



PHYTOGENE

Annual Report 2021–2022



Jobs,
Precincts
and Regions



Company Information

Phytogene ACN No
ACN 098 823 235
Phytogene ABN No
ABN 45 098 823 235

Directors

Dr RTH Aldous (Chair)
Prof GC Spangenberg
Dr JM Tennent (appointed August 2021)

Executive Officer

Mr DC Liesegang

Chief Scientific Officer

Prof GC Spangenberg

Company Secretary

Mr SM Cagney (appointed February 2022)
Ms H Liu (interim November 2021 to February 2022)
Mr MS Anderson (resigned November 2021)

Registered Office

5 Ring Road
Bundoora, VIC 3083
Telephone (03) 9032 7676

Auditors

Victorian Auditor-General's Office
Level 24, 35 Collins Street
Melbourne, VIC 3000

Bankers

Commonwealth Bank of Australia
499 St Kilda Road
Melbourne, VIC 3004

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

Acknowledgements

Front cover: Photograph of alfalfa courtesy
of iStock image bank.



Phytogene acknowledges the traditional owners and custodians of country throughout Australia and acknowledges their continuing connection to land, waters and community. We pay our respects to the people, the cultures and the elders past and present.

Contents

Company profile	4
Performance summary	5
Board of Directors	6
Legislative framework	8
Directors' Report	10
Annual Financial Report 2021–2022	14
Independent Auditor's Report	15
Auditor-General's Independence Declaration	18
Annual Financial Reports	19
Notes to the Annual Financial Report	23
Appendix 1: Acronyms and glossary of terms	38



Company profile

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

Phytogene also holds the exclusive commercialisation rights to another, complementary trait which has the capacity to enhance crop yields. The technology is termed Biomass Enhancement Technology or BET and has been developed by Agriculture Victoria Research (AVR) in collaboration with the former Molecular Plant Breeding Cooperative Research Centre (MPB-CRC).

AVS equity investment and early-stage licence revenues have funded Phytogene's ongoing operations.

Results from both greenhouse and field trials to date have provided proof of concept for LXR® in the dicotyledonous species alfalfa, canola and white clover.

Proof of concept in a monocotyledonous species has been demonstrated in wheat through extensive field trials of the LXR® and BET trait technologies conducted in 2014 and 2016, the results of which showed yield gains between 10 and 30 per cent in irrigated conditions and up to 60 per cent under drought (rain-fed) conditions.



Performance summary

The development of LXR[®]-alfalfa for the South American market remains Phytogene's most advanced commercial opportunity for the technology and is currently being pursued under a commercial licence agreement with the *Instituto de Agrobiotecnología de Rosario* in Argentina (INDEAR). Phytogene has granted INDEAR rights to develop and commercialise alfalfa products comprising three AVS' trait technologies: LXR[®] (for yield enhancement), AMV (for alfalfa mosaic virus resistance) and OA (for aluminium tolerance in acidic soils).

In 2020–21, INDEAR successfully advanced the transformation and development of a triple-trait stacked LXR[®] alfalfa product incorporating the three genes of interest: LXR[®], AMV and OA. These trait-stacked LXR[®] alfalfa transgenic events have been screened under glasshouse conditions and are being considered by INDEAR for trait efficacy field trials in Argentina during calendar year 2022, with a view to seeking regulatory approval and thereafter first commercial sales in Argentina, Uruguay and Brazil by 2025.

LXR[®]-AMV-OA triple trait alfalfa varieties will likely offer a strong value proposition in South America, particularly in southern Brazil where the presence of acidic soils, which leads to aluminium toxicity in plants, is a likely barrier to alfalfa cultivation for livestock production.

INDEAR is also a Phytogene collaborator for the evaluation of LXR-wheat products in South America. In November 2021, INDEAR advised efficacy field trials of several transgenic LXR[®] wheat events conducted in Argentina showed encouraging results. Data from the trials informed INDEAR in its selection of a suitable LXR[®] wheat event for further trait efficacy field trials conducted in Argentina during the 2021–22 season.

In 2021–22, the *Faculty of Agronomy of the University of Buenos Aires* in Argentina (FAUBA) further advanced field and animal performance trials of high-energy BET ryegrass events introgressed into commercially relevant ryegrass varieties. The trials are assessing the effect of BET in perennial ryegrass under a dairy grazing regime with sheep and cattle and may inform an application for regulatory approval for future commercial release in Argentina, and potentially in Australia should future GM legislation in the jurisdiction and market acceptance permit.

During 2021–22, Phytogene transitioned from a research phase to a development phase pursuant to Australian Accounting Standards due to its licensee making good technical progress with both LXR[®] Alfalfa and LXR[®] Wheat events. Phytogene continues to maintain a low-cost structure while it builds value in its LXR[®] and BET technologies and seeks additional commercial opportunities, particularly in crops of strategic importance to Victoria wherever possible.

The company was able to fund its operating loss of \$17,505 in 2021–22 from internal cash resources and has more than sufficient cash resources to sustain its operations until Phytogene receives royalties from the first commercial sales of LXR-Alfalfa™ which are expected to commence in 2025.

Board of Directors

For the year ended 30 June 2022



Dr Richard Aldous (Chair)

BSc (Hons), PhD, GAICD

Richard's background is in energy, resources, public policy and research management in both the public and private sectors. For 10 years he was a senior executive and then Deputy Secretary, Energy and Earth Resources at the Victorian Department of Primary Industries. Richard has also held senior executive roles in resource companies focused on exploration, research and development.

Richard has been a director of the Cooperative Research Centre (CRC) Association, chief executive officer of the CO2CRC and chairman of the CRC for Clean Power from Lignite. Previously he chaired the Earth Resources Ministerial Advisory Council.

Richard was appointed as a Director of Phytogene Pty Ltd in September 2020 and was appointed as Chair on 9th June 2021.



Prof German Spangenberg PSM (Director)

Ing. Agr., Dr rer nat, PD, FTSE

Up until his retirement in February 2022, German most recently held positions as Head of Agriculture Victoria Research in Agriculture Victoria, professor (Plant Genetics and Genomics) and Head of School of Applied Systems Biology at La Trobe University, and director of AgriBio, Centre for AgriBioscience. German is currently Emeritus Professor of La Trobe University.

