance.

The company also holds exclusive world-wide commercialisation rights to another yield enhancing technology which is complementary to LXR®. Known as BET, the technology was developed by AVS and the former Molecular Plant Breeding CRC.

Phytogene is a mid-stage biotechnology development company with its key technology having demonstrated initial proof of concept and with licences in place for its further technical development and commercialisation in certain crops. The company continues to maintain a low cost structure while it builds value in the technology and seeks further commercial opportunities. Fees and milestone payments due from licensees are projected to keep the company cash flow positive in the period prior to product launch, following which royalty flows are expected to provide an ongoing and sustainable financial base.

Phytogene continued to make sound progress during the 2013 year. Whilst a net operating loss of \$157K was incurred this largely reflects the irregular timing of technology payments due under current licence arrangements. Phytogene's cash reserves have provided adequate coverage for this inherent fluctuation in the company's revenue flows.

Glasshouse and field trial results have provided evidence of proof of concept in the dicot species canola, white clover, and more recently, alfalfa. A major North American based field trial in canola will be completed during the 2013/14 year and is expected to build on the strong results that were achieved for this crop in Australian trials.

Following positive results in the glasshouse, Phytogene is currently conducting a major "in-house" field trial in wheat. Subject to positive outcomes, the trial results will be used as a basis to leverage and support claims for the technology's application in wheat and other major monocot species.

Patent protection is being extended into various territories where major target crops are grown, either by direct filing or PCT applications.

The company completed a major review of its commercialisation strategy during the past year which confirmed both the magnitude of the opportunity and the importance of pursuing global commercialisation partners in seeking to bring the company's technologies to market. During the coming year Phytogene will continue to focus on strengthening relationships with its current partners as well as strategically developing new relationships with other suitable private sector companies.



Dr Judith Slocombe
CHAIRMAN



PROTECTED DISCLOSURE ACT 2012

The former Whistleblowers Protection Act 2001 ('Whistleblowers Act') was repealed and replaced with the Protected Disclosure Act 2012 ('PD Act'), which came into force on 10 February 2013. As the change of legislation occurred midway through the 2012-13 financial year, this disclosure complies with the requirements of the PD Act and section 104 of the Whistleblowers Act, for each of the relevant time periods.

The PD Act was part of a package of integrity reforms introduced by the Victorian Government, which also established the Independent Broad-based Anti-corruption Commission (IBAC).

The PD Act enables people to make disclosures about improper conduct within the public sector without fear of reprisal. It aims to ensure openness and accountability by encouraging people to make disclosures and protecting them when they do.

What is a 'protected disclosure'?

A protected disclosure is a complaint of corrupt or improper conduct by a public officer or a public body. Phytogene is a "public body" for the purposes of the Act.

What is 'improper or corrupt conduct'?

Improper or corrupt conduct involves substantial: mismanagement of public resources; or risk to public health or safety or the environment; or corruption.

The conduct must be criminal in nature or a matter for which an officer could be dismissed.

How do I make a 'Protected Disclosure'?

You can make a protected disclosure about Phytogene or its board members, officers or employees by contacting DEPI or IBAC on the contact details provided below. Please note that Phytogene is not able to receive protected disclosures.

Contacts

Department of Environment and Primary Industries (DEPI)
Jennifer Berensen, Senior Advisor, Privacy & Ombudsman
Department of Environment and Primary Industries
Address: PO Box 500, East Melbourne Vic 3002
Ph: 03 9637 8697
Website: www.depi.vic.gov.au

Independent Broad-Based Anti-Corruption Commission (IBAC) Victoria
Address: Level 1, North Tower, 459 Collins Street, Melbourne Victoria 3001.
Mail: IBAC, GPO Box 24234, Melbourne Victoria 3000
Internet: www.ibac.vic.gov.au
Phone: 1300 735 135

Email: see the website above for the secure email disclosure process, which also provides for anonymous disclosures.

DIRECTOR'S REPORT

The Board of Directors present their report together with the financial report for Phytogene Pty Ltd ("the Company") for the year ending 30 June 2013, and the auditors' report thereon.

