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Friday 29 July 2016

**ASX Announcement – GENERA BIOSYSTEMS LIMITED (ASX: GBI)
QUARTERLY CASH FLOW & BUSINESS UPDATE**

Genera Biosystems Limited (**‘Genera’**) is pleased to provide an update to accompany the attached Appendix 4C Quarterly Cash Flow report for the period ended 30 June 2016.

The company held cash at end of quarter of \$64k representing a net increase of \$17k during the period.

Cash receipts from customers for the quarter and the full year amounted to \$126k and \$661k respectively which were up 71.4% and 96.8% versus the corresponding June 2015 periods. Sales receipts during the month of July were \$88k with the company currently anticipating that current quarter receipts will comfortably exceed those received in the 2015 September quarter.

The company’s order levels from its major customer for its respiratory tests continues to ramp as the southern hemisphere flu season progresses. Genera currently anticipates that the June and current September quarter volumes will surpass full year calendar 2015 volumes.

No cash receipts were recorded by the Company from sales into the Indian market during the quarter. The company’s RTIplex test received approval from the Indian Central Drugs Standard Organisation (Medical Device and Diagnostic Division) for the importation and sale of RTIplex in late June. Genera looks forward to delivering sales of RTIplex in the current quarter and the Indian peak flu season in the December and March quarters are expected to smooth out seasonality of Australian respiratory test sales.

Current Capital Raising

The Company has previously flagged to the ASX that it intended to raise an additional \$1.0m under a mezzanine debt facility. The facility has been drawn down on the terms previously announced on an as required basis. Under the terms of this facility \$550k was provided in the June quarter and a further \$175k provided during the month of July. The Company currently anticipates drawing the remaining \$275k under this facility over the next 6 weeks.

Genera’s Chief Executive Officer, Richard Hannebery has participated in the provision of this facility 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 that have a \$0.30 exercise price and November 30, 2016 expiry.

Genera currently anticipates undertaking a Series C Convertible financing round in the current quarter to raise approximately \$6.0m. The current proposed terms of the Series C Convertible will

provide for a conversion price into Ordinary Shares of Genera at a substantial premium to the current share price and the notes will have a term extending into the 2nd half CY2018. Proceeds of the issue will be applied to call the redemption of existing Series B Convertible Notes on issue, repayment of the current \$1.0m mezzanine debt facility, the completion of new assay development, support for a significant market launch of PapType into the Australian market during late 1st half of CY2017 and general working capital purposes.

The Company has pre-marketed the terms of the proposed Series C financing to a number of Australian and international institutional investors and subject to the delivery of a significant pathology customer supply agreement (discussed below), Genera is confident of delivering an outcome to the benefit of all shareholders. It is Genera's objective for the Series C financing to support the Company into profitability in the 2nd half of CY2017.

Business Update

Operational activities during the quarter were focused on validating a new manufacturing process for Genera's proprietary AmpaSand® beads and ensuring that adequate stock levels were available for its primary customer. The Company is well placed to meet customer demand for respiratory tests as southern hemisphere flu season volumes increase. Additional batches of PapType were also produced to support key clinical studies being undertaken overseas that will be used to support a submission for inclusion of PapType on the Medicare Benefits Schedule in 2017.

Genera's manufacturing scale-up activities have recently been reinvigorated so as to be able to meet significant customer demand from both Australia and the Indian market in 2017 plus a buffer for any new demand arising out of incremental distribution via potential new distribution arrangements. The goal of the scale-up is achieving a 5-fold increase in Genera's Scoresby manufacturing capacity in the latter part of 2016. Current capacity stands at approximately 1 million AmpaSand tests per annum.

During the quarter Genera's new product development team advanced the new STIplex 7.0 assay. Some refinement of targets was made with the initial lead assay to be applicable for urine and swab samples. The assay will incorporate CT/NG which account for the bulk of existing testing volumes in sexually transmitted infections pathology testing in most markets. The Company currently anticipates a Research Use Only version of the assay being offered to customers in Q1 CY2017 with a submission for ARTG listing following.

India market launch

The importation and sale license approval for RTIplex for the Indian market 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 late CY2017.

GeneCell has also requested access to Genera's STIplex assay.

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.

During the quarter GeneCell had a number of discussions with SRL Diagnostics on how to best drive volumes of AmpASand-based assays in SRL laboratories with the parties now exploring direct instrumentation placements and operation of assays directly in SRL facilities.

As previously announced to ASX on 21 June, Genera has 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 and thereafter reflex again to HPV RNA testing.

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

Genera submitted what it believed to be a competitive tender on a USD Free on Board (FOB) basis ex-Scoresby Australia and currently anticipates the outcome of the tender process being known by end of August.

