Appendix 4E

Genera Biosystems Limited

A.B.N. 69 098 663 837

Preliminary final report
Period ending 30 June 2014

(Previous Corresponding Period: Year ended 30 June 2013)

Results for announcement to the market

	Year ended 30 June 2014	Year ended 30 June 2013	Percentage change
Revenue from ordinary activities	$206,893	$67,084	208% Up/(down)
Profit/(Loss) from ordinary activities after tax attributable to members	($2,461,958)	($2,262,872)	8.80% Up/(down)
Net Profit/(Loss) for the period attributable to members	($2,461,958)	($2,262,872)	8.80% Up/(down)

Dividends

No dividend was paid during the period ending 30 June 2014 and it is not proposed to pay dividends during the year ending 30 June 2015.

Brief explanation necessary to enable the figures above to be understood

The loss of the Company for the financial year after providing for income tax amounted to $2,461,958 compared to a net loss of $2,262,872 for the previous financial year.

Increased sales of diagnostic kits and interest income resulted in revenue for the financial year of $206,893 (2013: $67,084). Total expenses in 2014 ($3,120,417) were marginally higher than the previous year (2013: $2,672,408). Expenses, excluding depreciation and amortisation, in 2014 ($2,443,919) were slightly higher than the previous year (2013: $1,926,627). The Company has continued to carefully manage its costs.

Brief explanation necessary to enable the figures above to be understood (continued)

The Company's current asset balance at 30 June 2014 was $786,691 (2013: $294,066), and the current liabilities balance was $1,683,791 (2013: $488,171). The main reason for the increase in current assets was the net increase in cash balances, reflecting cash used to finance the company's operations. Current liabilities have increased from the previous financial year end balance mainly due to the $1,216,749 borrowings amount in relation to the Convertible Note Debt.

Net assets have fallen to $3,082,748 from $4,244,670 last year. The decrease in the net asset position was due to the operating loss, partially offset by capital raisings, further details of which are set out in the accompanying accounts.

Net Tangible Assets per Security

	Year ended 30 June 2014	Year ended 30 June 2013
Net Tangible Assets per ordinary security	$0.014	$0.0036

Audit Status

This report is based upon accounts which have been audited and which accompany this report.

The accompanying accounts contain an independent auditor report that is subject to an emphasis of matter paragraph relating to the company's ability to continue as a going concern.

Overview of operations

Details of the Company's operations during the period are contained in the accompanying accounts.

Lou Panaccio

Executive Chairman
Genera Biosystems Limited
29 August 2014

Advanced Molecular Diagnostic Systems

Genera Biosystems Limited

ABN 69 098 663 837

Financial Report

30 June 2014

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CORPORATE DIRECTORY

Company
Genera Biosystems Limited
ABN 69 098 663 837
ASX Code: GBI

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Dr Karl Poetter
Mr Richard Hannebery
Mr David Symons
Mr Jim Kalokerinos

Company Secretary
Ms Melanie Leydin

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DIRECTORS' REPORT

Your Directors submit their report for the year ended 30 June 2014.
Instruments

1. CORPORATE INFORMATION

Genera Biosystems Limited ("Genera") is a Company limited by shares that is incorporated and domiciled in Australia.

2. DIRECTORS

(a) Names, qualifications, experience and special responsibilities

The names and details of the Company's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Lou Panaccio	Executive Chairman - appointed Non-executive Director 25 November 2010, appointed Executive Chairman 31 July 2011
Qualifications:	B. Ec., CA
Experience:	Over 30 years management experience in business and healthcare services. He is currently the Executive Chairman of Health Networks Australia, Non-executive director of ASX-listed Sonic Healthcare Limited (appointed June 2005), Non-executive director of Yarra Community Housing Limited and Non-executive Chairman of the Inner Eastern Community Health Service in Victoria. He was also the Chief Executive Officer and an executive director of Melbourne Pathology for 10 years to 2001.
Special Responsibilities:	Member of the Audit Committee and Nomination Committee.
Karl Poetter	Executive Director - appointed 25 September 2007
Qualifications:	BA, PhD
Experience:	Chief Scientific Officer of Genera Biosystems. 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 and the CRC for Diagnostics. Author or joint author of ten patents and fourteen peer-reviewed publications.
Special Responsibilities:	Member of the Nomination Committee.
David Symons	Director (Non-executive) - appointed 15 August 2008
Qualifications:	LLB (Hons), BComm
Experience:	Currently senior advisor with Cato Counsel. Over 15 years experience in private equity, investment banking, corporate management and financial journalism. Previously held executive roles at 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.
Special Responsibilities:	Chairman of the Audit Committee and member of the Nomination and Remuneration Committees.

2. DIRECTORS (Cont'd)

(a) Names, qualifications, experience and special responsibilities

Jim Kalokerinos Director (Non-executive) - appointed 25 November 2010

Qualifications: B.SC., E. Econ., FAICD

Experience: Over 30 years' experience in business development and sales and marketing, for scientific distribution, in-vitro diagnostics and medical devices companies both in Australia and internationally. He was co-founder of Techlab Enterprises, Pacific Diagnostics, and Panbio Ltd (former ASX PBO). He is currently Non-executive Director for ProGel Pty Ltd, Aussie Colours Pty Ltd TenasiTech Pty Ltd and CPR Pharma Services Pty Ltd, and is a Director of Brisbane Angels Group. He is also on the investment committee for Terra Rossa Capital and Chair of the scientific advisory for Nano-Nouvelle Pty Ltd.

Special Responsibilities: Member of the Audit, Nomination and Remuneration Committees.

Richard Hannebery Director (executive) - appointed 14 May 2013

Qualifications: BA/Econ., Grad Dip Econ

Experience: 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 10 years' experience as a specialist in healthcare technology and intellectual property based businesses focussing on 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 Pty Ltd.

Special Responsibilities: Member of Nomination Committee.

(b) Directors' interests in the shares and options of the Company

At the date of this report, the interests of the directors (including related party interests) in the shares and options of Genera were:

Director	Number of Ordinary Shares	Number of Options
Mr Lou Panaccio	774,166	2,800,000
Dr Karl Poetter	1,711,914	300,000
Mr Richard Hannebery	3,244,691	2,500,000
Mr David Symons	1,046,646	1,250,000
Mr Jim Kalokerinos	476,030	600,000

2. DIRECTORS (cont'd)

(c) Directors' meetings

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each Director was as follows:

Director	Board		Committees					
			Audit		Remuneration		Nomination	
	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend
Mr Lou Panaccio	14	14	1	1	N/A	N/A	N/A	N/A
Dr Karl Poetter	13	14	N/A	N/A	N/A	N/A	N/A	N/A
Mr Richard Hannebery	14	14	N/A	N/A	N/A	N/A	N/A	N/A
Mr David Symons	14	14	1	1	N/A	N/A	N/A	N/A
Mr Jim Kalokerinos	14	14	1	1	N/A	N/A	N/A	N/A

*N/A the Remuneration and Nomination Committees did not meet during the year

3. COMPANY SECRETARY

Melanie Leydin Company Secretary – appointed 1 January 2013

Melanie is a Chartered Accountant and is a Registered Company Auditor. She graduated from Swinburne University in 1997, became a Chartered Accountant in 1999 and since February 2000 has been the principal of chartered accounting firm, Leydin Freyer.

In the course of her practice she audits listed and unlisted public companies involved in the resources and biotechnology industry. Her practice also involves outsourced Company secretarial and accounting services to public companies in the resources sector. This involves preparation of statutory financial statements, annual reports, half year reports, stock exchange announcements and quarterly ASX reporting and other statutory requirements.

Melanie has 22 years' experience in the accounting profession and is a director and/or Company secretary for a number of oil and gas, junior resources and exploration entities on the Australian Stock Exchange.

4. PRINCIPAL ACTIVITIES

The Company's strategic focus is to utilise its platform DNA analysis technologies to exploit the lucrative molecular diagnostics market. Genera is developing a suite of competitive and differentiated molecular diagnostic testing products focussed on high-growth and strategically important areas.

No significant change in the nature of these activities has occurred during the financial year.

5. OPERATING AND FINANCIAL REVIEW

(a) Overview of Operations

Your Directors are pleased to provide this report on a busy and productive year for your Company. We firstly 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. As a consequence we have been disciplined in our management of headcount and, in particular, have reduced the level of administrative support. All of our people, Directors included, have undertaken extra tasks and duties and it is appropriate to formally acknowledge this.

The Directors primary focus is to deliver value to our shareholders. Genera's AmpaSand Molecular Diagnostic (MDx) platform continues to demonstrate its potential to be the basis of a large range of multiplexed tests used by commercial diagnostic laboratories globally. In addition, Genera's nascent QSand technology has exciting potential in the point of care market.

It is clear to the Directors that the commercial exploitation of Genera's AmpaSand technology is best undertaken in partnership with an IVD Company with global reach. The appropriate partner will accelerate the development of an AmpaSand specific laboratory testing instrument and have the necessary marketing, sales, customer and equipment support expertise to achieve rapid uptake of diagnostic tests based on Genera's technology.

It is important to remember that Genera is essentially a Company with diagnostic test development expertise and capability.

Over the years Genera has had numerous approaches from potential partners. The Directors decided in late 2013 to undertake a formal process and invite EOI from prospective partners. This process confirmed the challenge facing a Company that is essentially pre material revenue, specifically, valuation. It is the view of Directors that the Company's current market valuation does not reflect its true value, particularly given significant opportunities that may arise for the Company with the proposed amendments to Australia's National Cervical Screening Program.

Genera is focused ideally on demonstrating the delivery of material revenues for its MDx test menu developed to date whilst expanding its test pipeline before it undertakes a transaction that may involve a material change in the composition of its ownership.

The EOI process confirmed that the most appropriate transaction to pursue at present is a Strategic Commercial Alliance (SCA) with another Company with complementary diagnostic tests – IncellDx, Inc. At the date of this report Genera has proposed varying the SCA to specifically incorporate the development of STI-plex whilst also agreeing the preferred instrumentation decision. The details of this variation are being discussed between the parties with a view to reaching agreement as soon as possible.

