Genera Biosystems Limited

ABN 69 098 663 837

Financial Report - 30 June 2016

Genera Biosystems Limited
Corporate Directory
30 June 2016

Directors	Mr Lou Panaccio (Non-Executive Chairman) Mr Richard Hannebery (Chief Executive Officer and Executive Director) Dr Karl Poetter (Executive Director) Mr David Symons (Non-Executive Director) Mr Jim Kalokerinos (Non-Executive Director)
Company secretary	Ms Melanie Leydin
Registered office	Small Technologies Cluster 1 Dalmore Drive, Scoresby Victoria, 3179 Ph: 03 9763-1287 Fax: 03 9763-2817
Share register	Computershare Investor Services Pty Limited 452 Johnston Street Abbotsford VIC 3067 Ph: 1300 309 739
Auditor	Grant Thornton Audit Pty Ltd Level 30, 525 Collins Street MELBOURNE VIC 3000
Stock exchange listing	Genera Biosystems Limited shares are listed on the Australian Securities Exchange (ASX code: GBI)
Website	www.generabiosystems.com
Patent Attorneys	Davies Collison Cave 1 Nicholson Street MELBOURNE VIC 3000

The Company's 2016 Corporate Governance Statement has been released to ASX on 30 September 2016 and is available on the Company's website.

The Directors present their report, together with the financial statements, on the Company for the year ended 30 June 2016.

Directors
The following persons were Directors of the Company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mr Lou Panaccio (Non-Executive Chairman)
Mr Richard Hannebery (Chief Executive Officer and Executive Director)
Dr Karl Poetter (Executive Director)
Mr David Symons (Non-Executive Director)
Mr Jim Kalokerinos (Non-Executive Director)

Principal activities
The Company's strategic focus is to utilise its platform DNA analysis technologies to exploit the lucrative molecular diagnostics market. Genera is developing a suite of competitive and differentiated molecular diagnostic testing products focussed on high-growth and strategically important areas.

Dividends
There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations
Your Directors are pleased to provide this report on what was undoubtedly once more the most productive year in your company's history. We first acknowledge the efforts of our staff. For a number of years your company has operated in a manner designed to minimize the level of cash burn prior to the generation of meaningful revenues. As a consequence we have been disciplined in our management of headcount and, all of our people, Directors included, have undertaken extra tasks and duties and it is appropriate to formally acknowledge this.

The loss for the Company after providing for income tax amounted to $3,084,077 (30 June 2015: $2,789,474).

The Company's loss for the year ended 30 June 2016 was greater than the previous corresponding period for the following reasons:

Revenue

Revenue for the 12 months to 30 June 2016 from product sales increased to $611,033 (2015: $344,738) predominantly due to increased demand for RTIplex. Revenue from the R&D tax incentive decreased to $734,170 (2015: $967,204). Subsequent to 30 June 2016, and to the date of this report a further $255,200 of product sales were made.

Expenses

Total expenses were $4,433,997 ($4,127,212 in 2015). These expenses included finance costs of $909,488 (2015: $898,510) of which $752,052 related to notional interest accrued on outstanding Series B convertible notes. These finance expenses were non-cash items and like the Series A convertible notes will be largely written into equity upon conversion into fully paid ordinary shares. Other increased expenses were laboratory expenses of $817,946 (2015: $264,992), which is an increase of $552,954 over the 2016 financial year due to an increase in research and development activity, and depreciation and amortisation costs of $700,229 (2015: $600,672) due to an increase in office and laboratory equipment. Travel and accommodation expenses for the financial year were $54,139 (2015: $27,076), an increase of $27,063.

This was due to increased travel, largely due to the increase in research and development work undertaken.

Introduction of new instrumentation

During the year Genera introduced a new instrumentation system called the CytoFLEX™ manufactured and supported by Beckman Coulter Life Sciences. The CytoFLEX™ replaces previous instrumentation platforms used in running Genera's AmpaSand® tests and has been extensively tested by Genera in-house as well as in significant clinical studies and with existing pathology customers. The CytoFLEX™ has proved to be materially superior to previously utilised platforms in terms of reliability, workflow and throughput and customers have enjoyed the benefits of the new instrumentation in running their high value MDx tests.

India market launch

The importation and sale license approval for RTIplex™ for the Indian market was granted in June and is now in force for a term of 3 years to June 2019 before requiring renewal. Genera and GeneCell Diagnostics, Genera's Indian distribution partner, aim to complete a follow-on submission for Genera's PapType HPV test on the same basis in order to achieve India-wide regulatory and importation approval in calendar 2017.

GeneCell has also requested access to Genera's next test completing development, the STIplex™ assay which is a comprehensive multiplexed panel for sexually transmitted infections.

Transfer pricing for PapType® has been agreed between the parties with final pricing of STIplex™ to be agreed in the latter part of calendar 2016.

GeneCell has recently held a number of discussions with SRL Diagnostics, India's largest pathology provider, on how to best drive volumes of assays in SRL laboratories as India approaches the commencement of its peak flu season (November through April). The parties are now exploring direct instrumentation placements and operation of assays directly in SRL facilities. In addition to SRL, GeneCell has recently engaged with Dr Lal Pathlabs, a significant Indian national pathology group with over 170 clinical laboratories pan India.

In late June Genera submitted a commercial supply tender for a significant state government funded project to screen half a million women in a rural and semi-urban district of Thane near Mumbai, over a period of 5 years. The project aims to screen 100,000 women annually and will use a combination of Visual Inspection as a primary screen followed by reflex to HPV DNA testing (PapType®) and thereafter reflex again to HPV RNA testing. Supply of PapType® will be made on a USD Free on Board (FOB) basis ex-Scoresby, Australia.

This program is the largest state government sponsored cervical screening program incorporating both HPV DNA and RNA testing ever undertaken within India.

While the process of readying RTIplex™ for launch into the Indian market took longer than originally anticipated the company is now confident in the roadmap for additional test introductions into the Indian market. Genera believes that new demand for RTIplex™ from India may smooth out the seasonality of Southern Hemisphere flu season sales.

New AmpaSand assays for development

During the year Genera refined priorities for its future test development pipeline to best leverage its existing and new customers in both Australia and India as well as those jurisdictions that most appeal to its prospective IVD partners.

The company believes that a broad menu of 6 or more high value MDx tests with robust performance on a single instrumentation platform will maximise sales opportunities in the short to medium term. In the longer term, with adequate resourcing Genera will to aim to broaden its menu to greater than 10 tests.

The company continues to move forward development of both STIplex™ and BBVplex™ . BBVplex™ is a 5 plex multiplex assay for common bloodborne sexualy transmitted infections that enables the detection and discrimination of five pathogens HIV-1 Group M, HIV-1 Group O, HIV-2, Hepatitis B Virus (HBV) and Hepatitis C Virus (HCV). In concert with taking market based voice of customer feedback from both GeneCell and Beckman Coulter, Genera plans to add additional assays to its development program pipeline.

New AmpaSand assays for development (cont)

During the year Genera re-established work on an Aneuploidy screening assay for application in IVF treatment cycles. Genera was granted a patent on Aneuploidy detection in 2010 in the US and 2012 in Australia. Over recent years the Aneuploidy screening market has expanded materially both in Australia and overseas and Genera views this market as highly appealing taking into account growth rates and the current market pricing of Aneuploidy screening tests. The pre-implantation screening market is currently dominated by a single market participant with market pricing for screening tests set at approximately $5,000 per IVF cycle. Currently about 15 percent to 20 percent of patients opt for genetic screening in developed markets when undertaking IVF cycles. This penetration rate may grow materially if pricing were to significantly fall from current levels. Genera believes that it can manufacture a highly competitive comprehensive genetic screening test for similar cost to that of existing AmpaSand® tests developed to date and as a result offer IVF clinics a competitive screening assay at a price point that can drive material increases in customer demand whilst maintaining and most likely increasing profit margins.

IVD partnering

Genera has made significant progress during the year in its pursuit of engaging with a credible global IVD company. There are a number of important facets Genera wishes to leverage in a mutually beneficial partnering deal with a global IVD company. Firstly, Genera is pursuing a close commercial and technical collaboration so as to best facilitate further advancements in the workflow and level of automation that may be made available to pathology customers running its AmpaSand tests. Secondly, a global IVD company may also provide a broad, qualified, multi-jurisdictional voice of customer feedback to enable Genera to best prioritise new test development and fill gaps in testing portfolios to better target market expansion in specific markets. Finally a global IVD company may offer significantly broader distribution of AmpaSand tests and in doing so maximise revenue opportunities of AmpaSand tests without unnecessary duplication of sales and marketing infrastructure.

Genera views that its partnering activity over the various facets that it wishes to leverage, while dynamic, is now very clearly understood and it has a clear plan and timeline to deliver on all facets of its partnering strategy in the current financial year.

Predictors 3 – Pivotal PapType® clinical trial data received

During the year Genera received robust pivotal data for our PapType® HPV assay from the Wolfson Institute's 6,000 patient HPV study in a screening population. Genera received the summary clinical data from the Wolfson Institute to enable it to share this data under confidentiality with its prospective global IVD partners prior to its publication. As the study was independently undertaken by the Wolfson Institute of Preventive Medicine and supported by Cancer Research UK Programme grants, full public disclosure of the data will be made upon the group publishing its paper in a respected peer reviewed medical journal which is currently anticipated during the current financial year.

Respecting confidentiality restrictions, the company was pleased to advise that whilst the data delivered to it was in summary form only, it was consistent with prior data generated by PapType® in the Predictors 2 study. The performance of PapType® in the 1,099 ASCUS referral patient Predictors 2 study was comparable to other high sensitivity tests for detecting CIN2+ - approximately 95% sensitivity - whilst being capable of delivering additional information and substantially higher specificity when applying a diagnostic classification of oncogenic HPV genotypes by sequentially maximising Positive Predictive Values (PPVs).

The main strength of the Predictors 3 study was a head-to-head comparison of seven commercially available HPV tests in a screening population, conducted by an independent global key opinion leader in cervical cancer screening, in which all women were evaluated by all tests on a like for like basis. No other such comparison exists in any other clinical study done to date. Tests from major global IVD companies included in the study were: Roche - Cobas®, Abbott - Real-time®, Genprobe - Aptima®, Becton Dickinson - Onclarity® and Qiagen - Hybrid Capture® 2.

It is notable that, of the HPV tests evaluated in the Predictors 3 study only four deliver some form of simultaneous genotyping and PapType® is the only test able to simultaneously genotype all 14 carcinogenic HPV sub-types that compared the performance of PapType® against all other commercially available assays.

Additional PapType® clinical studies

Genera currently anticipates to soon announce results of a ~2,000 cervical specimen evaluation in a United States-based screening population undertaken by the University of New Mexico, Health Sciences Center – School of Medicine, Department of Pathology, ('UNMHSC') led by Dr. Cosette Wheeler as Principal Investigator. Dr. Cosette Wheeler is a global key opinion leader in HPV vaccination and screening.

