Genera Biosystems Limited

ABN 69 098 663 837

Financial Report - 30 June 2018

Directors	Mr Lou Panaccio (Non-Executive Chairman) Mr Richard Hannebery (Chief Executive Officer and Executive Director) Dr Karl Poetter (Chief Scientific Officer and Executive Director) Mr David Symons (Non-Executive Director) Mr Jim Kalokerinos (Non-Executive Director)
Company secretary	Ms Melanie Leydin
Registered office	Small Technologies Cluster 1 Dalmore Drive, Scoresby Victoria, 3179 Ph: 03 9763 1287 Fax: 03 9763 2817
Share register	Computershare Investor Services Pty Limited 452 Johnston Street Abbotsford VIC 3067 Ph: 1300 309 739
Auditor	Grant Thornton Audit Pty Ltd Collins Square, Tower 1 727 Collins Street Docklands VIC 3008
Stock exchange listing	Genera Biosystems Limited shares are listed on the Australian Securities Exchange (ASX code: GBI)
Website	www.generabiosystems.com
Corporate Governance Statement	The Company's 2018 Corporate Governance Statement is available on the Company's website at http://generabiosystems.com/investor-information/#corporate-governance

Introduction of new cervical screening regime

On 1 December 2017, Australia formally adopted a new National Cervical Screening Program**.** The implementation of the program was the most significant change since the introduction of the previous program in 1991 and has seen the traditional pap smear (liquid based cytology) replaced with HPV testing with limited genotyping as the front line screening test.

Main Features of the new National Cervical Screening Program:

- Screening to commence at age 25 and finish at age 74;
- Women will be invited to participate and will be reminded to attend for follow-up;
- Primary screening will be a test for oncogenic HPV (human papillomavirus), with partial genotyping, performed on a sample collected from the cervix into LBC (liquid based cytology) medium;
- Samples which test positive for oncogenic HPV will have reflex cytology testing;
- Samples which test positive for HPV types 16/18 or which show changes suggestive of high grade intraepithelial disease or invasive disease on cytology will be referred for colposcopy;
- Comprehensive evidence-based guidelines for clinical management will include recommendations for repeat testing, further investigations and follow-up protocols;
- Guidelines for testing in special circumstances will be available, including recommendations for management of immunocompromised women and those with other special risk factors;
- Women with symptoms or signs suggestive of intraepithelial or invasive disease can be tested at any time; and
- Self-sampling will be permitted in certain circumstances.

How does Genera's PapType® test fit within the new cervical screening environment?

Genera believes that in PapType**®** it has an extremely competitive test, both clinically and commercially. In developing PapType**®** Genera believes it was prescient in identifying where the market would head in advanced cervical cancer screening, triage and treatment. Due to PapType's full 'high-risk' simultaneous HPV genotyping capability, to a large extent the test is 'future proofed' within the HPV testing space for the next decade and beyond and the Board of Genera remains excited by the market potential of our lead test.

Genera has developed a go-to-market strategy for PapType**®** of initially entering the market via 'reflex' testing of women who present with one of the high-risk HPV infections aside from types 16 & 18. Persistent infection with the same high-risk viral type is the primary cause of cervical cancer and Genera believes that the additional genotype information provided by PapType can aid clinicians in monitoring 'at risk' women, particularly those who present with HPV type 31 and 33 infections.

While reflex testing is not currently reimbursed by the MBS, there are clear precedents for consumers being willing to pay 'out-of-pocket' for valuable clinical information in relation to cancer risk. Genera's market research indicates that many women would be willing to pay an amount up to $75.00 to glean additional clinical information on HPV type-specific infection once diagnosed with an oncogenic' HPV infection aside types 16 or 18.

Genera's discussions indicate that commercial pathology laboratories are open to providing clinically useful tests that can be well-positioned in the market outside of reliance upon MBS reimbursement.

In addition to the 'reflex testing' opportunity Genera is aiming to position PapType**®** as fit for purpose as a screening test in accordance with the recently implemented Australian National Cervical Cancer Screening Program. Due to its ability to simultaneously genotype 99% of HPV types that cause cervical cancer PapType may offer prospective pathology laboratory customers multiple revenue streams while performing a single assay off a single patient sample. Genera's flexible proprietary QPlots™ reporting software, which itself is IVD approved, affords Genera the ability to run various '*flex-pricing'* models with prospective pathology customers. Further, Genera believes that the operator workflow benefits that may be provided by a new automated and integrated instrumentation platform to be supplied by Beckman Coulter can bolster the attractiveness for pathology laboratories utilising PapType**®** as a high volume screening test.

New Beckman Coulter automated instrumentation system

Genera was delighted to announce on 8 May 2018 that it had entered into a Distribution Agreement with Beckman Coulter. Beckman Coulter is a leader in the fields of automation and flow cytometry. The new instrumentation system is a fully enclosed high throughput system that seamlessly integrates the CytoFLEX™ flow cytometry technology with Beckman Coulter's next generation automation system, the Biomek™ i-Series platform.

The Biomek i-Series platform was internally developed by Beckman Coulter over a number of years and was initially launched into the market in mid-2017. The system is designed for customers to meet their goals by delivering improved levels of simplicity, efficiency, adaptability, reliability and throughput. The integrated system will benefit prospective customers looking for faster throughput and improved workflows for their laboratory processing.

Until now a key barrier to wider adoption of AmpaSand® assays has been the lack of availability of an integrated and fully automated instrumentation solution for prospective pathology customers. Access to this system under the distribution agreement unequivocally addresses a prior weakness in the Genera business model.

Genera sees enormous commercial opportunity for a broad, affordable test menu that will be able to be run with a highly automated workflow incorporating CytoFLEX™ technology. We believe the agreement with Beckman Coulter will provide Genera customers a best of breed high throughput automated instrumentation solution capable of walkaway sample-to-results post PCR. A lower throughput solution will also be offered to customers, incorporating an on-deck PCR allowing walkaway sample-to-results post DNA/RNA extraction.

Genera intends to provide AmpaSand® based assays to customers under reagent rental agreements. The structure of the distribution agreement will allow instrumentation placements to be scaled in a capital light manner helping Genera to optimize its return on invested capital and free cash flow generation.

Each high throughput system will have a capacity of approximately 140,000 tests per annum. The minimum target customer volume will be approximately 20% of this capacity. Further planned menu expansion will increase the likely addressable customer base and should aid test sales velocity in driving maximum capacity utilisation for pathology customers.

While the initial scope for new customers is limited to Australia and New Zealand, Genera, in concert with Beckman Coulter, plans to target a number of additional market geographies over the next 12 months and beyond. Outside of Australia and New Zealand, these geographies include India, South America, Asia and selected parts of Europe. Genera is confident that it can leverage the well-established service and support network of Beckman Coulter in all of these targeted jurisdictions.

Validation of the new instrumentation system

Before Genera can offer prospective customers placements of the new automated system, regulatory guidelines require Genera to internally validate the performance of the new system running existing ARTG listed and CE marked AmpaSand® assays. This important validation process suffered an initial setback whereby a new third party sub-component that performed a clean-up of Genera's Silica test beads failed to meet performance expectations after extensive validation studies. Genera explored the integration of this particular filter plate sub-component within the system due to potential equipment cost savings and further improved assay run time speed improvements that it may have provided. Due to these potential benefits our team persevered to try to make the new sub-component meet required performance thresholds but to no avail.

In October 2018 Genera reverted to the integration of a traditional centrifuge provided by a leading US vendor. This centrifuge has previously been successfully integrated with the Beckman Biomek i-Series platform. Genera currently anticipates that the centrifugation performance will be successfully validated by the Scoresby team no later than the 1st week of December 2018. The 'clean-up' process for Genera's test beads using centrifugation has been previously validated in thousands of tests and given this prior experience our team sees very little execution risk in this milestone delivery.

Genera currently anticipates that it will be ready to offer prospective customers placements of our PapType® HPV test, initially as a reflexive test, running on the new system in the second half of the March 2019 quarter.

PapType® Clinical Data

Key to adoption as a screening test is the compilation of clinical data that is compliant with the 'Meijer guidelines'. During the year Genera developed an updated version of its QPlots™ analytical software. This was used to reanalyse the raw data generated in a large study designed to demonstrate whether PapType® could be fit for purpose as a screening test utilising the Beckman Coulter CytoFLEX™ system. The study involved in excess of 6,500 clinical patient specimens collected in a screening based population and compared the performance of PapType® against all other commercially available assays from global IVD companies.

Tests from major global IVD companies included in the study were: Roche - Cobas®, Abbott - Real-time®, Hologic - Aptima®, Becton Dickinson - Onclarity® and Qiagen - Hybrid Capture® 2

The data set was delivered to a global Key Opinion Leader (KOL) in cervical cancer screening for analysis and Genera received confirmation of analysis during the final quarter of the financial year. The Company will respect the rights of the international KOL to publish the data under peer review prior to general public release. Genera now plans to replicate the performance of the PapType® assay in an additional validation study using the new automated system provided by Beckman Coulter. This validation study is anticipated to be undertaken during the second half of the March 2019 quarter.

