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Thursday 28 April 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 31 March 2016.

The company held cash at end of quarter of \$47k representing a net decrease of \$113k during the period. During the quarter Genera received approximately \$450k under its 2015 ATO tax incentive rebate.

Cash receipts from customers for the period amounted to \$76k, which while lower compared to the record December quarter were up 13.4% versus the March 2015 period. Sales receipts were affected by two factors, namely the March quarter corresponding to the summer period seasonal low for RTI-plex™ tests and Genera also elected to supply its major customer RTIplex tests on a Research Use Only basis *gratis* for more than 8 weeks during the period while we transitioned to new bead supply and instrumentation systems.

The company has now reinstated normal commercial supply and payment terms with its major customer and current receivables are currently in excess of \$150k and growing as the 2016 flu season commences. Genera anticipates that these funds will be received in the current quarter.

The company has recently received record forward order guidance from its major customer for its RTIplex tests operating on the new instrumentation system and anticipates that the next 4 to 5 months will surpass full year calendar 2015 volumes.

Current Capital Raising

In its half year report released to the ASX on 29 February the company flagged that it intended to raise an additional \$1.0m under a mezzanine debt facility. The facility will also allow for the issue of up to 4.17m call options with an expiry date of November 30, 2016 and an exercise price of \$0.30 per option. During April the company received \$150k under this facility with a further \$100k committed to be received next week and the balance of the facility planned to be placed mid- May.

Genera Chairman, Lou Panaccio commented “We are pleased to see existing major investors support this capital raising whilst the company finalises the balance of the placement. The Board has recently received interest from the Chief Executive Officer to participate in this capital raising in a material manner. Due to the requirement to obtain shareholder approval for any director participation, a decision will be made by the Board on the desirability of accepting this investment in coming weeks.”

As previously stated in its half year report should the company successfully complete a significant partnering deal for its AmpaSand platform technology prior to 30 December 2016, and resulting in upfront cash inflows of greater than \$6.0m, it is the Board's current intention to shortly thereafter call the outstanding \$2.5m issue of Series B Convertible Notes for redemption. Should the Series B Notes be called early it is the current intention of the Board to also extinguish the \$1.0m mezzanine debt facility. Under the terms of the current mezzanine debt raising the company will make a cash payment of \$1.25m to fully extinguish the \$1.0m facility regardless of whether it is extinguished on or before the maturity date.

The Board anticipates that a successful closing of the proposed \$1.0m mezzanine facility alongside cash receipts generated solely from the sale of RTI-plex tests domestically will adequately fund the company's operations through August 2016, if not beyond.

Business Update

Operational activities early in the quarter were focused on validating a new silanization batch of Genera's proprietary AmpaSand® beads. The current batch successfully delivered by the Scoresby team during the quarter should be sufficient for the supply of approximately 220k tests.

Aside the successful silanization process, during the 2016 calendar year to date the Genera team has successfully delivered the following:

1. Introduction of new preferred higher throughput instrumentation systems with its existing major domestic customer;
2. Instrumentation installation and training at the Wheeler New Mexico (US) lab in advance of a ~2,000 patient prospective clinical study from a screening setting;
3. Installation of system in GeneCell's recently refurbished New Delhi laboratories and securing relevant import licensing approvals with technician training commencing next week;
4. Manufacture of sufficient batches of PapType kits for US clinical study and additional UK clinical studies at the Wolfson Institute;
5. Refinement of STI-plex™ offering catering for both dedicated urine and swab samples;
6. New enzyme successfully integrated to work with RTI-plex and existing major customer trained in new process – reduces PCR process time from ~2.5 hours to ~1.5 hours.

During the quarter Genera's manufacturing scale-up activities were temporarily put on hold to allow Genera's production staff to complete required bead silanization and manufacture new batches of kits to meet customer demand from both Australia and GeneCell's India market launch. A follow-on batch is due for completion within a week of additional dyes being received from a key supplier. Manufacturing scale-up activities are due to recommence in mid-June with a goal of achieving a 5-fold increase in Genera's Scoresby ISO 13485 accredited manufacturing process in the later part of 2016.

Genera's new product development team undertook significant voice of customer feedback during the quarter on both STI-plex and additional AmpaSand based tests to move forward into the development pipeline.

This feedback has contributed to the decision to now launch 2 dedicated STI-plex assays – STI-plex 5.0 and STI-plex 7.0 with the former being a 5-plex test applicable for both urine and swab samples and the latter a 7-plex test dedicated to swab samples. Both STI-plex tests will incorporate CT/NG

which account for the bulk of existing testing volumes in sexually transmitted infections pathology testing in most markets.

India market launch

Genera currently anticipates that sales of RTI-plex will commence in the Indian market via GeneCell in the current quarter. The company believes that new demand from India may smooth out the seasonality of Southern Hemisphere flu season sales. Aside from RTI-plex the company remains focused on developing the business plan with GeneCell for the launch of STI-plex 5.0 and 7.0 for sexually transmitted infections.