Prior to joining Agriculture Victoria, German was Assistant Professor and Associate Professor APAP at the ETH Zurich where he obtained his DSc in AgriBiotechnology.

At Agriculture Victoria, he held positions as director, Plant Biotechnology Centre; research director, Plant Genetics and Genomics; executive director, Biosciences Research; deputy secretary, Agriculture Research as well as chief scientist of the Molecular Plant Breeding CRC and chief scientist of the Dairy Futures CRC. In 2017, he was awarded the Public Service Medal for outstanding public service through scientific research programs in the agricultural sector in Victoria.



Dr Jan Tennent (Director)

BSc (Hons), PhD, GCert Mgt, GAICD, FTSE, FASM

Jan Tennent joined the AVS board in August 2021 at which time she was also appointed a Director of the AVS subsidiary, Phytogene Pty Ltd.

An internationally recognised researcher with specialist knowledge of antimicrobial resistance mechanisms and vaccine discovery and commercialisation, Jan has held senior research and business development roles at CSIRO, the CRC for Vaccine Technology, CSL, and Pfizer Animal Health (now Zoetis).

Her most recent executive position was as CEO of Biomedical Research Victoria (2012–2019). Jan regularly supports government, industry, academia, and investors with advice on biotechnology, life sciences and the translation and commercialisation of research outcomes through her ConnectBio business.

Jan is also a Non-Executive Director of Apiam Animal Health (ASX:AHX), the eviDent Foundation, and AusBiotech where she serves as the Chair of the Remuneration and Nomination Committee.



Legislative framework

The legislative framework that guides Phytogene's operations includes the following Commonwealth (Cth) and Victorian (Vic) Acts.

Corporations Act 2001 (Cth)

Phytogene is an incorporated entity limited by shares, registered under the provisions of the *Corporations Act*, which provides the legislative base for its management and operations.

Public Administration Act 2004 (Vic)

The *Public Administration Act* incorporates a set of values and principles to guide public administration and provides a framework designed to ensure effective and consistent governance across the entire Victorian public sector. The Victorian Public Sector Commission is established under the Act to support its administration and implementation. Phytogene's sole shareholder, AVS, is classified as a Public Entity under this Act and, by Order in Council dated 25th June 2013, became subject to divisions 2 and 3 of part 5 of the Act and the governance principles contained therein.

Financial Management Act 1994 (Vic)

The *Financial Management Act* applies to Phytogene insofar as Phytogene is a Declared Body under Section 53A of the Act. Phytogene's annual report is filed with the Minister and is reported to Parliament.

Audit Act 1994 (Vic)

The *Audit Act* provides for the conduct of efficient and effective financial audits of the Victorian public sector. Under this Act Phytogene is subject to annual audit by the Victorian Auditor-General's Office. At present the audit of Phytogene is conducted by RSD Audit, as delegate for the Auditor General of Victoria.

Privacy and Data Protection Act 2014 (Vic)

The *Privacy and Data Protection Act* specifies 10 Information Privacy Principles (IPPs). With limited exemptions, all Victorian Government organisations, contracted service providers and local councils must comply with the IPPs.

Protected Disclosure Act 2012 (Vic)

The *Protected Disclosure 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 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.

The Act encourages and assists people in making disclosures of improper conduct by public officers and public bodies. It also provides protection to people who make disclosures in accordance with the Act and establishes a system for the matters disclosed to be investigated and rectifying action to be taken.

Phytogene and its parent AVS do not tolerate improper conduct by employees, or the taking of reprisals against those who come forward to disclose such conduct.

Phytogene and its parent AVS are committed to ensuring transparency and accountability in their administrative and management practices and support the making of disclosures to reveal corrupt conduct, conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment.

Phytogene and its parent AVS take all reasonable steps to protect people who make such disclosures from any detrimental action in reprisal for making the disclosure and has policies and procedures in place to provide guidance in these circumstances. They will also afford natural justice to any person who is the subject of such a disclosure.

Disclosures of improper conduct or detrimental action by Phytogene and its parent AVS or any of their employees may be made directly to IBAC.

Independent Broad-based Anti-corruption Commission Victoria

Level 1, North Tower
459 Collins Street
Melbourne, VIC 3000

Phone: 1300 735 135

Web: www.ibac.vic.gov.au

Email: (the above website provides for secure email disclosure process)

Mail: IBAC
GPO Box 24234
Melbourne VIC 3000

The Protected Disclosure Policy and Procedures are available on the AVS website at www.agvicservices.com.au

Disclosures under the Protected Disclosure Act 2012

Disclosures	2021-22 number	2020-21 number
Assessable disclosures	Nil	Nil

The number of disclosures made by an individual to the Department of Jobs, Precincts and Regions (DJPR) and notified to the Independent Broad-based Anti-corruption Commission



Directors' Report

The directors of Phytogene Pty Ltd present their report for the year ended 30 June 2022 and the independent auditor's report thereon.

Directors

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

- Dr RTH Aldous (Chair)
- Prof GC Spangenberg
- Dr JM Tennent (appointed – 1 August 2021).

The directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Details of current directors, their qualifications and experience are set out on pages 6 to 7.

The Company Secretary is Mr Shane Cagney from 1 February 2022. Mr Martin Anderson served as Company Secretary from 1 July to 1 November 2021, with Ms Helen Liu serving as interim Company Secretary between November 2021 and February 2022.

Directors' meetings

The table below sets out the number of directors' meetings held during the financial year and the number of meetings attended by each director. Four board meetings were held during the financial year.

Board of Directors	No. of meetings	
	attended	held
Dr RTH Aldous	4	4
Prof GC Spangenberg	4	4
Dr JM Tennent	4	4

Principal activities

The principal activity of Phytogene during the financial year was to further develop and commercialise technologies associated with delayed plant senescence and biomass enhancement.

There were no significant changes in the nature of the activities of the Company during the financial year.