Since 2006, Dr. Wheeler has directed a state-wide surveillance program in New Mexico that represents a one-of-a-kind US resource which captures all Pap and HPV tests, and all cervical, vulvar, and vaginal pathology under state regulations for all New Mexico residents. The goal of this monitoring program, which interfaces with a state-wide immunization registry as well as health plan billing data for vaccine delivery, is to assess real world HPV vaccine impact and effectiveness as a requisite to appropriate integration of screening and vaccination in the United States.

This is the first independent clinical study Genera has undertaken with PapType® running on the Beckman Coulter CytoFLEX™ instrument. The company believes that this US data will further add to the attractiveness of the adoption of Genera's PapType® HPV test in a screening setting, particularly with the introduction of new cervical cancer screening algorithms such as what Australia is introducing on May 1st 2017.

Genera believes that this study will further complement the robust market positioning of PapType®, particularly when taken in tandem with the data already generated from the two significant clinical studies led by Prof Jack Cuzick's group at the Wolfson Institute (London).

Genera is also currently undertaking an additional significant PapType® clinical study in ~6,650 patient samples at the Wolfson Institute (UK) also using the Beckman Coulter CytoFLEX™ instrument. This study is well underway and Genera currently anticipates receiving this key additional clinical data during the month of November.

Introduction of HPV testing in Australia and new pathology supply agreements

On May 1st 2017, Australia is adopting a new cervical screening regime that will involve HPV testing replacing the traditional Pap smear as the front line screening diagnostic test. As result of the newly adopted screening algorithm the volume of HPV tests will rise from the current level of ~55,000 tests per annum to in excess of 1,300,000 tests per annum This higher volume of tests to be undertaken does not include 'reflex' HPV genotyping tests that may be offered by physicians in order to glean full HPV genotyping information for patients.

Genera is currently pursuing significant new supply agreement(s) with major domestic pathology companies. Should Genera enter into the proposed supply agreement(s) which relate to both its PapType® HPV and its new STIplex™ tests, test volumes sold by Genera may increase materially commencing in the second quarter of calendar 2017.

Genera currently intends to apply to MSAC for inclusion of its PapType® HPV test on the Medicare Benefits Schedule as a screening test. The additional information offered by PapType® and flexibility of Genera's Q-Plots™ reporting software will also allow Genera's PapType® test to be offered as an optional reflex test and in doing so provide additional revenue streams to pathology customers alongside more informed treatment decisions and surveillance for clinicians and their patients.

PapType® commercial prospects and global market position

PapType® is one of only a few commercially available CE marked HPV tests that simultaneously detects and genotypes all 14 carcinogenic strains of HPV. The 14 carcinogenic HPV types have different abilities to infect, persist and cause cervical disease and it is <u>persistent infection with the **same** carcinogenic HPV type</u> that is the cause of 99.7% of all cervical cancer. There is currently no comprehensive genotyping HPV test approved by the US FDA, with only 3 HPV tests approved for cervical cancer screening and of these FDA approved tests only the Roche Cobas® HPV test offers limited simultaneous genotyping of HPV types 16 & 18. The rising body of clinical data that Genera has generated with PapType®, alongside the potential advances in instrumentation capability and automation provides the company confidence that with the right partners a successful US FDA regulatory submission could be delivered by late 2018.

The Company believes that clinical performance in a screening population, throughput and workflow will be key differentiators of HPV tests in the coming years. On all of these fronts Genera remains confident of the unique market position of its PapType® HPV test. Genera has developed an extremely robust assay that was substantially ahead of its time until recently. The company believes that the combination of full simultaneous genotyping - of all carcinogenic cancer causing types - alongside strong clinical data from large respected studies bodes well for PapType's position in the market.

PapType® commercial prospects and global market position (cont)

The global market opportunity for HPV testing is expected to exceed ~US$1.5 to US$2 billion per annum as numerous countries follow Australia's lead in replacing the traditional Pap smear with HPV testing as the front line screening tool in the fight against cervical cancer in women. The Netherlands and Italy have also implemented national screening programs similar to what Australia is formally adopting on May 1st 2017 with Germany expected to follow. A high performing HPV test partnered with a leading global IVD company could be expected to capture a significant portion of this market opportunity.

World class clinical and scientific advisory board established

Genera was pleased to announce during the year that it had that it has established a world class clinical and scientific advisory board with a particularly strong focus on human papilloma virus (HPV) screening. Members of the advisory board include Prof Jack Cuzick, Prof Susan Garland and Associate Prof Sepehr Tabrizi. Another potential addition to the advisory board is Dr. Cosette Wheeler who has deemed it appropriate to conclude initial studies of PapType® prior to potentially joining the board.

To be able to not only pique the interest of the likes of Jack Cuzick and potentially Cosette Wheeler in what Genera is doing with its PapType® HPV assay, and to follow thorough and to secure agreement for their services in joining this advisory board in a formal capacity, gives the Genera team tremendous comfort that it is doing something right in its approach to the HPV screening market.

Strong clinical data, alongside highly respected world opinion leaders in cervical cancer screening demonstrating strong interest in PapType® may provide significant cut-through with many clinicians around the world who understand the merits of HPV testing in cervical cancer screening.

Other members of the new advisory board Prof Susan Garland and Associate Prof Sepehr Tabrizi, besides having strong pedigree in HPV testing, share a more general interest in sexually transmitted infections that is highly relevant to Genera's next assay targeting regulatory approval - STIplex™.

Scale up of manufacturing capacity

In preparation for a significant ramp-up of test volumes sold Genera has made significant progress during the year with the manufacturing team working toward the successful scale-up of its ISO 13485 accredited manufacturing process at the Scoresby facility. The production explosion is planned to be implemented during late calendar 2016 in advance of currently anticipated material expansion in the quantum of Genera tests sold into the market in Q2 of calendar 2017. The current scale-up is anticipated to provide a 5-fold increase in Genera's Scoresby manufacturing capacity to ~5m tests per annum.

Other development initiatives

Genera made considerable progress during the year on a number of exciting initiatives to further improve the competitiveness of our AmpaSand® MDx testing platform.

Genera intends to introduce a new 384-well plate format that will deliver ~3.8x increase in volume throughput capacity over a single working shift for a pathology customer compared to the current 96-well plate format. Advances in automation and sample preparation workflow remains a focus for Genera in moving to a 384-well plate format. Genera anticipates that the new 384-well format may be ready for market introduction during Q3 of calendar 2017.

Alongside increased throughput from new well formats to be implemented Genera is advancing the development of a new proprietary 'front-end' AmpaSand® system. This AmpaSand® 3.0 system may reduce sample preparation time by more than 70% removing the need for what is currently a critical workflow step and along with this the requirement for an expensive reagent currently offered for sale by a significant global IVD company whom Genera has no current intention to partner with.

Genera launched its AmpaSand® 2.1 system during the year which reduced the run time for a single 96-well plate below 5 hours offering customers daily throughput capacity of > 500 tests when running 2 cytometers contemporaneously.

AmpaSand® 3.0 throughput volumes running the 384-well plate format may deliver > 1,000 tests per working shift for pathology laboratories when running 2 cytometers contemporaneously. Such throughput would compare favourably to the current leading market offering, Roche Diagnostics' Cobas® 6800 and 8800 systems which according to specification may deliver 384 and 960 test results respectively over an 8 hour shift.

Intellectual property

Genera's technology continues to be well protected with an additional 9 patents granted during the year. Key patent grants included the solid phase PCR patent for the US market which protects the revised version of PapType®, RTIplex™ as well as other Genera assays due for release and in development. The QSand portfolio was also strengthened with the grant of 4 additional patents.

Our Company now holds approximately 80 granted patents across numerous patent families in major global jurisdictions with more than 25 patents pending and our portfolio having an average expiry date of 2025. Our Company also retains and guards key trade secrets in the construction of our silica based AmpaSand microspheres utilised in our multiplexed MDx tests.

Retention of QSand

Genera's nascent next generation QSand technology has exciting potential in the point of care market as well as traditional pathology markets. Based upon the concept of 'Whispering Gallery Modes' ('WGMs') - a new photonic principle involving discrete measurement of spectral shifts in light/wavelengths, QSand provides a unique method for analyte detection which leverages Genera's core intellectual property and knowhow in chemically modifying silica microspheres to produce custom Quantum dots.

The Directors currently plan to carve-out the QSand intellectual property from any future global IVD partnership and retain the development of Q-Sand within Genera. The attractiveness of the QSand technology intellectual property continues to be significantly strengthened with 4 additional key patents granted during the year including the final cornerstone US patent.

Capital Raising

The Company currently anticipates redeeming all existing Convertible Notes alongside the mezzanine loan facility in the next 2 months to be financed largely by an issue of Series C Convertible Notes redeemable December 2018 and partially by way of an issue of Ordinary Shares. With respect to the outstanding Convertible Notes holders may elect within 10 business days to convert all or part thereof of their Series B Convertible Notes upon the Notes being called by the Company for redemption. The conversion price of the Series B Convertible Notes is $0.23 per Ordinary Share. The ultimate level of voluntary conversion of Series B Convertible Notes by holders will affect the size of the proposed issue of Ordinary Shares. The company believes that these convertible note financings have provided the company a very efficient form of funding without customary dilution risks associated with more vanilla convertible note financings.

The Company currently anticipates that timing of the proposed financing round will be determined by material supply agreement(s) that it is seeking to enter into with Australian pathology customer(s) primarily in relation to the Company's PapType® HPV genotyping test and its proposed sexually transmitted infections multiplex test.

Finally the Board would like to express thanks to its shareholders who have again supported the Company in a financial capacity including the provision of the Mezzanine Loan Facility during 2016. Without such support Genera would not be in the position that it finds itself today – the strongest position of anytime in our Company's history. The Board and the entire Genera team remains focused on delivering an outstanding outcome in the commercialisation of Genera's valuable technology.

Significant changes in the state of affairs

On 7 August 2015 the Company issued 52,571 fully paid ordinary shares to employees at a deemed issue price of $0.30 (30 cents) per share. The purpose of the share issue was to incentivise employees of the Company.

On 7 September 2015 the Company issued 25,000 fully paid ordinary shares following conversion of unlisted options at an exercise price of $0.15 (15 cents) per option.

On 29 December 2015 the Company issued 50,000 fully paid ordinary shares following conversion of unlisted options at an exercise price of $0.15 (15 cents) per option.

During the year, the Company granted 2,000,000 Performance Rights to the Chief Executive Officer following shareholder approval at the Company's 2015 Annual General Meeting. The performance rights had various vesting conditions attached. During the year 1,000,000 performance rights vested while the remaining 1,000,000 performance rights lapsed unvested.

The Company also granted 1,000,000 unlisted options exercisable at $0.30 (30 cents) per option, expiring 24 December 2019 to employees of the Company in accordance with the Company Employee Share Option Plan ('ESOP'), and 300,000 unlisted options were granted exercisable at $0.30 (30 cents) per option, expiring 30 September 2019 to members of the Scientific Advisory Board of the Company in accordance with the Company's ESOP.