Directors

The names of the directors of the Company at any time during or since the end of the financial year are:

Dr. J Slocombe

Dr. C Noble

Prof. G Spangenberg

All directors were in office from the beginning of the financial year until the date of this report.

Principal Activity & State of Affairs

The principal activity of the Company during the financial year was to further develop technologies associated with delayed plant senescence.

There was no significant change in the nature of the activities or state affairs of the Company during the financial year.

Results and Dividends

The comprehensive result for the Company for the financial year was a loss of \$156,727 (2012: profit of \$291,767).

The directors do not recommend payment of a final dividend and no dividend has been paid during the year ended 30 June 2013.

Likely Developments

The Company will continue to develop its technologies over the coming year and seek commercial opportunities related thereto. No significant changes are expected to the principal activities of the Company during the next financial year.

Events Subsequent to Balance Date

No matters or circumstances have arisen since the end of the financial year and the date of this report which significantly affected or may significantly affect the operations of the Company, the results of the operations, or the state of affairs of the Company in subsequent financial years.

Environment Regulation

The Company is not significantly affected by any environmental legislation.

DIRECTORS' REPORT (continued)

Directors Meetings

The following persons were directors of the company during the year. Their respective attendances at directors' meetings are as listed:

	No. Meetings Attended	No. Meetings Eligible
JM Slocombe	4	4
CL Noble	4	4
GC Spangenberg	2	4

Indemnification and Insurance of Officers and Auditors

The Company has not, during or since the end of the financial year, in respect of any person who is or has been an officer or auditor of the Company or of a related body corporate:

- indemnified or made any relevant agreement for indemnifying against a liability, including costs and expenses in successfully defending legal proceedings.

For and on behalf of the Board in accordance with a resolution of the directors.

Director:



Dated: 19 August 2013

Director:



Dated: 19 August 2013

AUDITOR-GENERAL'S INDEPENDENCE DECLARATION

To the Board of Directors, Phytogene Pty Ltd

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General, an independent officer of parliament, is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised.

Under the *Audit Act 1994*, the Auditor-General is the auditor of each public body and for the purposes of conducting an audit has access to all documents and property, and may report to parliament any matters which the Auditor-General considers appropriate.

Independence Declaration

As auditor for Phytogene Pty Ltd for the year ended 30 June 2013, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

MELBOURNE
21 August 2013

T. DA
for John Doyle
Auditor-General

**COMPREHENSIVE OPERATING STATEMENT
FOR YEAR ENDED 30 JUNE 2013**

	Notes	2013 \$	2012 \$
Income from transactions			
Revenue from continuing activities		118,436	384,665
Total Income from transactions	2	<u>118,436</u>	<u>384,665</u>
Expenses from transactions			
Expenses from continuing activities		275,163	102,872
Total Expenses from transactions	3	<u>275,163</u>	<u>102,872</u>
Net result from transactions (net operating balance)		<u>(156,727)</u>	<u>281,793</u>
Other economic flows included in net results			
Net gain on financial instruments	4	-	9,974
Total other economic flows included in net result		<u>-</u>	<u>9,974</u>
Comprehensive Result		<u>(156,727)</u>	<u>291,767</u>

The Comprehensive Operating statement should be read in conjunction with the accompanying notes.

**BALANCE SHEET
AS AT 30 JUNE 2013**

	Notes	2013 \$	2012 \$
Assets			
<i>Financial Assets</i>			
Cash and cash equivalents	12a	620,409	763,900
Trade and other receivables	5	28,040	3,515
TOTAL FINANCIAL ASSETS		648,449	767,415
<i>Liabilities</i>			
Trade and other payables	6	107,553	69,792
TOTAL LIABILITIES		107,553	69,792
NET ASSETS		540,896	697,623
Equity			
Share capital		855,002	855,002
Accumulated deficit		(314,106)	(157,379)
NET WORTH		540,896	697,623

The Balance Sheet should be read in conjunction with the accompanying notes.