Subject to 'Meijer compliant' clinical performance thresholds being met and independently verified, which the Company expects to achieve, Genera plans to use this additional data as part of a compliance package to demonstrate that PapType® is fit for purpose for laboratories undertaking testing under the recently implemented Australian National Cervical Cancer Screening Program.

PapType® has robust intellectual property protection

Genera's strong intellectual property position underlies the AmpaSand® multiplexing platform, which in turn facilitates PapType's broad genotyping capability and allows high volume test throughput – a key consideration for pathology laboratories running a screening test. This provides additional comfort to Genera's commercialisation strategy. Our patent portfolio affords protection for PapType utilising the current solid-phase version of AmpaSand® out to 2028.

Outside of Australia, Genera believes that its comprehensive IP portfolio of granted patents in all major jurisdictions may aid Genera in securing 'buy-in' from well-funded potential partners in undertaking additional clinical studies that may be used in securing marketing approval for PapType® in the US market.

PapType® partnering activity for the US market

As soon as confirmation is received that the data is Meijer compliant, Genera plans to progress discussions with a number of large credible potential partners for the commercialisation of PapType® in the US market.

In October 2016, Genera received results from over 2,000 cervical screening specimens collected in a United States-based screening population. The evaluation was undertaken by the University of New Mexico, Health Sciences Center – School of Medicine, Department of Pathology, ('UNMHSC'). This was the first independent clinical study Genera had undertaken with PapType® running on the Beckman Coulter CytoFLEX™ instrument.

Subsequent to the clinical validation of PapType® running on the new automated instrumentation system being completed in the March 2019 quarter, Genera looks forward to actively pursuing the delivery of a partnership that can support significant registration study clinical trials. Any additional US studies will utilise the updated version of its QPlots™ analytical software and the new Beckman Coulter instrumentation system so as to best position a successful registration of PapType® with the FDA in the future.

In selecting an appropriate partner, Genera is focused on parties that have the requisite experience in coordinating large multi-centre clinical trials, a successful track record in securing FDA PMA approvals, a close strategic fit for PapType® within their existing portfolio and financial capacity. Further to any agreed milestone payments and royalties on successful commercialisation, Genera will seek a material strategic equity investment from its prospective US partner.

Key to these discussions is the breadth and depth of PapType® clinical data generated to date. This data shows reliable and reproducible performance in both screening and referral populations involving in excess of 18,000 samples in studies across Australia, the UK and the USA by independent global key opinion leaders in cervical cancer screening.

Current Capital Raising

After undertaking an exhaustive process with our appointed US-based boutique investment bank earlier in the year it was clear to Genera that there was little prospect of securing a meaningful investment that did not also force the Company to accept sub-optimal commercial terms with respect to future product income opportunities while the new Beckman Coulter instrumentation system remained unvalidated in running selected Genera assays.

Given these circumstances the board of Genera decided to withdraw from its active external capital and partnering program and instead source required funding internally from existing shareholders via a 4 for 5 non-renounceable entitlements issue. The proposed issue price under the entitlements issue will be $0.13 per Genera Ordinary Share with a proposed completion date of mid-December. The company's shares will remain suspended from trading until the close of the proposed entitlement issue.

In the lead up to the prospectus lodgement for the entitlements issue Genera has entered into a Series B Noteholder restructure deed that affords the Company the flexibility to undertake the proposed entitlements issue with a stable capital structure.

Subsequent to the end of the financial year Genera's existing major customer withdrew its supply arrangement for Genera's respiratory panel. Reasons underlying the cessation of RUO Respiratory panel sales to Genera's major customer were, ironically, focused on workflow issues and the lack of instrument automation running the panel on Genera's now redundant instrument offering.

The introduction of new highly automated instrumentation system under the proposed Beckman Coulter partnership should facilitate demonstrable workflow benefits for operators running Genera's PapType® test, our respiratory panel and other commercialised tests in the development pipeline.

While Genera was pursuing its exhaustive IVD instrumentation partnering process it made the strategic decision to extend the proposed launch date of its 8-plex sexually transmitted infections panel. STIplex is currently anticipated to launch within 6 months of validating the new Beckman Coulter instrumentation system. The new system running the STIplex panel will offer unmatched volume throughput for the eight key targets detected by the panel. Amongst other targets the panel will include standard *Chlamydia trachomatis*, *Neisseria gonorrhoeae*, *Trichomonas vaginalis* and *Mycoplasma genitalium* and all relevant macrolide resistance markers.

Genera anticipates that an initial core menu of 3 high volume panel tests is likely to be sufficient for a successful initial launch of AmpaSand® test menu running on the Beckman Coulter automated instrumentation system.

Target customers for Genera adopting the new Beckman Coulter instrumentation system will be those laboratories running in excess of ~20,000 tests per annum in aggregate between HPV, STI and respiratory panels.

Genera plans to broaden the available test menu out to 6 or more assays based upon *voice-of-customer* feedback from various jurisdictions that it plans to target in concert with the new Beckman Coulter instrumentation system.

Companion Diagnostic Assay Development

Due to our ability to multiplex 30 to 40 or more targets in a single-well of a reaction plate, we have always thought that our proprietary AmpaSand® test platform was uniquely placed for the development of high value companion diagnostics for the delivery of precision medicine

With access secured to what we believe to be a very competitive automated workflow Genera undertook an internal strategic review during the year to identify other opportunities for our multiplex AmpaSand® testing platform, driven by our world class scientific development team. As a consequence of this review Genera identified attractive opportunities in the field of Companion Diagnostic testing for biomarker discovery and profiling relevant to the drug development process and delivery of numerous precision medicine therapies.

Key Appointments to Executive Leadership Team

The strategy outlined above will be augmented by the addition of Mr Seong Chen and Dr Damian Pethica to its Executive Leadership Team, in August 2018. Biographies of both Seong and Damian are included in Genera's 31 August 2018 ASX release.

Both Seong and Damian have extensive experience in areas relevant to Genera's commercialisation strategy, specifically in HPV and drug development and precision medicine. Securing them is an absolute coup for our company and shareholders alike. Both have a deep understanding of the HPV market which is highly relevant to our lead test, PapType®. They will provide invaluable support to our CEO, Richard Hannebery, in helping drive additional high value partnering deals. Additionally, their experience and relationships will assist in our push into the companion diagnostic (CDx) testing space.

The expanded commercialisation team has already developed a comprehensive strategy to leverage the capabilities of Genera's AmpaSand® multiplex platform with a number of large potential pharma partners. The delivery of successful CDx collaboration(s) are key KPI's for the Genera Executive Leadership team in 2019.

Genera has a wide field of commercial opportunity that builds upon the strong foundation provided by the Beckman Coulter Distribution Agreement announced earlier this year and we are confident that building out our senior team with these key additions will assist in capitalising on this opportunity.

Thank you to our loyal shareholders and staff

Finally, your Directors acknowledge the unwavering support of our shareholders who continue to share the vision and see the opportunities that are present for the company and its exciting technology platforms. While the past 12 months has been undoubtedly the most productive year in your company's history we acknowledge some frustrations of our shareholders in getting to where we are today. We would also like to specially acknowledge the efforts of our staff. For a number of years your company has operated in a manner designed to minimize the level of cash burn prior to the delivery of key commercial deals and the generation of meaningful revenues. As a consequence we have been disciplined in our management of headcount and, all of our people, Directors included, have undertaken extra tasks and duties and it is appropriate to formally acknowledge this.

We thank you for entrusting us with your precious capital and we look forward to delivering you many important and significant milestones in 2019 that can do the ultimate justice to the extremely valuable platform and team that we have at Genera.

The Directors present their report, together with the financial statements, on the consolidated entity for the year ended 30 June 2018.

Directors

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

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

Principal activities

The consolidated entity'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 focused on high-growth and strategically important areas.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to $4,481,197 (30 June 2017: $3,823,810).

Revenue increased by $88,144 to $889,079 up 11.0% on the prior year (2017: $800,935) mainly due to higher respiratory panel kit sales. Revenue growth slowed versus the prior period which was largely due to a late commencement, and less severe 2018 flu season versus that of 2017. Total operating expenses in 2018 increased by $661,025 to $5,786,709 (2017: $5,125,684). The material increase in operating expenses was largely due to an 22.21% increase in finance expenses to $2,370,221. This material increase in this expense related to the compounding effect of outstanding Series B Convertible Notes that accrue non-cash, capitalised interest and also the subordinated Mezzanine Debt.

Net cash used in operating activities in 2018 ($1,167,626) was higher than the previous year (2017: $765,591) largely due to $189,759 higher payments to employees and suppliers and a substantially lower R&D tax incentive rebate receipt received in 2018 of $421,787 (2017: $722,358).

