

**Genera Biosystems Limited**  
**Appendix 4D**  
**Half-year report**

**1. Company details**

Name of entity: Genera Biosystems Limited  
 ABN: 69 098 663 837  
 Reporting period: For the half-year ended 31 December 2015  
 Previous period: For the half-year ended 31 December 2014

**The information in this report should be read in conjunction with the most recent annual financial report, being the report for the year ended 30 June 2015**

**2. Results for announcement to the market**

			\$
Revenues from ordinary activities	up	163.2% to	386,495
Loss from ordinary activities after tax attributable to the owners of Genera Biosystems Limited	down	9.0% to	(1,442,531)
Loss for the half-year attributable to the owners of Genera Biosystems Limited	down	9.0% to	(1,442,531)

*Dividends*

There were no dividends paid, recommended or declared during the current financial period.

*Comments*

The loss for the company after providing for income tax amounted to \$1,442,531 (31 December 2014: \$1,585,476).

**3. Net tangible assets**

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>(1.87)</u>	<u>(0.39)</u>

**4. Control gained over entities**

Name of entities (or group of entities) Not Applicable  
 Date control gained Not Applicable

	\$
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period (where material)	-
Profit/(loss) from ordinary activities before income tax of the controlled entity (or group of entities) for the whole of the previous period (where material)	-

**5. Loss of control over entities**

Name of entities (or group of entities) Not Applicable  
 Date control lost Not Applicable

\$

Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period (where material) -

Profit/(loss) from ordinary activities before income tax of the controlled entity (or group of entities) whilst controlled during the whole of the previous period (where material) -

---

## **6. Dividends**

### *Current period*

There were no dividends paid, recommended or declared during the current financial period.

### *Previous period*

There were no dividends paid, recommended or declared during the previous financial period.

---

## **7. Dividend reinvestment plans**

Not applicable.

---

## **8. Details of associates and joint venture entities**

Not applicable.

---

## **9. Foreign entities**

*Details of origin of accounting standards used in compiling the report:*

Not applicable.

---

## **10. Audit qualification or review**

*Details of audit/review dispute or qualification (if any):*

The financial statements were subject to a review by the auditors and the review report is attached as part of the Half-year Financial Report.

---

## **11. Attachments**

*Details of attachments (if any):*

The Half-year Financial Report of Genera Biosystems Limited for the half-year ended 31 December 2015 is attached.

---

## **12. Signed by Lou Panaccio (Non-Executive Chairman)**

Signed \_\_\_\_\_



Date: 29 February 2016

# **Genera Biosystems Limited**

**ABN 69 098 663 837**

## **Half-year Financial Report - 31 December 2015**

**Genera Biosystems Limited**  
**Corporate directory**  
**31 December 2015**

Directors

Mr Lou Panaccio (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  
PO Box 52  
MELBOURNE VIC 8060  
1300 309 739

Auditor

Grant Thornton Audit Pty Ltd  
Level 30, 525 Collins Street  
MELBOURNE VIC 3000

Solicitors

McCullough Robertson  
Level 11 Central Plaza Two  
66 Eagle Street  
BRISBANE QLD 4000

Stock exchange listing

Genera Biosystems Limited shares are listed on the Australian Securities Exchange  
(ASX code: GBI)

Website

[www.generabiosystems.com](http://www.generabiosystems.com)

Patent Attorneys

Davies Collison Cave  
1 Nicholson Street  
MELBOURNE VIC 3000

**Genera Biosystems Limited**

**Contents**

**31 December 2015**

**Contents**

Directors' report	3
Auditor's independence declaration	8
Statement of profit or loss and other comprehensive income	9
Statement of financial position	10
Statement of changes in equity	11
Statement of cash flows	12
Notes to the financial statements	13
Directors' declaration	17
Independent auditor's review report to the members of Genera Biosystems Limited	18

**Genera Biosystems Limited**  
**Directors' report**  
**31 December 2015**

The directors present their report, together with the financial statements, on the company for the half-year ended 31 December 2015.

**Directors**

The following persons were directors of the company during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Mr Lou Panaccio (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.

