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Monday 31 July 2017

**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 2017.

The company held cash at end of quarter of \$220k representing a net increase of \$186k during the quarter. Operating cash outflow was (\$153k) for the June quarter with the full year operating cash burn amounting to (\$799k).

Cash receipts from customers for the quarter and the full year amounted to \$232k and \$821k respectively which were up 84.1% and 24.2% versus the corresponding June 2016 periods. Sales receipts during the month of July were \$78k with the company currently anticipating that current quarter receipts will exceed those received in the 2016 September quarter.

The Company’s order levels from its major customer for its respiratory panel test continue to ramp up as the southern hemisphere flu season progresses with another year of record volumes anticipated.

Genera currently anticipates record operating revenues for the current quarter. Cash receipts from these sales alongside a projected ~\$500k FY2017 ATO tax incentive rebate should deliver a positive operating cash flow for the current half year period to 31 December 2017.

Current Capital Raising

Genera is targeting the completion of a material capital raising late in the current quarter. In the interim to assist in funding general working capital requirements Genera has increased its existing Mezzanine debt facility to ~\$1.3m at 30 June. This facility may be increased to \$1.5m as required. The Board has approved the CEO, Richard Hannebery, providing additional financial support alongside other lenders under the increased Mezzanine debt facility on the terms previously disclosed to the ASX.

Holders of all Series B Convertible Notes on issue agreed unanimously to further extend the term of the Notes by 3 months to 30 September 2017. Richard Hannebery, Genera Chief Executive Officer commented, “We again appreciate the collegiate support of our Noteholders in supporting the current execution plan to deliver an optimal outcome for all stakeholders.”

Genera has recently appointed a US-based boutique investment bank to lead a material equity-linked expansion capital financing for the Company. The principal of the firm who is leading the transaction has a 4-5 year history with Genera from a prior role and approached the company earlier

this year to discuss the Board's appetite for sourcing funding in the US market. Preliminary discussions with potential investors have now commenced and we hope to have the capital raising concluded in the current quarter or shortly thereafter.

Business Update

Operational activities during the quarter were focused on ensuring the Company is well placed to meet rising customer demand for respiratory tests as southern hemisphere flu season volumes increase.

Other areas of focus included work towards validation of a new enzyme that is being incorporated into both Genera's PapType® HPV test and a new Sexually Transmitted Infections panel. Successful integration of the new enzyme will result in PCR run times approximately halving for operators running these tests thereby delivering additional throughput capacity for pathology customers over a single shift. Richard Hannebery commented, "Genera's AmpaSand® multiplexing platform is already well-placed for use in high-volume laboratories due to its ability to test for all targets in a single-well of a reaction plate. Further, the PCR run-time improvements that this new enzyme appears capable of delivering, coupled with new automation capabilities being introduced with respect to instrumentation, will provide operator workflow benefits and testing volume throughput capacity not previously experienced by Genera customers."

During the quarter the TGA undertook a comprehensive audit of Genera's manufacturing facilities. Genera is pleased to report that it has recently received confirmation from the TGA that the audit has successfully closed with TGA records being updated to show a final compliance facility rating of A1. Information on the TGA's system to determine compliance rating can be found at the TGA website at <https://www.tga.gov.au/manufacturer-compliance-history>.

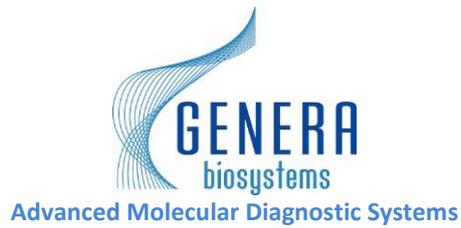
The next re-audit of Genera's manufacturing facility is expected to be performed by the TGA by June 2019.

Genera's team continued to work on the collation of a Meijer compliant clinical data package for its PapType® HPV test during the period. Meijer compliant data will support the market positioning of Genera's PapType® HPV test when the new cervical screening regime is introduced in the Australian market on 1 December 2017.

Genera's PapType® test is currently listed on the Australian Register of Therapeutic Goods ('ARTG'). Our regulatory team has been advised that, under the new regime, all qualifying HPV tests will be listed on the Medicare Benefits Schedule once commercial pathology providers running the tests have sufficient comfort that the performance of the HPV test being used meets the 'Meijer performance guidelines'. Genera has received prior indication from members of its world class scientific advisory board that, based on extensive clinical studies of PapType®, the test should meet these guidelines.

IVD partnering

Genera continues to make strong progress in its prospective IVD partnering discussions and currently anticipates having this key commercialisation milestone concluded with details announced to the market in the current quarter or shortly thereafter.



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 subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Genera Biosystems Limited

ABN

69 098 663 837

Quarter ended ("current quarter")

30 June 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	232	821
1.2 Payments for		
(a) research and development	(77)	(754)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(246)	(1,069)
(f) administration and corporate costs	(62)	(550)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives (R&D)	-	753
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(153)	(799)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(75)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
(d) intellectual property	(9)	(125)
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(9)	(200)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	375
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	348	805
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	(27)
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	348	1,153

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	34	66
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(153)	(799)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(9)	(200)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	348	1,153

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	220	220

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	220	34
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	220	34

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
31
-

Salary, superannuation and directors fees related to directors.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
-
-

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	1,340	1,340
8.2 Credit standby arrangements	-	-
8.3 Other (Convertible Note)	3,000	3,000
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

Loan facilities include Convertible Notes and Mezzanine Loan.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	150
9.2 Product manufacturing and operating costs	50
9.3 Advertising and marketing	25
9.4 Leased assets	25
9.5 Staff costs	300
9.6 Administration and corporate costs	100
9.7 Other (Redemption of Series B Notes)	2,900
9.8 Total estimated cash outflows	3,550

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:  Date: 31 July 2017
(Non-Executive Chairman)

Print name: Lou Panaccio

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.