Net liabilities have increased by $2,930,943 to $6,311,875 (2017: $3,380,932). Approximately 85% of the increase in Net liabilities was due to increased financial liabilities relating to the Series B Convertible Notes and the subordinated Mezzanine loan facility.

With the May 2018 announcement of the Beckman Coulter Distribution Agreement the company believes it is well positioned to undertake a material restructure and recapitalisation of its balance sheet. Given this the Company has decided not to extend the outstanding Series B Convertible Notes or the subordinated mezzanine loan facility beyond 30 June 2018. As previously announced to the ASX the Company is in the process of lodging a prospectus with ASIC to raise up to $11.2 million in ordinary equity via a 4 for 5 entitlements issue at $0.13 per Ordinary Share. A large part of the proceeds from the Entitlements Issue will be applied to largely redeem and repay all outstanding debt. The Company announced the completion of a Series B Restructuring Deed with Noteholders that affords the Company the flexibility to undertake the proposed entitlements issue with a stable capital structure.

Significant changes in the state of affairs

During the year, the consolidated entity announced three extensions to the Series B Convertible Notes redemption date. The first extension to 30 September 2017, the second to 31 December 2017, and the third to 31 March 2018, under Variation Agreements. The Amended Terms provide under certain circumstances that following principal repayment note holders will agree to accept a lower rate of capitalised interest upon redemption. In the event that this is triggered note holders shall receive options to acquire Ordinary Shares in Genera at an exercise price of $0.25 (‘Call Options’).

The options associated with the Mezzanine loan funding were issued following the 2017 Annual General Meeting. During the period, the consolidated entity also raised an additional $160,000 as part of the Mezzanine loan funding.

On 20 November 2017, the consolidated entity announced that it had received its R&D Tax Incentive claim refund in the amount of $421,787 which was $67,593 less than the final amount claimed as ATO debits were offset against the receivable.

On 13 December 2017, the consolidated entity issued a total of 6,846,667 fully paid ordinary shares upon the conversion of unlisted options at an exercise price of $0.15 (15 cents) per option in accordance with the Company's Employee Share Option Plan.

On 8 May 2018, the consolidated entity announced that it had entered into a distribution agreement with Beckman Coulter Life Sciences.

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

Matters subsequent to the end of the financial year

On 9 July 2018 the consolidated entity announced it is preparing a long form prospectus for a non-renounceable entitlements issue of Ordinary Shares to raise up to $11.2m ('the Entitlements Issue').

On 31 August 2018 the consolidated entity announced that it had appointed Mr Seong Chen and Dr Damian Pethica to its Executive Leadership Team. Both Seong and Damian have a deep background in areas relevant to Genera's commercialisation strategy, specifically in HPV and drug development and precision medicine.

On 5 September 2018 the Company entered into a Series B restructure deed with Series B Noteholders. Under the restructure deed it is proposed that each Noteholder will receive a cash redemption amount of a minimum of $130.00 per Note with the liability balance to be satisfied by the issue of new Series C Notes. The number of Series C Notes to be issued by the Company will depend on the number of Series B Notes redeemed by the Company on or prior to the redemption date under the Series B Notes (30 December 2018). Funding of the proposed cash redemption provided for under the restructure deed will be financed from the proceeds of the Entitlements Issue. Under the restructure deed Noteholders agreed to suspend any redemption request until 30 December 2018.

Since end of the financial year the Company has raised additional funding via the issuance of 1,250 Series B Notes and Mezzanine loans. The amount raised under these instruments was $125,000 and $427,787 respectively, with the funds applied to support general working capital requirements of the Company.

No other matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

The consolidated entity will focus on the following activities:

- Complete systems integration and validation of new Beckman Coulter automated instrumentation system with third party devices.
- Enter into major supply agreement(s) with domestic pathology companies for both PapType® as a 'reflexive test' and STIplex sexually transmitted infections panel running on new Beckman Coulter automated and high throughput instrumentation system.
- Complete validation of new enzyme incorporation for both PapType® and STIplex and release new version of PapType® incorporating new enzymes to further improve PCR cycle times.
- Out license PapType® marketing rights for US and Canadian markets with well-credentialed US Partner that has financial resources and successful commercialisation track record to support a US pivotal trial/registration activities.
- Continue to explore out licensing opportunities for PapType® in China market subject to acceptable agreed economics.
- Formalise a development collaboration and partnership with selected global pharmaceutical companies to utilise tailored AmpaSand® based panel assays for selected biomarker research in internal drug development programs and also explore opportunities for development of an AmpaSand® test panel for BRAF and EGRF testing.
- Lodge application for ARTG listing of STIplex and deliver subsequent listing and CE marking
- Further progress manufacturing scale-up activities.

Environmental regulation

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

Information on Directors

Name:	Lou Panaccio
Title:	Chairman (Non-executive)
Qualifications:	B. Ec., CA
Experience and expertise:	Mr Panaccio has 30 years management experience in business and healthcare services. He is currently Non-Executive Director of ASX-listed Sonic Healthcare Limited (ASX:SHL), Non-Executive Chairman of Avita Medical Ltd (ASX:AVH), Non-Executive Director of Rhythm Biosciences Ltd (ASX:RHY), and a Non-Executive Director of Unison Housing Limited. He was also the Chief Executive Officer and an executive director of Melbourne Pathology for 10 years to 2001.
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Audit and Risk Committee and Nomination and Remuneration Committee.
Interests in shares:	920,283 fully paid ordinary shares.
Interests in options:	1,950,972 options exercisable at $0.25 expiring on 20/12/2020

Name:	Karl Poetter
Title:	Director (executive)
Qualifications:	BA, PhD
Experience and expertise:	Mr Poetter is the Chief Scientific Officer of Genera Biosystems and formerly, Senior Research Scientist with the joint Australian Genome Research Facility/Walter and Eliza Hall Institute for Medical Research programme for new technology development in genomic science. Scientific Advisory Board member for MycroLab Pty Ltd, the CRC for Diagnostics and member of the Executive Committee of the Victorian Infection & Immunity Network. Author or joint author of ten patents and fourteen peer-reviewed publications.
Other current directorships:	None.
Former directorships (last 3 years):	None.
Special responsibilities:	Member of the Nomination and Remuneration Committee.
Interests in shares:	2,011,914 fully paid ordinary shares.
Interests in options:	None

Name:	David Symons
Title:	Director (Non-executive)
Qualifications:	LLB (Hons), BComm
Experience and expertise:	Mr Symons has over 15 years' experience in private equity, investment banking, corporate management and financial journalism. Previously held Executive roles at Cato Counsel, ABN AMRO Capital, Macquarie Bank, Merrill Lynch and Promina Group. Prior to the IPO of Genera, David sat on the Company's Board from October 2007 through to March 2008.
Other current directorships:	Micro-X Limited (ASX: MX1)
Former directorships (last 3 years):	None.
Special responsibilities:	Chairman of the Audit and Risk Committee and member of the Nomination and Remuneration Committees.
Interests in shares:	1,163,808 fully paid ordinary shares
Interests in options:	862,930 options exercisable at $0.25 expiring 20/12/2020

Name:	Jim Kalokerinos
Title:	Director (Non-executive)
Qualifications:	B.SC., E. Econ., FAICD
Experience and expertise:	Mr Kalokerinos has more than 35 years' experience in sales and marketing and business development. He has worked with chemical, laboratory distribution, in-vitro diagnostics and medical devices companies and has held senior management and board positions in Australia and internationally. Jim was a co-founder of three successful companies – Techlab Enterprises, Pacific Diagnostics (sold to Baxter International, a Fortune 500 company), and Panbio Ltd (ASX: PBO, sold to NYSE listed Inverness Medical now Alere). He also has over 30 years' experience as a Company Director presently serving on five Boards and has held positions with technology companies in early stage, and during commercialisation and growth.
Other current directorships:	None.
Former directorships (last 3 years):	None.
Special responsibilities:	Member of the Audit and Risk Committee and Nomination and Remuneration Committee.
Interests in shares:	849,088 fully paid ordinary shares
Interests in options:	975,486 options exercisable at $0.25 expiring 20/12/2020

Name:	Richard Hannebery
Title:	Chief Executive Officer
Qualifications:	BA/Econ., Grad Dip Econ
Experience and expertise:	Mr Hannebery has over 20 years' experience in commercial and financial advisory services specialising in hands-on management for early stage and emerging growth companies and has previously held executive roles with Merrill Lynch, Credit Suisse and JT Campbell & Co. Richard currently works in an advisory capacity with Lodge Partners, a boutique firm specialising in healthcare and technology. He has more than 15 years' experience as a specialist in healthcare technology and intellectual property based businesses operating in regulated markets. Richard's areas of focus include financing, strategy development and its implementation as well as commercialisation. Richard was previously a board member of Genera from 2005 to 2008 and currently serves as a director of Australian Continence Solutions Pty Limited and its operating Company Nurturecare (Aust) Pty Limited whilst also serving as a Director of Micro-X Limited (ASX: MX1).
Other current directorships:	Micro-X Limited (ASX: MX1).
Former directorships (last 3 years):	None.
Special responsibilities:	Member of Nomination and Remuneration Committee.
Interests in shares:	12,113,942 fully paid ordinary shares.
Interests in options:	975,000 options exercisable at $0.25 expiring 30/06/2019 1,249,371 options exercisable at $0.25 expiring 20/12/2020
Interests in rights:	1,000,000 performance rights, expiry 23/12/2019.