**Review of operations**

The loss for the company after providing for income tax amounted to \$1,442,531 (31 December 2014: \$1,585,476).

The Company's loss for the half-year ended 31 December 2015 was less than the previous corresponding period mainly due to the following reasons:

*Revenue*

Revenue for the current period from product sales and interest increased to \$386,495 (2014: \$146,846) predominately due to increased demand for RTI-plex, and R&D Tax incentive refund of \$308,580 was accounted for as at 31 December 2015 relating to expected refunds in relation to the half year to 31 December 2015.

*Expenses*

During the half-year, employment costs increased due to the increase in employees required to carry out the Company's activities, whilst all other costs remained constant with prior periods.

**Introduction of new instrumentation**

Genera is currently introducing new instrumentation systems from a number of global IVD companies replacing previous instrumentation platforms used in running Genera's AmpaSand® tests. Both systems have been extensively tested by Genera in-house as well as in significant clinical studies and both have proved to be materially superior to the previously utilised platform in terms of reliability, workflow and throughput. Genera is excited to introduce these new instrumentation systems to its pathology customers and looks forward to seeing its customers enjoy the benefits of these leading platforms running its high value MDx tests.

**India market launch**

After completion of all required documentation for registering RTI-plex™ in India, Genera's Indian distributor GeneCell lodged the required 'No Objection Certificate' for import and marketing of RTI-plex during the December half year. GeneCell aims to have an import license application approved within the next few weeks and is currently finalising upgrades to their laboratories to facilitate the operation of PCR based MDx assays.

Genera currently anticipates having all instrumentation installed with laboratory technicians trained, alongside necessary regulatory and import approvals being in place during March having recently been advised that GeneCell's upgrades to their laboratories will be completed within the next few weeks.

This process of readying RTI-plex for launch into the Indian market has taken a few months longer than originally anticipated. The company is now confident in the roadmap for additional test introductions into the Indian market. Successful launch of Genera's tests with GeneCell greatly enhances the longer term prospects that also exist with SRL Diagnostics who are a substantial customer of GeneCell. SRL remains the largest pathology company in India's organised pathology sector.

## **Review of operations (cont'd)**

Genera 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™, a 5-plex sexually transmitted infection assay that is in advanced development by Genera. Further to STI-plex Genera's partner has recently expressed interest in also adding PapType® to its menu offering during the coming quarters.

## **New AmpaSand assays for development**

Genera is currently refining 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 best 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 from a global IVD company Genera continues to aim to broaden its menu to greater than 10 tests.

The company continues to move forward development of both STI-plex and BBV-plex™, in concert with market based voice of customer feedback from both GeneCell and its prospective IVD partners, Genera aims to add a further 2 tests to its assay development program in the next 3 months. Final decisions around the exact composition of these additional tests will be made closer to the final choice of the prospective IVD partner.

## **IVD partnering**

Genera continues to work diligently toward the completion of a significant global partnering deal with a leading global IVD company.

Since its AGM in late November Genera has had a number of meetings via teleconference and in person with the leadership teams of prospective IVD partners. While the Board of Genera is cognisant of the significant time that this important process has taken it now has a clear forward schedule of its respective partners to conclude a significant global partnering deal. By the end of the March quarter Genera believes that it will be in a clear position to commit to move forward on an exclusive basis to close a mutually beneficially deal with a global IVD partner.

## **Scale up of manufacturing capacity**

In preparation for a significant ramp-up of test volumes sold in concert with a global IVD partner Genera has made significant progress during the half 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 2016. 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 half 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 a 3.8x increase in volume throughput capacity over a single working shift for a pathology customer compared to the current 96-well plate format. Genera anticipates that the new 384-well format can be ready for market introduction in early 2017 prior to the implementation of the new Australian cervical screening regime.

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. The current development schedule for AmpaSand 3.0 projects a market launch in late calendar 2016/early 2017.

Genera plans to launch its AmpaSand 2.1 system in the next few months which will reduce 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.

### **Review of operations (cont'd)**

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.

### **Predictors 3 – Pivotal clinical trial data received**

During the half year Genera received robust pivotal data for our PapType HPV assay from the Wolfson Institute's 6,000 patient HPV screening study. 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 next 3 to 6 months.