IVD partnering

Genera currently anticipates announcing the outcome of its partnering discussions with Beckman Coulter LS ('BEC LS') in the current quarter. During the quarter Genera has received valuable feedback from BEC LS on its long term strategy and in particular flow cytometry and the board remains comfortable that BEC LS is the right partner for Genera and that the CytoFLEX® is the optimal cytometry instrumentation platform with which to marry our high value AmpaSand MDx tests.

On 25 July, Danaher Corp reported quarterly results that singled out the performance of Beckman Life Sciences' division. Growth was driven by strong demand in flow cytometry, in particular in North America and China that was largely driven by demand for the new CytoFLEX.

Richard Hannebery commented, "We take some degree of comfort that the CytoFLEX appears to be a strategic growth engine within BEC LS. As the installed base of CytoFLEX instruments grows the ability to follow up with high margin reagents/consumables revenues running on these instruments is a compelling proposition. This is where we believe that the strategic fit with Genera's AmpaSand testing platform comes into its own."

Pathology Supply Deal

In its previous quarterly update Genera flagged the prospect to participate in a substantial existing domestic market opportunity via a specialist women's and sexual health joint venture. The opportunity is of particular relevance to Genera given the proposed introduction of HPV testing as the primary screening modality for cervical cancer in Australia from May 2017.

The Company has progressed discussions during the quarter with a view to entering into a broad preferred supply agreement with some of the leading Australian pathology market participants. The broad supply agreement will provide benefits for both Genera and its partner that may have proven problematic under the originally proposed joint venture structure.

Genera and one of its proposed pathology partners plans to complete an internal clinical validation demonstrating the performance of PapType against an incumbent HPV test within the next 2 weeks. After confirmation of PapType's clinical performance the Company plans to enter into a binding supply agreement for PapType and other AmpaSand based tests to coincide with the new cervical screening regime commencing in May 2017. The supply agreement will contain a number of conditions precedent including the successful listing of PapType on the Medicare Benefits Schedule by mid-2017.

Projected revenues from the supply agreement are anticipated to be substantial with the agreement seeing Genera supply in excess of 1m AmpaSand based tests within the first full 12 months of launch.

Genera will make a further announcement relating to the proposed supply agreement(s) after execution of required documentation, planned for the latter part of August.

For further information please contact:

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About Genera Biosystems : Genera Biosystems Limited ("GBI") is an Australian Securities Exchange listed molecular diagnostics company, which develops, manufactures and distributes advanced PCR molecular diagnostics tests. GBI has successfully developed two products to date, PapType® and RTI-Plex™, both of which are CE-IVD approved with several additional products in the company's development pipeline. Genera manufactures these products in its Therapeutics Goods Administration (TGA) certified manufacturing facility in Scoresby, Victoria, Australia.

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005, 17/12/2010

Name of entity

Genera Biosystems Limited

ABN

69 098 663 837

Quarter ended ("current quarter")

30 June 2016

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from customers	126	661
1.2 Payments for:		
(a) staff costs	(229)	(998)
(b) advertising and marketing	-	-
(c) research and development	(260)	(743)
(d) leased assets	-	-
(e) other working capital	(131)	(726)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	5
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other items		
(a) Net GST (paid to)/recovered from ATO	(39)	(205)
(b) R & D tax rebate received	-	456
(c) Government grant received	-	-
(d) R&D contract contributions received	-	-
Net operating cash flows	(533)	(1,550)

+ See chapter 19 for defined terms.

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

	Current quarter \$A'000	Year to date (12 months) \$A'000
1.8 Net operating cash flows (carried forward)	(533)	(1,550)
Cash flows related to investing activities		
1.9 Payment for acquisition of:	-	-
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	(168)
(d) physical non-current assets	-	(262)
(e) other non-current assets	-	-
1.10 Proceeds from disposal of:	-	-
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
Net investing cash flows	-	(430)
1.14 Total operating and investing cash flows	(533)	(1,980)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	8
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	550	550
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Capital raising costs	-	-
Net financing cash flows	550	558
Net increase (decrease) in cash held	17	(1,422)
1.21 Cash at beginning of quarter/year to date	47	1,486
Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	64	64

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

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

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	229
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

Directors' fees and wages paid during the June 2016 quarter.
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Non-cash financing and investing activities

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

-

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

-

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

+ See chapter 19 for defined terms.

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

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	64	47
4.2 Deposits at call		
4.3 Bank overdraft		
4.4 Other (provide details)		
Total: cash at end of quarter (item 1.23)	64	47

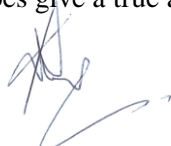
Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	-	-
5.2 Place of incorporation or registration	-	-
5.3 Consideration for acquisition or disposal	-	-
5.4 Total net assets	-	-
5.5 Nature of business	-	-

Compliance statement

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

Sign here:



 (Chairman)

Date: 29 July 2016

Print name: L J Panaccio

+ See chapter 19 for defined terms.

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirement requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

+ See chapter 19 for defined terms.