5. OPERATING AND FINANCIAL REVIEW (cont'd)

A number of activities and projects were put on hold pending the conclusion of the EOI process, namely:

- Commercial/JV agreement with Salamao and Zoppi in Brazil.
- Completion of clinical studies in UK and commencement of clinical studies in the US.
- Enhancement to Sirocco automated testing instrument.
- Assessment of options to monetize QSand.

During the year the Company has continued to sell its PapType and RTI-plex tests, on an RUO (Research Use Only) basis. Sales during the period were $207k a record level and subsequent to 30 June 2014, and to the date of this report a further $57k of sales were made. The Company believes that there is material scope to increase sales moving from RUO to approved KIT sales during 2015.

A vast amount of work was undertaken during the year to prepare the current generation of PapType and RTI-plex for submission to the TGA for approval as diagnostic tests for use in the Australian market. PapType was submitted to the TGA on 27 August and RTI-plex will follow later this calendar year. The TGA process is rigorous and includes clinical trials validating the performance of these tests together with the performance of instrumentation and analytical software. Following receipt of TGA approval, CE mark - allowing for approved commercial use in the 26 member states of the European market and certain parts of Asia – will be sought.

It is important to note that the current generation of PapType based upon solid phase PCR confers material workflow benefits to customers versus the first generation of PapType approved by the TGA in early 2010. Further since 2010, the clinical utility of incorporation of simultaneous genotyping of certain high risk HPV types into a robust HPV testing assay has been well validated with the FDA and other regulatory agencies. Genera's PapType HPV assay appears uniquely positioned versus other commercially available high sensitivity assays. The global market opportunity for HPV testing is expected to exceed US$2 billion per annum as HPV testing moves to replace the pap smear as the front line screening tool in the fight against cervical cancer in women.

Earlier this year we saw a number of jurisdictions announce the intention to introduce HPV testing as the primary screening tool for cervical cancer (replacing the pap smear). TGA approval for PapType will position Genera extremely well to derive significant revenues from the use of this test in the HPV testing market. The Australian HPV testing market alone is projected to grow to approximately 1.3m HPV tests per annum by 2016 with universal availability made via its proposed inclusion on the Medicare Benefits Schedule (MBS). Average reimbursement on the MBS is expected to be approximately $30.00 per test and with the proposed amendments to Australia's National Cervical Screening Program, the government will most likely undertake a broad education campaign for both clinicians and women about the benefits of HPV testing.

During the year the development of a 3rd high value MDx test based upon the proprietary Ampasand technology platform was progressed – STI-plex, a commercially attractive multiplexed assay for 5 key sexually transmitted infections. With a significant market opportunity identified for STI-plex the completion of this panel is a key focus for Genera. Subject to successful completion of the development of STI-plex during 2015, the Company plans to target the US market under an internally validated ASR Laboratory Developed Test (LDT) regime prior to a 510(k) regulatory approval being sought with the FDA.

It is Genera's goal in the long term to roll-out a menu of a dozen or more high value MDx tests upon its Ampasand technology platform.

5. OPERATING AND FINANCIAL REVIEW (cont'd)

A focus for the Company moving forward is advancing discussions with a selected global IVD Company with an appropriate IVD approved instrumentation platform that is well supported in-market to best position the uptake of Genera's MDx test menu by pathology customers. A key attraction of Genera's AmpaSand technology platform is that it leverages flow cytometry and is relatively instrument agnostic. Upon this key instrumentation decision being made, Genera plans to move forward to complete further additional clinical studies in the US and UK for PapType that should better position this test in a screening setting. Genera's expanded MDx test menu combined with the prospect of these key additional clinical studies may better place Genera in its proposed discussions with a number of global IVD companies.

Genera has also identified a distribution partner for launch of its assays into the India and China markets and will progress these discussions in the coming months with a view to conclude a non-exclusive distribution agreement during 2015.

(b) Overview of Intellectual Property portfolio

The IP portfolio of Genera has continued to grow this past year with the additional grant of 8 new patents across 5 patent families. The main additions to the granted patent list have been within the patent family protecting the Company's HPV test, as well as the QSand family of patents. The QSand patents have now been granted in both China and the United States. The Solid Phase technology that is important to the automated versions of Genera's PCR based applications has increased its number of protected jurisdictions with the grant of the patent in Australia. Genera's first patent that underpinned its very sensitive mutation detection on AmpaSand beads was granted in the United States this past year.

The patent for the new RTIplex test has now been moved into national phase. It is hoped that this patent will, like all the other Genera patents, move toward grant in the near future.

5. OPERATING AND FINANCIAL REVIEW (cont'd)

(b) Overview of Intellectual Property portfolio (cont'd)

The current IP position of the Company is as follows:

Number	Details	Priority Date	Country	Status
PCT/AU01/00635	"SiFT: A method for determining the likelihood that a test polynucleotide sequence differs from a driver polynucleotide"	May 2001	Au, NZ, USA	Granted: Au, NZ, USA
PCT/AU03/00696	"Nucleic Acid Anchoring System with covalent linkage to solid supports"	June 2002	AU, NZ, USA,	Granted: AU, NZ, USA
PCT/AU2004/000894	"Methods for detecting aneuploidy using microparticle multiplex detection"	July 2003	AU, NZ, EU, USA, JAP, CHI, CAN, HK	Granted : AU, NZ, EU, USA, HK, CH, JAP. Pending: Canada.
PCT/AU2005/000991	"Multisand: Method of detecting aneuploidy using particles with multiple targets. "	July 2004	AU, USA	Granted : AU. Pending : USA.
PCT/AU2005/001865	"Human papilloma virus (HPV) detection using nucleic acid probes, microbeads and fluorescent activated cell sorter (FACS")	December 2004	AU, NZ, USA, EU, JAP, CAN, MEX, BR, CHI, IND	Granted : AU, USA, NZ, JAP, CHI, MEX, EU. Pending: CAN, BR, IND.
PCT/US2008/004441	"Oligonucleotide Amplification System for targeting Oncogenic HPV"	April 2007	AU, NZ, USA, EU, JAP, RUS, MEX, BR, CHI, IND, HK	Granted : AU, NZ, MEX, RUS, USA, EU, HK, Pending: CHI, BR, IND, JAP
PCT/AU2005/000748	" QSand: Biosensor using whispering gallery modes in microspheres"	May 2004	AU, NZ, USA, EU, JAP, CAN, MEX, BR, CHI, IND, HK	Granted: AU, NZ, CHI. Accepted: Mex. Pending: BR,CAN, EU, HK, IND, JAP, USA.
PCT/AU2008/001515	"QSand 2: Whispering Gallery Mode Detection in Enhanced Polymer Microspheres."	November 2008	AU, CHI, CAN, EU, HK, JAP, MEX, NZ, USA	Granted: NZ, CHI, USA Accepted: MEX Pending: AU, CAN, EU, HK, JAP.
PCT/AU2008/000120	"Solid Phase PCR System for Silica Spheres and Flow Cytometry"	June 2003	AU, BR, CAN, CHI, EU, HK, JAP, MEX, NZ, USA	Granted: AU, NZ, MEX. Pending: BR, CAN, CHI, EU, HK, JAP, USA.
PCT/AU2012/001208	RTIplex system for AmpaSand Beads	October 2011	AU, NZ, BR, CHI, MEX, JAP, USA, EU	Pending

5. OPERATING AND FINANCIAL REVIEW (cont'd)

(c) Financial Review

The loss of the Company for the financial year after providing for income tax amounted to $2,461,958 compared to a net loss of $2,262,872 for the previous financial year.

Increased sales of PapType diagnostic kits resulted in improved revenue for the financial year of $206,893 (2013: $67,084). Total expenses in 2014 ($3,120,417) were higher than the previous year (2013: $2,672,408). Expenses, excluding depreciation and amortisation, in 2014 ($2,443,919) were higher than the previous year (2013: $1,926,627) due to the share based payment expense relating to the grant of options to Directors during the period amounting to $452,100 and interest on convertible notes amounting to $216,749. The Company has continued to carefully manage its costs.

The Company's current asset balance at 30 June 2014 was $786,691 (2013: $294,066), and the current liabilities balance was $1,683,791 (2013: $488,171). The main reason for the increase in current assets was the net increase in cash balances. Current liabilities have increased from the previous financial year end balance due to the issue of convertible notes.

Net assets have fallen to $3,082,748 from $4,244,670 last year. The decrease in the net asset position was due to the operating loss; however the effect of this was partially offset by issues of capital during the year, further details of which are set out in Section 7 of this report.

6. DIVIDENDS

No dividends in respect of the current or previous financial year have been paid, declared or recommended for payment.

7. SIGNIFICANT CHANGES IN THE COMPANY'S STATE OF AFFAIRS

During July 2013, the Company completed the placement of 1.231 million new ordinary shares at $0.105 per share with existing major 'Sophisticated Investors' and 'Professional Investors' and raised $129,254 before costs of the issue. These shares were issued to raise working capital.

During the year the Company issued 10,000 unlisted convertible notes to $100.00 per note and raised $1.0 million before costs. These were issued to existing major 'Sophisticated Investors' and 'Professional Investors' to raise working capital. At the Company's 2013 Annual General Meeting of shareholders the Company sought approval to issue Directors fully paid ordinary shares in lieu of Directors fees receivable. A total of 2,485,589 shares were issued during the year

During May 2014, the Company completed the placement of 3.226 million new ordinary shares at $0.155 per share to 'Sophisticated Investors' and 'Professional Investors' raising $0.5 million before costs. These shares were issued to raise working capital and to provide sufficient funding to complete the formal process currently being undertaken by its corporate advisor together with providing the Company with adequate funding through the execution phase of any resulting transaction.

Other than the matter noted above, there were no significant changes in the state of affairs of the Company during the financial year.