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 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 high risk HPV sub-types that compared the performance of PapType against all other commercially available assays.

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 high risk cancer causing types - alongside strong clinical data from large respected studies bodes well for PapType's position in the market.

### **PapType US Clinical trial**

PapType has been accepted to be included in a prestigious ~2,000 patient prospective clinical study from a screening setting in the United States. The choice of the preferred instrumentation platform has been agreed with set-up anticipated to take place during March and clinical samples acquired during the months to the end of April. The US study is being led by Prof Cosette Wheeler- a global KOL in HPV vaccination and screening.

The company believes that this US clinical 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 screening algorithms.

Results from the US screening study are anticipated during Q3 of CY2016 and 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 6,000 patient clinical study led by Prof Jack Cuzick's group at the Wolfson Institute (London).

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. A high performing HPV test partnered with a leading global IVD company could be expected to capture a significant portion of this market opportunity.

## **Genera Biosystems Limited**

### **Directors' report**

**31 December 2015**

#### **Review of operations (cont'd)**

##### **World class clinical and scientific advisory board established**

Genera was pleased to announce during the half 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 shall include Prof Jack Cuzick, Prof Cosette Wheeler, Prof Susan Garland and Associate Prof Sepehr Tabrizi.

To be able to not only pique the interest of the likes of Jack Cuzick and Cosette Wheeler in what Genera is doing with its PapType HPV assay, but 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 Jack Cuzick and Cosette Wheeler's participation and interest with 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.

##### **Genera Pathology joint venture proposed**

In Australia the company anticipates significant traction for Genera's PapType HPV assay with the introduction of the new cervical screening regime. Whilst currently negligible, volumes of HPV testing in the Australian market are expected to immediately grow to 1.3m tests per annum with the introduction of the new screening regime from May 1st 2017.

To capitalise on the Australian opportunity in HPV testing Genera is currently exploring the establishment of a pathology joint venture specialising in women's health. It is envisaged that the joint venture would also have exclusive access to Genera's PapType HPV test and our STI-plex assay that is due for market launch in the latter part of CY2016.

Genera has to date held a number of discussions with well-credentialed potential local partners and plans to choose its preferred joint venture partner prior to June 30. It is currently anticipated that the proposed joint venture would be launched early in 2017 prior to the May 1<sup>st</sup> introduction of HPV testing as the new modality for cervical cancer screening in Australia.

Genera has flagged the potential of establishing the proposed pathology joint venture with its prospective IVD partners and as such plans to 'carve-out' Australian rights to its AmpaSand based assays from any global IVD partnership. The company believes that substantial shareholder value can be created from the successful establishment of the proposed pathology joint venture. It is currently anticipated that funding for the proposed joint venture would be delivered in concert with a global IVD partnership.

##### **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 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 additional key patents granted during 2015.

**Genera Biosystems Limited**  
**Directors' report**  
**31 December 2015**

**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 half 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 have various vesting conditions attached. 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.

There were no other significant changes in the state of affairs of the company during the financial half-year.

**Matters subsequent to the end of the financial half-year**

In January 2016, the Company received \$456,125 in relation to its 2014/2015 R&D tax incentive refunds.

No other matter or circumstance has arisen since 31 December 2015 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.

**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 on the following page.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



---

Mr Lou Panaccio  
Chairman

29 February 2016

The Rialto, Level 30  
525 Collins St  
Melbourne Victoria 3000

Correspondence to:  
GPO Box 4736  
Melbourne Victoria 3001

T +61 3 8320 2222  
F +61 3 8320 2200  
E [info.vic@au.gt.com](mailto:info.vic@au.gt.com)  
W [www.grantthornton.com.au](http://www.grantthornton.com.au)

### 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 review of Genera Biosystems Limited for the half-year ended 31 December 2015, 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 review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



M.A. Cunningham  
Partner - Audit & Assurance

Melbourne, 29 February 2016

Grant Thornton Audit Pty Ltd ACN 130 913 594  
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

Liability limited by a scheme approved under Professional Standards Legislation. Liability is limited in those States where a current scheme applies.