The Company announced during the year that it intended to raise an additional $1,000,000 under a mezzanine debt facility. The facility will allow for the issue of up to 4,167,667 call options with an expiry date of 30 November 2016 and an exercise price of $0.30 per option. During the year the Company received $550,000 under this facility with a further $450,000 received subsequent to the end of the financial year.

There were no other significant changes in the state of affairs of the Company during the financial year.

Matters subsequent to the end of the financial year

Sales

Australian RTIplex™ test volumes for the three months to 30 September increased by ~15% versus the prior year period with record cash receipts received during the 3 months to 30 September, up 93.1% versus the prior year period.

Mezzanine Loan Facility

During the 2016 financial year, the Company began raising an additional $1,000,000 under a mezzanine debt facility. Under the terms of this facility $550,000 was provided in the June quarter and a further $450,000 provided during the months of July, August and September. Funds raised will require repayment with 25% interest and the Company will seek shareholder approval at the Company's AGM in November for the proposed issuance of call options under the terms of the facility. These options have a $0.30 exercise price and November 30, 2016 expiry.

No other matter or circumstance has arisen since 30 June 2016 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Likely developments and expected results of operations
The Company will focus on the following activities:

- Complete significant clinical studies of PapType® providing 'Meijer compliant' performance data;
  - deliver Australian screening approval indication for PapType® and inclusion on Medicare Benefits Schedule.
- Enter into major supply agreement(s) with domestic pathology companies for both PapType® and STIplex™
- Formalise a technical development collaboration and partnership with a global IVD Company.
- Lodge application for ARTG listing of STIplex™ and deliver subsequent listing and CE marking.
- Release new version of PapType® incorporating new enzymes to further improve PCR cycle times.
- Further progress manufacturing scale-up activities, AmpaSand Version 3.0 development and adoption of 384-well plate format.
- Submission of Indian importation and sale license application for PapType®
- Support GeneCell in establishing RTIplex™ market position with SRL and other leading Indian pathology companies
- Continue development of further AmpaSand based tests.
  - STIplex™, BBVplex™, a genetic screening Aneuploidy test, plus 2 other AmpaSand assays.
- Continue sales of AmpaSand based assays
  - deliver record sales growth year on year.

Environmental regulation
The Company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on Directors

Name:	Lou Panaccio
Title:	Non-Executive Chairman - appointed Non-Executive Director 25 November 2010, Executive Chairman from 31 July 2011 to 23 October 2014.
Qualifications:	B. Ec., CA
Experience and expertise:	Over 30 years management experience in business and healthcare services. He is currently the Executive Chairman of Health Networks Australia, Non-Executive Director of ASX-listed Sonic Healthcare Limited (appointed June 2005), Non-Executive Director of Yarra Community Housing Limited and Non-Executive Chairman of Urban Communities Limited. He was also the Chief Executive Officer and an Executive Director of Melbourne Pathology for 10 years to 2001. Since July 2014 he has been the Chairman of ASX-listed Avita Medical Limited.
Other current Directorships:	Non-Executive Director of Sonic Healthcare Limited. Chairman of Avita Medical Limited.
Former Directorships (last 3 years):	None.
Special responsibilities:	Member of the Audit and Risk Committee and Nomination and Remuneration Committee.
Interests in shares:	920,283 fully paid ordinary shares.
Interests in options:	300,000 options exercisable at $0.50, expiry 28/11/2016. 2,500,000 options exercisable at $0.15, expiry 2/12/2017.

Name:	Karl Poetter
Title:	Executive Director - appointed 25 September 2007
Qualifications:	BA, PhD
Experience and expertise:	Chief Scientific Officer of Genera Biosystems. Formerly, Senior Research Scientist with the joint Australian Genome Research Facility/Walter and Eliza Hall Institute for Medical Research programme for new technology development in genomic science. Scientific Advisory Board member for MycroLab Pty Ltd, the CRC for Diagnostics and member of the Executive Committee of the Victorian Infection & Immunity Network. Author or joint author of ten patents and fourteen peer-reviewed publications.
Other current Directorships:	None.
Former Directorships (last 3 years):	None.
Special responsibilities:	Member of the Nomination and Remuneration Committee.
Interests in shares:	1,711,914 fully paid ordinary shares.
Interests in options:	300,000 options exercisable at $0.15, expiry 2/12/2017.

Name:	David Symons
Title:	Director (Non-Executive) - appointed 15 August 2008
Qualifications:	LLB (Hons), BComm
Experience and expertise:	Mr Symons is currently Group Head of Media Engagement with QBE Insurance Group. Over 15 years' experience in private equity, investment banking, corporate management and financial journalism. Previously held Executive roles at Cato Counsel, ABN AMRO Capital, Macquarie Bank, Merrill Lynch and Promina Group. Prior to the IPO of Genera, David sat on the Company's Board from October 2007 through to March 2008.
Other current Directorships:	Micro X Limited
Former Directorships (last 3 years):	None.
Special responsibilities:	Chairman of the Audit and Risk Committee and member of the Nomination and Remuneration Committees.
Interests in shares:	1,163,808 fully paid ordinary shares.
Interests in options:	1,250,000 options exercisable at $0.15, expiry 2/12/2017.

Name:	Jim Kalokerinos
Title:	Director (Non-Executive) - appointed 25 November 2010
Qualifications:	B.SC., E. Econ., FAICD
Experience and expertise:	Mr Kalokerinos has over 30 years' experience in business development and sales and marketing, for scientific distribution, in-vitro diagnostics and medical devices companies both in Australia and internationally. He was co-founder of Techlab Enterprises, Pacific Diagnostics, and Panbio Ltd (former ASX PBO). He is currently Non-Executive Director for ProGel Pty Ltd, PERKii Pty Ltd, Aussie Colours Pty Ltd and TenasiTech Pty Ltd. He is also Chair of the scientific advisory for Nano-Nouvelle Pty Ltd.
Other current Directorships:	None.
Former Directorships (last 3 years):	None.
Special responsibilities:	Member of the Audit and Risk Committee and Nomination and Remuneration Committee.
Interests in shares:	549,088 fully paid ordinary shares.
Interests in options:	300,000 options exercisable at $0.50, expiry 28/11/2016. 300,000 options exercisable at $0.15, expiry 2/12/2017.

Name:	Richard Hannebery
Title:	Chief Executive Officer – appointed 23 October 2014, Director (Executive) - appointed 14 May 2013
Qualifications:	BA/Econ., Grad Dip Econ
Experience and expertise:	Mr Hannebery has over 20 years' experience in commercial and financial advisory services specialising in hands-on management for early stage and emerging growth companies and has previously held executive roles with Merrill Lynch, Credit Suisse and JT Campbell & Co. Richard currently works in an advisory capacity with Lodge Partners, a boutique firm specialising in healthcare and technology. He has more than 15 years' experience as a specialist in healthcare technology and intellectual property based businesses focussing on financing, strategy development and its implementation as well as commercialisation. Richard was previously a board member of Genera from 2005 to 2008 and currently serves as a Director of Australian Continence Solutions Pty Limited and its operating Company Nurturecare (Aust) Pty Limited whilst also serving as Director of Corporate Development at Micro-X Limited.
Other current Directorships:	Micro-X Limited
Former Directorships (last 3 years):	None.
Special responsibilities:	Member of Nomination and Remuneration Committee.
Interests in shares:	6,390,513 fully paid ordinary shares.
Interests in options:	2,500,000 options exercisable at $0.15, expiry 2/12/2017.

'Other current Directorships' quoted above are current Directorships for listed entities only and excludes Directorships of all other types of entities, unless otherwise stated.

'Former Directorships (last 3 years)' quoted above are Directorships held in the last 3 years for listed entities only and excludes Directorships of all other types of entities, unless otherwise stated.

Company secretary
Melanie Leydin holds a Bachelor of Business majoring in Accounting and Corporate Law. She is a member of the Institute of Chartered Accountants and is a Registered Company Auditor. She graduated from Swinburne University in 1997, became a Chartered Accountant in 1999 and since February 2000 has been the principal of chartered accounting firm, Leydin Freyer. The practice provides outsourced Company secretarial and accounting services to public and private companies specialising in the Resources, technology, bioscience and biotechnology sector. Melanie has over 23 years' experience in the accounting profession and has extensive experience in relation to public Company responsibilities, including ASX and ASIC compliance, control and implementation of corporate governance, statutory financial reporting, reorganisation of companies and shareholder relations.

Meetings of Directors
The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2016, and the number of meetings attended by each Director were:

	Full Board		Nomination and Remuneration Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
Mr Lou Panaccio	12	13	-	-	1	1
Dr Karl Poetter	12	13	-	-	-	-
Mr Richard Hannebery	13	13	-	-	-	-
Mr David Symons	13	13	-	-	1	1
Mr Jim Kalokerinos	12	13	-	-	1	1

Held: represents the number of meetings held during the time the Director held office.

Remuneration report (audited)
The remuneration report details the Key Management Personnel remuneration arrangements for the Company, in accordance with the requirements of the *Corporations Act 2001* and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all Directors.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to Key Management Personnel

Principles used to determine the nature and amount of remuneration

a) Remuneration Policy

The Board's policy regarding remuneration of the Key Management Personnel of the Company has been designed to align Director and Executive objectives with shareholder and business objectives by providing both a fixed and variable remuneration component and offering long-term incentives based on key performance areas through the Company Employee Share Option Plan (ESOP). All options are issued under this ESOP. The Board believes the remuneration policy, to be appropriate and effective in its ability to attract and retain the best Executives and Directors to run and manage the Company, as well as create goal congruence between Directors, Executives, and shareholders.

The Board, through the Remuneration Committee, is responsible for determining the appropriate remuneration package for the Chief Executive Officer (CEO) or Executive Chairman (EC) and the Chief Scientific Officer, and the CEO/EC is in turn responsible for determining the appropriate remuneration packages for the senior management team.

All Executives are eligible to receive a base salary (which is based on factors such as experience and comparable industry information), fringe benefits, options, and performance incentives. The Board reviews the CEO's/EC's remuneration package from the Remuneration Committee recommendations, and the CEO/EC reviews the other senior Executives' remuneration packages, annually by reference to the Company's performance, Executive performance, and comparable information within the industry.

The performance of Executives is measured against criteria agreed annually with each Executive and is based predominantly on the overall success of the Company in achieving its broader corporate goals. Bonuses and incentives are linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses, and options, and can require changes to the CEO's/EC's recommendations. The policy is designed to attract the highest calibre of Executives and reward them for performance that results in long-term growth in shareholder wealth.

Directors, Executives, staff and approved specialist advisors/contractors who are involved with the business are all entitled to participate in the ESOP.

Any Australian-resident Executives or Directors serving as an employee receive a superannuation guarantee contribution required by the government, which is currently 9.5%, and do not receive any other retirement benefits.

All remuneration paid to Directors and Executives is valued at the cost to the Company and expensed. Options are valued using the Black-Scholes methodology or binominal model as appropriate.