IVD partnering

Genera continues to work diligently toward the completion of a significant global partnering deal that can leverage Genera's current and future MDx test menu into numerous global jurisdictions. The company plans to move forward exclusively with Beckman Coulter Life Sciences ('BEC LS') with a view to agreeing a mutually beneficial partnering deal on or around June 30, 2016.

Genera Chief Executive Officer, Richard Hannebery commented, "After extensive testing and analysis of competing systems and discussions with prospective IVD partners we believe that the BEC LS CytoFLEX® is the optimal cytometry instrumentation platform with which to marry our high value AmpaSand MDx tests. In terms of price, performance and versatility the CytoFLEX is a compelling offering and when combined with BEC LS global sales, distribution and aftermarket service footprint gives us a high degree of comfort that BEC LS is the right partner for Genera."

Proposed Pathology Joint Venture

For some time, the Genera Board has been mindful of the opportunity that the introduction of HPV testing as the primary screening modality for cervical cancer in Australia from May 2017 presents for our company.

In order to capitalise on this opportunity in our home market, Genera intends to retain Australian marketing rights to its AmpaSand MDx platform in the event that a broader international partnering deal is entered into with BEC LS.

The board is currently exploring the possibility of entry into a joint venture partnering arrangement with one of the leading Australian pathology market participants in relation to a substantial part of Genera's current MDx portfolio (including its PapType and STI-plex tests).

Richard Hannebery commented, "We are very excited about the prospects for a pathology joint venture that will seek to leverage Genera's market leading HPV test PapType as well as our STI-plex 5.0 and 7.0 tests which will be the next tests from our development pipeline to complete development and regulatory approval. Given the introduction of HPV testing in Australia on May 1, 2017 and existing sexually transmitted infections testing volumes of potential partners (CT/NG) we see the opportunity to participate in an existing market via a specialist women's and sexual health joint venture undertaking in excess of 1m tests and generating revenues of greater than \$35m per annum within the first full 12 months of launch."

Genera anticipates making a further announcement in relation to the proposed joint venture during the current quarter.

Incorporation of Cathedral Biosensors

Genera plans to retain development and marketing rights of its next generation QSand platform in the event that a broader international partnering deal is entered into with BEC LS.

Genera initially flagged a proposed 'spin-out' of its QSand technology platform in its 28 November 2014 AGM presentation release to the ASX. In this announcement the company assessed that the optimal timing for any spin-out of QSand would be contemporaneous to a global IVD partnering deal. Following-on from this and subsequent announcements to the ASX the company has recently incorporated Cathedral Biosensors Pty Limited which will be the dedicated independent entity to accelerate the development of the QSand technology.

During mid-April Genera was pleased to receive a notice of allowance from the USPTO for its QSand #1 patent developed in concert with Prof Paul Mulvaney from the University of Melbourne. Prof Mulvaney is also a co-inventor on the QSand #2 patent that was granted by the USPTO during 2015. In addition to the US, Genera is currently prosecuting the QSand patents in numerous other key global jurisdictions having already received patent grants in Australia, NZ, Canada, China, Mexico and the European Community with Brazil and India still awaiting grant.

Richard Hannebery added, "With the likely grant of both these key QSand patents by the USPTO, Cathedral Biosensors is well placed to raise sufficient funding to accelerate the commercialisation of this truly cutting edge technology applicable to not only global IVD and point-of-care markets but other non-regulated testing opportunities."

Genera looks forward to further collaboration between Prof Mulvaney, the University of Melbourne and its own development team in bringing the QSand technology to market.

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")

31 March 2016

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from customers	76	534
1.2 Payments for:		
(a) staff costs	(234)	(768)
(b) advertising and marketing	-	-
(c) research and development	(177)	(483)
(d) leased assets	-	-
(e) other working capital	(132)	(595)
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	(23)	(166)
(b) R & D tax rebate received	456	456
(c) Government grant received	-	-
(d) R&D contract contributions received	-	-
Net operating cash flows	(34)	(1,017)

+ 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 (6 months) \$A'000
1.8 Net operating cash flows (carried forward)	(34)	(1,017)
Cash flows related to investing activities		
1.9 Payment for acquisition of:	-	-
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	(43)	(168)
(d) physical non-current assets	(36)	(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	(79)	(430)
1.14 Total operating and investing cash flows	(113)	(1,447)
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	-	-
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Capital raising costs	-	-
Net financing cash flows	-	8
Net increase (decrease) in cash held	(113)	(1,439)
1.21 Cash at beginning of quarter/year to date	160	1,486
Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	47	47

+ 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	68
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 March 2016 quarter.

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	47	160
4.2 Deposits at call		-
4.3 Bank overdraft		-
4.4 Other (provide details)		-
Total: cash at end of quarter (item 1.23)	47	160

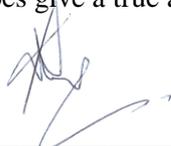
Acquisitions and disposals of business entities

	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: 28 April 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.