**Genera Biosystems Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2015**

	Note	31 December 2015 \$	31 December 2014 \$
<b>Revenue</b>		386,495	146,846
Other income	3	308,580	-
<b>Expenses</b>			
Laboratory expenses		(280,527)	(123,237)
Employee benefits expense		(905,042)	(541,574)
Depreciation and amortisation expense		(300,678)	(297,041)
Professional fees		(98,579)	(98,620)
Other expenses		(124,202)	(166,178)
Finance costs	4	(418,927)	(459,857)
Rent expense		(9,651)	(45,815)
<b>Loss before income tax expense</b>		(1,442,531)	(1,585,476)
Income tax expense		-	-
<b>Loss after income tax expense for the half-year attributable to the owners of Genera Biosystems Limited</b>		(1,442,531)	(1,585,476)
Other comprehensive income for the half-year, net of tax		-	-
<b>Total comprehensive income for the half-year attributable to the owners of Genera Biosystems Limited</b>		<u>(1,442,531)</u>	<u>(1,585,476)</u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share		(1.45)	(1.76)
Diluted earnings per share		(1.45)	(1.76)

*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 31 December 2015**

	31 December	30 June 2015
Note	2015	2015
	\$	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	161,179	1,486,582
Trade and other receivables	926,509	646,596
Inventories	8,241	8,241
Other	47,009	66,525
Total current assets	<u>1,142,938</u>	<u>2,207,944</u>
<b>Non-current assets</b>		
Property, plant and equipment	509,422	348,700
Intangibles	3,393,490	3,498,818
Total non-current assets	<u>3,902,912</u>	<u>3,847,518</u>
<b>Total assets</b>	<u>5,045,850</u>	<u>6,055,462</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	430,385	701,713
Borrowings	2,826,634	2,407,707
Provisions	219,219	188,569
Total current liabilities	<u>3,476,238</u>	<u>3,297,989</u>
<b>Non-current liabilities</b>		
Provisions	36,788	47,263
Total non-current liabilities	<u>36,788</u>	<u>47,263</u>
<b>Total liabilities</b>	<u>3,513,026</u>	<u>3,345,252</u>
<b>Net assets</b>	<u>1,532,824</u>	<u>2,710,210</u>
<b>Equity</b>		
Issued capital	5 26,007,746	25,982,940
Reserves	1,295,574	1,056,151
Accumulated losses	(25,770,496)	(24,328,881)
<b>Total equity</b>	<u>1,532,824</u>	<u>2,710,210</u>

*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 half-year ended 31 December 2015**

	<b>Issued capital \$</b>	<b>Share Option Reserve \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
Balance at 1 July 2014	24,158,260	622,890	(21,698,402)	3,082,748
Loss after income tax expense for the half-year	-	-	(1,585,476)	(1,585,476)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(1,585,476)	(1,585,476)
<i>Transactions with owners in their capacity as owners:</i>				
Issue of ordinary shares	1,311,217	-	-	1,311,217
Issue of Series B Convertible Notes (Equity Component)	226,625	-	-	226,625
Capital raising expenses	(28,059)	-	-	(28,059)
Share based payments	-	225,379	-	225,379
Balance at 31 December 2014	<u>25,668,043</u>	<u>848,269</u>	<u>(23,283,878)</u>	<u>3,232,434</u>
	<b>Issued capital \$</b>	<b>Share Option Reserve \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
Balance at 1 July 2015	25,982,940	1,056,151	(24,328,881)	2,710,210
Loss after income tax expense for the half-year	-	-	(1,442,531)	(1,442,531)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(1,442,531)	(1,442,531)
<i>Transactions with owners in their capacity as owners:</i>				
Issue of ordinary shares	29,769	(2,748)	-	27,021
Capital raising expenses	(4,963)	-	-	(4,963)
Share based payments	-	243,087	-	243,087
Lapsed ESOP Options	-	(916)	916	-
Balance at 31 December 2015	<u>26,007,746</u>	<u>1,295,574</u>	<u>(25,770,496)</u>	<u>1,532,824</u>

*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 half-year ended 31 December 2015**