8. SIGNIFICANT EVENTS AFTER REPORTING DATE

On 14 July 2014 the Company issued 86,032 fully paid ordinary shares to Directors at a deemed issue price of $0.2968 (29.68 cents) per share. These shares were issued in Lieu of Director's Fees as approved at the 2013 Annual General Meeting of Shareholders and were voluntarily restricted for a period of 12 months from issue.

With the exception of the matter noted above, there were no significant events arising after reporting date.

9. LIKELY FUTURE DEVELOPMENTS AND EXPECTED RESULTS

The Company will focus on the following activities in the short term:

- Conclusion of SCA
    - Support activities to exploit commercial opportunities
- Registration of PapType with TGA
    - CE Mark for PapType following
- Registration of RTI-plex with TGA
    - CE Mark for RTI-plex following
- Continue sales of PapType & RTI-plex
    - RUO transitioning to approved test kits
- Resolve instrumentation decision
- Distribution agreements for India and China markets
- Develop further AmpaSand based tests
    - STI-plex
- Progress clinical studies
    - UK
    - USA

10. ENVIRONMENTAL REGULATION

The Company's operations are not subject to any significant environmental regulation under a law of the Commonwealth or of a State or of a Territory. However, the board believes that the Company has adequate systems in place for the management of its environmental requirements and is not aware of any breach of these environmental requirements as they apply to the Company.

11. SHARE BASED COMPENSATION

(a) Shares issued to directors and executives of the Company

During the financial year, the Company received shareholder approval at its 2013 Annual General Meeting of shareholders in order to issue shares to directors in lieu of directors fees payable. Refer to Note 17 for further details.

(b) Options granted to directors and executives of the Company

During or since the end of the financial year, the Company granted unlisted options to Directors to acquire a total of 6,850,000 ordinary shares at an exercise price of $0.15 have an expiry date of 2 December 2017. These options vested during the year due to the volume weighted average price of shares over a period of 10 consecutive trading days being at least $0.25.

11. SHARE BASED COMPENSATION (Cont'd)

(c) Unissued shares under option

As at the date of this report, details of unissued ordinary shares of the Company under option are as follows:

Number of Shares	Exercise Price $	Expiry Date
210,000	0.15	01/12/2015
600,000	0.50	28/11/2016
6,850,000	0.15	02/12/2017
7,660,000		

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company.

(d) Shares issued as result of exercise of options

There were no shares issued during or since the end of the financial year as a result of the exercise of an option over unissued shares of the Company.

12. INDEMNIFICATION OF DIRECTORS AND 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.

13. PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

14. REMUNERATION REPORT (audited)

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

a) Remuneration Policy

The Board's policy regarding remuneration of the key management personnel of the Company 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 Company 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 Company, 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) or Executive Chairman (EC) and the Chief Scientific Officer, and the CEO/EC 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/EC's remuneration package from the Remuneration Committee recommendations, and the CEO/EC reviews the other senior executives' remuneration packages, annually by reference to the Company'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/EC'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 9.25%, and do not receive any other retirement benefits.

All remuneration paid to directors and executives is valued at the cost to the Company 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 Company but are subject to peer review via the Remuneration Committee. However, to align directors' interests with shareholder interests, the directors participate in the Company ESOP. As from 1 July 2011, the directors agreed to defer the receipt of portions of their fees until such time as the Company 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. Refer Note 26 of the accompanying financial statements for additional details.

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 Company's IP. The measurement of the Company's performance is achieved via periodic board assessments of the Company'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 Company'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 Company's performance as reflected by successful achievement of certain key milestones as they relate to its operating activities, as well as the Company's overall financial position. As the Company 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.

(c) Key Management Personnel Details and Remuneration

(i) Key management personnel listing

The Company's key management personnel are:

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

Directors' report (cont'd)

(c) Key Management Personnel Details and Remuneration (cont'd)

(ii) <u>Key management personnel payments and benefits</u>

Table 1. Director and other Key Management Personnel remuneration for the year ended 30 June 2014

	Short-term employee benefits			Post employment benefits	Termination payments	Share based payments		Total Remuneration	% of performance based remuneration	% of remuneration consisting of options
	Salary & Fees	Cash bonus	Non Monetary Benefits	Superannuation		Shares [1]	Options [2]			
	$	$	$	$	$	$		$	%	%
Non-executive directors										
David Symons	-	-	-	-	-	36,000	82,500	118,500	-	69.62
Jim Kalokerinos	2,752	-	-	3,030	-	33,000	19,800	58,582	-	33.80
Total non-executive directors	2,752	-	-	3,030	-	69,000	102,300	177,082		
Executive directors										
Lou Panaccio	5,505	-	-	6,059	-	66,000	165,000	242,564	-	68.02
Dr Karl Poetter	-	-	-	6,969	-	82,874	19,800	109,643	-	18.06
Richard Hannebery	-	-	-	-	-	84,000	165,000	249,000	-	66.27
Total executive directors	5,505	-	-	13,028	-	232,874	349,800	601,207		
Totals	**8,257**	**-**	**-**	**16,058**	**-**	**301,874**	**452,100**	**778,289**		

(1) Shares issues to directors in lieu of Directors fees.
(2) Options granted to Directors following approval sought at the 2013 Annual General Meeting of Shareholders.

(c) Key Management Personnel Details and Remuneration (cont'd)

(ii) Key management personnel payments and benefits (cont'd)

Table 2. Director and other Key Management Personnel remuneration for the year ended 30 June 2013

	Short-term employee benefits			Post employment benefits	Termination payments	Share based payments	Total Remuneration	% of performance based remuneration	% of remuneration consisting of options
	Salary & Fees	Cash bonus	Non Monetary Benefits	Superannuation		Options			
	$	$	$	$	$	$	$	%	%
Non-executive directors									
David Symons	-	-	-	-	-	-	-	-	-
Jim Kalokerinos	33,027	-	-	2,973	-	-	36,000	-	-
Total non-executive directors	**33,027**	**-**	**-**	**2,973**	**-**	**-**	**36,000**		
Executive director									
Lou Panaccio	66,055	-	-	5,945	-	-	72,000	-	-
Dr Karl Poetter	82,942	-	-	7,465	-	-	90,407	-	-
Richard Hannebery (1)		-	-		-	9,000	9,000	-	100.0
Executives									
Tony Panther (2)	69,914	-	3,896	6,292	-	-	80,102	-	-
Total executives	**218,911**	**-**	**3,896**	**19,702**	**-**	**9,000**	**251,509**		
Totals	**251,938**	**-**	**3,896**	**22,675**	**-**	**9,000**	**287,509**		

(1) Appointed 14 May 2013.
(2) Mr Panther ceased employment with the Company on 31 December 2012.
(3) The Directors of the Company have agreed to forgo part of their fees until the Company achieves a commercialisation event. These foregone fees have been recognised as a contingency as detailed in Note 21(b)(i).

(iii) Key management personnel - options issued provided as compensation

The options issued are options over unissued shares of the Company.

Table 3. Director and other Key Management Personnel options issued during the year ended 30 June 2014

During the financial year and following approvals ought at the Company's 2013 Annual General Meeting of shareholders the following options were granted to Directors:

	Granted (number)	Vested (number)	Grant Date	Fair value per option at grant date ($)	Total value of options at grant date ($)	Exercise Price per share ($)	Amount paid or payable by recepient	Expiry Date	Vesting Date
Directors									
Lou Panaccio	2,500,000	2,500,000	3/12/2013	$ 0.0660	165,000	$ 0.15	Nil	2/12/2017	25/6/2014
Dr Karl Poetter	300,000	300,000	3/12/2013	$ 0.0660	19,800	$ 0.15	Nil	2/12/2017	25/6/2014
Richard Hannebery	2,500,000	2,500,000	3/12/2013	$ 0.0660	165,000	$ 0.15	Nil	2/12/2017	25/6/2014
David Symons	1,250,000	1,250,000	3/12/2013	$ 0.0660	82,500	$ 0.15	Nil	2/12/2017	25/6/2014
Jim Kalokerinos	300,000	300,000	3/12/2013	$ 0.0660	19,800	$ 0.15	Nil	2/12/2017	25/6/2014
Totals	**6,850,000**	**6,850,000**			**452,100**				

Table 4. Director and other Key Management Personnel options issued during the year ended 30 June 2013

There were no options issued to Directors and other Key Management Personnel during the year ended 30 June 2013.

(d) Key Management Personnel contract information

Person	Position	Duration of contract	Notice period	Payment in lieu of notice	Other payments upon termination
Mr Lou Panaccio	Executive Chairman	No fixed term	None	N/A	None
Dr Karl Poetter	Chief Scientific Officer	No fixed term	6 months	6 months	6 months salary
Mr Richard Hannebery	Executive Director	No fixed term	None	None	None
Mr David Symons	Non-executive Director	No fixed term	None	None	None
Mr Jim Kalokerinos	Non-executive Director	No fixed term	None	None	None

(e) Additional disclosures relation to key management personnel

Shareholding
The number of shares in the Company held during the financial year by each director and other members of key management personnel of the Company is set out below:

Person	Balance at start of year	Granted as Remuneration	Received on exercise	Other	Held at the end of reporting period
Mr Lou Panaccio	200,000	534,165	-	-	734,165
Dr Karl Poetter	990,957	670,730	-	-	1,661,687
Mr Richard Hannebery	2,320,000	717,110	-	197,580*	3,234,690
Mr David Symons	680,142	296,503	-	50,000*	1,026,645
Mr Jim Kalokerinos	118,948	267,081	-	70,000*	456,029
	4,310,047	**2,485,589**	**-**	**317,580**	**7,113,216**

* relates to purchases on market

Option holding
The number of options over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the Company is set out below:

Person	Balance at start of year	Granted as Remuneration	Exercised	Other	Vested & exercisable at the end of the reporting period	Vested & un-exercisable at the end of the reporting period
Mr Lou Panaccio	300,000	2,500,000	-	-	2,800,000	-
Dr Karl Poetter	-	300,000	-	-	300,000	-
Mr Richard Hannebery	-	2,500,000	-	-	2,500,000	-
Mr David Symons	550,000	1,250,000	-	(300,000)*	1,500,000	-
Mr Jim Kalokerinos	300,000	300,000	-	-	600,000	-
	1,150,000	**6,850,000**	**-**	**(300,000)**	**7,700,000**	**-**

* options lapsed during the year.