The Board policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment, and responsibilities. The Board as a whole determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties, and accountability. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at the Annual General Meeting. The Director fee pool size from which annual payments are made is currently set at $400,000. Fees for Non-Executive Directors are not linked to the performance of the Company but are subject to peer review via the Remuneration Committee. However, to align Directors' interests with shareholder interests, the Directors participate in the Company ESOP. As from 1 July 2011, the Directors agreed to defer the receipt of portions of their fees until such time as the Company achieved a monetisation event.

At the Company's 2013 Annual General Meeting of shareholders, it was approved that Directors could convert monthly fees into shares.

Directors converted monthly fees into shares until November 2014, after which the Directors' fees have been paid in cash.

Refer to the accompanying financial statements for additional details.

b) Performance Based Remuneration

As part of each Executive's remuneration package there is a performance-based component. This is based on the Executive meeting their responsibilities under the annual Business Plan related to the financial performance, R&D, operations and regulatory requirements to commercialise the Company's IP. The measurement of the Company's performance is achieved via periodic board assessments of the Company's progress through its business plan, and by reference to its financial position. An individual member of staff's performance assessment is done by reference to their contribution to the Company's overall achievements. The intention of this program is to facilitate goal congruence between Executives with that of the business and shareholders. Generally, the Executive's performance-based remuneration is tied to the Company's performance as reflected by successful achievement of certain key milestones as they relate to its operating activities, as well as the Company's overall financial position. As the Company has generally been in a development phase it has not been in a position to generate operating profits, therefore remuneration policy has not been linked to such measurements of financial performance.

ASX listing rules require the aggregate Non-Executive Directors remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 28 November 2014, where the shareholders approved an aggregate remuneration of $400,000.

Use of remuneration consultants
During the year ended 30 June 2016 the Company did not engage any remuneration consultants.

Voting and comments made at the Company's 2015 Annual General Meeting ('AGM')
At the 2015 AGM, 99.26% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2015. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration
This report details the nature and amount of remuneration for each Director of the Company.

Amounts of remuneration
Details of the remuneration of Key Management Personnel of the Company are set out in the following tables.

The Key Management Personnel of the Company consisted of the following Directors of the Company:
- Mr Lou Panaccio – Non-executive Chairman
- Dr Karl Poetter - Executive Director and Chief Scientific Officer
- Mr Richard Hannebery - Chief Executive Officer - Executive Director
- Mr David Symons - Director (Non-Executive)
- Mr Jim Kalokerinos - Director (Non-Executive)

	Short-term benefits			Post-employment benefits	Share-based payments		
2016	Cash salary and fees $	Bonus $	Non-monetary $	Superannuation $	Shares $	Performance rights $	Total $
Non-Executive Directors:							
David Symons	36,000	-	-	-	-	-	36,000
Jim Kalokerinos	33,137	-	-	2,863	-	-	36,000
Lou Panaccio	66,274	-	-	5,726	-	-	72,000
Executive Directors:							
Dr Karl Poetter	85,539	-	-	8,126	-	-	93,665
Richard Hannebery*	180,000	-	-	-	-	98,448	278,448
	400,950	-	-	16,715	-	98,448	516,113

* During the year Mr Hannebery received performance rights that have vesting conditions determined by satisfaction of service and performance objectives. An additional expense has been recognised in the current financial year over the vesting period, with the initial expense being taken up in the previous financial year.

	Short-term benefits			Post-employment benefits	Share-based payments		
2015	Cash salary and fees $	Bonus $	Non-monetary $	Super-annuation $	Shares $	Performance Rights $	Total $
Non-Executive Directors:							
David Symons	24,000	-	-	-	12,000	-	36,000
Jim Kalokerinos	21,918	-	-	3,222	12,000	-	37,140
Lou Panaccio	43,836	-	-	6,444	24,000	-	74,280
Executive Directors:							
Dr Karl Poetter	73,210	-	-	8,386	7,534	-	89,130
Richard Hannebery*	129,000	-	-	-	24,000	328,756	481,756
	291,964	-	-	18,052	79,534	328,756	718,306

* Subject to shareholder approval, Mr Hannebery had an entitlement to performance rights that have vesting conditions determined by satisfaction of service and performance objectives. As at 30 June 2015 these performance rights had not been granted, however an expense was recorded in accordance with Accounting Standards reflecting the provision of relevant services by Mr Hannebery during the year ended 30 June 2015.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	2016	2015	2016	2015	2016	2015
Non-Executive Directors:						
David Symons	100%	100%	-	-	-	-
Jim Kalokerinos	100%	100%	-	-	-	-
Executive Directors:						
Richard Hannebery	65%	32%	-	-	35%	68%
Lou Panaccio	100%	100%	-	-	-	-
Dr Karl Poetter	100%	100%	-	-	-	-

Service agreements

Remuneration and other terms of employment for Key Management Personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Richard Hannebery
Title:	Chief Executive Officer
Agreement commenced:	October 2014
Term of agreement:	No fixed term.
Details:	Annual salary is $180,000. Richard may be entitled to an annual performance bonus based on achievement of key performance indicators at the discretion of the Board.

Name:	Karl Poetter
Title:	Executive Director/Chief Science Officer
Agreement commenced:	2002
Term of agreement:	No fixed term
Details:	Annual salary is $114,155.

Key management personnel have no entitlement to redundancy payments in the event of removal for misconduct.

Share-based compensation

Issue of shares
Details of shares issued to Directors and other Key Management Personnel as part of compensation during the year ended 30 June 2016 are set out below:

Name	Date	Shares	$
Richard Hannebery	8 April 2016	1,000,000	270,000

The shares issued above were in relation to the vesting of performance rights issued to Mr Richard Hannebery during the year.

Options
There were no options over ordinary shares issued to Directors and other Key Management Personnel as part of compensation that were outstanding as at 30 June 2016.

Performance rights
The terms and conditions of each grant of performance rights over ordinary shares affecting remuneration of Directors and other Key Management Personnel in this financial year or future reporting years are as follows:

Grant date	Vesting date and exercisable date	Expiry date	Fair value per right at grant date
24 December 2015	30 June 2015	15 March 2015	$0.2800
24 December 2015	30 September 2015	15 September 2015	$0.2800
24 December 2015	31 March 2016	15 March 2016	$0.0632
24 December 2015	31 March 2016	15 March 2016	$0.2590

Performance rights granted carry no dividend or voting rights.

These Performance rights were approved by shareholders at the Company's 2015 Annual General Meeting.

The number of performance rights over ordinary shares granted to and vested by Directors and other Key Management Personnel as part of compensation during the year ended 30 June 2016 are set out below:

Name	Number of rights granted during the year 2016	Number of rights granted during the year 2015	Number of rights vested during the year 2016	Number of rights vested during the year 2015
Richard Hannebery	2,000,000	-	1,000,000	-

Details of performance rights over ordinary shares granted, vested and lapsed for Directors and other Key Management Personnel as part of compensation during the year ended 30 June 2016 are set out below:

Name	Grant date	Vesting date	Number of rights granted	Value of rights granted $	Value of rights vested $	Number of rights lapsed	Value of rights lapsed $
Richard Hannebery	24/12/2015	30/06/2015	500,000	135,000	135,000	-	-
Richard Hannebery	24/12/2015	30/09/2015	500,000	135,000	135,000	-	-
Richard Hannebery	24/12/2015	31/03/2016	500,000	31,649	-	500,000	31,649
Richard Hannebery	24/12/2015	31/03/2016	500,000	106,511	-	500,000	106,511

There were no performance rights over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2015.

On 23 October 2014 the Company agreed to issue 2,000,000 performance rights to Executive Director, Mr Richard Hannebery upon his appointment as Chief Executive Officer (CEO). The issue of the proposed performance rights was subject to shareholder approval, and Mr Hannebery's continuing role as director of the Company. The Company received shareholder approval at its 2015 Annual General Meeting.

The vesting of the proposed performance rights was to take place in three tranches, which were conditional upon Mr Hannebery achieving specified service periods and meeting specified performance objectives, and the Company meeting specified performance targets as documented in the Company's ASX release dated 23 October 2014, a summary of which is as follows:

The 2,000,000 Rights are to vest in the following manner:

Tranche 1	25% vest on 30 June 2015 based on a Performance Period of 15 October 2014 to 15 March 2015;
Tranche 2	25% vest on 30 September 2015 based on a Performance Period of 15 October 2014 to 15 September 2015; and
Tranche 3	50% vest on 31 March 2016 based on a Performance Period of 15 October 2014 to 15 March 2016.

The vesting of the Rights were be conditional upon the achievement of the KPI-related vesting conditions set by the Board being achieved in the Relevant Performance Period and 50% of Tranche 3 Rights were subject to a total shareholder return (TSR) performance measure. This performance measure tested the TSR of Genera over the period to March 2016 compared to the TSR of the S&P ASX Small Ordinaries Accumulation Index (Index).

As at the date of this report, 1 million performance rights lapsed unvested and 1 million performance rights vested and were converted into fully paid ordinary shares.

Additional information

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2016	2015	2014	2013	2012
Share price at financial year end ($)	0.20	0.33	0.34	0.10	0.17

Additional disclosures relating to Key Management Personnel

Shareholding
The number of shares in the Company held during the financial year by each Director and other members of Key Management Personnel of the Company, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Mr Lou Panaccio	920,283	-	-	-	920,283
Dr Karl Poetter	1,711,914	-	-	-	1,711,914
Mr Richard Hannebery*	4,513,546	1,000,000	876,967	-	6,390,513
Mr David Symons	1,119,704	-	44,104	-	1,163,808
Mr Jim Kalokerinos	549,088	-	-	-	549,088
	8,814,535	1,000,000	921,071	-	10,735,606

* Mr Richard Hannebery received 1,000,000 shares as part of remuneration upon vesting of performance rights during the year.

Option holding
The number of options over ordinary shares in the Company held during the financial year by each Director and other members of Key Management Personnel of the Company, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired	Balance at the end of the year
Options over ordinary shares					
Mr Lou Panaccio*	2,800,000	-	-	-	2,800,000
Dr Karl Poetter*	300,000	-	-	-	300,000
Mr Richard Hannebery*	2,500,000	-	-	-	2,500,000
Mr David Symons* **	1,250,000	-	-	-	1,250,000
Mr Jim Kalokerinos*	600,000	-	-	-	600,000
	7,450,000	-	-	-	7,450,000

* All options held at the end of the financial year were vested and exercisable.