Financial performance

The comprehensive result for the Company for the financial year was a loss of \$17,505 (2020–21: loss of \$25,292).

Operational performance

The review of operations is provided in the Company performance summary on page 5.

Changes in the state of affairs

In the opinion of the directors there were no significant changes in the state of affairs of Phytogene that occurred during the year under review.

Dividends

The directors have neither declared nor recommended a dividend for the year ended 30 June 2022. No dividend has been paid during the year ended 30 June 2022 (2021: nil).

Events subsequent to reporting date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of Phytogene, to affect significantly the operations of the entity, the results of those operations, or the state of affairs of the entity, in future financial years.

Likely developments

The Company will continue to develop its technologies over the coming year and seek commercial opportunities related thereto.

Impact of legislation and other external requirements

In addition to the *Corporations Act*, Phytogene is required to comply with additional legislation. These are detailed on page 8.

Environmental legislation

Phytogene's operations are not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a state or territory in Australia.

Directors' interests

No director holds an interest in any Phytogene shares. The sole beneficial shareholder of the company is AVS.

Indemnification and insurance of officers and auditors

The Company has not, during or since the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer or auditor of Phytogene against a liability incurred.

Non-audit services

As required by the Victorian Auditor-General's Office, the auditor has not performed any services for the Company other than the audit of the annual financial report.



Proceedings on behalf of the Company

No person has applied to the Court under Section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.


Independence declaration

The auditor's independence declaration is set out on page 15 of this report and forms part of the directors' report for the financial year ended 30 June 2022.

This directors' report is made out in accordance with a resolution of the directors.



Dr RTH Aldous
Chair



Prof GC Spangenberg
Director

Annual Financial Report 2021–2022



Annual Financial Report 2021–2022

Phytogene Pty Ltd (the Company) is a wholly-owned subsidiary company of Agriculture Victoria Services Pty Ltd.

The Company has presented its audited general purpose annual financial report for the financial year ended 30 June 2022 in the following structure to provide users with the information about the Company's stewardship of resources entrusted to it.

Directors' declaration

In the opinion of the directors of Phytogene Pty Ltd (the Company):

- 1) The annual financial report and notes are 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 2022 and of its performance for the financial year ended on that date; and
 - b) complying with the Australian Accounting Standards (including the Australian Accounting Standards Interpretations) and the Corporations Regulations 2001.
- 2) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- 3) At the time of signing, we are not aware of any circumstance which would render any particulars included in the annual financial report to be misleading or inaccurate.

Signed in accordance with a resolution of the directors. We authorise the attached annual financial report for issue on 18 August 2022.



Dr RTH Aldous
Chair
18 August 2022
Bundoora, Melbourne



Prof GC Spangenberg
Director
18 August 2022
Bundoora, Melbourne

Independent Auditor's Report



Independent Auditor's Report

To the Directors of Phytogene Pty Ltd

Opinion	<p>I have audited the financial report of Phytogene Pty Ltd (the company) which comprises the:</p> <ul style="list-style-type: none"> • Balance Sheet as at 30 June 2022 • Comprehensive Operating Statement for the year then ended • Statement of Changes in Equity for the year then ended • Cash Flow Statement for the year then ended • Notes to the financial statements, including significant accounting policies; and • Directors' Declaration. <p>In my opinion the financial report is in accordance with the <i>Corporations Act 2001</i> including:</p> <ul style="list-style-type: none"> • giving a true and fair view of the financial position of the company as at 30 June 2021 and its financial performance and cash flows for the year then ended; and • complying with Australian Accounting Standards and the <i>Corporations Regulations 2001</i>.
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Directors' responsibilities for the financial report	<p>The Directors of the company are responsible for the preparation of a financial report that gives a true and fair view in accordance with Australian Accounting Standards and the <i>Corporations Act 2001</i>, and for such internal control as the Directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditor's responsibilities for the audit of the financial report

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit 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
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors
- conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the Directors with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

Independent Auditor's Report continued

Other Information The Directors of the company are responsible for the Other Information, which comprises in the Company's Annual report for the year ended 30 June 2022, but does not include the financial report and my auditor's report thereon.

My opinion on the financial report does not cover the Other Information and accordingly, I do not express any form of assurance conclusion on the Other Information. However, in connection with my audit of the financial report, my responsibility is to read the Other Information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of Other Information, I am required to report that fact. I have nothing to report in this regard.

BENDIGO
31 August 2022



Phil Delahunty
as a delegate for the Auditor-General of Victoria

Auditor-General's Independence Declaration



Auditor-General's Independence Declaration

To the Directors of 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 matters which the Auditor-General considers appropriate.

Independence Declaration

As auditor for Phytogene Pty Ltd for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

A handwritten signature in black ink, appearing to read "P. Delahunty", is written over a faint, light blue grid background.

Phil Delahunty
as a delegate for the Auditor-General of Victoria

BENDIGO
31 August 2022

Annual Financial Reports

Comprehensive operating statement for the financial year ended 30 June 2022

	Notes	2022 \$	2021 \$
Continuing operations			
Income from transactions			
Interest	2	156	54
Total income from transactions		156	54
Expenses from transactions			
Operating expenses	3	17,661	25,346
Total expenses from transactions		17,661	25,346
Net result from transactions (net operating balance)		(17,505)	(25,292)
Other comprehensive Income		-	-
Comprehensive result		(17,505)	(25,292)

The accompanying notes form part of the annual financial report.

Balance Sheet as at 30 June 2022

	Notes	2022 \$	2021 \$
Assets			
Financial assets			
Cash and term deposits < 90 days	5.1	207,396	246,043
Term deposits > 90 days	5.1	20,000	–
Receivables	4.1	143	522
Total financial assets		227,539	246,565
Liabilities			
Payables	4.2	6,417	7,938
Total liabilities		6,417	7,938
Net assets		221,122	238,627
Equity			
Share capital	6.4	1,055,002	1,055,002
Accumulated surplus/(deficit)		(833,880)	(816,375)
Net worth		221,122	238,627

The accompanying notes form part of the annual financial report.