Other Transactions

Mr Richard Hannebery became an Executive director of the Company in May 2013. EG Capital Pty Ltd and Lodge Corporate Pty Ltd, entities related to Mr Hannebery, were engaged by the Company to assist in the raising of capital over a number of years. Mr Hannebery is a Director of EG Capital Pty Ltd and a contractor to Lodge Corporate Pty Ltd.

During the year ended 30 June 2014 EG Capital Pty Ltd was paid $44,204 (2013: 84,314) and Lodge Corporate was paid $21,000 for these services.

END OF REMUNERATION REPORT

15. AUDITOR'S INDEPENDENCE DECLARATION

The Directors received the auditor's independence declaration. A copy of this declaration, which forms part of this directors' report, is set out on page 21 of this annual report.

This report has been made in accordance with a resolution of the Directors.

Mr Lou Panaccio
Executive Chairman
Melbourne, Victoria
29 August 2014

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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 2014, 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

B.A. Mackenzie
Partner - Audit & Assurance

Melbourne, 29 August 2014

Grant Thornton

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

Report on the financial report

We have audited the accompanying financial report of Genera Biosystems Limited (the "Company"), which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the company.

Directors' responsibility 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. The Directors' responsibility also includes 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. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

Auditor's opinion

In our opinion:

a the financial report of Genera Biosystems Limited is in accordance with the Corporations Act 2001, including:

  i giving a true and fair view of the Company's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

  ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 1(x) in the financial report which indicates that the company incurred a net loss of $2,461,958 during the year ended 30 June 2014 and, as of that date, the company's cash outflows from operating activities equates to $848,398. These conditions, along with other matters as set forth in Note 1(x), indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

Grant Thornton

Report on the remuneration report

We have audited the remuneration report included in pages x to 12 of the directors' report for the year ended 30 June 2014. 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.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Genera Biosystems Limited for the year ended 30 June 2014, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

B.A. Mackenzie
Partner - Audit & Assurance

Melbourne, 29 August 2014

CORPORATE GOVERNANCE STATEMENT

The Board of Directors is responsible for the corporate governance framework of the Company and to report its compliance with the ASX "Corporate Governance Principles and Recommendations" 2nd Edition ("Principles").

The Board has reviewed its compliance with these Principles and states that the Company is in compliance with them unless otherwise stated as contained therein.

ROLES AND RESPONSIBILITIES

(Principle 1: Lay solid foundations for management and oversight/Best Practice Recommendations-1.1-1.3).

(Principle 2: Structure the Board to add value/ Best Practice Recommendation 2.4).

The Board is responsible for the corporate governance of the business and has adopted as a guiding principle that it act honestly, conscientiously and fairly, in accordance with the law and in the interests of Genera's shareholders (with a view to building sustainable value for them), employees and other stakeholders. Responsibility for the operational conduct of the Company's business has been delegated to the Executive Chairman (EC)) who reports to the Board.

The Board's conduct is governed by a Board Charter but its broad functions are:

- Chart strategy and set financial targets for the Company;
- Monitor the implementation and execution of strategy;
- Adopt an annual budget and monitor performance against financial targets; and
- Appoint and oversee the performance of executive management; and generally take and fulfill an effective leadership role in relation to the Company.

Power and authority in certain areas is specifically reserved to the Board – consistent with its function as outlined above. These areas include:

- Composition of the Board itself including appointment and removal of Directors;
- Oversight of the Company including its control and accountability systems to monitor compliance;
- Appointing and removing the CEO/EC;
- Appointing the Company Secretary and ratifying changes to senior management;
- Reviewing and overseeing systems of risk management and internal compliance and control, codes of conduct, and legal and regulatory compliance;
- Ensuring significant business risks are identified and appropriately managed;
- Monitoring senior management's performance and implementation of strategy;
- Approving and monitoring financial and other reporting;
- Establishing the highest business standards and code for ethical behaviour; and
- Reviewing the performance of both executive and non-executive directors.

There are additional matters requiring Board approval; specifically:

- Material capital expenditure or expenditure outside the ordinary course of business;
- Approval of major elements of strategy (including any significant changes in direction);
- Approval of the interim and final accounts and related reports to the ASX/ASIC;
- Stakeholder communications; and
- Proposals for the issue of securities by the Company.

The Board conducts regular meetings (generally on a monthly basis) to inform the Board of current events and issues relevant to the Company's operations and performance. Board papers include a detailed financial analysis of the Company's position, an operations report, and individual papers relating to significant issues broadly covering finance, business risk, IP, compliance, strategy and OH&S that require specific Board attention. These will include reviews of the various Board policies. The Board may seek further information on any issue from the executive management of the Company.

Whilst at all times the Board retains full responsibility for guiding and monitoring the Company, in discharging its stewardship it makes use of sub-committees. Specialist committees are able to focus on a particular responsibility and provide informed feedback to the Board, specifically:

- Audit and Risk Committee. The members of this committee are the Non-executive Directors ("NEDs") from the Board together with the Executive Chairman. The Committee Chairman is one of the Non-executive Directors and is elected annually.
- Remuneration Committee. The members of this committee are the NEDs.
- Nomination Committee. The members of this Committee are all the Directors with the Board Chairman presiding.

The details of the members of the sub-committees are contained in the Directors' Report.

CURRENT BOARD COMPOSITION

(Principle 2: Structure the Board to add value/ Best Practice Recommendations 2.1-2.3 and 2.6).

At the date of this statement, the Board comprises two NEDs, the Executive Chairman and two Executive Directors. The members of the Board and brief resumes are contained in Item 2(a) of the Directors' Report. The Company's Board notes that, at present, only two of the Company's five directors are NEDs, resulting in the Company not being in accordance with Recommendation 2.1, as less than a majority of the Board are independent directors. The Board is of the view that, given the size of the Board and the level of resources available to the Company and its current stage of development, it is reasonable, cost-efficient and in the interests of the Company and its stakeholders to structure the Board in this way.

The Company acknowledges the importance of having independent directors as determined by objective criteria. Importantly, the Company is committed to having a Board whose members have the capacity to act independently and have the composite skills to optimise the financial performance of the Company and return to shareholders.

The Company recognises that independent directors are important in assuring shareholders that the Board is properly fulfilling its role and is diligent in holding senior management accountable for its performance.

The Company's Board notes that the appointment of a single person to the position of Executive Chairman (EC):

(i) may not be in accordance with Recommendation 2.2, as the EC, being employed in an executive capacity, may not have independent status; and

(ii) may not be in accordance with Recommendation 2.3, as the roles of chair and chief executive officer are exercised by the same individual.

However, the Board notes that, given the current level of resources available to the Company, and its current stage of development, it is reasonable, cost-efficient and in the interests of the Company and its stakeholders to structure its management in this way. The Company's non-executive directors scrutinise closely the performance of the EC at all times to ensure that he conducts his activities in an appropriate fashion and in such a way that the Company's governance objectives are not compromised.

The Board recognises, and will periodically review, the number of directors it needs to provide a skill base and capability to discharge its responsibilities and to meet the standards espoused in this Directors' Report, and adequately supports the Sub-Committee system.

The Company's Constitution provides that:

- The minimum number of directors is 3, and there can be a maximum number of 10, unless amended by a resolution at a General Meeting of Shareholders;
- One third of the directors (excluding the managing director and rounded up) must retire from office at the AGM each year; such retiring directors are eligible for re-election;
- The Board is to delegate certain matters to sub committees such as audit and risk, remuneration and nominations, these committees being used to assist the Board in executing its responsibilities;
- Directors appointed to fill casual vacancies must submit to election at the next annual general meeting; and
- The number of directors necessary to constitute a quorum is not less than three of the directors currently in office.

BOARDS CHARTER AND POLICY

(Principle 3: Promote ethical and responsible decision making/Best Practice Recommendation 3.1)

The Board has adopted a Charter (which will be kept under review and amended from time to time as the Board may consider appropriate) to give formal recognition to the matters outlined above and covering other matters that are important for its effective operation including:

- a definition of 'independence';
- a framework for the identification of candidates for appointment to the Board and their selection;
- a framework for individual performance review and evaluation;
- the opportunity for proper training to be made available to Directors both at the time of their appointment and on an on-going basis;
- implementing basic procedures for meetings of the Board and its committees; and
- communications with shareholders and the market.

PROMOTION OF ETHICAL AND RESPONSIBLE DECISION MAKING

(Principle 3: Promote ethical and responsible decision making/Best Practice Recommendations 3.1-3.4)

The Board insists on honest, fair, and diligent conduct of its directors when dealing with staff, shareholders, customers, regulatory authorities, and the community. The practice of the Board and its management should not depart from the ASX Principles in any significant way except where resources allocation makes this difficult.

This ethical and responsible decision making is governed by the Directors' Code of Conduct as follows:-

- A director must act honestly, in good faith and in the best interest of Company as a whole.
- A director has a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office.
- A director must use the powers of office for a proper purpose, in the best interest of the Company as a whole.
- A director must recognise that the primary responsibility is to the Company's shareholders as a whole but should, where appropriate, have regard for the interests of all stakeholders of the Company.

Corporate Governance Statement (cont'd)

- A director must not make improper use of information acquired as a director.
- A director must not take improper advantage of the position of director.
- A director must not allow personal interests, or the interests of any associated person, to conflict with the interests of the Company.
- A director has an obligation to be independent in judgment and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board.
- Confidential information received by a director in the course of the exercise of directorial duties remains the property of the Company and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by the Company, or the person from whom the information is provided, or is required by law.
- A director should not engage in conduct likely to bring discredit upon the Company.
- A director has an obligation, at all times, to comply with the spirit, as well as the letter of the law and with the principles of this Code.
- A director should not engage in related party transactions with the Company unless approved by law.