Performance rights holding
The number of performance rights over ordinary shares in the Company held during the financial year by each Director and other members of Key Management Personnel of the Company, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Vested	Expired/ forfeited/ other	Balance at the end of the year
Performance rights over ordinary shares					
Mr Richard Hannebery	-	2,000,000	(1,000,000)	(1,000,000)	-
	-	2,000,000	(1,000,000)	(1,000,000)	-

Other transactions with Key Management Personnel and their related parties
Transactions with related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Mr Richard Hannebery became an Executive Director of the Company in May 2013 and CEO of the Company in October 2014. EG Capital Pty Ltd and Lodge Corporate Pty Ltd, entities related to Mr Hannebery, were engaged by the Company to assist in the raising of capital over a number of years. Mr Hannebery is a Director and beneficiary of EG Capital Pty Ltd and a contractor to and partial beneficiary of Lodge Corporate Pty Ltd. The following transactions occurred with these related parties:

	2016 $	2015 $
Payments for goods and services:		
Payment for capital and fund raising services provided by EG Capital Pty Ltd	-	20,652
Payment for capital and fund raising services provided by Lodge Corporate Pty Ltd	-	122,000
Payment for mezzanine loan funding services provided by Lodge Corporate Pty Ltd	24,750	-

During the financial year, Mr Hannebery also provided $60,000 in mezzanine loan funds to the Company on the same terms as those raised through the $1,000,000 mezzanine loan fund raising.

For the period 30 June 2011 to 15 August 2013, certain Directors of the Company agreed to forgo part of their fees until such time as the Company achieves a "monetisation event", being a commercial agreement with a third party that delivers material revenue to Company, including, but not limited to, a licensing or sales agreement relating to the Company's products. The total amount of Directors' fees forgone as at 30 June 2016 was $350,000 (2015: $350,000). This amount has not been provided for in the Company's accounts as at 30 June 2016 as it will become payable only in the event that a monetisation event occurs.

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary shares of the Company under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
28 November 2011	28 November 2016	$0.500	600,000
3 December 2013	2 December 2017	$0.150	6,850,000
9 February 2015	31 December 2017	$0.270	2,000,000
29 December 2015	24 December 2019	$0.300	1,000,000
29 December 2015	30 September 2019	$0.300	300,000
			10,750,000

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

Shares under performance rights

There were no unissued ordinary shares of the Company under performance rights outstanding at the date of this report.

Shares issued on the exercise of performance rights

The following ordinary shares of the Company were issued during the year ended 30 June 2016 and up to the date of this report on the exercise of performance rights granted:

Name	Date	Shares	$
Richard Hannebery	8 April 2016	1,000,000	270,000

Indemnity and insurance of officers

No indemnities have been given, during or since the end of the financial year, for any person who is or has been an officer or auditor of the Company.

The Company has paid a premium to insure each of the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

Detail of the amount of the premium paid in respect of the insurance policies is not disclosed as such disclosure is prohibited under the terms of the contract.

Indemnity and insurance of auditor
The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

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.

Non-audit services
There were no non-audit services provided during the financial year by the auditor.

Officers of the Company who are former partners of Grant Thornton
There are no officers of the Company who are former partners of Grant Thornton.

Auditor's Independence Declaration
A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this Directors' Report.

Auditor
Grant Thornton continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the Directors

Mr Lou Panaccio
Non-Executive Chairman

30 September 2016

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Auditor's Independence Declaration

To the Directors of Genera Biosystems Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Genera Biosystems Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M.A. Cunningham
Partner - Audit & Assurance

Melbourne, 30 September 2016

Genera Biosystems Limited
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2016

	Note	2016 $	2015 $
Revenue	5	615,750	370,534
Other income	6	734,170	967,204
Expenses			
Laboratory expenses		(817,946)	(264,992)
Travel and accommodation		(54,139)	(27,076)
Employee benefits expense		(1,475,723)	(1,661,346)
Depreciation and amortisation expense	7	(700,229)	(600,672)
Licence and royalty expense		-	(120,647)
Professional fees		(180,615)	(223,799)
Other expenses		(236,931)	(238,545)
Finance costs	7	(909,488)	(898,510)
Rent expense		(58,926)	(91,625)
Loss before income tax expense		(3,084,077)	(2,789,474)
Income tax expense	8	-	-
Loss after income tax expense for the year attributable to the Owners of Genera Biosystems Limited		(3,084,077)	(2,789,474)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the Owners of Genera Biosystems Limited		(3,084,077)	(2,789,474)
		Cents	**Cents**
Basic earnings per share	27	(3.09)	(2.95)
Diluted earnings per share	27	(3.09)	(2.95)

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes

Genera Biosystems Limited
Statement of Financial Position
As at 30 June 2016

	Note	2016 $	2015 $
Assets			
Current assets			
Cash and cash equivalents		65,635	1,486,582
Trade and other receivables	9	895,776	646,596
Inventories		8,241	8,241
Other	10	36,828	66,525
Total current assets		1,006,480	2,207,944
Non-current assets			
Property, plant and equipment	11	491,019	348,700
Intangibles	12	3,265,288	3,498,818
Total non-current assets		3,756,307	3,847,518
Total assets		4,762,787	6,055,462
Liabilities			
Current liabilities			
Trade and other payables	13	851,086	701,713
Borrowings	14	3,872,779	2,407,707
Provisions	15	202,063	188,569
Total current liabilities		4,925,928	3,297,989
Non-current liabilities			
Provisions	16	37,727	47,263
Total non-current liabilities		37,727	47,263
Total liabilities		4,963,655	3,345,252
Net assets/(liabilities)		(200,868)	2,710,210
Equity			
Contributed Equity	17	26,277,747	25,982,940
Reserves	18	901,778	1,056,151
Accumulated losses	19	(27,380,393)	(24,328,881)
Total equity/(deficiency)		(200,868)	2,710,210

The above Statement of Financial Position should be read in conjunction with the accompanying notes

Genera Biosystems Limited
Statement of Changes in Equity
For the year ended 30 June 2016

	Contributed equity $	Share Option Reserve $	Accumulated losses $	Total equity $
Balance at 1 July 2014	24,158,260	622,890	(21,698,402)	3,082,748
Loss after income tax expense for the year	-	-	(2,789,474)	(2,789,474)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(2,789,474)	(2,789,474)
Transactions with owners in their capacity as owners:				
Issue of ordinary shares	1,477,845	-	-	1,477,845
Issue of Series B Convertible Notes (Equity component)	300,425	-	-	300,425
Capital raising expenses	(58,658)	-	-	(58,658)
Share based payments	105,068	263,500	-	368,568
Transfer of expired and exercised options	-	(158,995)	158,995	-
Issue of performance rights	-	328,756	-	328,756
Balance at 30 June 2015	25,982,940	1,056,151	(24,328,881)	2,710,210

	Contributed equity $	Share Option Reserve $	Accumulated losses $	Total deficiency in equity $
Balance at 1 July 2015	25,982,940	1,056,151	(24,328,881)	2,710,210
Loss after income tax expense for the year	-	-	(3,084,077)	(3,084,077)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(3,084,077)	(3,084,077)
Transactions with owners in their capacity as owners:				
Share-based payments	-	141,291	-	141,291
Issue of ordinary shares	29,769	-	-	29,769
Capital raising expenses	(4,962)	-	-	(4,962)
Lapsed ESOP Options	-	(3,724)	32,565	28,841
Conversion of performance rights	270,000	(270,000)	-	-
Expiration of performance rights	-	(31,650)	-	(31,650)
Mezzanine Loan Options	-	9,710	-	9,710
Balance at 30 June 2016	26,277,747	901,778	(27,380,393)	(200,868)

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

Genera Biosystems Limited
Statement of Cash Flows
For the year ended 30 June 2016

	Note	2016 $	2015 $
Cash flows from operating activities			
Receipts from customers		637,750	300,511
R&D tax concession received		456,124	504,121
Payments to suppliers and employees		(2,465,680)	(1,778,029)
Interest received		4,717	17,016
Interest paid		(1,129)	(11)
Net cash used in operating activities	26	(1,368,218)	(956,392)
Cash flows from investing activities			
Payments for property, plant and equipment	11	(329,173)	(140,263)
Payments for purchase of intangibles	12	(279,845)	(295,543)
Net cash used in investing activities		(609,018)	(435,806)
Cash flows from financing activities			
Proceeds from issue of shares and options		6,289	16,500
Proceeds from issue of convertible notes		-	2,455,000
Payments for share and convertible note issue costs		-	(185,258)
Proceeds from short term borrowings	14	550,000	-
Net cash from financing activities		556,289	2,286,242
Net increase/(decrease) in cash and cash equivalents		(1,420,947)	894,044
Cash and cash equivalents at the beginning of the financial year		1,486,582	592,538
Cash and cash equivalents at the end of the financial year		65,635	1,486,582

The above Statement of Cash Flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Genera Biosystems Limited as an individual entity. The financial statements are presented in Australian dollars, which is Genera Biosystems Limited's functional and presentation currency.

Genera Biosystems Limited is a listed public Company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

1 Dalmore Drive
Scoresby, Victoria 3179

A description of the nature of the Company's operations and its principal activities are included in the Directors' Report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 30 September 2016. The Directors do not have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

There were no new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB'), that are mandatory for the current reporting period, that affect the financial position or performance of the Company.

Going concern

The financial report has been prepared on a going concern basis. This contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business even though the Company has experienced operating losses of $3,084,077 during the year ended 30 June 2016 (2015 - $2,789,474) and had a net current asset deficiency of $3,919,448 (2015 - $1,090,045). Cash reserves were $65,635 at 30 June 2016 (2015 - $1,486,582). During the financial year the Company received $550,000 under its Mezzanine loan finance facility with a further $450,000 received subsequent to the end of the financial year. The Mezzanine Loan is repayable with 25% interest on the total amount loaned. As at 30 September 2016 cash reserves were $129,360 and the company held a R&D tax incentive rebate receivable of $741,129. It is noted that the Company currently has 25,000 Series B Convertible Notes on issue which have a maturity date of 30 December 2016 if not converted into Ordinary Shares prior to maturity. The conversion price of the Series B Convertible Notes is $0.23 per Ordinary Share.

The Genera Board continues to believe that the opportunities for the Company are substantial. Specifically, the Board considers the AmpaSand platform technology and associated product suite to have significant commercial potential with a robust intellectual property position encompassing a range of granted patents both in the US and other jurisdictions. The Board is committed to the process of crystallising value for shareholders through an appropriately structured commercialisation process that may in due course lead to a monetisation event.

The Board is confident, given current circumstances, that existing cash reserves and future capital raising will provide Genera adequate time to undertake the formal commercialisation process and to enable the Company to conclude a significant commercial agreement or achieve a monetisation event.

The Company continues to closely monitor expenditure, and the Board is confident that it will be able to manage its cash resources appropriately without negatively impacting upon planned activities.

In light of the matters referred to above, the Directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recognised in the financial report as at 30 June 2016. Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

Note 2. Significant accounting policies (continued)

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention.

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

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Revenue recognition
Revenue is recognised when it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Sale of goods
Revenue from the sale of goods is recognised when there is persuasive evidence, usually in the form of an executed sales agreement, or other written confirmation, at the time of delivery of the goods to customer, indicating that there has been a transfer of significant risks and rewards to the customer, no further work or processing is required, the quantity and quality of the goods has been determined, the price is fixed and generally title has passed.

Rendering of services
Revenue from the rendering of a service is recognised upon delivery of the service to the customer.