Annual Financial Reports continued

Cash flow statement for the financial year ended 30 June 2022

	Notes	2022 \$	2021 \$
Cash flows from operating activities			
Receipts			
Interest received		77	63
GST received from the ATO ^(a)		1,354	1,318
Total receipts		1,431	1,381
Payments			
Payments to suppliers		(20,078)	(27,171)
Total payments		(20,078)	(27,171)
Net cash flows used in operating activities	5.1	(18,647)	(25,790)
Cash flows from financing activities			
Proceeds from issue of share capital	6.4	–	200,000
Net cash flows from financing activities		–	200,000
Cash flows from investing activities			
Payment for investments		(20,000)	–
Net cash flows from investing activities		(20,000)	–
Net increase (decrease) in cash and cash equivalents		(38,647)	174,210
Cash and cash equivalents at beginning of financial year		246,043	71,833
Cash and cash equivalents at end of financial year	5.1	207,396	246,043

The accompanying notes form part of the annual financial report.

Notes: (a) GST received from the Australian Taxation Office is presented on a net basis.

Statement of changes in equity for the financial year ended 30 June 2022

	Accumulated surplus/(deficit) \$	Share capital \$	Total \$
Balance at 1 July 2020	(791,083)	855,002	63,919
Net result for the year	(25,292)	–	(25,292)
Other comprehensive income	–	–	–
Shares Issued	–	200,000	200,000
Balance at 30 June 2021	(816,375)	1,055,002	238,627
Balance at 1 July 2021	(816,375)	1,055,002	238,627
Net result for the year	(17,505)	–	(17,505)
Other comprehensive income	–	–	–
Shares Issued	–	–	–
Balance at 30 June 2022	(833,880)	1,055,002	221,122

The accompanying notes form part of the annual financial report.

Notes to the Annual Financial Report

1. About this report

The annual financial report covers Phytogene Pty Ltd (the Company) as an individual reporting entity. The Company is a private company established on 13 November 2001. It is domiciled in Victoria, Australia.

The Company's registered office is at 5 Ring Road, Bundoora, Victoria, 3083, Australia.

The Company is a wholly owned subsidiary company of Agriculture Victoria Services Pty Ltd (AVS). Funds received from a combination of share issues to the parent entity from time to time as decided by the directors or AVS and income received from licensees fund the company's operations.

The Company's purpose is to commercialise a proprietary and patented delayed plant leaf senescence technology.

A description of the nature of the Company's operations and its principal activities are included in the **Company profile and performance summary** sections which does not form part of this annual financial report.

This annual financial report was authorised for issue by the Directors of Phytogene Pty Ltd on 18 August 2022.

1.1 Basis of preparation

The annual financial report is presented in Australian dollars and prepared in accordance with the historical cost convention.

The accrual basis of accounting has been applied in preparing the annual financial report, whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

In preparing the annual financial report, judgements, estimates and assumptions are required to be made about financial information presented.

The significant judgements made in the preparation of the annual financial report are disclosed in the notes where amounts affected by those judgements are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Revisions to accounting estimates are recognised in which the estimate are revised and also in future periods that are affected by the revision. The accounting policies set out in the notes have been consistently applied by the Company throughout the reporting period.

The annual financial report was prepared on a going concern basis.

1.2 Compliance information

The general purpose annual financial report for the year ending 30 June 2022 have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards (applying 'For Profit' interpretations) and other pronouncements of the Australian Accounting Standards Board.

2. Funding delivery of services

Introduction

The Company continues to maintain a low-cost structure while it builds value in the technology and seeks further commercial opportunities.

2.1 Summary of income that funds the delivery of our services

	2022 \$	2021 \$
Interest income		
Interest on bank deposits	156	54
Total interest income	156	54
Total revenue and income from continuing operations	156	54

Revenue and income is recognised to the extent that it is probable that the economic benefits will flow to the Company and can be reliably measured at fair value. Where applicable, amounts disclosed as income are net of returns, allowances and duties and taxes.

Interest income includes interest received on bank term deposits and other investments.

Interest income is recognised using the effective interest method, which allocates the interest over the relevant period.

3. Cost of delivering services

This section provides details of the expenses incurred by the Company in delivering services and outputs.

3.1 Expenses incurred in delivery of services

Expenses are recognised as they are incurred and reported in the financial year to which they relate. Expenses are recognised for each of the Company's major activities as follows.

	2022 \$	2021 \$
Audit expenses	5,860	7,350
Patent expense	11,525	13,622
Other operating expenses	276	4,374
Total operating expenses	17,661	25,346

Patent expenses include management and protection of patents held by the company, including annual renewal of the LXR and BET patents.

Other operating expenses represent the day-to-day running costs incurred in normal operations.

Notes to the Annual Financial Report continued

4. Assets and liabilities

This section sets out those assets and liabilities that arose from the Company's operations.

4.1 Receivables

	2022 \$	2021 \$
Current receivables		
Contractual		
Accrued interest income	81	2
Statutory		
GST input tax credit recoverable	62	520
Total current receivables	143	522

Contractual receivables are classified as financial instruments and categorised as accrued income. They are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement they are measured at amortised cost using the effective interest method, less any impairment.

Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables, but are not classified as financial instruments.

4.2 Payables

	2022 \$	2021 \$
Current payables		
Contractual		
Supplies and services	417	388
Accrued expenses	6,000	7,550
Total current payables	6,417	7,938

Payables consist of:

- **Contractual payables** are classified as financial instruments and measured at amortised cost. Accounts payable represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid; and
- **Statutory payables** that are recognised and measured similarly to contractual payables but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

Payables for supplies and services have an average credit period of 30 days.

Maturity analysis of contractual payables of the Company^(a)

	Carrying amount \$	Nominal amount \$	Maturity dates			
			Less than 1 month \$	13 months \$	3 months – 1 year \$	1+ years \$
2022						
Supplies and services	417	417	417	–	–	–
Other payables and accrued expenses	6,000	6,000	6,000	–	–	–
Total	6,417	6,417	6,417	–	–	–
2021						
Supplies and services	388	388	388	–	–	–
Other payables and accrued expenses	7,550	7,550	7,550	–	–	–
Total	7,938	7,938	7,938	–	–	–

Note: (a) Maturity analysis is presented using the contractual undiscounted cash flows method.