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

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

Company secretary

Ms Melanie Leydin, CA

Ms Leydin has 25 years' experience in the accounting profession including 13 years in the Corporate Secretarial profession and is a company secretary and finance officer for a number of entities listed on the Australian Securities Exchange. She is a Chartered Accountant and a Registered Company Auditor. Since February 2000, she has been the principal of Leydin Freyer, specialising in outsourced company secretarial and financial duties.

Meetings of Directors

The number of meetings of the consolidated entity's Board of Directors ('the Board') held during the year ended 30 June 2018, and the number of meetings attended by each Director were:

	Full Board		Nomination and Remuneration Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
Mr Lou Panaccio	10	10	2	2	2	2
Dr Karl Poetter	10	10	2	2	2	2
Mr Richard Hannebery	10	10	2	2	2	2
Mr David Symons	10	10	2	2	2	2
Mr Jim Kalokerinos	10	10	2	2	2	2

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

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

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

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

Principles used to determine the nature and amount of remuneration

a) Remuneration Policy

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

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

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

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

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

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

All remuneration paid to directors and executives is valued at the cost to the consolidated entity and expensed. Options are valued using the Black-Scholes methodology or binominal model as appropriate.

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

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

b) Performance Based Remuneration

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

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

Use of remuneration consultants
During the year ended 30 June 2018 the consolidated entity did not engage any remuneration consultants.

Voting and comments made at the consolidated entity's 2017 Annual General Meeting ('AGM')
At the 2017 AGM, 97.71% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2017. The consolidated entity did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

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

Amounts of remuneration

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity consisted of the following Directors of the consolidated entity:

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

2018	Short-term benefits Cash salary and fees $	Short-term benefits Bonus $	Short-term benefits Non-monetary $	Post employment benefits Super-annuation $	Share-based payments Equity-settled transactions** $	Total $
Non-Executive Directors:						
David Symons*	27,360	-	-	-	8,640	36,000
Jim Kalokerinos*	27,360	-	-	-	8,640	36,000
Lou Panaccio*	54,720	-	-	-	17,280	72,000
Executive Directors:						
Dr Karl Poetter	117,078	-	-	11,122	-	128,200
Richard Hannebery	136,800	-	-	-	141,189	277,989
	363,318	-	-	11,122	175,749	550,189

* The Directors have agreed to defer payment of their fees payable. The amount of the deferred payments is included in cash salary and fees above.

** Share-based payments during the year were in the form of unlisted options and performance rights.

2017	Short-term benefits Cash salary and fees $	Short-term benefits Bonus $	Short-term benefits Non-monetary $	Post-employment benefits Super-annuation $	Share-based payments Equity-settled transactions $	Total $
Non-Executive Directors:						
David Symons	36,000	-	-	-	-	36,000
Jim Kalokerinos	32,877	-	-	3,123	-	36,000
Lou Panaccio	65,753	-	-	6,247	-	72,000
Executive Directors:						
Dr Karl Poetter	114,155	-	-	10,845	-	125,000
Richard Hannebery	180,000	-	-	-	116,095	296,095
	428,785	-	-	20,215	116,095	565,095

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

Name	Fixed remuneration 2018	Fixed remuneration 2017	At risk - STI 2018	At risk - STI 2017	At risk - LTI 2018	At risk - LTI 2017
Non-Executive Directors:						
David Symons	76%	100%	-	-	24%	-
Jim Kalokerinos	76%	100%	-	-	24%	-
Lou Panaccio	76%	100%	-	-	24%	-
Executive Directors:						
Dr Karl Poetter	100%	100%	-	-	-	-
Richard Hannebery	49%	61%	-	-	51%	39%

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

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

Name:	Karl Poetter
Title:	Executive Director/Chief Science Officer
Agreement commenced:	2002
Term of agreement:	No fixed term
Details:	Annual salary is $125,000 inclusive of superannuation.

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

Share-based compensation

Issue of shares

There were no shares issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2018.

Options

The terms and conditions of each grant of options over ordinary shares affecting remuneration of Directors and other key management personnel in this financial year or future reporting years are as follows:

Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
27 November 2017	27 November 2017	20 December 2020	$0.250	$0.0705

Options granted carry no dividend or voting rights.

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

Grant date	Vesting date and exercisable date	Expiry date	Value per right at grant date
24 November 2016	31 December 2017	23 December 2019	$0.1281
24 November 2016	31 December 2017	23 December 2019	$0.3000

Performance rights granted carry no dividend or voting rights.

These Performance rights were approved by shareholders at the consolidated entity's 2016 Annual General Meeting, and the terms of the performance rights were disclosed in the 2016 Notice of Annual General Meeting.

The number of performance rights over ordinary shares granted to and vested by Directors and other key management personnel as part of compensation during the year ended 30 June 2018 are set out below:

Name	Number of rights granted during the year 2018	Number of rights granted during the year 2017	Number of rights vested during the year 2018	Number of rights vested during the year 2017
Richard Hannebery	-	1,000,000	1,000,000	-

Details of performance rights over ordinary shares granted, vested and lapsed for Directors and other key management personnel as part of compensation during the year ended 30 June 2018 are set out below:

Name	Grant date	Vesting date	Number of rights granted	Value of rights granted $	Value of rights vested $	Number of rights lapsed	Value of rights lapsed $
Richard Hannebery	24/11/2016	31/12/2017	-	-	64,084	-	-
Richard Hannebery	24/11/2016	31/12/2017	-	-	150,000	-	-

On 24 November 2016, the consolidated entity agreed to issue 1,000,000 performance rights to Chief Executive Officer, Mr Richard Hannebery. The issue of the proposed performance rights was subject to shareholder approval, and Mr Hannebery's continuing role as director of the Company. The consolidated entity received shareholder approval at its 2016 Annual General Meeting.

The vesting of the proposed performance rights was to take place in two tranches, which were conditional upon Mr Hannebery achieving specified service periods and meeting specified performance objectives, and the consolidated entity meeting specified performance targets as documented in the consolidated entity's ASX release dated 23 December 2016.

The 1,000,000 Rights would vest in the following manner:

- Tranche 1 and 2 to vest on 31 December 2017 based on a performance period of 15 October 2016 to 15 December 2017.
- The vesting of Tranche 1 of the rights was subject to a total shareholder return (TSR) for the consolidated entity of 25% above the S&P ASX Small Ordinaries Accumulation Index and Tranche 2 is conditional upon the achievement of the KPI-related vesting conditions set by the Board being achieved in the Relevant Performance Period.

All 1,000,000 Rights have vested at 31 December 2017.

Additional information

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

	2018	2017	2016	2015	2014
Share price at financial year end ($)	0.16	0.13	0.20	0.33	0.34

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the consolidated entity held during the financial year by each Director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Mr Lou Panaccio	920,283	-	1,975,000	(1,975,000)	920,283
Dr Karl Poetter	1,711,914	-	300,000	-	2,011,914
Mr Richard Hannebery	7,024,401	-	8,089,541	(3,000,000)	12,113,942
Mr David Symons	1,163,808	-	358,334	(358,334)	1,163,808
Mr Jim Kalokerinos	549,088	-	300,000	-	849,088
	11,369,494	-	11,022,875	(5,333,334)	17,059,035

Option holding

The number of options over ordinary shares in the consolidated entity held during the financial year by each Director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/other	Balance at the end of the year
Options over ordinary shares					
Mr Lou Panaccio*	2,500,000	1,950,972	(2,500,000)	-	1,950,972
Dr Karl Poetter*	300,000	-	(300,000)	-	-
Mr Richard Hannebery*	2,500,000	2,224,371	(2,500,000)	-	2,224,371
Mr David Symons*	1,250,000	862,930	(1,250,000)	-	862,930
Mr Jim Kalokerinos*	300,000	975,486	(300,000)	-	975,486
	6,850,000	6,013,759	(6,850,000)	-	6,013,759

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

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary shares of the consolidated entity under option at reporting date are as follows:

Grant date	Expiry date	Exercise price	Number under option
29 December 2015	24 December 2019	$0.300	1,000,000
29 December 2015	30 September 2019	$0.300	300,000
8 April 2016	30 June 2019	$0.250	6,700,000
24 November 2017	31 December 2020	$0.250	1,250,000
27 November 2017	20 December 2020	$0.250	5,038,759
27 November 2017	30 June 2019	$0.250	800,000
			15,088,759

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

Shares under performance rights

Unissued ordinary shares of the consolidated entity under performance rights at reporting date are as follows:

Grant date	Expiry date	Exercise price	Number under rights
24 November 2016	23 December 2019	$0.300	500,000
24 November 2016	23 December 2019	$0.300	500,000
			1,000,000

During the prior period 1,000,000 performance rights were issued to Mr Richard Hannebery subject to specific vesting conditions.