Research and development contributions
Revenue comprising contributions by third parties collaborating with the Company in research and development projects is recognised:

- Where applicable, by reference to the achievement of specified milestones by the Company, as provided for in the relevant contract agreement; or
- Where the relevant contract does not specify that revenue is payable by reference to milestones, by reference to the estimated percentage of completion by the Company of the total services or works to be carried out by the Company pursuant to the contract.

Note 2. Significant accounting policies (continued)

Government grants
Grants from the government, including R&D tax incentive income, are recognised as revenue at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the Profit or Loss over the period necessary to match them on a systematic basis with the costs that they are intended to compensate.

Government grants whose primary condition is for the Company to purchase property, plant and equipment are included in non-current liabilities as deferred income and are credited to the Profit or Loss on a straight line basis over the expected lives of the related assets.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in the Profit or Loss of the period in which it becomes receivable.

Government grant monies received and held by the Company before they can be recognised as revenue are recorded as liabilities in the Company's financial statements.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established. R&D tax incentive income is accounted for in accordance with the accounting policies set out in "Government Grants", above.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

Note 2. Significant accounting policies (continued)

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables
Other receivables are recognised at amortised cost, less any provision for impairment.

Inventories
Finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets
The Company assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal cannot exceed the amortised cost that would have been recognised had the impairment not been made and is reversed to profit or loss.

Property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Note 2. Significant accounting policies (continued)

The depreciable amount of all fixed assets including capitalised lease assets is depreciated over their useful lives to the Company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Plant and equipment	37.5% reducing balance

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Leases
The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Company will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Research and development
Expenditure during the research phase of a project is recognised as an expense when incurred.

Development costs are capitalised only when technical feasibility studies identify that the project will develop an intangible asset that will be completed and available for use or sale, that there are adequate technical, financial and other resources to complete the development, that it will deliver future economic benefits and these benefits can be measured reliably.

Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project. The useful life has been determined to be twelve years and amortisation is over that period on a straight line basis.

Note 2. Significant accounting policies (continued)

Licenses, patents, trademarks and software
Licenses, patents, trademarks and software are recognised at cost of acquisition. Licenses, patents, trademarks and software have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Licenses, patents and trademarks are amortised over their useful life of fifteen years on a straight line basis. Software is amortised over its useful life of twelve years on a straight line basis.

Trade and other payables
These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Financial liabilities
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments
Share-based compensation benefits are provided to employees via the Company ESOP.

The fair value of options granted under the Company ESOP is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

Note 2. Significant accounting policies (continued)

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The impact of the revision to original estimates, if any, is recognised in the profit or loss with a corresponding adjustment to equity.

Under the ESOP, options may be issued to employees after a qualifying period of two years or such time considered by the Remuneration Committee. When granted they vest two years after the grant date unless otherwise specified by the Remuneration Committee.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on 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; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Genera Biosystems Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Note 2. Significant accounting policies (continued)

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Company for the annual reporting period ended 30 June 2016. The Company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Company, are set out below.

AASB 9 Financial Instruments
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The Company will adopt this standard from 1 January 2018 and it is not expected to materially impact the Company’s performance.

AASB 15 Revenue from Contracts with Customers
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The Company will adopt this standard from 1 January 2018 and it is not expected to have a material impact on the Company’s financial performance.

AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The Company will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the Company.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions
The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is generally determined by using either the Binomial or Black-Scholes model where appropriate, taking into account the terms and conditions upon which the instruments were granted, however other valuation models may be used where appropriate. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Provision for impairment of receivables
The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

Fair value measurement hierarchy
The Company is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Estimation of useful lives of assets
The Company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The Company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax
The Company is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the Company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Employee benefits provision
As discussed in note 2, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Note 4. Operating segments

Management has determined, based on the reports reviewed by the chief operating decision maker, the CEO, that are used to make strategic decisions, that Genera Biosystems Limited operates in one operating segment being the development and commercialisation of a portfolio of molecular diagnostic test technologies in Australia.

Note 5. Revenue

	2016 $	2015 $
Sales revenue		
Sales of diagnostic kits	611,033	344,728
Other revenue		
Other fees	-	8,790
Interest	4,717	17,016
	4,717	25,806
Revenue	615,750	370,534

Note 6. Other income

	2016 $	2015 $
R&D tax incentive	734,170	967,204

Note 7. Expenses

	2016 $	2015 $
Loss before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	186,854	105,119
Amortisation		
Development costs	261,944	261,947
Patents, licenses and trademarks	218,929	201,104
Software development costs	32,502	32,502
Total amortisation	513,375	495,553
Total depreciation and amortisation	700,229	600,672
Finance costs		
Finance Costs for Mezzanine Loan facility	24,750	-
Interest on shareholders loans	9,710	263,500
Interest on convertible notes	752,055	581,427
Amortisation of debt issuance costs	36,045	53,572
Other interest paid in cash	1,128	11
Amortisation of debt issuance costs for convertible note	85,800	-
Finance costs expensed	909,488	898,510
Rental expense relating to operating leases		
Minimum lease payments	56,706	89,400
Employment Expenses		
Defined contribution superannuation expense	77,934	80,216
Share-based payments expense		
Share-based payments expense	157,002	697,324
Research costs		
Research costs	817,946	224,076

Note 8. Income tax benefit

	2016 $	2015 $
Numerical reconciliation of income tax benefit and tax at the statutory rate		
Loss before income tax expense	(3,084,077)	(2,789,474)
Tax at the statutory tax rate of 30%	(925,223)	(836,842)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	47,101	253,478
Non-deductible share option/performance rights expense	-	98,627
Non-deductible R&D expenses for current year R&D tax incentive	516,273	308,722
Other non-deductible expenses	-	26,581
Non-assessable R&D tax incentive receivable	(220,251)	(290,161)
Other tax adjustment	250,504	91,462
	(331,596)	(348,133)
Current year tax losses not recognised	331,596	348,133
Income tax benefit	-	-

	2016 $	2015 $
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	21,689,484	20,588,117
Potential tax benefit @ 30%	6,506,845	6,176,435

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

Note 9. Current assets - trade and other receivables

	2016 $	2015 $
Trade receivables	116,160	142,877
Other receivables	24,708	24,708
R&D tax incentive receivable	741,129	463,083
GST receivable	13,779	15,928
	895,776	646,596

Note 10. Current assets - other

	2016 $	2015 $
Prepayments	36,828	66,525

Note 11. Non-current assets - property, plant and equipment

	2016 $	2015 $
Plant and equipment - at cost	1,688,425	1,359,252
Less: Accumulated depreciation	(1,197,406)	(1,010,552)
	491,019	348,700

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Plant and equipment $	Total $
Balance at 1 July 2014	313,679	313,679
Additions	140,263	140,263
Write off of assets	(123)	(123)
Depreciation expense	(105,119)	(105,119)
Balance at 30 June 2015	348,700	348,700
Additions	329,173	329,173
Depreciation expense	(186,854)	(186,854)
Balance at 30 June 2016	491,019	491,019

Note 12. Non-current assets - intangibles

	2016 $	2015 $
Development - at cost	3,143,360	3,143,360
Less: Accumulated amortisation	(1,796,741)	(1,534,797)
	1,346,619	1,608,563
Patents and trademarks - at cost	3,523,933	3,244,088
Less: Accumulated amortisation	(1,756,058)	(1,537,128)
	1,767,875	1,706,960
Software - at cost	390,021	390,021
Less: Accumulated amortisation	(239,227)	(206,726)
	150,794	183,295
	3,265,288	3,498,818

Note 12. Non-current assets - intangibles (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Development costs $	Patents, trademarks and licenses $	Software $	Total $
Balance at 1 July 2014	1,870,510	1,612,522	215,796	3,698,828
Additions	-	295,543	-	295,543
Amortisation expense	(261,947)	(201,104)	(32,502)	(495,553)
Balance at 30 June 2015	1,608,563	1,706,961	183,294	3,498,818
Additions	-	279,845	-	279,845
Amortisation expense	(261,944)	(218,931)	(32,500)	(513,375)
Balance at 30 June 2016	1,346,619	1,767,875	150,794	3,265,288

Note 13. Current liabilities - trade and other payables

	2016 $	**2015 $**
Trade payables	851,086	701,713

Refer to note 20 for further information on financial instruments.

Note 14. Current liabilities - borrowings

	2016 $	**2015 $**
Convertible Note Debt	2,156,972	2,071,173
Accrued Interest Thereon	1,088,589	336,534
Insurance funding	41,173	-
Mezzanine loan facility	586,045	-
	3,872,779	2,407,707

Refer to note 20 for further information on financial instruments.

Refer to note 21 for further information about the convertible note debt.

Note 14. Current liabilities - borrowings (continued)

(a) Series B Convertible Notes

During the previous financial year, the Company successfully placed 25,000 Series B Convertible Notes at an issue price of A$100.00 per note ('Notes') with sophisticated investors and professional investors. The notes have a maturity date of 30 December 2016, and accrue interest at a rate of 30% per annum in the event of redemption. They can be early converted to shares at the election of the note holder at a conversion price of $0.23 per share.

These notes have a mixture of debt and equity features and as such a component of this funding has been recognised in Issued Capital. The notes are not redeemable by note holders until 30 December 2016 unless the Company is in receipt of no less than $7.5 million of cash proceeds resulting from a licensing transaction. The notes are not listed on the ASX. The Notes are secured by a general security deed over all the assets and undertakings of the Company. The Notes conversion terms shall be adjusted for any bonus issues or capital reconstructions. Noteholders are not entitled to vote in respect of the Notes until converted into Shares.

(b) Mezzanine Loan Facility

During the 2016 financial year, the Company began raising an additional $1,000,000 under a mezzanine debt facility. Under the terms of this facility $550,000 was provided during the financial year. The $450,000 balance of the facility was provided subsequent to 30 June 2016. Funds raised will require repayment with 25% of interest and the Company will seek shareholder approval at the Company’s AGM in November for the proposed issuance of call options under the terms of the facility. These options have a $0.30 exercise price and November 30, 2016 expiry.