The Company has an ASX Listing Rule-compliant policy on securities trading by key management personnel (comprising directors and senior managers) that is applied and reviewed regularly. The policy generally provides for 3 security trading windows per year for 1 month after the dates of the announcements of the half and full year accounts and the conduct of the Annual General Meeting. There are procedures for the key management personnel to seek approval from the Board Chairman and Audit and Risk Committee Chairman to trade securities outside these trading windows where there are "exceptional circumstances". A policy also exists for directors to notify the Company within 3 working days of their security trading activities for subsequent notification to the ASX. These disciplines are enforced upon all employees and contractors of the Company.

Board members who have or may have a conflict of interest in any activity of the Company or with regard to any decision before the Board, must notify the Board of such, and a decision will be made as to whether the Board member concerned is to be excluded from making decisions that relates to the particular matter. The Company's Constitution allows a director to enter into any contract with the Company other than that of auditor for the Company, subject to the law.

To encourage coherent and responsible decision making, the Company's Board Charter also accepts that directors are able to seek independent professional advice for Company related matters at the Company's expense, subject to the instruction and estimated cost being approved by the chairman in advance as being respectively necessary and reasonable.

The Company has established a policy concerning diversity, a copy of which is available on the Company's website. This diversity policy sets out the requirements for the Board to develop and establish appropriate objectives for achieving gender diversity, and to annually assess both the objectives and the progress in achieving those objectives.

The Board notes that the absence from this Annual Report of disclosure of measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them may not be in accordance with Recommendation 3.3. At present the Board has yet to establish specific measurable objectives for achieving gender diversity ("diversity objectives") in accordance with that policy, therefore it is not possible to disclose such objectives, nor the progress in achieving them, in this Annual Report. Specific measurable objectives for achieving gender diversity have not yet been established as it is the Board's view that, due to:

- the small size of the Company; and
- the Company's need to prioritise the achievement of urgent operational and scientific developmental objectives in the short term over longer term diversity-related objectives.

It is in the best interests of the Company and its stakeholders to defer the establishment of diversity objectives until such time as the Company has achieved operational and financial stability.

The Board recognises the benefits of establishing diversity objectives and shall continue to review the Company's position with a view to establishing such objectives as soon as practicable.

The proportion of women employees in the whole organisation, women in senior executive positions and women on the Board as at the date of this report is as follows:

	Whole organisation	**Senior executive positions**	**Board**
No of women	4	2	0
% women	33.3%	33.3%	0%

AUDIT AND RISK COMMITTEE – INTEGRITY OF FINANCIAL REPORTING

(Principle 4: Safeguard integrity in financial reporting/Best Practice Recommendations 4.1-4.4)

The Audit Committee meets at the direction of the Board 2 to 3 times per year. The Committee is chaired by a NED comprises the Company's two non-executive directors and the Executive Chairman. The Company's Board notes that this is not in accordance with Recommendation 4.2, as the Committee includes an executive director. However the Board notes that, without the inclusion of the Executive Chairman and in the absence of any other non-executive directors, the Committee's size would be less than three, as required by Recommendation 4.2 and that it is reasonable, and facilitates the operation of the Committee, for the Committee to be constituted in its current form.

Details of the meeting attendance are contained in Item 2(c) of the Directors' report.

The main objective of the Audit Committee is to assist the Board in reviewing any matters of significance affecting financial reporting and compliance of the Company as per the Audit Committee charter including:

- Exercising oversight of the accuracy and completeness of the financial statements;
- Making informed decisions regarding accounting and compliance policies, practices, and disclosures;
- Reviewing the scope and results of operational risk reviews, compliance reviews, and external audits; and
- Assessing the adequacy of the Company's internal control framework including accounting, compliance, and operational risk management controls based on information provided or obtained.

"Compliance" refers to compliance with laws and regulations, internal compliance guidelines, policies and procedures, and other prescribed internal standards of behaviour.

The Committee has the power to conduct or authorise investigations into, or consult independent experts on, any matters within the Committee's scope of responsibility. The Company will require that the external audit engagement partner and review partner be rotated every five years.

TIMELY AND BALANCED DISCLOSURE

(Principle 5: Make timely and balanced disclosure/Best Practice Recommendations 5.1-5.2)

The Board is committed to inform all of the stakeholders and market of any major events that influence the Company particularly its share price, in a timely and conscientious manner. The Board is responsible for ensuring that the Company complies with ASX Listing Rules in particular Listing Rule 3.1 for Continuous Disclosure. Directors and senior executives are aware of, and periodically reminded of, their accountability for compliance. Given the relatively small size of the organisation, this is regarded as a reasonable approach.

Any market sensitive information is reviewed and discussed by the Board before it is approved to be released to the market.

The Company's procedure is to lodge the information with the ASX and make it available on its website, www.generabiosystems.com.

COMMUNICATION WITH SHAREHOLDERS

(Principle 6: Respect the right of shareholders/Best Practice Recommendation 6.1-6.2)

The Board ensures that the shareholders are fully informed of matters likely to be of interest to them. The Company provides all obligatory information such as annual reports, half yearly reports, Company announcements as ASX releases and other ASX required reports in accordance with the law and regulations. The Company places all relevant announcements to the ASX on its website. The Company does not use webcasting or teleconferencing for media briefings due to the size of the Company but monitors the trends and stakeholder demands to determine its future use of these technologies.

Notices of shareholders meetings, annual and extraordinary, are distributed in a timely manner in accordance with ASX and ASIC regulations and are accompanied by explanatory memoranda that set out all the information that the Company has obtained. The Company uses e-communication with its shareholders via its share registry services where possible.

The Company is always available to be contacted by shareholders for any query that the shareholders may have. The queries can be submitted by telephone, email or fax to the Company's office; the contact details are available on the Company's website.

The Chairman encourages questions and comments at the AGM ensuring that shareholders have a chance to obtain direct response from the EC/CEO and other appropriate Board members.

RISK MANAGEMENT AND INTERNAL CONTROL

(Principle 7: Encourage enhanced performance/Best Practice Recommendations 7.1-7.4)

The Company recognises the need for risk management and internal control. The Board supports the ASX Principles in relation to this matter. All Board members are responsible for reviewing the risk profile of the Company in the areas of market, liquidity, equity, credit, operational, and regulatory compliance risks and reviewing the Company's risk management framework and any variations to it. Due to the nature and size of the Company, it has established a formal risk management procedure for capture and assessment of business risks. This procedure includes a mechanism for review of risks as they arise and for a periodic review and discussion of them at regular Board meetings.

Given their specific skill and roles, the EC/CEO and CSO are responsible for raising awareness of all operational risks, including research and projects to the Board members. Their roles include providing intelligent recommendations to the Board members to make an informed decision in relation to these risks.

As part of the process of approving the financial statements, the Executive Chairman provides statements in writing to the Board on the quality and effectiveness of the Company's risk management and internal compliance and control systems. The Company's process for approval of financial statements has a long standing requirement that authorisations be given by various levels of management. The Company's Executive Chairman is required to state to the Board, in writing, that the Company's financial report states a true and fair view in all material respects of the Company's financial condition and operational results and are in accordance with relevant accounting standards (of which they have done for the current reporting period).

Other non-operational risks are handled by appropriate directors according to their ability and area of expertise and reported/recommended in the Board meetings for discussion and approval. As the Company grows and increases in its complexity, a Risk Management Committee may be formed to assist the Board in assessing risks and making recommendations; in the interim, these matters will be reviewed by the Board risk assessment process and can be referred to the Audit Committee as needed. Where appropriate or desirable, such committee review will seek external advice from experts.

BOARD MANAGEMENT AND PERFORMANCE ASSESSMENTS

(Principle 1: Lay solid foundations for management and oversight/Best Practice Recommendation 1.2).

(Principle 2: Structure the Board to add value/ Best Practice Recommendation 2.5)

The Board performs an annual review of individual performance of its members. One third of the number of directors is required to stand for re-election at the AGM. This is normally achieved by voluntary termination by the longest serving directors.

The Chairman conducts reviews on the performance of the NEDs, the committees and the overall effectiveness of the Board. The review references the Board policies in the Board Charter and Directors' Code of Conduct and covers the following matters:

- The Board's effectiveness in the development of the Company's business and operations, and the functionality of each committee in performing its duties;
- Interaction between Board members and between Board members and the management team;
- Board functionality – to monitor and control operations, compliance, and management; and
- The standard of conduct of Board members.

This review is then summarized and reported at the scheduled Board meeting to improve the effectiveness of the Board.

The performances of key executives are reviewed formally by the NEDs as part of the Remuneration review. The assessment covers:

- the Company's economic performance;
- commercial achievements;
- IP achievements and direction:
- achievements against targets;
- project management;
- budget comparison;
- insurances;
- personnel management including OH & S and personal and ethical conduct; and
- feedback from staff, shareholders, and customers.

The CEO/Executive Chairman reviews the management team periodically and provides reports as needed to Board members.

DIRECTOR AND EXECUTIVE REMUNERATION – REMUNERATION COMMITTEE

(Principle 8: Remunerate fairly and responsibly/Best Practice Recommendations 8.1-8.3)

The Remuneration Committee assists the Board in ensuring that the Company's remuneration levels are appropriate in the markets in which it operates and are applied, and seen to be applied, fairly. The Committee comprises the 2 NEDs. Details of the composition and the meeting attendance are contained in Item 2(c) of the Directors' report.