No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any share issue of the consolidated entity or of any other body corporate.

Shares issued on the exercise of performance rights

There were no ordinary shares of the consolidated entity issued on the exercise of performance rights during the year ended 30 June 2018.

Indemnity and insurance of officers

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

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

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

Indemnity and insurance of auditor

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

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

Proceedings on behalf of the consolidated entity
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the consolidated entity, or to intervene in any proceedings to which the consolidated entity is a party for the purpose of taking responsibility on behalf of the consolidated entity for all or part of those proceedings.

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

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

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

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

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

On behalf of the Directors

Mr Lou Panaccio
Chairman

16 November 2018

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Auditor's Independence Declaration

To the Directors of Genera Biosystems Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Genera Biosystems Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

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

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

Grant Thornton Audit Pty Ltd
Chartered Accountants

M A Cunningham
Partner – Audit & Assurance

Melbourne, 16 November 2018

	Note	2018 $	2017 $
Revenue	5	889,079	800,935
Other income	6	416,433	500,939
Expenses			
Laboratory expenses		(440,484)	(408,366)
Travel and accommodation		(4,743)	(48,788)
Employee benefits expense	7	(1,558,276)	(1,378,706)
Finance costs	8	(2,370,221)	(1,939,516)
Depreciation and amortisation expense		(701,046)	(722,902)
Licence and royalty expense		(63,544)	(134,908)
Professional fees		(332,105)	(158,013)
Rent expense		(98,684)	(97,435)
Other expenses		(217,606)	(237,050)
Loss before income tax expense		(4,481,197)	(3,823,810)
Income tax expense	9	-	-
Loss after income tax expense for the year attributable to the Owners of Genera Biosystems Limited		(4,481,197)	(3,823,810)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year attributable to the Owners of Genera Biosystems Limited		(4,481,197)	(3,823,810)
		Cents	**Cents**
Basic earnings per share	27	(4.29)	(3.80)
Diluted earnings per share	27	(4.29)	(3.80)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Genera Biosystems Limited
Statement of financial position
As at 30 June 2018

	Note	2018 $	2017 $
Assets			
Current assets			
Cash		78,018	219,967
Trade and other receivables	10	592,995	612,062
Inventories		1,060	19,866
Prepayments		50,859	57,242
Total current assets		722,932	909,137
Non-current assets			
Property, plant and equipment	11	464,287	386,630
Intangibles	12	2,529,666	2,918,150
Total non-current assets		2,993,953	3,304,780
Total assets		3,716,885	4,213,917
Liabilities			
Current liabilities			
Trade and other payables	13	785,734	904,666
Borrowings	14	8,959,961	6,442,488
Provisions	15	277,902	237,507
Total current liabilities		10,023,597	7,584,661
Non-current liabilities			
Provisions	16	5,163	10,188
Total non-current liabilities		5,163	10,188
Total liabilities		10,028,760	7,594,849
Net liabilities		(6,311,875)	(3,380,932)
Equity			
Contributed equity	17	27,801,847	26,322,747
Reserves	18	1,300,054	1,492,400
Accumulated losses		(35,413,776)	(31,196,079)
Total deficiency in equity		(6,311,875)	(3,380,932)

The above statement of financial position should be read in conjunction with the accompanying notes

Genera Biosystems Limited
Statement of changes in equity
For the year ended 30 June 2018

	Contributed equity $	Share Option Reserve $	Accumulated losses $	Total deficiency in equity $
Balance at 1 July 2016	26,277,747	901,778	(27,380,393)	(200,868)
Loss after income tax expense for the year	-	-	(3,823,810)	(3,823,810)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(3,823,810)	(3,823,810)
Transactions with owners in their capacity as owners:				
Issue of Series B Convertible Notes (Equity component)	45,000	-	-	45,000
Share based payments	-	116,095	-	116,095
Lapsed options	-	(8,124)	8,124	-
Mezzanine loan options	-	482,651	-	482,651
Balance at 30 June 2017	26,322,747	1,492,400	(31,196,079)	(3,380,932)

	Contributed equity $	Share Option Reserve $	Accumulated losses $	Total deficiency in equity $
Balance at 1 July 2017	26,322,747	1,492,400	(31,196,079)	(3,380,932)
Loss after income tax expense for the year	-	-	(4,481,197)	(4,481,197)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(4,481,197)	(4,481,197)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 17)	1,027,000	-	-	1,027,000
Mezzanine loan options	-	46,585	-	46,585
Share based payments	-	476,669	-	476,669
Exercise of ESOP Options	452,100	(452,100)	-	-
Lapsed ESOP options	-	(263,500)	263,500	-
Balance at 30 June 2018	27,801,847	1,300,054	(35,413,776)	(6,311,875)

The above statement of changes in equity should be read in conjunction with the accompanying notes

	Note	2018 $	2017 $
Cash flows from operating activities			
Receipts from customers		883,476	800,800
R&D tax concession received		421,787	722,358
Payments to suppliers and employees		(2,470,495)	(2,280,736)
Interest received		255	135
Interest paid		(2,649)	(8,148)
Net cash used in operating activities	26	(1,167,626)	(765,591)
Cash flows from investing activities			
Payments for property, plant and equipment		(6,618)	(82,500)
Payments for purchase of intangibles		(152,102)	(170,277)
Net cash used in investing activities		(158,720)	(252,777)
Cash flows from financing activities			
Proceeds from issue of shares and options	17	1,027,000	-
Proceeds from issue of convertible notes		-	375,000
Proceeds from Mezzanine loan facility		160,000	-
Proceeds from short term borrowings		-	797,700
Proceeds from borrowings		92,500	-
Repayment of borrowings		(95,103)	-
Net cash from financing activities		1,184,397	1,172,700
Net increase/(decrease) in cash and cash equivalents		(141,949)	154,332
Cash and cash equivalents at the beginning of the financial year		219,967	65,635
Cash and cash equivalents at the end of the financial year		78,018	219,967

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

Note 1. General information

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

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

1 Dalmore Drive
Scoresby, Victoria 3179

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

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 16 November 2018. The Directors do not have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

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

New or amended Accounting Standards and Interpretations adopted

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

Going concern

It is noted that for the 2018 financial year, the consolidated entity incurred a loss from continuing operations after income tax of $4,481,197 (2017: $3,823,810) and consolidated net operational cash outflows of $1,167,626 (2017: $765,591). The consolidated entity also reported a closing cash balance of $78,018 (2017: $219,967) and a net current asset deficiency of $6,311,875 (2017: $3,380,932). At present, the consolidated entity does not have a confirmed source of income that is sufficient to cover its operational costs, and as at the date of the financial report, the consolidated entity anticipates this trend will continue. These conditions indicate a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern.

Should the consolidated entity not be able to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the consolidated entity not continue as a going concern.

The financial statements have been prepared on the basis that the consolidated entity is a going concern, which contemplates normal business activity, realisation of assets and the settlement of liabilities in the normal course of business for the following reasons:

Note 2. Significant accounting policies (continued)

- Genera is currently finalising a prospectus for a 4 to 5 non-renounceable entitlements issue of Ordinary Shares to raise up to $11.2m. The consolidated entity continues to engage with selected new institutional and high net worth investors exploring support for an investment that will strengthen Genera's financial position.
- The consolidated entity entered into a distribution agreement with Beckman Coulter Life Sciences during the year that allows the Company access to a highly competitive instrumentation system on which prospective pathology customers can more efficiently run Genera tests upon. To date access to such a instrumentation system has been a key weakness in Genera’s ability to attract and retain pathology customers.
- The Board considers the AmpaSand platform technology and associated product suite to have significant commercial potential with robust intellectual property position encompassing a range of granted patents both in the US and other jurisdictions.
- The Board is confident, given current circumstances, that existing cash reserves and the continued financial support of major shareholders, including the CEO, will provide Genera adequate financial runway to undertake the formal commercialisation process and also to raise further capital to enable the consolidated entity to conclude a number of significant commercial agreements, generate positive operating cash flow from the sales of selected AmpaSand tests or realise cash inflows via selected asset sales or via a change of control event.

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

In light of the matters referred to above, the Directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recognised in the financial report as at 30 June 2018. Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

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

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

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

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

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

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

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

Note 2. Significant accounting policies (continued)

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

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

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

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

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

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

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

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

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

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

Reclassification
Certain amounts reported in prior years in the financial statements have been reclassified to conform to the current year’s presentation.