5. Financing operations

This section provides information on the sources of finance utilised by the Company during its operations and includes disclosures of balances that are financial instruments (such as cash balances). Notes 6.1 and 6.3 provide additional, specific financial instrument disclosures.

5.1 Cash flow information and balances

Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank, deposits at call and other highly liquid investments with an original maturity of three months or less, which are held for the purpose of meeting short-term cash commitments rather than for investment purposes, and which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

For cash flow statement presentation purposes, cash and cash equivalents are as indicated in the reconciliation below.

	2022 \$	2021 \$
Cash at bank and on hand	187,390	206,036
Deposits at call	6	40,007
Term deposits < 90 days	20,000	–
Balance as per cash flow statement	207,396	246,043
Deposits > 90 days	20,000	–
Cash and term deposits	227,396	246,043

5.1.1 Reconciliation of net result for the period to cash flows from operating activities

	2022 \$	2021 \$
Net result for the period	(17,505)	(25,292)
Movements in assets and liabilities		
(Increase)/decrease in receivables	379	(63)
Increase/(decrease) in payables	(1,521)	(435)
Net cash flows from/ (used in) operating activities	(18,647)	(25,790)

5.2 Commitments for expenditure

Commitments for future expenditure include operating and capital commitments arising from contracts.

There are no commitments as at 30 June 2022 (2021: Nil).

Notes to the Annual Financial Report continued

6. Risks, contingencies and valuation judgements

The Company is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the annual financial report. This section sets out financial instrument specific information, (including exposures to financial risks) as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for the Company relate mainly to fair value determinations.

6.1 Financial instruments specific disclosures

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Company's principal financial instruments comprise cash assets, term deposits, receivables (excluding statutory receivables), payables (excluding statutory payables).

Categories of financial instruments

Financial assets at amortised cost

Financial assets are measured at amortised cost if both of the following criteria are met and the assets are not designated as fair value through net result:

- the assets are held by the Company to collect the contractual cash flows, and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interest.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.

The Company recognises the following assets in this category:

- cash and deposits
- receivables (excluding GST input tax credit receivable), and
- term deposits.

Financial liabilities at amortised cost

Financial liabilities in this category are initially recognised on the date they are incurred. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest-bearing liability, using the effective interest rate method.

The Group recognises the following liabilities in this category:

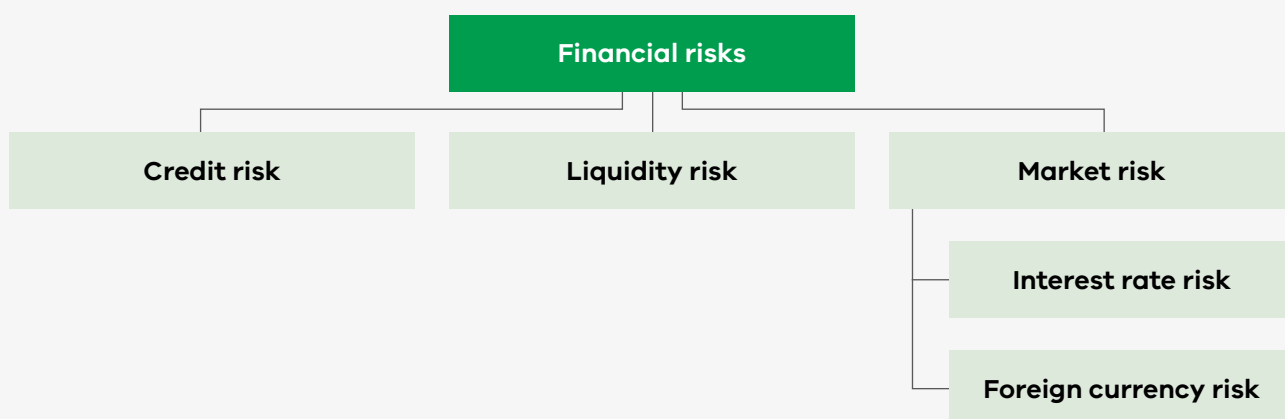
- payables (excluding GST payables).

6.1.1 Financial instruments: Categorisation

	2022		2021	
	Financial assets at amortised cost \$	Financial liabilities at amortised cost \$	Financial assets at amortised cost \$	Financial liabilities at amortised cost \$
Contractual financial assets				
Cash and deposits	227,396	–	246,043	–
Receivables ^(a)				
Accrued interest income	81	–	2	–
Total contractual financial assets	227,477	–	246,045	–
Contractual financial liabilities				
Payables ^(a)				
Supplies and services	–	417	–	388
Other payables and accrued expenses	–	6,000	–	7,550
Total contractual financial liabilities	–	6,417	–	7,938

Note: (a) The carrying amounts disclosed here exclude statutory amounts (e.g., GST input tax credit recoverable and GST payables).

6.1.2 Financial risk management objectives and policies



As a whole, the Company's financial risk management program seeks to manage these risks and the associated impact on the volatility of its financial performance.

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 above are disclosed in Note 6.3 to the annual financial report.

Notes to the Annual Financial Report continued

The main purpose in holding financial instruments is to prudentially manage the financial risks within the company policy parameters or dictated by commercial decisions.

The Company's main financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk and it manages these in accordance with its financial risk management policy.

Financial instruments: Credit risk

Credit risk refers to the possibility that a customer will default on its financial obligations as and when they fall due. The Company's exposure to credit risk arises from the potential default of counter parties 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 contractual financial assets is minimal because it is the Company's policy to only deal with entities with high credit ratings and to obtain sufficient collateral or credit enhancements where appropriate. The Company does not have a material credit risk exposure to any single debtor or group of debtors.

In addition, the Company does not engage in hedging of credit risk for its contractual financial assets because they are fixed interest, except for cash and deposits, which are mainly cash at bank. As with the policy for debtors, the Company's policy is to only deal with financial institutions with high credit ratings.

Provision for impairment of contractual financial assets is recognised when there is objective evidence that the Company will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments and changes in debtor credit ratings.