	Note	31 December 2015 \$	31 December 2014 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		433,110	180,332
Payments to supplier and employees		(1,412,501)	(825,400)
Interest received		4,399	1,846
Interest and other finance costs paid		(686)	-
		<u>          </u>	<u>          </u>
Net cash used in operating activities		<u>(975,678)</u>	<u>(643,222)</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(206,693)	-
Payments for purchase of intangibles		(149,380)	(159,289)
		<u>          </u>	<u>          </u>
Net cash used in investing activities		<u>(356,073)</u>	<u>(159,289)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares and options		11,310	-
Proceeds from issue of convertible notes		-	1,700,000
Payments for share and convertible note issue costs		-	(9,684)
Proceeds from shareholder loans		-	250,000
Repayment of shareholder loans		-	(50,000)
Cost of Capital Raising		(4,962)	-
		<u>          </u>	<u>          </u>
Net cash from financing activities		<u>6,348</u>	<u>1,890,316</u>
Net increase/(decrease) in cash and cash equivalents		(1,325,403)	1,087,805
Cash and cash equivalents at the beginning of the financial half-year		<u>1,486,582</u>	<u>592,538</u>
Cash and cash equivalents at the end of the financial half-year		<u><u>161,179</u></u>	<u><u>1,680,343</u></u>

*The above statement of cash flows should be read in conjunction with the accompanying notes*

**Note 1. Significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2015 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2015 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

**Basis of preparation**

The condensed financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. The same accounting policies and methods of computation are followed in the half-year financial report as compared with the Company's most recent annual financial report, for the financial year ended 30 June 2015.

**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.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

**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. The Company has experienced operating losses of \$1,442,531 during the half year ended 31 December 2015. Cash reserves were \$161,179 as at 31 December 2015. Subsequent to half-year end, the Company has received \$456,125 in relation to the FY2015 R&D Tax Return.

Series B Convertible Notes, with a face value of \$2,500,000 at 31 December 2015 (totalling \$2,826,634 including interest payable in event of redemption at 31 December 2015), can be early converted to Ordinary Shares at the election of holders at \$0.23 per Ordinary Share. These notes mature on 30 December 2016 and are redeemable if unconverted by holders at that time.

The Directors are of the opinion that the planned additional capital of \$1,000,000 to be raised in March 2016, will provide the Company with adequate funds to ensure its continued viability and operate as a going concern.

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.

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 \$6,000,000 it is the current intention of the Genera Board to shortly thereafter call the outstanding Series B Convertible Notes for redemption. Should the Series B Notes be called early it is the current intention of the Genera Board to also extinguish the proposed \$1,000,000 mezzanine debt facility.

**Genera Biosystems Limited**  
**Notes to the financial statements**  
**31 December 2015**

**Note 1. Significant accounting policies (continued)**

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.

Should the matters as set forth above not materialise, then these and the conditions noted above 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 their assets and discharge their liabilities in the normal course of business, and at the amounts stated in the financial report.

**Note 2. 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 business and geographical segment being the development and commercialisation of a portfolio of molecular diagnostic test technologies in Australia.

**Note 3. Other income**

	31 December 2015 \$	31 December 2014 \$
R&D tax incentive income	308,580	-

**Note 4. Finance costs**

	31 December 2015 \$	31 December 2014 \$
Loss before income tax includes the following specific expenses:		
<i>Finance costs</i>		
Interest on shareholders	-	225,379
Interest on convertible notes	418,927	234,478
Finance costs expensed	418,927	459,857

Finance costs mainly relate to interest on Series B Convertible notes.

**Note 5. Equity - Issued capital**

	31 December 2015 Shares	30 June 2015 Shares	31 December 2015 \$	30 June 2015 \$
Ordinary shares - fully paid	99,619,572	99,492,001	26,007,746	25,982,940

*Movements in ordinary share capital*

Details	Date	Shares	Issue price	\$
Balance	1 July 2015	99,492,001		25,982,940
Exercise of options	07 August 2015	52,571	\$0.30	15,771
Exercise of options	07 September 2015	25,000	\$0.15	4,666
Exercise of Options	29 December 2015	50,000	\$0.15	9,332
Capital raising costs		-	-	(4,963)
Balance	31 December 2015	99,619,572		26,007,746

**Genera Biosystems Limited**  
**Notes to the financial statements**  
**31 December 2015**

*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.