Note 2. Significant accounting policies (continued)

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2018. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

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

The consolidated entity will adopt this standard from 1 July 2018 and the impact of its adoption has been assessed as follows. The consolidated entity's financial instruments consist of cash and cash equivalents, trade and other receivables, and trade and other payables. These will continue to be measured at amortised cost. In relation to impairment requirements, using the ECL method is not expected to change the determination of allowances. The Board believes adoption of this standard will not have a significant impact to the financial statements.

AASB 15 Revenue from Contracts with Customers
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer.

The consolidated entity will adopt this standard from 1 January 2018 and assessed the potential effect on the financial statements. The consolidated entity predominantly derives revenue from the sale of goods. Contracts with customers pertain to predominantly one performance obligation, that being the delivery of the product. Revenue from the sale of goods is currently recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the seller no longer retains continuing managerial involvement. The delivery date is usually the date on which risks and rewards pass. The consolidated entity believes the application of AASB 15 has not resulted in any adjustments. Revenue from sale of goods continue to be recognised at a point in time on the delivery date. The total transaction price does not currently include any variable consideration.

Note 2. Significant accounting policies (continued)

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

The consolidated entity will adopt this standard from 1 July 2019, and continues to assess the potential effect of AASB 16 on its consolidated financial statements.

Note 3. Critical accounting judgements, estimates and assumptions

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

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

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

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

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

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

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

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

Employee benefits provision
As discussed in note 15, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Note 4. Operating segments

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

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

Note 5. Revenue

	2018 $	2017 $
Sales revenue		
Sales of diagnostic kits	888,800	800,800
Other revenue		
Interest	279	135
Revenue	889,079	800,935

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

Note 5. Revenue (continued)

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

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

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

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

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

Note 6. Other income

	2018 $	2017 $
R&D tax incentive	416,433	500,939

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

Government grants relating to costs are deferred and recognised in the statement of profit or loss and comprehensive income over the period necessary to match them on a systematic basis with the costs that they are intended to compensate.

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

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

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

Note 7. Employee benefits expense

	2018 $	2017 $
Salaries and wages	1,331,629	1,219,465
Share based payment expenses	186,581	116,095
Other employee benefit expenses	40,066	43,146
	1,558,276	1,378,706

Note 8. Finance costs

	2018 $	2017 $
Finance costs on Convertible notes	1,661,949	1,575,941
Finance costs on Mezzanine loan facility	705,046	312,527
Amortisation of debt issuance costs for convertible notes	-	42,900
Other finance costs	3,226	8,148
	2,370,221	1,939,516

Note 9. Income tax

	2018 $	2017 $
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(4,481,197)	(3,823,810)
Tax at the statutory tax rate of 27.5%	(1,232,329)	(1,051,548)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	51,310	31,926
Non-deductible R&D expenses for current year R&D tax incentive	301,091	361,936
Non-assessable R&D tax incentive receivable	(114,519)	(83,598)
Non-deductible interest on convertible notes	457,036	202,409
Other tax adjustment	17,475	242,772
	(519,936)	(296,103)
Current year tax losses not recognised	519,936	296,103
Income tax expense	-	-

	2018 $	2017 $
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	22,799,541	22,309,029
Potential tax benefit @ 27.5%	6,269,874	6,134,983

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

Note 9. Income tax (continued)

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

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

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

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

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

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

Note 10. Current assets - trade and other receivables

	2018 $	**2017 $**
Trade receivables	96,800	116,160
R&D tax incentive receivable	484,025	489,380
GST receivable	12,170	6,522
	592,995	612,062

During the year, the consolidated entity recognised an accrual for the research and development tax incentive receivable. Under this regime, as Genera has an aggregated annual turnover of under $20 million, it is entitled to a refundable R&D credit of 43.5% (2017: 43.5%) on the eligible R&D expenditure incurred on eligible R&D activities. The refundable R&D tax offset is accounted for under AASB 120 Accounting for Government Grants and Disclosure of Government Assistance and is recorded as income in the Statement of profit or loss & other comprehensive income.

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

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

	2018 $	2017 $
Plant and equipment - at cost	2,018,318	1,780,199
Less: Accumulated depreciation	(1,554,031)	(1,393,569)
	464,287	386,630

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

	Plant and equipment $	Total $
Balance at 1 July 2016	491,019	491,019
Additions	127,056	127,056
Disposals	(35,282)	(35,282)
Depreciation expense	(196,163)	(196,163)
Balance at 30 June 2017	386,630	386,630
Additions	238,119	238,119
Depreciation expense	(160,462)	(160,462)
Balance at 30 June 2018	464,287	464,287

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

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

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

Plant and equipment	37.5% reducing balance

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

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

Note 12. Non-current assets - intangibles

	2018 $	2017 $
Development - at cost	3,143,358	3,143,360
Less: Accumulated amortisation	(2,320,630)	(2,058,688)
	822,728	1,084,672
Patents and trademarks - at cost	3,855,636	3,703,534
Less: Accumulated amortisation	(2,234,488)	(1,988,347)
	1,621,148	1,715,187
Software - at cost	390,021	390,021
Less: Accumulated amortisation	(304,231)	(271,730)
	85,790	118,291
	2,529,666	2,918,150

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

	Development costs $	Patents, trademarks and licenses $	Software $	Total $
Balance at 1 July 2016	1,346,619	1,767,875	150,794	3,265,288
Additions	-	179,601	-	179,601
Amortisation expense	(261,947)	(232,289)	(32,503)	(526,739)
Balance at 30 June 2017	1,084,672	1,715,187	118,291	2,918,150
Additions	-	152,001	-	152,001
Amortisation expense	(261,842)	(246,141)	(32,502)	(540,485)
Balance at 30 June 2018	822,830	1,621,047	85,789	2,529,666

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

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

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

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

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

Licenses, patents, trademarks and software
Licenses, patents, trademarks and software are recognised at cost of acquisition. Licenses, patents, trademarks and software have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Licenses, patents and trademarks are amortised over their useful life of 15 years on a straight line basis. Software is amortised over its useful life of twelve years on a straight line basis.

Note 13. Current liabilities - trade and other payables

	2018 $	2017 $
Trade payables	387,249	438,974
Other payables	398,485	465,692
	785,734	904,666

Refer to note 19 for further information on financial instruments.

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

Note 14. Current liabilities - borrowings

	2018 $	2017 $
Convertible note debt	2,529,575	2,529,575
Accrued interest thereon	4,326,776	2,664,827
Insurance funding	31,728	34,465
Mezzanine loan facility	2,024,382	1,205,921
Other short term loans	47,500	7,700
	8,959,961	6,442,488

Refer to note 19 for further information on financial instruments.

(a) Series B Convertible Notes

The consolidated entity has a total of 28,750 Series B Convertible Notes on issue at an issue price of $100.00 per note ('Notes') with sophisticated investors and professional investors. The notes have an extended maturity date of 30 June 2018 after Variation Agreements were signed during the period. The Notes accrue interest at a rate of 30% per annum on an IRR basis in the event of redemption, however, the amended terms provide that under certain circumstances note holders will agree to accept a lower rate of capitalised interest. In the case that a lower rate of interest receivable is applicable, the note holder will receive call options to acquire ordinary shares at an exercise price of $0.25 per option.

The notes can be early converted to shares at the election of the note holder at a conversion price of $0.30 per share. Each note has a mixture of debt and equity features and as such a component of this funding has been recognised in Issued Capital. The notes are not listed on the ASX and are secured by a general security deed over all the assets and undertakings of the consolidated entity and the note conversion terms shall be adjusted for any bonus issues or capital reconstructions. Noteholders are not entitled to vote in respect of the Notes until converted into Shares.

Note 14. Current liabilities - borrowings (continued)

(b) Mezzanine Loan Facility

During the 2016 financial year, the consolidated entity began raising additional funds under a subordinated mezzanine debt facility. Under the terms of this facility, $550,000 was raised during the 2016 financial year, $790,000 in the 2017 financial year, and $160,000 was provided under the facility during the 2018 financial year. Funds raised will require repayment including a flat (not annual) 25% interest component. The mezzanine debt was repayable at 30 June 2018 and the company currently intends to repay the loans in cash and/or convert a large proportion of the outstanding amounts to equity at the issue price under the proposed Entitlements Issue capital raise.

The consolidated entity obtained shareholder approval at the consolidated entity's 2016 AGM for the proposed issuance of call options to lenders under the terms of the facility. Options that may be issued to mezzanine debt will have a $0.25 exercise price and 30 June 2019 expiry. The consolidated entity again obtained shareholder approval at the consolidated entity's 2017 AGM for the proposed issuance.