The Company's maximum exposure to credit risk without taking into account the value of any collateral obtained is the carrying amount of financial assets as detailed in table 6.1.1.

There has been no material change to the Company's credit risk profile in 2021–22.

Financial instruments: Liquidity risk

Liquidity risk arises from being unable to meet 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, makes payments within 30 days from the date of resolution.

It also continuously manages liquidity risk through monitoring future cash flows and maturities planning to ensure adequate holdings of high-quality liquid assets and dealing in highly liquid markets.

The Company is exposed to liquidity risk mainly through financial liabilities as disclosed on the face of the balance sheet. The Company's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

Funding requirements for unexpected events is generally sourced from cash and cash equivalents.

Financial instruments: Market risk

The Company's exposures to market risk are primarily through interest rate risk and foreign currency risk. Objectives, policies and processes used to manage each of these risks are disclosed below.

Interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. The Company does not hold any interest-bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has minimal exposure to cash flow interest rate risks through cash, deposits and term deposits that are held at floating rates.

The Company manages this risk by arranging fixed rate or non-interest-bearing financial instruments with relatively even maturity profiles, with only insignificant amounts of financial instruments held at floating rates.

Notes to the Annual Financial Report continued

Management has concluded that for cash at bank it is appropriate to monitor movement in interest rates on a daily basis in order to avoid unfavourable changes in credit rate risk.

The carrying amounts of financial assets and financial liabilities that are exposed to interest rates and the Company's sensitivity to interest rate risk are set out in the table below.

Interest rate exposure of financial instruments 2022

2022	Weighted average interest rate (%)	Carrying amount	Fixed interest rate	Variable interest rate	Non-interest bearing
Financial assets					
Cash and deposits					
Cash at bank	0.85	187,390	–	187,390	–
Deposits at call	0.05	6	–	6	–
Deposits < 90 days	1.06	20,000	20,000	–	–
Deposits > 90 days	1.06	20,000	20,000	–	–
Receivables^(a)					
Accrued interest income	–	81	–	–	81
Total financial assets		227,477	40,000	187,396	81
Financial liabilities					
Payables^(a)					
Supplies and services	–	417	–	–	417
Other payables	–	6,000	–	–	6,000
Total financial liabilities		6,417	–	–	6,417

Note: (a) The carrying amounts disclosed here exclude statutory amounts (eg. GST input tax credit recoverable and GST payables).

Notes to the Annual Financial Report continued

Interest rate exposure of financial instruments 2021

2021	Weighted average interest rate (%)	Carrying amount	Fixed interest rate	Variable interest rate	Non-interest bearing
Financial assets					
Cash and deposits					
Cash at bank	–	206,036	–	–	206,036
Deposits at call	0.11	40,007	–	40,007	–
Receivables^(a)					
Accrued interest income	–	2	–	2	–
Total financial assets		246,045	–	40,009	206,036
Financial liabilities					
Payables^(a)					
Supplies and services	–	388	–	–	388
Other payables	–	7,550	–	–	7,550
Total financial liabilities		7,938	–	–	7,938

Note: (a) The carrying amounts disclosed here exclude statutory amounts (e.g., GST input tax credit recoverable and GST payables).

Interest rate risk sensitivity for the Company 2022

2022	Carrying amount	100 basis points Net result	+100 basis points Net result
Financial assets			
Cash and deposits			
Cash at bank	187,390	(1,874)	1,874
Deposits at call	6	–	–
Deposits < 90 days	20,000	(200)	200
Deposits > 90 days	20,000	(200)	200
Total impact	227,396	(2,274)	2,274

Note: (a) The sensitivity rate in 2022 to 100 basis points (2021: 25 basis points).

Interest rate risk sensitivity for the Company 2021

2021	Carrying amount	100 basis points Net result	+100 basis points Net result
Financial assets			
Cash and deposits			
Deposits at call	40,007	(100)	100
Deposits < 60 days	–	–	–
Total impact	40,007	(100)	100

Note: The carrying amounts disclosed here exclude statutory amounts (e.g. GST input tax credit recoverable and GST payables).

Foreign currency risk

All foreign currency transactions during the financial year were brought to account using the exchange rate in effect at the date of each transaction.

The Company is exposed to foreign currency risk mainly through its transactions relating to overseas travel. The Company has a limited number of transactions denominated in foreign currencies and there is a relatively short timeframe between commitment and settlement, therefore risk is minimal.

6.2 Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet but are disclosed and, if quantifiable, are measured at nominal value.

Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

There are no contingent assets and liabilities as at 30 June 2022. (2021: Nil)

6.3 Fair value determination

Significant judgement: Fair value measurements of assets and liabilities

Fair value determination requires judgement and the use of assumptions. This section discloses the most significant assumptions used in determining fair values. Changes to assumptions could have a material impact on the results and financial position of the Company.

This section sets out information on how the Company determined fair value for financial reporting purposes. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value determination of financial assets and liabilities

The Company currently holds a range of financial instruments that are recorded in the annual financial report where the carrying amounts are a reasonable approximation of fair value, either due to their short-term nature or with the expectation that they will be paid in full by the end of the 2021–22 reporting period.

Notes to the Annual Financial Report continued

These financial instruments include:

Financial assets

Receivables:

- Trade receivables
- Accrued interest income.

Investments and other contractual financial assets:

- Cash and Term deposits.

Financial liabilities

Payables:

- Supplies and services
- Amounts payable to parent entity
- Other payables and accrued expense.

6.4 Share capital

	2022 \$	2021 \$
Share capital 1 July	1,055,002	855,002
Shares issued ^(a)	–	200,000
Share capital 30 June	1,055,002	1,055,002

Note: (a) The Company issued 200,000 ordinary \$1 shares which were subscribed and fully paid by Agriculture Victoria Services Pty Ltd.

7. Other disclosures**Introduction**

This section includes additional material disclosures required by Australian Accounting Standards or otherwise, for the understanding of this financial report.

7.1 Responsible persons

The following disclosures are made regarding responsible persons for the reporting period.