Note 15. Current liabilities - provisions

	2016 $	2015 $
Annual leave	146,745	139,598
Long service leave	55,318	48,971
	202,063	188,569

Note 16. Non-current liabilities - provisions

	2016 $	2015 $
Long service leave	37,727	47,263

Note 17. Equity – Contributed Equity

	2016 Shares	2015 Shares	2016 $	2015 $
Total Ordinary shares - fully paid	100,619,572	99,492,001	26,277,747	25,982,940

Note 17. Equity - Issued capital (continued)

Movements in ordinary share capital

Share Capital

Details	Date	Shares	Issue price	$
Balance	1 July 2014	90,056,902		24,158,260
Shares issued to Directors in lieu of Directors fees - June 2014	15 July 2014	86,032	$0.300	25,534
Shares issued to Directors in lieu of Directors fees - July 2014	14 August 2014	84,198	$0.300	25,534
Shares issued to Directors in lieu of Directors fees - August 2014	15 September 2014	63,492	$0.280	18,000
Shares issued to Directors in lieu of Directors fees - September 2014	10 October 2014	66,128	$0.270	18,000
Shares issued to Directors in lieu of Directors fees - October 2014	11 November 2014	68,730	$0.260	18,000
Series A Convertible Notes converted to shares	31 December 2014	7,518,871	$0.115	1,206,150
Series A Convertible Notes converted to shares	13 April 2015	1,437,648	$0.115	255,195
Exercise of ESOP options	13 April 2015	60,000	$0.150	9,000
Exercise of ESOP options	20 May 2015	50,000	$0.150	7,500
Capital raising costs		-	-	(58,658)
Balance	30 June 2015	99,492,001		25,682,515
Shares issued to employees of the Company	7 August 2015	52,571	$0.300	15,771
Exercise of ESOP options	25 August 2015	25,000	$0.150	3,750
Exercise of ESOP options	29 December 2015	50,000	$0.150	7,500
Conversion of performance rights	8 April 2016	1,000,000	$0.000	270,000
Equity component of exercised options		-	-	2,748
Capital raising costs		-	-	(4,962)
Balance	30 June 2016	100,619,572		25,977,322

Other Equity Securities

Details	Date	Shares	Issue price	$
Equity component of Series B Convertible Notes		-		300,425
Balance	30 June 2015			300,425
Balance	30 June 2016	-		300,425

Total Contributed Equity

Details	Date	Shares	Issue Price	$
Total Balance	30 June 2016	100,619,572		26,277,747

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 17. Equity - Issued capital (continued)

Share buy-back
There is no current on-market share buy-back.

Capital risk management
The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company would look to raise capital when an opportunity to invest in a business or Company was seen as value adding relative to the current Company's share price at the time of the investment. The Company is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The Company is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 2015 Annual Report.

Note 18. Equity - reserves

	2016 **$**	**2015** **$**
Share option reserve	901,778	1,056,151

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

	Share option reserve $	Total $
Balance at 1 July 2014	622,890	622,890
Share-based payments	263,500	263,500
Employee benefits expense	328,756	328,756
Transfer to accumulated losses	(158,995)	(158,995)
Balance at 30 June 2015	1,056,151	1,056,151
Share-based payments	141,291	141,291
Lapsed ESOP Options	(3,724)	(3,724)
Vesting of performance rights	(270,000)	(270,000)
Expiration of Performance Rights	(31,650)	(31,650)
Mezzanine Loan Options	9,710	9,710
Balance at 30 June 2016	901,778	901,778

Note 19. Equity - accumulated losses

	2016 $	2015 $
Accumulated losses at the beginning of the financial year	(24,328,881)	(21,698,402)
Loss after income tax expense for the year	(3,084,077)	(2,789,474)
Transfer from options reserve	32,565	158,995
Accumulated losses at the end of the financial year	(27,380,393)	(24,328,881)

Note 20. Financial instruments

Market risk

Foreign currency risk
Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's functional currency. The Company's foreign transactions are immaterial and it is not exposed to foreign currency risk.

Price risk
The Company is not exposed to any significant price risk.

Interest rate risk
The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's cash deposits with floating interest rates. These financial assets with variable rates expose the Company to interest rate risk. The convertible notes have a fixed interest rate. All other financial assets and liabilities in the form of receivables and payables are non-interest bearing. The Company does not engage in any hedging or derivative transactions to manage interest rate risk.

In regard to its interest rate risk, the Company continuously analyses its exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative investments and the mix of fixed and variable interest rates.

At the reporting date the Company had the following financial assets and liabilities exposed to Australian variable interest rate risk that are not designated in cash flow hedges:

Cash at bank of $65,635 (2015: $1,486,582).

The sensitivity of the cash at bank balance to changes in interest rate (of +/-1%) equates to +/-$656 (2015: +/-$14,866). The sensitivity of 1% is based on reasonable, possible changes, over a financial year, using the observed range of actual historical short term deposit rate movements and management's expectation of future movements.

The convertible bonds have a fixed interest rate of 30% and therefore there is no interest rate risk.

Trade receivables and trade payables are non-interest bearing.

Credit risk
Credit risk arises from cash and cash equivalents and outstanding trade and other receivables. The cash balances are held in financial institutions with high ratings and the trade and other receivables relate to:
(i) amounts receivable from a substantial trade debtor with a strong credit standing; and
(ii) goods and services tax owed from the Australian Tax Office (ATO).

The Company has assessed that there is minimal risk that the cash and trade and other receivables balances are impaired.

Liquidity risk
Vigilant liquidity risk management requires the Company to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

Note 20. Financial instruments (continued)

The Company manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

The Company does not have a short term financing facility.

Trade payables are generally payable on 30 day terms.

Remaining contractual maturities
The following tables detail the Company's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

2016	Weighted average interest rate %	Less than 1 month $	1 - 3 months $	3 months - 1 year $	1 - 2 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade and other payables	-	851,086	-	-	-	851,086
Interest-bearing - fixed rate						
Convertible notes payable	30.00%	-	-	-	3,245,561	3,245,561
Mezzanine Loan	25.00%	-	-	-	586,045	586,045
Total non-derivatives		851,086	-	-	3,831,606	4,682,692

2015	Weighted average interest rate %	Less than 1 month $	1 - 3 months $	3 months - 1 year $	1 - 2 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade and other payables	-	701,713	-	-	-	701,713
Interest-bearing - fixed rate						
Convertible notes payable	30.00%	-	-	-	2,407,707	2,407,707
Total non-derivatives		701,713	-	-	2,407,707	3,109,420

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

The cash flows shown in relation to Convertible Notes outstanding at 30 June 2016 assume that the notes are not converted to shares and are redeemed in full at their maturity date of 31 December 2016 at the contracted redemption value of 169% of the face value of the notes.

Fair value of financial instruments
For financial assets and liabilities, the fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form. The Company has no financial assets where carrying amount exceeds fair values at reporting date.

The Company’s receivables at reporting date are detailed in this note and comprise trade receivables and GST input tax credits refundable by the ATO. The credit risk on financial assets of the Company which have been recognised on the Statement of Financial Position is generally the carrying amount.

Note 21. Borrowings

	2016 $	2015 $
Series B Convertible Notes	3,245,561	2,407,707
Insurance funding	41,173	-
Mezzanine loan facility	586,045	-
	3,872,779	2,407,707

(a) Series B Convertible Notes

During the previous financial year, the Company successfully placed 25,000 Series B Convertible Notes at an issue price of A$100.00 per note ('Notes') with sophisticated investors and professional investors. The notes have a maturity date of 30 December 2016, and accrue interest at a rate of 30% per annum in the event of redemption. They can be early converted to shares at the election of the note holder at a conversion price of $0.23 per share.

These notes have a mixture of debt and equity features and as such a component of this funding has been recognised in Issued Capital.

The classification as being a current liability relates to note holders having the right to convert to fully paid ordinary shares. The notes are not redeemable by note holders until 30 December 2016 unless the Company is in receipt of no less than $7.5 million of cash proceeds resulting from a licensing transaction.

The notes are not listed on the ASX.

Ranking
The Notes are secured by a general security deed over all the assets and undertakings of the Company.

Adjustments
The Notes conversion terms shall be adjusted for any bonus issues or capital reconstructions.

Voting
Noteholders will not be entitled to vote in respect of the Notes until converted into Shares.

Note 22. Key management personnel disclosures

Directors
The following persons were Directors of Genera Biosystems Limited during the financial year:

Mr Lou Panaccio	Non-Executive Chairman
Mr Richard Hannebery	Chief Executive Officer and Executive Director
Dr Karl Poetter	Executive Director
Mr David Symons	Non-Executive Director
Mr Jim Kalokerinos	Non-Executive Director

Compensation
The aggregate compensation made to Directors and other members of Key Management Personnel of the Company is set out below:

	2016 $	2015 $
Short-term employee benefits	400,950	291,964
Post-employment benefits	16,715	18,052
Share-based payments	98,448	408,290
	516,113	718,306

Note 23. Contingent liabilities

For the period 30 June 2011 to 15 August 2013, certain Directors of the Company agreed to forgo part of their fees until such time as the Company achieves a “monetisation event”, being a commercial agreement with a third party that delivers material revenue to Company, including, but not limited to, a licensing or sales agreement relating to the Company’s products. The total amount of Directors’ fees forgone as at 30 June 2016 was $350,000 (2015: $350,000). This amount has not been provided for in the Company’s accounts as at 30 June 2016 as it will become payable only in the event that a monetisation event occurs.

Note 24. Related party transactions

Key management personnel
Disclosures relating to Key Management Personnel are set out in note 22 and the remuneration report included in the Directors’ Report.

Transactions with related parties
Transactions with related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Mr Richard Hannebery became an Executive Director of the Company in May 2013 and CEO of the Company in October 2014. EG Capital Pty Ltd and Lodge Corporate Pty Ltd, entities related to Mr Hannebery, were engaged by the Company to assist in the raising of capital over a number of years. Mr Hannebery is a Director and beneficiary of EG Capital Pty Ltd and a contractor to and partial beneficiary of Lodge Corporate Pty Ltd.

The following transactions occurred with these related parties:

	2016 **$**	**2015** **$**
Payment for goods and services:		
Payment for capital and fund raising services provided by EG Capital Pty Ltd	-	20,652
Payment for capital and fund raising services provided by Lodge Corporate Pty Ltd	-	122,000
Payment for mezzanine loan funding services by Lodge Corporate Pty Ltd	24,750	-

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
During the financial year, Mr Hannebery provided $60,000 in mezzanine loan funds to the Company on the same terms as other participants in the provision the $1 million mezzanine loan fund raising.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 25. Events after the reporting period

Mezzanine Loan Facility

During the 2016 financial year, the Company began raising an additional $1 million under a mezzanine debt facility. Under the terms of this facility $550,000 was provided in the June quarter and a further $450,000 provided during the months of July, August and September. Funds raised will require repayment with 25% interest and the Company will seek shareholder approval at the Company’s AGM in November for the proposed issuance of call options under the terms of the facility. These options have a $0.30 exercise price and November 30, 2016 expiry.

No other matter or circumstance has arisen since 30 June 2016 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Note 26. Reconciliation of loss after income tax to net cash used in operating activities

	2016 $	2015 $
Loss after income tax expense for the year	(3,084,077)	(2,789,474)
Adjustments for:		
Depreciation and amortisation	700,230	600,795
Share-based payments	157,002	697,324
Interest charged on convertible notes	752,054	581,427
Amortisation of debt issuance costs	85,800	53,572
Change in operating assets and liabilities:		
Increase in trade and other receivables	(249,180)	(545,527)
Decrease in prepayments	29,697	7,646
Increase in trade and other payables	263,182	364,916
Increase/(Decrease) in employee benefits	(22,926)	72,929
Net cash used in operating activities	(1,368,218)	(956,392)

Note 27. Earnings per share

	2016 $	2015 $
Loss after income tax attributable to the Owners of Genera Biosystems Limited	(3,084,077)	(2,789,474)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	99,813,079	94,434,507
Weighted average number of ordinary shares used in calculating diluted earnings per share	99,813,079	94,434,507

	Cents	Cents
Basic earnings per share	(3.09)	(2.95)
Diluted earnings per share	(3.09)	(2.95)

As diluted EPS is calculated as a lower loss per share than basic EPS, diluted EPS is taken to be the same as basic EPS. The number of contingent shares excluded from the diluted EPS calculation is 10,850,000 share options on issue as at 30 June 2016.