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

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

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

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

Note 15. Current liabilities - provisions

	2018 $	2017 $
Annual leave	155,928	137,942
Long service leave	121,974	99,565
	277,902	237,507

Accounting policy for employee benefits

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

Note 16. Non-current liabilities - provisions

	2018 $	2017 $
Long service leave	5,163	10,188

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

Note 17. Equity - contributed equity

	2018 Shares	2017 Shares	2018 $	2017 $
Ordinary shares - fully paid	107,466,239	100,619,572	27,801,847	26,322,747

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2016	100,619,572		26,277,747
Equity component of Series B Convertible Notes	30 September 2016	-	-	45,000
Balance	30 June 2017	100,619,572		26,322,747
Exercise of options	13 December 2017	6,846,667	$0.150	1,027,000
Transfer from share based payments reserve on exercise of options	13 December 2017	-	-	452,100
Balance	30 June 2018	107,466,239		27,801,847

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the consolidated entity in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the consolidated entity 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.

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

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

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

Note 17. Equity - contributed equity (continued)

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

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

The capital risk management policy remains unchanged from the 2017 Annual Report.

Accounting policy for issued capital
Ordinary shares are classified as equity.

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

Note 18. Equity - reserves

	2018 $	2017 $
Share option reserve	1,300,054	1,492,400

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

	Share option reserve $	Total $
Balance at 1 July 2016	901,778	901,778
Share based payments	116,095	116,095
Lapsed options	(8,124)	(8,124)
Mezzanine loan options	482,651	482,651
Balance at 30 June 2017	1,492,400	1,492,400
Share based payments	476,669	476,669
Mezzanine loan options	46,585	46,585
Exercise of ESOP options	(452,100)	(452,100)
Lapse of ESOP options	(263,500)	(263,500)
Balance at 30 June 2018	1,300,054	1,300,054

Note 19. Financial instruments

Financial risk management objectives
The consolidated entity's activities expose it to a variety of financial risks, being credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Note 19. Financial instruments (continued)

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

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

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

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

The Company does not have a short term financing facility.

Trade payables are generally payable on 30 day terms.

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

2018	Weighted average interest rate %	Less than 1 month $	1 - 3 months $	3 months - 1 year $	1 - 2 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	380,005	7,244	-	-	387,249
Other payables	-	398,485	-	-	-	398,485
Other short term loans	-	47,500	-	-	-	47,500
Interest-bearing - fixed rate						
Insurance funding	6.51%	31,728	-	-	-	31,728
Convertible notes payable	30.00%	6,856,351	-	-	-	6,856,351
Mezzanine Loan	25.00%	2,024,382	-	-	-	2,024,382
Total non-derivatives		9,738,451	7,244	-	-	9,745,695

Note 19. Financial instruments (continued)

2017	Weighted average interest rate %	Less than 1 month $	1 - 3 months $	3 months - 1 year $	1 - 2 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	438,974	-	-	-	438,974
Other payables	-	465,692	-	-	-	465,692
Other short term loans	-	-	-	7,700	-	7,700
Interest-bearing - fixed rate						
Insurance funding	5.93%	7,270	-	-	-	7,270
Insurance funding	7.36%	-	-	29,638	-	29,638
Convertible notes payable	30.00%	-	-	-	5,194,402	5,194,402
Mezzanine Loan	25.00%	-	-	-	1,205,921	1,205,921
Total non-derivatives		911,936	-	37,338	6,400,323	7,349,597

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

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

Note 20. Fair value measurement

Accounting policy for fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

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

Note 21. Key management personnel disclosures

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

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

Note 21. Key management personnel disclosures (continued)

Compensation
The aggregate compensation made to Directors and other members of key management personnel of the consolidated entity is set out below:

	2018 $	2017 $
Short-term employee benefits	363,318	428,785
Post-employment benefits	11,122	20,215
Share-based payments	175,749	116,095
	550,189	565,095

Note 22. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Grant Thornton, the auditor of the consolidated entity:

	2018 $	2017 $
Audit services - Grant Thornton		
Audit or review of the financial statements	53,500	47,000

Note 23. Contingent liabilities

For the period 30 June 2011 to 15 August 2013, certain directors of the Company agreed to forgo part of their fees until such time as the Company achieves a “monetisation event”, being a commercial agreement with a third party that delivers material revenue to Company, including, but not limited to, a licensing or sales agreement relating to the Company’s products. The total amount of directors’ fees forgone as at 30 June 2018 was $350,000 (30 June 2017: $350,000). This amount has not been provided for in the Company’s accounts as at 30 June 2018 as it will become payable only in the event that a monetisation event occurs.

Note 24. Related party transactions

Key management personnel
Disclosures relating to key management personnel are set out in note 21 and the remuneration report included in the Directors' report.

Transactions with related parties
There were no transactions with related parties during the current and previous financial year.

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

Loans to/from related parties
During the financial year, Mr Hannebery provided $60,000 (2017: $75,000) in mezzanine loan funds to the Company on the same terms as those raised through the mezzanine loan fund raising.

During the financial year, Mr Hannebery also provided $45,500 (2017: nil) to the Company in short term interest-free loans.

Note 25. Events after the reporting period

On 9 July 2018 the consolidated entity announced it is preparing a long form prospectus for a non-renounceable entitlements issue of Ordinary Shares to raise up to $11.2m ('the Entitlements Issue').

On 31 August 2018 the consolidated entity announced that it had appointed Mr Seong Chen and Dr Damian Pethica to its Executive Leadership Team. Both Seong and Damian have a deep background in areas relevant to Genera's commercialisation strategy, specifically in HPV and drug development and precision medicine.

On 5 September 2018 the Company entered into a Series B restructure deed with Series B Noteholders. Under the restructure deed it is proposed that each Noteholder will receive a cash redemption amount of a minimum of $130.00 per Note with the liability balance to be satisfied by the issue of new Series C Notes. The number of Series C Notes to be issued by the Company will depend on the number of Series B Notes redeemed by the Company on or prior to the redemption date under the Series B Notes (30 December 2018). Funding of the proposed cash redemption provided for under the restructure deed will be financed from the proceeds of the Entitlements Issue. Under the restructure deed Noteholders agreed to suspend any redemption request until 30 December 2018.

Since the end of financial year the Company has raised additional funding via the issuance of 1,250 Series B Notes and Mezzanine loans. The amount raised under these instruments was $125,000 and $427,787 respectively, with the funds applied to support general working capital requirements of the Company.

No other matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

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

	2018 $	2017 $
Loss after income tax expense for the year	(4,481,197)	(3,823,810)
Adjustments for:		
Depreciation and amortisation	701,046	765,802
Share-based payments	186,581	116,095
Interest charged on convertible notes	1,661,949	1,575,941
Interest charged on Mezzanine loan	705,046	312,527
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(5,348)	283,714
Decrease/(increase) in inventories	18,806	(11,625)
Decrease in accrued revenue	5,354	-
Decrease/(increase) in prepayments	6,384	(20,414)
Increase/(decrease) in trade and other payables	(1,618)	28,274
Increase/(Decrease) in employee benefits	35,371	7,905
Net cash used in operating activities	(1,167,626)	(765,591)

Note 27. Earnings per share

	2018 $	2017 $
Loss after income tax attributable to the Owners of Genera Biosystems Limited	(4,481,197)	(3,823,810)

Note 27. Earnings per share (continued)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	104,352,412	100,619,572
Weighted average number of ordinary shares used in calculating diluted earnings per share	104,352,412	100,619,572

	Cents	Cents
Basic earnings per share	(4.29)	(3.80)
Diluted earnings per share	(4.29)	(3.80)

Accounting policy for earnings per share

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

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

Note 28. Share-based payments

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

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

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

During the year 6,846,667 unlisted options were converted into fully paid ordinary shares, while 2,003,333 unlisted options expired.

A further 1,250,000 unlisted options were issued to employees during the year.

Under the Mezzanine loan facility, the consolidated entity to issued 7,500,000 options at an exercise price of $0.25 (25 cents), expiring on 30 June 2019. Of these 800,000 were granted under the Mezzanine loan funding agreement drawn during the year.

Note 28. Share-based payments (continued)

Set out below are summaries of options granted:

2018

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired	Balance at the end of the year
03/12/2013	02/12/2017	$0.000	6,850,000	-	-	-	6,850,000
09/02/2015	31/12/2017	$0.000	2,000,000	-	-	-	2,000,000
29/12/2015	24/12/2019	$0.000	1,000,000	-	-	-	1,000,000
29/12/2015	30/09/2019	$0.000	300,000	-	-	-	300,000
08/04/2016	30/06/2019	$0.000	6,700,000	-	-	-	6,700,000
27/11/2017	30/06/1919	$0.250	-	800,000	-	-	800,000
24/11/2017	31/12/2020	$0.250	-	1,250,000	-	-	1,250,000
27/11/2017	25/12/2020	$0.250	-	5,038,759	-	-	5,038,759
			16,850,000	7,088,759	-	-	23,938,759

2017

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired	Balance at the end of the year
28/11/2011	28/11/2016	$0.500	600,000	-	-	(600,000)	-
03/12/2013	02/12/2017	$0.150	6,850,000	-	-	-	6,850,000
09/02/2015	31/12/2017	$0.270	2,000,000	-	-	-	2,000,000
29/12/2015	24/12/2019	$0.300	1,000,000	-	-	-	1,000,000
29/12/2015	30/09/2019	$0.300	300,000	-	-	-	300,000
08/04/2016	30/06/2019	$0.250	2,291,712	4,408,288	-	-	6,700,000
			13,041,712	4,408,288	-	(600,000)	16,850,000

During the prior year, the consolidated entity also issued 1,000,000 performance rights to Mr Richard Hannebery, following shareholder approval received at the consolidated entity's 2016 Annual General Meeting in relation to his overall executive remuneration package put in place on his appointed as CEO.