Names

The persons who held the positions of directors and accountable officers in the Company during the financial year are as follows:

- **Dr RTH Aldous (Chair)**
1 July 2021 to 30 June 2022
- **Dr JM Tennent (Director)**
1 August 2021 to 30 June 2022
- **Prof GC Spangenberg (Director)**
1 July 2021 to 30 June 2022
- **Mr DC Liesegang (Accountable Officer)**
1 July 2021 to 30 June 2022

Remuneration

The directors and accountable officers did not receive and are not entitled to receive any remuneration or benefits.

There are no transactions with any directors and accountable officers of the Company.

No director of the Company received or became entitled to receive a benefit during 2021–22 financial year. (2020–21: Nil)

7.2 Related parties

The Company's related parties include its key management personnel and related entities as described below.

All related party transactions have been entered into on an arm's length basis. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

Parent company

The Company is wholly owned by Agriculture Victoria Services Pty Ltd.

Key management personnel

The Company is incorporated under *the Corporations Act 2001* and therefore key management personnel of the Group are limited to the directors and executives of its parent entity, namely:

- Dr RTH Aldous (Chairperson from 9 June 2021)
- Dr JM Tennent (Director)
- Prof GC Spangenberg (Director)
- Mr DC Liesegang (Accountable Officer)

The directors and accountable officers did not receive and are not entitled to receive any remuneration or benefit.

Transactions and balances with key management personnel and other related parties

The Company's employment processes are based on terms and conditions consistent with the *Public Administration Act 2004* and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes are based on terms and conditions consistent with the Victorian Government Procurement Board requirements.

There were no related party transactions that involved key management personnel, their close family members and their personal business interests.

No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

7.3 Significant commercial transactions with the State of Victoria

There were no commercial transactions with the State of Victoria in 2021–22 (2020–21 \$nil).

7.4 Remuneration of auditors

	2022 \$	2021 \$
Victorian Auditor General's Office		
Audit the annual financial report ^(a)	5,860	7,200
Total remuneration of auditors	5,860	7,200

Note: (a) The Victorian Auditor-General's Office is not allowed to provide non-audit services.

7.5 Subsequent events

No matters and/or circumstances have arisen since the end of the reporting period which significantly affect or may significantly affect the operations of the Company.

7.6 Other accounting policies and presentation of the annual financial report

Comprehensive operating statement

The comprehensive operating statement comprises three components, being 'net result from transactions' (or termed as 'net operating balance'), 'other economic flows included in net result', as well as 'other economic flows – other comprehensive income'. The sum of the former two represents the net result. The net result is equivalent to profit or loss derived in accordance with AASs.

'Other economic flows' are changes arising from market re-measurements. They include gains and losses from disposals of nonfinancial assets; revaluations and impairments of nonfinancial physical and intangible assets and re-measurement arising from defined benefit superannuation plans.

This classification is consistent with the whole of government reporting format and is allowed under AASB 101 Presentation of the annual financial report.

The net result is the equivalent to profit or loss defined in accordance with AASs.

Notes to the Annual Financial Report continued

Balance Sheet

Assets and liabilities recognised in the balance sheet are presented in liquidity order with assets aggregated into financial and non-financial assets.

In respect to current and non-current assets and liabilities, non-current are those assets or liabilities expected to be recovered or settled more than 12 months after the end of the reporting period except for the provision for employee benefits, which are classified as current liabilities if the Company does not have the unconditional right to defer the settlement of the liabilities 12 months after the end of the reporting period.

Cash Flow Statement

Cash flows are classified as operating, investing, or financing activities. This classification is consistent with requirements under AASB 107 Statement of Cash Flows.

Statement of Changes in Equity

The statement of changes in equity presents reconciliations of each non-owner and owner changes in equity from opening balances at the beginning of the reporting period to the closing balances at the end of the reporting period. It also shows separately changes due to amounts recognised in the comprehensive result and amounts recognised in equity related to transactions with the owner in their capacity as owner.

Accounting for 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 an asset or liability in the balance sheet.

Cash flows are presented 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.

Income tax

Agriculture Victoria Services Pty Ltd is a company wholly owned by the State Government of Victoria. The company and its controlled entities are exempt from income tax under Section 24AO *Income Tax Assessment Act* and as such does not adopt tax effect accounting.

Compliance information

The general-purpose annual financial report has been prepared in accordance with the *Corporations Act 2001* and applicable Australian Accounting Standards (AASs) which include Interpretations, issued by the Australian Accounting Standards Board (AASB). AASs include Australian equivalents to International Financial Reporting Standards.

7.7 Australian Accounting Standards issued that are not yet effective

Certain new and revised accounting standards have been issued but are not effective for the 2021–22 reporting period. These accounting standards have not been applied in the preparation of this annual financial report. The Company is reviewing its existing policies and assessing the potential implications of these accounting standards which includes:

AASB 2020–1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or NonCurrent

This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. It initially applied to annual reporting periods beginning on or after 1 January 2022 with earlier application permitted however the AASB has recently issued AASB 2020–1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date to defer the application by one year to periods beginning on or after 1 January 2023. The Company will not early adopt the Standard. The Group is in the process of analysing the impacts of this Standard. However, it is not anticipated to have a material impact.

Several other amending standards and AASB interpretations have been issued that apply to future reporting periods but are considered to have limited impact on the Company's reporting.

- AASB 17 Insurance Contracts.
- AASB 2020–3 Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments.
- AASB 2021–2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definitions of Accounting Estimates.
- AASB 2021–6 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards.
- AASB 2021–7 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections.

7.8 Glossary of technical terms

The following is a summary of the major technical terms used in this report.

Comprehensive result is the amount included in the operating statement representing total change in net worth other than transactions with owners as owners.