Note 28. Share-based payments

The Company may, from time to time, issue shares to third parties as consideration for goods and/or services provided to the Company by those parties.

During the 2015 financial year, a total of 368,581 fully paid ordinary shares were issued to Directors of the Company, in lieu of cash fees, with total consideration of $79,534 as identified in Key Management Personnel disclosures and the remuneration report in the Directors’ Report.

There were no shares issued to Directors of the Company in lieu of cash fees during the 30 June 2016 financial year.

Note 28. Share-based payments (continued)

The Company may, from time to time, issue Directors and employees with unlisted options to acquire shares in the Company at a fixed price. Each option when exercised will then entitle the option holder to one share in Genera Biosystems Limited. All options are exercisable on or before an expiry date, do not carry any voting or dividend rights and are not transferable except on death of the option holder.

A total of 1,000,000 options were issued to employees during the 2016 financial year as an incentive. No options were issued to Directors or employees during the 2015 financial year.

The Company issued 2,000,000 performance rights to Mr Richard Hannebery, following shareholder approval received at the Company's 2015 Annual General Meeting in relation to his executive remuneration package put in place on his appointment as CEO. 1,000,000 of these performance rights vested during the period and were converted into fully paid ordinary shares, with the remaining 1,000,000 expiring.

During the previous financial year interest payable by the Company on loans from shareholders with a value of $263,500 and was settled by the issue of options in lieu of cash payments.

During the current financial year the Company received $550,000 under a Mezzanine debt facility, with a further $450,000 provided subsequent to year end. The facility will allow for the issue of up to 4,167,667 call options with an expiry date of November 30, 2016 and an exercise price of $0.30 per option. A total of 2,291,775 call options have been accounted for as at 30 June 2016 upon receiving $550,000 at reporting date from this facility. In accordance with AASB 2, the Company has accounted for the deemed value of these unlisted options at the date in which the Loan Agreements were entered into by the Company.

During the previous financial year capital/convertible note raising fees with a value of $45,000 were settled by the issue of convertible notes in lieu of cash payments.

A share option plan has been established by the Company and approved by shareholders at a general meeting, whereby the Company may, at the discretion of the Nomination and Remuneration Committee, grant options over ordinary shares in the Company to certain Key Management Personnel of the Company. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Nomination and Remuneration Committee.

Set out below are summaries of options granted:

2016

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired	Balance at the end of the year
28/11/2011	28/11/2016	$0.500	600,000	-	-	-	600,000
01/12/2012	01/12/2015	$0.150	100,000	-	(75,000)	(25,000)	-
03/12/2013	02/12/2017	$0.150	6,850,000	-	-	-	6,850,000
09/02/2015	31/12/2017	$0.270	2,000,000	-	-	-	2,000,000
29/12/2015	24/12/2019	$0.300	-	1,000,000	-	-	1,000,000
29/12/2015	30/09/2019	$0.300	-	300,000	-	-	300,000
08/04/2016	30/11/2016	$0.300	-	312,525	-	-	312,525
11/04/2016	30/11/2016	$0.300	-	312,525	-	-	312,525
12/05/2016	30/11/2016	$0.300	-	83,340	-	-	83,340
13/05/2016	30/11/2016	$0.300	-	83,340	-	-	83,340
13/05/2016	30/11/2016	$0.300	-	83,340	-	-	83,340
02/06/2016	30/11/2016	$0.300	-	937,500	-	-	937,500
14/06/2016	30/11/2016	$0.300	-	104,175	-	-	104,175
15/06/2016	30/11/2016	$0.300	-	104,175	-	-	104,175
29/06/2016	30/11/2016	$0.300	-	166,680	-	-	166,680
30/06/2016	30/11/2016	$0.300	-	104,175	-	-	104,175
			9,550,000	3,591,775	(75,000)	(25,000)	13,041,775
Weighted average exercise price			$0.197	$0.300	$0.150	$0.150	$0.226

Note 28. Share-based payments (continued)

2015

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired	Balance at the end of the year
10/07/2009	10/07/2014	$0.500	300,000	-	-	(300,000)	-
10/07/2009	10/07/2014	$0.625	250,000	-	-	(250,000)	-
28/11/2011	28/11/2016	$0.500	600,000	-	-	-	600,000
01/12/2012	01/12/2015	$0.150	210,000	-	(110,000)	-	100,000
03/12/2013	02/12/2017	$0.150	6,850,000	-	-	-	6,850,000
09/02/2015	31/12/2017	$0.270	-	2,000,000	-	-	2,000,000
			8,210,000	2,000,000	(110,000)	(550,000)	9,550,000
Weighted average exercise price			$0.203	$0.270	$0.150	$0.556	$0.197

The weighted average share price during the financial year was $0.2606 (2015: $0.2728).

The weighted average remaining contractual life of options outstanding at the end of the financial year was 1.41 years (2015: 2.36 years).

Set out below are summaries of performance rights granted under the plan:

2016

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
24/12/2015	15/03/2015	$0.000	-	500,000	(500,000)	-	-
24/12/2015	15/09/2015	$0.000	-	500,000	(500,000)	-	-
24/12/2015	15/03/2016	$0.000	-	500,000	-	(500,000)	-
24/12/2015	15/03/2016	$0.000	-	500,000	-	(500,000)	-
			-	2,000,000	(1,000,000)	(1,000,000)	-

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at Grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
29/12/2015	24/12/2019	$0.250	$0.300	75.00%	-	2.05%	$0.1305
29/12/2015	30/09/2019	$0.250	$0.300	75.00%	-	2.04%	$0.1263
08/04/2016	30/11/2016	$0.220	$0.300	66.00%	-	1.98%	$0.0240
11/04/2016	30/11/2016	$0.220	$0.300	66.00%	-	1.97%	$0.0236
12/05/2016	30/11/2016	$0.215	$0.300	71.00%	-	1.69%	$0.0218
13/05/2016	30/11/2016	$0.215	$0.300	71.00%	-	1.69%	$0.0215
13/05/2016	30/11/2016	$0.215	$0.300	71.00%	-	1.69%	$0.0215
02/06/2016	30/11/2016	$0.220	$0.300	71.00%	-	1.70%	$0.0209
14/06/2016	30/11/2016	$0.210	$0.300	62.00%	-	1.61%	$0.0121
15/06/2016	30/11/2016	$0.200	$0.300	63.00%	-	1.61%	$0.0098
29/06/2016	30/11/2016	$0.190	$0.300	72.00%	-	1.55%	$0.0098
30/06/2016	30/11/2016	$0.200	$0.300	72.00%	-	1.60%	$0.0123

Genera Biosystems Limited
Directors' Declaration
30 June 2016

In the Directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

- the attached financial statements and notes give a true and fair view of the Company's financial position as at 30 June 2016 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the Directors

Mr Lou Panaccio
Non-Executive Chairman

30 September 2016

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Independent Auditor's Report
To the Members of Genera Biosystems Limited

Report on the financial report

We have audited the accompanying financial report of Genera Biosystems Limited (the "Company"), which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the company.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors' responsibility also includes such internal control as the 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. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

Grant Thornton

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's 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, the auditor considers 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 accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's opinion

In our opinion:

a the financial report of Genera Biosystems Limited is in accordance with the Corporations Act 2001, including:

 i giving a true and fair view of the Company's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

 ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 1 in the financial report which indicates that the company incurred a net loss of $3,084,077 during the year ended 30 June 2016, as of that date, the company's current liabilities exceeded its current assets by $200,868 and cash outflows from operating and investing activities equates to $1,977,236. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2016. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Genera Biosystems Limited for the year ended 30 June 2016, complies with section 300A of the Corporations Act 2001.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M.A. Cunningham
Partner - Audit & Assurance

Melbourne, 30 September 2016

Genera Biosystems Limited
Shareholder Information
30 June 2016

The shareholder information set out below was applicable as at 28 September 2016.

There is no current on-market buy-back.

Distribution of equity securities
Analysis of number of equity security holders by size of holding:

	Number of holders of ordinary shares	Number of holders of options over ordinary shares	Number of holders of convertible notes
1 to 1,000	42	-	19
1,001 to 5,000	138	-	7
5,001 to 10,000	101	-	-
10,001 to 100,000	277	4	-
100,001 and over	147	15	-
	705	19	26
Holding less than a marketable parcel	68	-	-

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
Durbin Superannuation Pty Ltd (Durbin Family S Fund A/C)	11,487,068	11.42
JPS Distribution Pty Ltd (Raff Super Fund A/C)	7,559,524	7.51
HSBC Custody Nominees (Australia) Limited	4,340,623	4.31
The Walter and Eliza Hall Institute of Medical Research Ltd	2,798,513	2.78
Mr Richard Nicholas Hannebery	2,193,202	2.18
Pujuri Pty Limited (Pujuri Super Fund A/C)	2,176,800	2.16
Miss Robyn Gould	2,005,000	1.99
Sonic Healthcare Limited	2,000,000	1.99
J P Morgan Nominees Australia Limited	1,765,576	1.75
Dr Karl Poetter	1,618,014	1.61
Mr Lucius Orsini	1,513,000	1.50
Dahlonega Pty Ltd (Dickens A/C)	1,488,824	1.48
Blue Jade Pty Ltd	1,466,804	1.46
Gateway Capital Pty Ltd	1,436,306	1.43
Mr David Frederick Oakley	1,380,646	1.37
Mr Cyrus Adaggra	1,347,083	1.34
Foligno Pty Ltd (Reinhardt Super Fund)	1,285,871	1.28
Silica Investments PtyLtd	1,279,948	1.27
Philip Cramer Pty Ltd (Superannuation Fund A/C)	1,147,013	1.14
Bond Street Custodians Limited (Prsevi - D09429 A/C)	1,058,696	1.05
	51,348,511	51.03

Genera Biosystems Limited
Shareholder Information
30 June 2016

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares with various expiry dates and exercise prices	10,750,000	19
Convertible notes with a face value of $100 per Note, conversion price of $0.23 per note, maturity date of 31 December 2016.	25,000	26

Substantial holders
Substantial holders in the Company, as disclosed in substantial holding notices given to the Company, are set out below:

	Ordinary shares Number held	
Durbin Superannuation Pty Ltd (Durbin Family S Fund A/C)	11,287,068	11.22
JPS Distribution Pty Ltd (Raff Super Fund A/C)	7,559,524	7.51

Voting rights
The voting rights attached to each class of equity securities are set out below:

Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Unquoted options
There are no voting rights attached to unquoted options.

Unquoted convertible notes
There are no voting rights attached to unquoted convertible notes.