**STATEMENT OF CHANGES IN EQUITY
FOR YEAR ENDED 30 JUNE 2013**

	Notes	Equity at 1 July 2012	Net result	Other comprehensive income	Equity at 30 June 2013
Share Capital		855,002	-	-	855,002
Accumulated Surplus/(Deficit)		(157,379)	(156,727)	-	(314,106)
Total equity at end of financial year		697,623	(156,727)	-	540,896

	Notes	Equity at 1 July 2011	Net result	Other comprehensive income	Equity at 30 June 2012
Share Capital		855,002	-	-	855,002
Accumulated Surplus/(Deficit)		(449,146)	291,767	-	(157,379)
Total equity at end of financial year		405,856	291,767	-	697,623

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

**CASH FLOW STATEMENT
FOR YEAR ENDED 30 JUNE 2013**

		2013	2012
	Notes	\$	\$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		95,637	367,256
Cash paid to suppliers		(262,823)	(59,568)
Interest received		23,695	20,798
Net cash provided by operating activities	12b	(143,491)	328,486
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		-	-
Net cash from financing activities		-	-
Net increase in cash and cash equivalents		(143,491)	328,486
Net FX gain arising from cash and cash equivalents		-	9,974
Cash and cash equivalents at beginning of financial year		763,900	425,440
Cash and cash equivalents at 30 June	12a	620,409	763,900

The Cash Flow Statement should be read in conjunction with the accompanying notes.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2013****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****(a) Reporting entity**

The financial statements cover Phytogene Pty Ltd (the Company) as an individual reporting entity. The Company is a private company, established on 13 November 2001. Its principal address is:

475 Mickleham Road, Attwood, Victoria 3049.

The significant accounting policies adopted in the preparation of the financial statements are as follows:

(b) Statement of Compliance

The financial report is a general-purpose financial report, which has been prepared in accordance with Australian Accounting Standards, including interpretations (AASs) and the Corporations Act 2001. AASs include Australian equivalents to International Financial Reporting Standards.

(c) Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report has been prepared on an accruals basis and is based on historical costs.

These accounting policies have been consistently applied by the Company throughout the reporting period.

(d) Scope and presentation of financial statements**Comprehensive operating statement**

Income and expenses in the comprehensive operating statement are classified according to whether or not they arise from 'transactions' or 'other economic flows'.

'Transactions' are those economic flows that are considered to arise as a result of policy decisions, usually interactions between two entities by mutual agreement. Transactions also include flows within an entity, such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. Taxation is regarded as mutually agreed interactions between the Government and taxpayers. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash.

'Other economic flows' are changes arising from market re-measurements. They include gains and losses from disposals, revaluations and impairments of non-current physical and intangible assets; actuarial gains and losses arising from defined benefit superannuation plans; fair value changes of financial instruments and agricultural assets; and depletion of natural assets (non-produced) from their use or removal.

Balance Sheet

Items of assets and liabilities in the balance sheet are:

- Ranked in liquidity order;
- Aggregated into financial and non-financial assets;
- Current versus non-current assets and liabilities are disclosed in the notes where relevant.

Statement of Changes in Equity

The statement of changes in equity presents reconciliations of each non-owner and owner equity opening balance at the beginning of the year to the closing balance at the end of the year, showing separately movements due to amounts recognised in the comprehensive result and amounts recognised in equity related to transactions with owners in their capacity as owners.

Cash Flow Statement

Cash flows are classified according to whether or not they arise from operating activities, investing activities, or financing activities. This classification is consistent with requirements under AASB 107 Statement of Cash Flows.

(e) Comparative Figures

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2013****1. STATEMENT OF ACCOUNTING POLICIES (continued)****(f) Goods and Services Tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the cash flow statement on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(g) Income Tax

Phytogene Pty Ltd is a wholly owned subsidiary of Agriculture Victoria Services Pty Ltd, a company whose shares are owned by the State Government of Victoria. The Company is exempt from income tax under Sec 24AO I.T.A.A. and as such does not adopt tax effect accounting.

(h) Income from transactions

Amounts disclosed as income from transactions are, where applicable, net of returns, allowances and duties and taxes. Revenue is recognised for each of the Company's activities as follows:

- Grant monies are recognised at the point cash is received from the grant authority.
- Revenue from the sale of services is recognised upon delivery of the services to the customer.
- Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

(i) Expenses from transactions

Expenses are recognised as they are incurred and reported in the financial year to which they relate.