A total of 2,000,000 performance rights were issued to Mr Richard Hannebery at 30 June 2016. 1,000,000 of the performance rights have vested as at 31 December 2017.

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

2018

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
24/12/2016	23/12/2019	$0.000	500,000	-	-	-	500,000
24/12/2016	23/12/2019	$0.000	500,000	-	-	-	500,000
			1,000,000	-	-	-	1,000,000

2017

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
24/12/2016	23/12/2019	$0.300	-	500,000	-	-	500,000
24/12/2016	23/12/2019	$0.300	-	500,000	-	-	500,000
			-	1,000,000	-	-	1,000,000

Note 28. Share-based payments (continued)

Accounting policy for share-based payments
Share-based compensation benefits are provided to employees via the Company ESOP.

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

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

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

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

Note 29. Correction of prior period error

During the process of preparing for the Company's Entitlements Issue Prospectus, an error in relation to the interest amounts accrued for the Series B Convertible Notes has been identified. This error relates to the calculation of the interest amounts payable which were previously calculated using an annual interest amount payable of 30% but should have been calculated on an IRR basis.

Statement of financial position (extract)	**2017 Reported $**	**Adjustment $**	**2017 Restated $**
Borrowings	5,706,456	736,032	6,442,488
Net liabilities	(2,644,900)	(736,032)	(3,380,932)
Total equity	(2,644,900)	(736,032)	(3,380,932)

Statement of profit or loss and other comprehensive income (extract)	**2017 Reported $**	**Adjustment $**	**2017 Restated $**
Finance costs	(1,203,484)	(736,032)	(1,939,516)
Loss before income tax expense	(3,087,778)	(736,032)	(3,823,810)
Loss after income tax expense for the year attributable to the Owners of Genera Biosystems Limited	(3,087,778)	(736,032)	(3,823,810)
Total comprehensive loss income for the year attributable to the Owners of Genera Biosystems Limited	(3,087,778)	(736,032)	(3,823,810)
Basic earnings per share (cents)	(3.07)	(0.73)	(3.80)
Diluted earnings per share (cents)	(3.07)	(0.73)	(3.80)

Note 30. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest 2018 %	Ownership interest 2017 %
Cathedral Biosensors Pty Ltd	Australia	100.00%	100.00%

In the Directors' opinion:

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

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

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and

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

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

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

On behalf of the Directors

Mr Lou Panaccio
Chairman

16 November 2018

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Independent Auditor's Report

To the Members of Genera Biosystems Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Genera Biosystems Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a giving a true and fair view of the Group's financial position as at 30 June 2018 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material uncertainty related to going concern

We draw attention to Note 2 in the financial statements, which indicates that the Group incurred a net loss of $4,481,197 during the year ended 30 June 2018, and as of that date, the Group's total liabilities exceeded its total assets by $6,311,875. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Intangible Assets – Note 12	
As disclosed in Note 12 to the consolidated financial statements, as at 30 June 2018 the carrying value of capitalised development costs, licences, patents, trademarks and software was $2,529,666. During the year management recognised no impairment loss in relation to intangible assets. AASB 136 *Impairment of Assets* requires that an entity shall assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any indication exists, the entity shall estimate the recoverable amount of the asset. The process undertaken by management to forecast future performance and the viability of products as well the assessment of impairment triggers involves an element of management judgement. This area is a key audit matter due to the inherent subjectivity that is involved in making judgements in relation to the capitalisation of development costs under the requirements of AASB 138 *Intangible Assets*, as well as the evaluation for any impairment indicators.	Our procedures included, amongst others: • evaluating management's assessment of the consideration of any impairment indicators by challenging the reasonableness of key assumptions based on our knowledge of the business and industry; • determining whether the method of amortisation is reasonable and consistently applied; • developing an expectation of the amortisation expense for the period; and • assessing the reasonableness of the capitalisation based on our knowledge of the business and industry.

Grant Thornton

R&D Tax Incentive – Note 10

The Group receives a 43.5% refundable tax offset of eligible expenditure under the Research and Development (R&D) Tax Incentive scheme if its turnover is less than $20 million per annum, provided it is not controlled by income tax exempt entities.

An R&D plan is filed with AusIndustry in the following financial year, and based on this filing, the Group receives the incentive in cash. Management performed a detailed review of the Company's total research and development expenditure to determine the potential claim under the R&D tax incentive legislation. For the year ending 30 June 2018 the R&D amount being claimed is $416,433.

This area is a key audit matter due to the degree of judgement and interpretation of the R&D tax legislation required by management to assess the eligibility of the R&D expenditure under the scheme.

Our procedures included, amongst others:

- obtaining the FY18 R&D rebate calculations prepared by management's expert and performed the following audit procedures:
  - documenting and assessing the qualifications of management's expert;
  - developing an understanding of the model, identifying and assessing the key assumptions in the calculation;
  - reviewing included expenses for reasonableness; and
  - testing the mathematical accuracy of the accrual.
- comparing the estimates made in previous years to the amount of cash actually received after lodgement of the R&D tax claim;
- comparing the nature of the R&D expenditure included in the current year estimate to the prior year estimate;
- considering the nature of the expenses against the eligibility criteria of the R&D tax incentive scheme to form a view about whether the expenses included in the estimate were likely to meet the eligibility criteria;
- assessing the eligible expenditure used to calculate the estimate to the expenditure recorded in the general ledger;
- inspecting copies of relevant correspondence with AusIndustry and the ATO related to the claims;
- engaging with our R&D specialist to review the reasonableness of the calculation; and
- assessing the adequacy of financial statement disclosures.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 12 to 17 of the Directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Genera Biosystems Limited, for the year ended 30 June 2018 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

M A Cunningham
Partner – Audit & Assurance

Melbourne, 16 November 2018

The shareholder information set out below was applicable as at 12 November 2018.

Distribution of equity securities

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

	Number of holders of ordinary shares	Number of holders of options over ordinary shares	Number of holders of performance rights over ordinary shares	Number of holders of convertible notes
1 to 1,000	50	-	-	18
1,001 to 5,000	134	-	-	8
5,001 to 10,000	89	-	-	-
10,001 to 100,000	226	6	-	-
100,001 and over	138	20	1	-
	637	26	1	26
Holding less than a marketable parcel	92	-	-	-

Equity security holders

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

	Ordinary shares	
	Number held	% of total shares issued
JPS Distribution Pty Ltd (Raff Super Fund A/C)	9,722,727	9.05
Durbin Superannuation Pty Ltd (Durbin Family S Fund A/C)	8,857,405	8.24
Como Group Holdings Pty Ltd (Como)	3,666,667	3.41
Mr Graham Charles Durbin + Mrs Susan Anne Durbin	3,500,000	3.26
Mr Richard Nicholas Hannebery	3,250,468	3.02
Invia Custodian Pty Limited (Income Pool A/C)	2,998,513	2.79
HSBC Custody Nominees (Australia) Limited	2,749,171	2.56
Pujuri Pty Limited (Pujuri Super Fund A/C)	2,176,800	2.03
J P Morgan Nominees Australia Limited	2,115,576	1.97
Miss Robyn Gould	2,005,000	1.87
Sonic Healthcare Limited	2,000,000	1.86
Dr Karl Poetter	1,918,014	1.78
Mr Lucius Orsini	1,513,000	1.41
Silica Investments Pty Ltd	1,499,158	1.40
Dickens Pty Ltd (The Dickens A/C)	1,488,824	1.39
Blue Jade Pty Ltd	1,466,804	1.36
Gateway Capital Pty Ltd	1,436,306	1.34
Mr David Frederick Oakley	1,380,646	1.28
Mr Cyrus Adaggra	1,347,083	1.25
Philip Cramer Pty Ltd (Superannuation Fund A/C)	1,222,000	1.14
	56,314,162	52.41

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares	15,088,759	26
Performance rights	1,000,000	1
Convertible notes	30,000	26

Substantial holders

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

	Ordinary shares Number held	
Durbin Superannuation Pty Ltd & related parties	12,357,405	11.50
Richard Hannebery & related parties	11,827,755	11.01
JPS Distribution Pty Ltd (Raff Super Fund A/C)	9,637,727	8.97

Voting rights

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

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

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

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