The Committee has the responsibility to:

- Review and approve, on behalf of the Board, annual remuneration budgets which include recommendations for annual CEO remuneration and his performance against agreed objectives, as well as option allocations made under the Company's ESOP.
- Review remuneration arrangements relating to individuals or groups of individuals (including directors) in appropriately material circumstances; such circumstances may include but are not limited to:
    a) Recommendations of the Board relating to the cessation of employment of senior executives; and
    b) Recommendations of the Board involving significant exceptions to policy. The Committee may approve such arrangements unless they are significant, in which case the Committee will make a recommendation to the Board.
- Review and recommend to the Board:
    a) Proposals for changes to remuneration levels which are referred to the Board by the Chairman or CEO; and
    b) Remuneration recommendations relating to the CEO.

The Committee meetings have been held separately from the main Board meetings as needed. The Committee has access to senior management of the Company and may consult independent experts where the Committee considers it necessary to carry out its duties.

Currently, the Company pays salaries to the EC and the executive director, and directors' fees to the NEDs. As stated in the Directors' Report, businesses associated with directors may receive fees for professional services provided to the Company.

STAKEHOLDER CODE OF CONDUCT

The Board is cognisant of ASX and ASIC guidelines on Corporate Governance and regularly reviews its own governance process to ensure continuous compliance with ASX, ASIC and all other regulatory bodies having relevant authority over any of the Company's activities.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 30 June 2014

	Notes	2014 $	2013 $
Revenue	4	206,893	67,084
Employee benefits expense		(1,532,458)	(975,082)
Depreciation and amortisation	5	(676,498)	(745,781)
Professional fees		(35,000)	(10,526)
Rent		(186,848)	(214,050)
Corporate expenses		(119,052)	(112,992)
Travel and accommodation		(22,805)	(25,638)
Laboratory expenses - other		(175,169)	(386,858)
Finance costs	5	(230,817)	-
Other expenses		(141,770)	(201,481)
Profit/(loss) before income tax		**(2,913,524)**	**(2,605,324)**
Income tax (expense)/benefit	6	451,566	342,452
Net profit/(loss) for the year		(2,461,958)	(2,262,872)
Other comprehensive income/(loss) for the year net of tax		-	-
Total comprehensive income/(loss) for the year		**(2,461,958)**	**(2,262,872)**

Earnings per share for profit from continuing operations:		**Cents**	**Cents**
Basic earnings per share	25	(2.888)	(2.584)
Diluted earnings per share	25	(2.888)	(2.584)

This statement is to be read in conjunction with the accompanying notes to the financial statements.

STATEMENT OF FINANCIAL POSITION
As at 30 June 2014

	Notes	2014 $	2013 $
ASSETS			
Current assets			
Cash and cash equivalents	7	592,538	128,326
Trade and other receivables	8	101,069	64,278
Inventories	9	8,241	8,241
Other current assets	10	84,843	93,221
Total current assets		**786,691**	**294,066**
Non-current assets			
Plant and equipment	11	313,679	514,568
Development costs	12	1,870,510	2,131,749
Intangible assets	13	1,828,318	1,812,193
Deferred tax assets	6	392,933	489,116
Total non-current assets		**4,405,440**	**4,947,626**
Total assets		**5,192,131**	**5,241,692**
LIABILITIES			
Current liabilities			
Trade and other payables	14	297,968	327,775
Provisions	15	169,074	160,396
Borrowings	16	1,216,749	-
Total current liabilities		**1,683,791**	**488,171**
Non-current liabilities			
Deferred tax liabilities	6	392,933	489,116
Provisions	15	32,659	19,735
Total non-current liabilities		**425,592**	**508,851**
Total liabilities		**2,109,383**	**997,022**
Net assets		**3,082,748**	**4,244,670**
EQUITY			
Issued capital	17	24,158,260	23,310,324
Retained losses	18(a)	(21,698,402)	(19,321,036)
Reserves	18(b)	622,890	255,382
Total equity		**3,082,748**	**4,244,670**

This statement is to be read in conjunction with the accompanying notes to the financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2014

		Share Capital	Accumulated Losses	Share Option Reserve	Total
		$	$	$	$
Balance at 1 July 2013		23,310,324	(19,321,036)	255,382	4,244,670
Loss for the year		-	(2,461,958)	-	(2,461,958)
Other comprehensive income/(loss)		-	-	-	-
Total comprehensive income/(loss) for the year		-	(2,461,958)	-	(2,461,958)
Transactions with owners of the Company recognised directly in equity:					
Issue of shares	17	911,595	-	-	911,595
Capital raising expenses	17	(63,659)	-	-	(63,659)
Issue of options	18	-	-	452,100	452,100
Transfer of expired options	18	-	84,592	(84,592)	-
Total transactions with owners of the Company		847,936	84,592	367,508	1,300,036
Balance 30 June 2014		24,158,260	(21,698,402)	622,890	3,082,748

		Share Capital	Accumulated Losses	Share Option Reserve	Total
Balance at 1 July 2012		2,543,716	(17,604,688)	794,205	5,733,233
Loss for the year		-	(2,262,872)	-	(2,262,872)
Other comprehensive income/(loss)		-	-	-	-
Total comprehensive income/(loss) for the year		-	(2,262,872)	-	(2,262,872)
Transactions with owners of the Company recognised directly in equity:					
Issue of shares	17	828,500	-	-	828,500
Capital raising expenses	17	(61,892)	-	-	(61,892)
Issue of options	18	-	-	7,701	7,701
Transfer of expired options	18	-	546,524	(546,524)	-
Total transactions with owners of the Company		766,608	546,524	(538,823)	774,309
Balance 30 June 2013		3,310,324	(19,321,036)	255,382	4,244,670

This statement is to be read in conjunction with the accompanying notes to the financial statements.

STATEMENT OF CASH FLOWS
For the year ended 30 June 2014

	Notes	2014 $	2013 $
Cash flows from operating activities			
Receipts from customers		124,100	51,953
R & D Tax concession received		451,566	342,452
Payments to suppliers and employees		(1,467,903)	(1,978,955)
Net GST recovered from ATO		43,839	108,353
Interest paid		-	(4,436)
Other receipts		-	2,468
Net cash outflow from operating activities	24	**(848,398)**	**(1,478,165)**
Cash flows from investing activities			
Payments for purchase of intangibles		(229,678)	(195,296)
Payments for purchase of plant and equipment		(700)	(248,536)
Interest received		2,133	20,516
Net cash outflow from investing activities		**(228,245)**	**(423,316)**
Cash flows from financing activities			
Proceeds from issue of shares		629,253	800,000
Capital raising costs		(88,398)	(30,940)
Proceeds from convertible notes		1,000,000	-
Payment of insurance premium funding facility		-	(78,020)
Net cash inflow from financing activities		**1,540,855**	**691,040**
Net increase(decrease) in cash and cash equivalents		**464,212**	**(1,210,441)**
Cash and cash equivalents at beginning of the financial year		128,326	1,338,767
Cash and cash equivalents at end of year	7, 24(a)	**592,538**	**128,326**

This statement is to be read in conjunction with the accompanying notes to the financial statements.

1 Summary of significant account policies (cont’d)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

New, revised or amending Accounting Standards and Interpretations adopted
The Company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

Any significant impact on the accounting policies of the Company from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company.

The following Accounting Standards and Interpretations are most relevant to the Company:

AASB 11 Joint Arrangements
The Company applied AASB 11 from 1 July 2013. The standard defines which entities qualify as joint arrangements and removes the option to account for joint ventures using proportional consolidation. Joint ventures, where the parties to the agreement have the rights to the net assets are accounted for using the equity method. Joint operations, where the parties to the agreements have the rights to the assets and obligations for the liabilities, will account for its share of the assets, liabilities, revenues and expenses separately under the appropriate classifications. The application of the standard has not impacted the financial report of the Company.

AASB 12 Disclosure of Interests in Other Entities
The Company has applied AASB 12 from 1 July 2013. The standard contains the entire disclosure requirement associated with other entities, being subsidiaries, associates, joint arrangements (joint operations and joint ventures) and unconsolidated structured entities. The disclosure requirements have been significantly enhanced when compared to the disclosures previously located in AASB 127 'Consolidated and Separate Financial Statements', AASB 128 'Investments in Associates', AASB 131 'Interests in Joint Ventures' and Interpretation 112 'Consolidation - Special Purpose Entities'.

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13
The Company has applied AASB 13 and its consequential amendments from 1 July 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach is used to measure non-financial assets whereas liabilities are based on transfer value. The standard requires increased disclosures where fair value is used.

1 Summary of significant account policies (cont'd)

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement
The Company has applied 2011-4 from 1 July 2013, which amends AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel ('KMP'). Corporations and Related Legislation Amendment Regulations 2013 and Corporations and Australian Securities and Investments Commission Amendment Regulation 2013 (No.1) now specify the KMP disclosure requirements to be included within the directors' report.

(a) Basis of preparation

This financial report is a general purpose financial report which complies with Australian Accounting Standards (including Australian Accounting Interpretations), as issued by the Australian Accounting Standards Board, and the *Corporations Act 2001.* The financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board. The Company is a for-profit entity for the purpose of preparing the financial statements.

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

These financial statements were authorised for issue on 29 August 2014 by the Board of Directors of the Company.

Historical cost convention
These financial statements have been prepared under the historical cost convention, as modified, where applicable, by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of plant and equipment.

Critical accounting estimates- Accrual basis
The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company'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.

(b) Segment reporting

Identification and measurement of segments – The Company uses the "management approach" to the identification, measurement and disclosure of operating segments. The "management approach" requires that operating segments be identified on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker (comprising the Board of Directors and senior management), for the purpose of allocating resources and assessing performance.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

1 Summary of significant account policies (cont'd)

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and specific criteria have been met for each of the Company's activities as described below.

Revenue is recognised for the major business activities as follows:

(i) 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.

(ii) Services rendered

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

(iii) Research and development contributions

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

- Where applicable, by reference to the achievement of specified milestones by the Company, 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 Company of the total services or works to be carried out by the Company pursuant to the contract.

(iv) Government grants

Grants from the government are recognised as revenue at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the Profit or Loss 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 Company to purchase property, plant and equipment are included in non-current liabilities as deferred income and are credited to the Profit or Loss 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 Profit or Loss of the period in which it becomes receivable.