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period as incurred.

An internally generated intangible asset arising from development expenditure is recognised as an asset in the balance sheet if, and only if, all of the following are demonstrated:

- (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (b) the intention to complete the intangible asset and use or sell it;
- (c) how the intangible asset will generate probable future economic benefit;
- (d) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (e) the ability to measure reliably the expenditure attributable to the intangible asset during its development.

(j) Other economic flows included in net result

Other economic flows measure the change in volume or value of assets or liabilities that do not result from transactions.

Net gain/(loss) on financial instruments

Net gain/(loss) on financial instruments includes realised and unrealised gains and losses from revaluations of financial instruments that are designated at fair value through profit or loss or held-for-trading, impairment and reversal of impairment for financial instruments at amortised cost, and disposal of financial assets.

Impairment of financial assets

Bad and doubtful debts are assessed on a regular basis. Those bad debts considered as written off by mutual consent are classified as a transaction expense. The allowance for doubtful receivables and bad debts not written off by mutual consent are adjusted as "other economic flows"

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2013****1. STATEMENT OF ACCOUNTING POLICIES (continued)****(k) Impairment of financial assets**

Assets of the company are assessed annually for indication of impairment. If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount.

Receivables are considered for bad and doubtful debts on a regular basis. Those bad debts considered as written off by mutual consent are classified as a transactional expense. Bad debts not written off by mutual consent and the allowance for doubtful receivables are classified as other economic flows in the Comprehensive Operating Statement.

The amount of the allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted to the effective interest rate.

(l) Financial Assets**(i) Cash and cash equivalents**

Cash and cash equivalents comprises cash on hand, cash in banks and deposits subject to an insignificant risk of changes in value and that are held for less than 90 days.

(ii) Receivables

Trade debtors are recognised at the amounts receivable, as they are due for settlement no more than thirty days from the date of recognition.

The collectibility of debts is assessed at balance date and specific provision is made for any doubtful accounts.

(m) Accounts Payable

Trade payables and other accounts payable are recognised when the Company becomes obliged to make future payments resulting from the purchase of goods and services. Trade payables are normally settled within 30 days.

(n) Foreign Currency

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign monetary items at reporting date are translated at the exchange rate existing at reporting date. Exchange differences are recognised in profit or loss in the period in which they arise.

(o) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2013 reporting period. Phytogene assesses the impact of these new standards and their applicability and early adoption where applicable.

As at 30 June 2013, there are a number of standards and interpretations had been issued but were not mandatory for financial year ending 30 June 2013. Phytogene has not, and does not intend to, adopt these standards early. Phytogene expects that the application of the said standards in the following year will have an insignificant impact on the financial statements.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2013**

	2013	2012
	\$	\$
2 INCOME FROM TRANSACTIONS		
Income from continuing operations		
(a) Income from services	75,000	363,098
(b) Interest	22,836	21,567
(c) Grants	20,600	-
Total Income from transactions	118,436	384,665
3 EXPENDITURE FROM TRANSACTIONS		
Audit services	5,900	5,750
Project expenses	175,000	25,000
Other expenses from ordinary activities	94,263	72,122
Total expenses from transactions	275,163	102,872
4 OTHER ECONOMIC FLOWS INCLUDED IN NET RESULTS		
Net gain on financial instruments -Cash & cash equivalents	-	9,974
Net FX gain arising from cash and cash equivalents	-	9,974
5 TRADE AND OTHER RECEIVABLES		
Current		
Contractual		
Trade receivables	20,625	-
Sundry debtors and accruals	1,127	1,986
	21,752	1,986
Statutory		
GST Input tax credit recoverable	6,288	1,528
Total current receivables	28,040	3,515
(a) Ageing analysis of receivables		
Please refer to table 13.2 in note 13 for the aging analysis of receivables.		
(b) Nature and extent of risks arising from receivables		
Please refer to Note 13 for the nature and extent of risks arising from receivables.		
6 TRADE AND OTHER PAYABLES		
Current		
Amounts due to parent entity	-	1,695
Trade Creditors	51,296	4,492
Sundry creditors and accruals	56,257	63,605
	107,553	69,792
(a) Maturity analysis of trade and other payables		
Please refer to table 13.3 in Note 13 for the aging analysis of payables		
(b) Nature and extent of risk arising from trade and other payables		
Please refer to Note 13 for the nature and extent of risks arising from payables.		