Financial asset is any asset that is:

- a) cash;
- b) an equity instrument of another entity;
- c) a contractual right:
 - to receive cash or another financial asset from another entity; or
 - to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or

- d) a contract that will or may be settled in the entity's own equity instruments and is:
 - a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
 - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial liability is any liability that is:

- a) a contractual obligation:
 - to deliver cash or another financial asset to another entity; or
 - to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or
- b) a contract that will or may be settled in the entity's own equity instruments and is:
 - a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
 - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose, the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

Notes to the Annual Financial Report continued

The annual **financial report** comprises:

- a balance sheet as at the end of the period;
- a comprehensive operating statement for the period;
- a statement of changes in equity for the period;
- a cash flow statement for the period;
- notes, comprising a summary of significant accounting policies and other explanatory information;
- comparative information in respect of the preceding period as specified in paragraph 38 of AASB 101 Presentation of Financial Statements;

Interest income includes unwinding over time of discounts on financial assets and interest received on bank term deposits and other investments.

Net financial liabilities is calculated as liabilities less financial assets.

Net financial worth is equal to financial assets minus liabilities. It is a broader measure than net debt as it incorporates provisions made (such as superannuation but excluding depreciation and bad debts) as well as holdings of equity. Net financial worth includes all classes of financial assets and liabilities, only some of which are included in net debt.

Net result is a measure of financial performance of the operations for the period. It is the net result of items of revenue, gains and expenses (including losses) recognised for the period, excluding those classified as 'other non-owner movements in equity'.

Net worth is calculated as assets less liabilities, which is an economic measure of wealth.

Non-financial assets are all assets that are not financial assets. It includes plant and equipment, intangibles assets.

Operating result is a measure of financial performance of the operations for the period. It is the net result of items of revenue, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other non-owner movements in equity'. Refer also 'net result'.

Payables include short and long-term trade debt and accounts payable, taxes and interest payable.

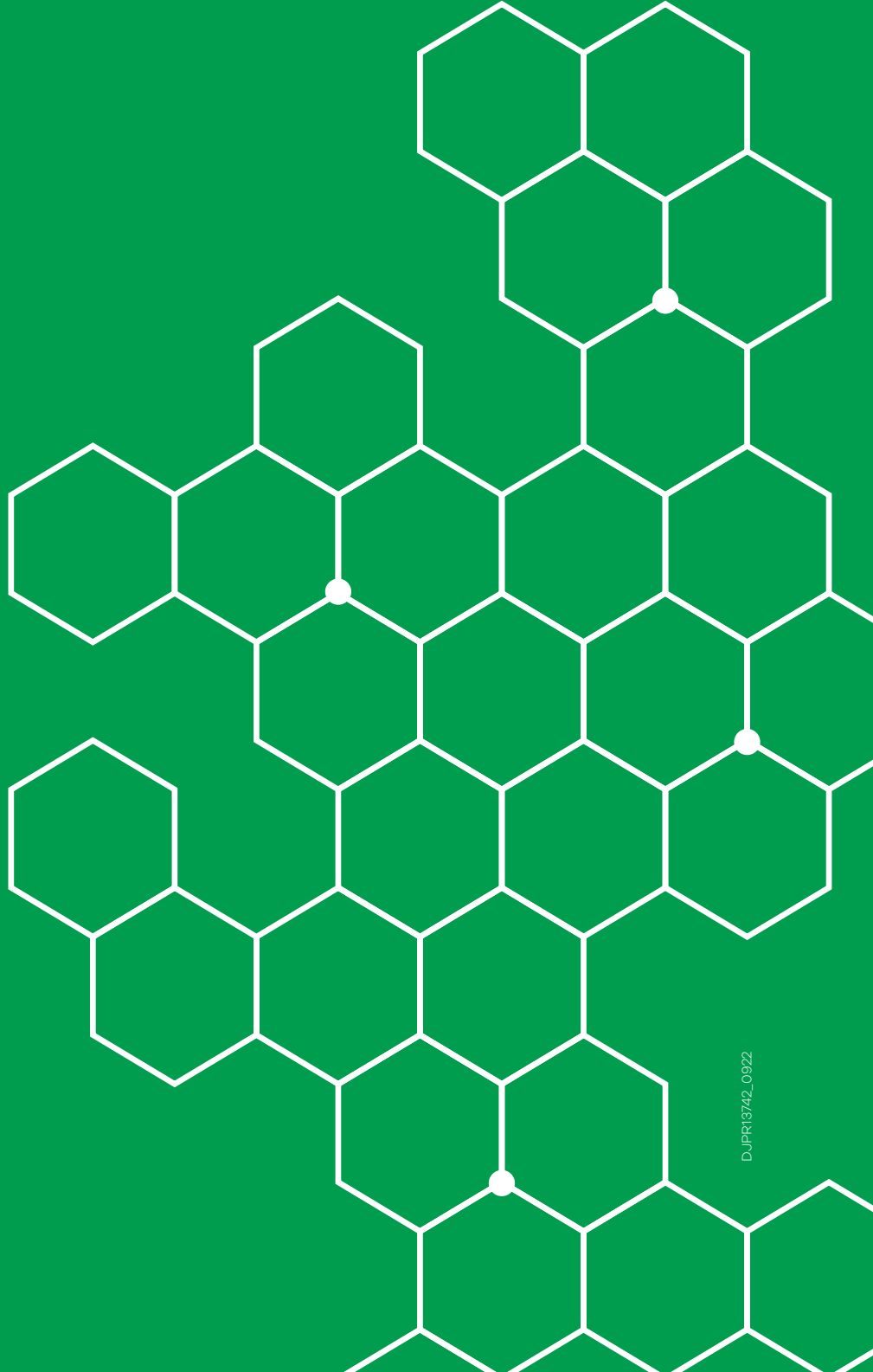
Receivables include amounts owing through short and long-term trade credit and accounts receivable, accrued investment income and interest receivable.

Appendix 1: Acronyms and glossary of terms

Term	Meaning
AVS	Agriculture Victoria Services Pty Ltd
BET	Biomass Enhancement Technology
Company ('the Company')	Phytogene Pty Ltd
DJPR ('the Department')	State of Victoria's Department of Jobs, Precincts and Regions
LXR®	Delayed plant leaf senescence technology. Pronounced 'Elixir'
OGTR	Office of the Gene Technology Regulator
Phytogene	Phytogene Pty Ltd is a wholly owned subsidiary of AVS



PHYTOGENE



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