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

1 Summary of significant account policies (cont'd)

(v) Interest income

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

(d) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects either accounting or taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(e) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Australian dollars, which is Genera Biosystems Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit or Loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Translation differences on financial assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

1 Summary of significant account policies (cont'd)

(f) Leases

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the leases' inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost.
The finance cost is charged to the Profit or Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Profit or Loss on a straight-line basis over the period of the lease.

(g) Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(h) Cash and cash equivalents; short term deposits

For Statement of Cash Flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(i) Trade receivables

Trade receivables are recognised initially at fair value less provision for impairment. Trade receivables are generally due for settlement within 30 days.

The amount of the impairment loss is recognised in the Profit or Loss within other expenses.

(j) Inventories

Inventories including raw materials, work in progress and finished goods are valued at the lower of cost and net realisable value.

1 Summary of significant account policies (cont'd)

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Finished goods and work-in-progress – cost of direct materials and labour and a proportion of variable and fixed manufacturing overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(k) Investments and other financial assets

Classification
The Company classifies its financial assets in the following categories: loans and receivables and held-to-maturity investments.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

(i) 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 included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade and other receivables (Note 8) in the Statement of Financial Position.

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. If the Company were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

Recognition and derecognition
Purchases and sales of financial assets are recognised on trade-date - the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

1 Summary of significant account policies (cont'd)

Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the Statement of Comprehensive Income. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Subsequent measurement
Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Impairment
The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired.

(l) Plant and equipment

Plant and equipment
Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The costs of fixed assets constructed include the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Profit or Loss during the financial period in which they are incurred.

Depreciation
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. Leasehold improvements are amortised over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Fixed Asset	*Depreciation Rate*
Plant and equipment	*37.5% reducing balance*

1 Summary of significant account policies (cont'd)

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Profit or Loss. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(m) Intangible assets

(i) 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 fifteen years on a straight line basis. Software is amortised over its useful life of twelve years on a straight line basis.

(ii) 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.

(n) Financial liabilities

Financial liabilities, which include trade and other payables and financial liabilities are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights and obligations exist.

Subsequent to initial recognition, non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

(o) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition

1 Summary of significant account policies (cont'd)

(p) 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 convertible notes that exhibits characteristics of as 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 non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to 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.

(q) Finance Costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expenses in the period in which they are incurred including interest on short-term borrowings

(r) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

(s) Employee benefits

(i) Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and expected to be wholly settled within 12 months of the reporting date are recognised in provisions in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. 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 national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

1 Summary of significant account policies (cont'd)

(iii) 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 fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the Company revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

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.

(t) Contributed equity

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. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(u) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, 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 year.

1 Summary of significant account policies (cont'd)

(ii) 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 additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(v) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of 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 taxation authority is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis.

(w) New accounting standards and interpretations

(i) Changes in accounting policy and disclosures

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 Company for the annual reporting period ended 30 June 2014. The Company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Company, are set out below.

AASB 9 Financial Instruments and its consequential amendments
AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139

The Company has not yet assessed the full impact of AASB 9 as this standard does not apply mandatorily before 1 January 2018.

IFRS 15 Revenue from Contracts with Customers (effective for annual reporting periods on or after 1 January 2017)

The revenue-related interpretations in IFRS 15 will include the establishing of a new control-based revenue recognition model, changing the basis for deciding whether revenue is to be recognised over time or at a point in time, the provision of new and more detailed guidance on specific topics (eg multiple element arrangements, variable pricing, rights of return, warranties, licensing). The new standard will also expand and improve disclosures about revenue. The Australian Accounting Standards Board (AASB) is expected to issue the equivalent Australian Standard *(AASB 15 Revenue from Contracts with Customers).* The Company has not yet assessed the full impact of this standard.

1 Summary of significant account policies (cont'd)

(x) Going Concern

The financial report has been prepared on a going concern basis. This contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business even though the Company has experienced operating losses of $2,461,958 during the financial year ended 30 June 2014 (2013: $2,262,872). Cash reserves were $592,538 at 30 June 2014 (2013: $128,326).

The Genera Board continues to believe that the Company's Ampasand platform technology together with the products developed to date have considerable commercial value. This is supported by a robust intellectual property position and the results of clinical trials.

The Board is confident, given current circumstances and, together with existing agreements with Healthscope pathology and new wider distribution agreements being targeted for both PapType and RTI-plex post TGA regulatory approvals and subsequent CE Mark registration, that additional capital will be able to be sourced either from existing Genera shareholders or from external sources such as new distribution partners as and when required.

At this time, 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 2014. 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 Company not continue as a going concern.

2 FINANCIAL RISK MANAGEMENT

The Company's principal financial instruments are cash and cash equivalents and convertible notes.

The main purpose of these financial instruments is to finance the Company's operations. The Company has various other financial assets and liabilities such as receivables and trade payables, which arise directly from its operations. It is, and has been throughout the entire period, the Company's policy that no trading in financial instruments shall be undertaken. The main risk arising from the Company's financial instruments is interest rate risk. Other minor risks are summarised below. The Board reviews and agrees policies for managing each of these risks.

(a) Interest rate risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's cash deposits with floating interest rates. These financial assets with variable rates expose the Company to interest rate risk. The short term finance facility used to fund the Company's insurance premiums has a fixed interest rate and the convertible notes have a fixed interest rate. All other financial assets and liabilities in the form of receivables and payables are non-interest bearing. The Company does not engage in any hedging or derivative transactions to manage interest rate risk.

In regard to its interest rate risk, the Company continuously analyses its exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative investments and the mix of fixed and variable interest rates.

The following tables set out the Company's financial instruments and its exposure to the type of interest rate risk and the effective weighted average interest rate for each class of these financial instruments. Also included is the effect on profit and equity after tax if interest rates at that date had been 10% higher or lower with all other variables held constant as a sensitivity analysis.

Notes to the financial statement for the year ended 30 June 2014 (cont'd)

2 Financial risk management (cont'd)

	Floating Interest Rate		Fixed Interest Rate		Non-Interest Bearing		Total Carrying Amount		Interest Rate Risk Sensitivity Effect on Net Profit			
									10% of current rate		-10% of current rate	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	$	$	$	$	$	$	$	$	$	$	$	$
Financial Assets												
Cash at bank & on hand	592,538	128,326	-	-	-	-	592,538	128,326	1,250	309	(1,250)	(309)
Short term deposits	-	-	-	-	-	-	-	-	-	-	-	-
Trade and other Receivables	-	-	-	-	101,069	64,278	101,069	64,278	-	-	-	-
Total	**592,538**	**128,326**	**-**	**-**	**101,069**	**64,278**	**693,607**	**192,604**	**1,250**	**309**	**(1,250)**	**(309)**
Weighted average interest rate	2.11%	2.41%	-	-	-	-	-	-	-	-	-	-
Financial Liabilities												
Trade and other payables	-	-	-	-	297,968	327,775	297,968	327,775	-	-	-	-
Borrowings	-	-	1,216,749	-	-	-	1,216,749	-	-	-	-	-
Total	**-**	**-**	**1,216,749**	**-**	**297,968**	**327,775**	**1,514,717**	**327,775**	**-**	**-**	**-**	**-**
Interest rate	-	-	40.00%	-	-	-	-	-				
Net Financial assets (liabilities)	**592,538**	**128,326**	**(1,216,749)**	**-**	**(196,899)**	**(263,497)**	**(821,110)**	**(135,171)**	**1,250**	**309**	**(1,250)**	**(309)**

A sensitivity of 10% of current prevailing interest rates has been selected as this is considered conservative and reasonable given the current level of both short term and long term Australian interest rates. A 10% sensitivity would move short term rates from 2.50% to approximately 2.75% representing a 25 basis points shift. This would represent 1 - 2 interest rate increases, which are reasonably possible in the current environment.

Based on the sensitivity analysis only interest revenue from variable rate deposits and cash balances is impacted resulting in a decrease or increase in overall income.

2 Financial risk management (cont'd)

(b) Liquidity risk

Vigilant liquidity risk management requires the Company 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 sufficient cash reserves and through the continuous monitoring of budgeted and actual cash flows.

(i) Financial Assets

The following table details the Company's expected maturity for its non-derivative financial assets.

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As at 30 June 2014, there was $21,670 of financial assets which were past due and not impaired as they had been contracted with regular customers.

(ii) Financial Liabilities

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities.

	2014	2013
less than 1 month	179,752	327,775
1-3 months	67,311	-
3 months to 1 year	50,905	-
1-5 years	1,216,749	-
Total	**1,514,717**	**327,775**

(c) Foreign Exchange Risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's functional currency. The Company's foreign transactions are immaterial and it is not exposed to foreign currency risk.

(d) 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.

2 Financial risk management (cont'd)

(e) Fair Values

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.

(f) Capital Risk Management

The Company's objectives when managing capital are to ensure that the Company has sufficient funds to be a going concern. This is achieved by ensuring that the Board is focussed on cash flow management through periodic Board reporting. Management reviews financial accounts on a monthly basis and reviews actual expenditure against budget on a monthly basis.

The Company could also raise additional capital if necessary by issuing new shares so as to fund the commercialisation of its key products. The total capital is shown as the equity in the Statement of Financial Position. There are no external restrictive agreements on the Company for the use of its capital.

Management also maintains a capital structure that ensures the lowest cost of capital available to the Company.

The Company does not have a defined share buy-back plan.

No dividends were paid in 2014 and no dividends are expected to be paid in 2015.

There is no current intention to incur debt funding on behalf of the Company as on-going development expenditure is expected to be funded via equity or partnerships with other companies.

The Company is not subject to any externally imposed capital requirements.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Key estimates - impairment
The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets. Where an impairment indicator exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

No impairment has been recognised in respect of licenses, patents and trademarks, development costs, prepayments or fixed assets for the year ended 30 June 2014.