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2013****7 AUDITORS RENUMERATION**

2013	2012
\$	\$

Audit Services*Victorian Auditor General's Office*

Audit of the financial report

5,900	5,750
5,900	5,750

8 DIRECTORS' REMUNERATION**Directors Benefit's**

No director of the company has received or become entitled to receive a benefit nor have there have been any transactions with any director of the company.

9 CAPITAL & EXPENDITURE COMMITMENTS & CONTINGENT LIABILITIES

There are no capital or expenditure commitments or contingent liabilities as at 30 June 2013

10 SEGMENT REPORTING

The company operated predominantly in the agricultural and allied industries within Australia

11 RELATED PARTY TRANSACTIONS

The names of each person holding the position of director of the company during the period 1 July 2012 to 30 June 2013 are Prof. GC Spangenberg, Dr. JM Slocombe and Dr. CL Noble.

Details for directors' remuneration and retirement benefits are set out in Note 8.

Other than reported in Note 8, there were no transactions of a financial nature between the Company and its directors during the reporting period.

No director has entered into a contract with the company since the end of the previous financial year and there were no contracts involving directors' interests subsisting at year end. No director holds, or has previously held shares in the Company.

The company is wholly owned by Agriculture Victoria Services Pty Ltd (parent entity), an entity owned by the State Government of Victoria (ultimate parent entity). As such all State Government departments are considered to be related parties to Phytogene Pty Ltd

For the period ended 30 June 2013 the Victoria Government Department of Environment and Primary Industries was the major supplier of services to the company. These services were provided on a normal commercial basis. The value of the transactions between the Company and the related parties for the financial period were as follows:

Expenses	2013	2012
	\$	\$
Expenses paid to DEPI	187,390	38,217
Expenses paid to parent entity	4,278	5,385
	191,668	43,602

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2013****12 CASH FLOW STATEMENT**

(a) For the purposes of the Cash Flow Statement, cash includes cash on hand and in banks and deposits at call, net of outstanding overdraft. Cash at end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows :

	2013	2012
	\$	\$
Cash at bank and on hand	27,123	5,472
Deposits at call	123,286	288,428
Deposits < 31 days	470,000	470,000
Cash and cash equivalents	620,409	763,900

(b) Reconciliation on net cash provided by operating activities to opening profit for the year:

Operating Profit/(Loss) for the year	(156,727)	291,767
Net FX gain on cash and cash equivalents	-	(9,974)
Changes to Assets and Liabilities <i>(Increase)/decrease in assets</i>		
Trade and other receivables	(24,525)	3,389
<i>Increase/(decrease) in liabilities</i>		
Amounts due to Parent Entity	(1,695)	1,695
Trade Creditors	46,804	4,492
Sundry creditors & accruals	(7,348)	37,117
Net cash from operating activities	(143,491)	328,486

13 FINANCIAL INSTRUMENTS

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, with respect to each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

Table 13.1 Categorisation of financial instruments

Financial asset	Note	Category	Carrying amount	
			2013	2012
			\$	\$
Cash and cash equivalents	12a	Cash	620,409	763,900
Trade and other receivables	5	Loans and receivables (at amortised cost)	21,752	1,986
Financial liabilities	Note	Category	Carrying amount	
			2013	2012
			\$	\$
Trade and other payables	6	Financial liabilities (at amortised cost)	107,553	69,792

The carrying amounts disclosed exclude statutory amounts.



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2013**

13 FINANCIAL INSTRUMENTS (continued)

(a) Credit Risk

Credit risk arises from the financial assets of the Company, which comprise cash and cash equivalents and trade and other receivables.

The Company's exposure to credit risk arises from the potential default of counter party on their contractual obligations resulting in financial loss to the Company. Credit risk is measured at fair value and is monitored on a regular basis.