*Share buy-back*

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

**Note 6. Borrowings**

	<b>31 December 2015</b>	<b>31 December 2014</b>
	<b>\$</b>	<b>\$</b>
Series A Convertible Notes	-	236,831
Series B Convertible Notes	2,826,634	1,623,375
Shareholder loans	-	200,000
	<hr/>	<hr/>
Total Borrowings	<u>2,826,634</u>	<u>2,060,206</u>

(a) Series A Convertible Notes

During the previous financial year the Company raised \$1.0 million through the issue of 10,000 Series A unlisted convertible notes with a face value of \$100 per note. The notes had a maturity date of 30 June 2015, and accrued interest at a rate of 40% per annum in the event of redemption.

On 31 December 2014, 8,347 of these convertible notes were converted to 7,518,871 fully paid ordinary shares at a conversion price of \$0.115 per share. The remaining 1,653 of these notes were converted to 1,497,648 fully paid ordinary shares at a conversion price of \$0.115 per share on 13 April 2015.

The notes were not listed on the ASX.

(b) 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 31 December 2016, and accrue interest at a rate of 30% per annum in the event of redemption. They can be converted to shares at the election of the note holder, at a conversion price of \$0.25 per share prior to 31 July 2015 and \$0.23 after 31 July 2015.

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 after 1 May 2015. The notes are not redeemable by note holders until 31 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.

**Note 6. Borrowings (continued)**

Voting

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

(c) Shareholder loans

During the previous half year, the Company borrowed \$250,000 from shareholders in November 2014 for short term funding. The Company granted 2 million options at an exercise price of \$0.27, expiring at 31 December 2017. These options have been fair valued at \$0.13 cents per option and recognised in the profit or loss as finance costs using the effective interest rate method. In valuing the options a volatility of 80% has been applied.

At 31 December 2014, \$50,000 was repaid via a subscription to the Series B Convertible Notes. The remaining funding was repaid on 6 January 2015 once the proceeds of the Series B Convertible Notes were received.

**Note 7. 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 31 December 2015 was \$437,500 (30 June 2015: \$437,500). This amount has not been provided for in the Company's accounts as at 31 December 2015 as it will become payable only in the event that a monetisation event occurs.

**Note 8. Events after the reporting period**

In January 2016, the Company received \$456,125 in relation to its 2014/2015 R&D tax incentive refunds.

No other matter or circumstance has arisen since 31 December 2015 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.

**Genera Biosystems Limited**  
**Directors' declaration**  
**31 December 2015**

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 31 December 2015 and of its performance for the financial half-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.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



---

Mr Lou Panaccio  
Chairman

29 February 2016

The Rialto, Level 30  
525 Collins St  
Melbourne Victoria 3000

Correspondence to:  
GPO Box 4736  
Melbourne Victoria 3001

T +61 3 8320 2222  
F +61 3 8320 2200  
E [info.vic@au.gt.com](mailto:info.vic@au.gt.com)  
W [www.grantthornton.com.au](http://www.grantthornton.com.au)

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

We have reviewed the accompanying half-year financial report of Genera Biosystems Limited ("Company"), which comprises the statement of financial position as at 31 December 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration.

### Directors' responsibility for the half-year financial report

The directors of Genera Biosystems Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Genera Biosystems Limited financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Genera Biosystems Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

Grant Thornton Audit Pty Ltd ACN 130 913 594  
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

Liability limited by a scheme approved under Professional Standards Legislation. Liability is limited in those States where a current scheme applies.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Independence

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

#### Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Genera Biosystems Limited is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the Company's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

#### Emphasis of matter

Without qualifying our opinion, we draw attention to Note 1 in the financial report which indicates that Company incurred a net loss of \$1,442,531 for the half-year ended 31 December 2015 and, as of that date, the consolidated entity and cash outflows from operating and investing activities equates to \$1,331,751. 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 consolidated entity 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.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



M.A Cunningham  
Partner - Audit & Assurance

Melbourne, 29 February 2016