Credit risk associated with the Company's financial assets is minimal because the main debtor is parent entity Agriculture Victoria Services Pty Ltd (AVS). For debtors other than AVS, it is the Company's policy to only deal with entities with high credit ratings and or to obtain sufficient collateral or credit enhancements where appropriate.

The Company does not have any material credit risk exposure to any single debtor or group of debtors. In addition, the Company does not engage in hedging for its financial assets.

Provision of impairment for financial assets is calculated based on past experience, and current and expected changes in client credit ratings.

The Company's maximum exposure to credit risk without taking account of the value of any collateral obtained is the carrying amount of the financial assets as detailed in table 13.1.

Financial assets that are either past due or impaired

Currently the Company does not hold any collateral as security nor credit enhancements relating to any of its financial assets.

As at the reporting date, there is no event to indicate that any of the financial assets were impaired.

There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated.

The following table discloses the ageing of financial assets that are past due but not impaired:

Table 13.2 Interest rate exposure and aging analysis of financial assets

	Weighted average effective interest rate %	Carrying amount	Interest rate exposure			Not past due and not impaired	Past due but no impaired			Impaired financial assets
			Fixed interest rate	Variable interest rate	Non interest bearing		1-3 months	3 months - 1 year	> 1 year	
2013										
Cash at bank	0.00	27,123	-	-	27,123	27,123	-	-	-	-
Deposits at call	2.70	123,286	-	123,286	-	123,286	-	-	-	-
Deposits < 31 days	2.79	470,000	470,000	-	-	470,000	-	-	-	-
Trade and other receivables	0.00	21,752	-	-	21,752	21,752	-	-	-	-
		642,161	470,000	123,286	48,875	642,161	-	-	-	-
2012										
Cash at bank	0.00	5,472	-	-	5,472	5,472	-	-	-	-
Deposits at call	3.45	288,428	-	288,428	-	288,428	-	-	-	-
Deposits < 90 days	3.61	470,000	470,000	-	-	470,000	-	-	-	-
Trade and other receivables	0.00	1,986	-	-	1,986	1,986	-	-	-	-
		765,886	470,000	288,428	7,458	765,886	-	-	-	-

The carrying amounts disclosed exclude statutory amounts.



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2013**

13 FINANCIAL INSTRUMENTS (continued)

(b) Liquidity risk

Liquidity risk arises when the Company is unable to meet its financial obligations as they fall due. The Company operates under the Government fair payments policy of settling financial obligations within 30 days and in the event of a dispute, make payments within 30 days from the date of resolution. It also continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets and dealing in highly liquid markets.

The Company's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

Maximum exposure to liquidity risk is the carrying amounts of financial liabilities detailed in table 13.1.

The following table discloses the contractual maturity analysis for the Company's financial liabilities

Table 13.3 Interest rate exposure and maturity analysis of financial liabilities

	Weighted average effective interest rate %	Interest rate exposure				Maturity Dates				
		Carrying amount	Fixed interest rate	Variable interest rate	Non interest bearing	Nominal amount	Current	1-3 months	3 months - 1 year	> 1 year
2013										
Amounts due to parent entity	-	-	-	-	-	-	-	-	-	-
Trade creditors	-	51,296	-	-	51,296	51,296	51,296	-	-	-
Sundry creditors and accruals	-	56,257	-	-	56,257	56,257	56,257	-	-	-
		107,553	-	-	107,553	107,553	107,553	-	-	-
2012										
Amounts due to parent entity	-	1,695	-	-	1,695	1,695	1,695	-	-	-
Trade creditors	-	4,492	-	-	4,492	4,492	4,492	-	-	-
Sundry creditors and accruals	-	63,605	-	-	63,605	63,605	63,605	-	-	-
	-	69,792	-	-	69,792	69,792	69,792	-	-	-

(c) Market risk

The Company's exposures to market risk are primarily through interest rate risk and exposure to foreign currency. Objectives, policies and processes used to manage each of these risks are disclosed in the paragraphs below. The Company does not have exposure to other price risks.

Foreign currency risk

The Company currently has no foreign currency dealings. The Company manages its risk through continuous monitoring of movements in the exchange rate, together with rigorous cash flow planning and monitoring. In the past it has been deemed unnecessary for the Company to enter into any hedging arrangements to manage foreign currency risk. However given that the entity anticipates an increase in transactions resulting in foreign exchange, this position is being re-evaluated.

Interest rate risk

Exposure to interest rate risk is insignificant as the Company does not have any interest bearing assets and liabilities.

The Company's exposure to interest rate risk is set out in the Table 13.4b

Sensitivity disclosure analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, the Company believes the following movements are 'reasonably possible' over the next 12 months.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2013****Table 13.4b Interest rate risk exposure for the Company**

	Carrying amount	Interest rate risk			
		-1.00%		+1.00%	
		Net Result	Equity	Net Result	Equity
2013					
<i>Financial assets</i>					
Cash and cash equivalents	620,409	(6,204)	(6,204)	6,204	6,204
Trade and other receivables	1,127	-	-	-	-
<i>Financial liabilities</i>					
Trade and other payables	107,553	-	-	-	-
Total increase/(decrease)		(6,204)	(6,204)	6,204	6,204
2012					
<i>Financial assets</i>					
Cash and cash equivalents	763,900	(7,639)	(7,639)	7,639	7,639
Trade and other receivables	1,986	-	-	-	-
<i>Financial liabilities</i>					
Trade and other payables	69,792	-	-	-	-
Total increase/(decrease)		(7,639)	(7,639)	7,639	7,639

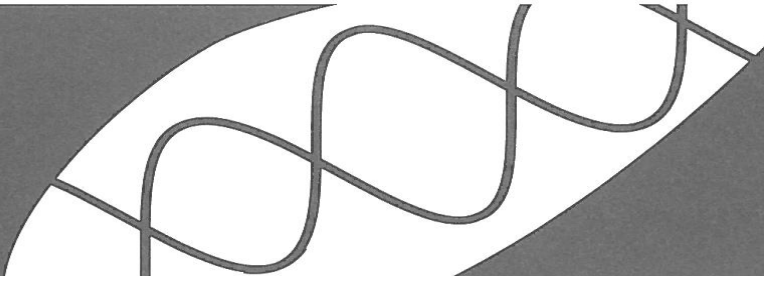
The carrying amounts disclosed exclude statutory amounts.

Table 13.4a and 13.4b discloses the impact on net operating result and equity for each category of financial instrument held by the Company at year-end as presented to key management personnel, if the above movements were to occur.

(d) Net Fair Values

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Balance Sheet and in the Notes to the Financial Statements.

The carrying value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the Company approximates their net fair value. No financial assets and financial liabilities are readily traded on organised markets. There are no financial assets for which the carrying amount exceeds the net fair value.



DIRECTORS' DECLARATION

The Directors of the Company declare that:

- (1) The financial statements and notes, as set out on pages 10 to 22 present fairly the company's financial position as at 30 June 2013 and its performance for the year ended on that date in accordance with Accounting Standards and other mandatory professional reporting requirements; and
- (2) In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors:

Director: 

Dated this 19th day of August 2013

Director: 

Dated this 19th day of August 2013

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors, Phytogene Pty Ltd

The Financial Report

The accompanying financial report for the year ended 30 June 2013 of Phytogene Pty Ltd which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration has been audited.

The Board of Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

As required by the *Corporations Act 2001* and *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independent Auditor's Report (continued)

Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession and the *Corporations Act 2001*. I confirm that I have given to the Board of Directors of the company a written independence declaration, a copy of which is included in the Directors' Report.

Opinion


In my opinion, the financial report of Phytogene Pty Ltd is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the company's financial position as at 30 June 2013 and of its financial performance for the year ended on that date
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of Phytogene Pty Ltd for the year ended 30 June 2013 included both in Phytogene Pty Ltd's annual report and on the website. The Board of Directors of Phytogene Pty Ltd are responsible for the integrity of Phytogene Pty Ltd's website. I have not been engaged to report on the integrity of Phytogene Pty Ltd's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.

MELBOURNE
21 August 2013


for John Doyle
Auditor-General