3 Critical accounting estimates and judgements (cont'd)

Key estimates - useful lives of non-current assets
The Company's estimates of the useful lives of its plant and equipment, and intangible assets including capitalised development costs, are referred to in Notes 1(l) and (m).

Key estimates - share-based payment transactions
The Company measures the cost of share-based payments at fair value at the grant date using the Binomial formula, taking into account the terms and conditions upon which the instruments were granted.

Key judgements - tax losses
Given the Company's history of recent losses, the Company has not recognised a deferred tax asset other than those disclosed to offset the deferred tax liability, with regard to unused tax losses and other temporary differences, as it has not been determined whether the Company will generate sufficient taxable income against which the unused tax losses and other temporary differences can be utilised.

4 REVENUE

	2014 $	2013 $
Sales of diagnostic kits	204,730	44,100
Interest	1,425	20,516
Other	738	2,468
	206,893	**67,084**

5 EXPENSES

	2014 $	2013 $
Loss before income tax includes the following expenses:		
Depreciation and amortisation		
Plant and equipment	201,006	267,340
Patents, licences and trademarks	181,051	184,051
Development costs	261,939	261,888
Software development costs	32,502	32,502
Total depreciation and amortisation expense	**676,498**	**745,781**
Finance Costs		
Interest on convertible notes	216,749	-
Amortisation of capitalised debt issuance costs	14,068	-
Total finance costs	**230,817**	**-**
Cost of sales	-	40,848
Minimum operating lease payments	186,848	214,050
Superannuation expense for defined contribution funds	75,773	79,267

5 EXPENSES (cont'd)

	2014 $	2013 $
Research and development expenditure	133,597	323,128
Share Based Payments *	753,974	7,701

* During the financial year, the Company granted 6,850,000 options to Directors following approval at the Company's 2013 Annual General Meeting of shareholders. This amount represents the value of those options ($452,100) and the settlement of Directors fees payable through the issue of shares ($301,874) and other share based payments issued during the year.

6 TAXATION

	2014 $	2013 $
(a) Income tax expense/(benefit)		
Current Tax	(451,470)	(342,452)
Deferred Tax	-	-
Under/(over) provision of prior year tax	-	-
	(451,470)	**(342,452)**
Income tax expense/(benefit) is attributable to:		
Profit from continuing operations	(451,470)	(342,452)
	(451,470)	**(342,452)**
Deferred income tax/(revenue) expense included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets	96,183	38,460
(Decrease)/increase in deferred tax liabilities	(96,183)	(38,460)
	-	**-**
Represented by:		
Decrease/(increase) in deferred tax assets		
Amounts recognised in profit or loss		
Lab Equipment	-	-
Provision - leave entitlements	(6,481)	(3,799)
Superannuation payable	(126)	(218)
Intellectual Property	(62,592)	
Other	(4,500)	16,725
Tax losses recognition	132,926	19,026
	59,227	31,734
Amounts recognised in equity		
Capital raising costs	36,956	6,726
	96,183	**38,460**
(Decrease)/increase in deferred tax liabilities		
Amounts recognised in profit or loss		
Research and development	(86,433)	(32,631)
Software	(9,750)	(5,829)
	96,183	**(38,460)**

Notes to the financial statement for the year ended 30 June 2014 (cont'd)

6 TAXATION (cont'd)

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	2014 $	2013 $
Loss from continuing operations before income tax expense	(2,913,624)	(2,605,324)
Tax at the applicable Australian domestic tax rate of 30%	(874,087)	(781,597)
Tax effect of amounts which are not deductible/(taxable) in calculating income tax:		
Other tax adjustment	(79,199)	297,046
Non-deductible share option expense	137,460	-
Non-deductible R&D expenses for current year R&D tax incentive	362,557	151,263
R&D tax offset received in current financial year	-	-
Other non-deductible expenses	1,799	(9,164)
Income tax expense/(benefit)	**(451,470)**	**(342,452)**

(c) Tax losses & temporary differences

	2014 $	2013 $
Unused tax losses for which a deferred tax asset has been recognised	845,543	1,288,630
Potential tax benefit @ 30%	253,663	386,589
Unused tax losses and temporary differences for which no deferred tax asset has been recognised	19,003,359	18,022,669
Potential tax benefit @ 30%	5,701,008	5,406,801

Deferred income tax benefits

Deferred tax assets arising from tax losses are, to the extent noted above, not recognised at reporting date as realisation of the benefit is not regarded as probable. This deferred income tax benefit, including the amounts in Note 6(d) below, will only be obtained if:

(a) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
(b) the conditions for deductibility imposed by tax legislation continue to be complied with, including Continuity of Ownership and/or Same Business Tests; and
(c) no changes in tax legislation adversely affect the Company in realising the benefit.

(d) Non Current Assets - Deferred Tax Assets

The balance comprises temporary differences attributable to:

Amounts recognised in profit or loss

	2014 $	2013 $
Provision - leave entitlements	60,521	54,040
Superannuation payable	5,657	5,531
Other	10,500	6,000
Intellectual Property	62,592	-
	139,270	65,571

Notes to the financial statement for the year ended 30 June 2014 (cont'd)

6 TAXATION (cont'd)	2014 $	2013 $
Amounts recognised in equity		
Capital raising costs	-	36,956
Recognised deferred tax assets in respect of tax losses	253,663	386,589
Total deferred tax assets	**392,933**	**489,116**

(e) Non-Current Liabilities - Deferred Tax Liabilities

The balance comprises temporary differences attributable to:		
Amounts recognised in profit or loss		
Research and development	328,194	414,627
Software	64,739	74,489
Total deferred tax liabilities	**392,933**	**489,116**

7 CURRENT ASSETS - CASH AND CASH EQUIVALENTS; SHORT TERM DEPOSITS

	2014 $	2013 $
Cash at bank and in hand	**592,538**	**128,326**

8 CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	2014 $	2013 $
Trade receivables	89,870	9,240
GST receivable	11,199	55,038
	101,069	**64,278**

Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

As no receivables item was impaired or past due as at 30 June 2014, no provision for impairment was required as at that date (2013 – Nil).

9 CURRENT ASSETS – INVENTORIES

	2014 $	2013 $
Finished goods (at lower of cost and net realisable value	8,241	8,241
	8,241	**8,241**

Notes to the financial statement for the year ended 30 June 2014 (cont'd)

10 CURRENT ASSETS – OTHER CURRENT ASSETS

	2014 $	2013 $
Prepayments - Other	74,171	93,221
Capitalised borrowing costs	24,740	-
Accumulated Amortisation	(14,068)	-
	10,672	-
	84,843	**93,221**

11 NON-CURRENT ASSETS – PLANT AND EQUIPMENT

	2014 $	2013 $
Plant and equipment		
At cost	1,226,347	1,226,230
Accumulated depreciation	(912,668)	(711,662)
Total plant and equipment	**313,679**	**514,568**

Movements in Carrying Amounts	2014 $	2013 $
Balance at the beginning of year	514,568	545,610
Additions	117	236,298
Depreciation expense	(201,006)	(267,340)
Carrying amount at the end of year	**313,679**	**514,568**

12 NON-CURRENT ASSETS – DEVELOPMENT COSTS

	2014 $	2013 $
Development costs		
Paptype development costs	3,143,360	3,142,660
Accumulated amortisation	(1,272,850)	(1,010,911)
	1,870,510	**2,131,749**

Reconciliation of development costs	2014 $	2013 $
Balance at beginning of year	2,131,749	2,393,637
- Additions	700	-
- Amortisation charge	(261,939)	(261,888)
Closing carrying value at 30 June	**1,870,510**	**2,131,749**

Development costs have a remaining amortisation period of eight years.

13 NON-CURRENT ASSETS – INTANGIBLES

	2014 $	2013 $
Patents, trademarks, licences at cost	2,948,546	2,718,868
Accumulated amortisation	(1,336,024)	(1,154,973)
	1,612,522	1,563,895
Software	390,021	390,021
Accumulated amortisation	(174,225)	(141,723)
	215,796	248,298
	1,828,318	**1,812,193**

Reconciliation of intangible assets

	Patents and trademarks $	Software $	Total $
Balance at 1 July 2013	1,563,895	248,298	1,812,193
- Additions	229,678	-	229,678
- Amortisation charge	(181,051)	(32,502)	(213,553)
Closing carrying value at 30 June 2014	**1,612,522**	**215,796**	1,828,318
Balance at 1 July 2012	1,482,998	280,800	1,763,798
- Additions	264,948	-	264,948
- Amortisation charge	(184,051)	(32,502)	(216,553)
Closing carrying value at 30 June 2013	**1,563,895**	**248,298**	**1,812,193**

14 CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	2014 $	2013 $
Unsecured		
Trade payables	277,968	306,558
Sundry creditors and accrued expenses	20,000	21,217
	297,968	**327,775**

15 PROVISIONS FOR EMPLOYEE BENEFITS

	2014 $	2013 $
Employee benefits		
Current	169,074	160,396
Non current	32,659	19,735
	201,733	**180,131**

15 PROVISIONS FOR EMPLOYEE BENEFITS (Cont'd)

Employee benefits provision

A provision has been recognised for employee benefits relating to annual and long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on accepted practice in the industry. The measurement and recognition criteria relating to employee benefits have been included in Note 1 to this report.

16 CURRENT LIABILITIES – BORROWINGS

	2014 $	2013 $
Unsecured		
Convertible Note Debt	1,000,000	-
Accrued Interest thereon	216,749	-
Total	1,216,749	-

At the 2013 Annual General Meeting the shareholders approved the issue of up to 10,000 unlisted Convertible Redeemable Notes at a face value of $100.00 to sophisticated or professional investors to raise working capital. During the year the Company issued all 10,000 notes to raise $1.0 million before costs.

Interest of $216,749 was accrued on these notes for the financial year at a rate of 40% per annum.

The terms of the Notes are summarised below:

Subscription Price

The Subscription Price of the Notes is $100 per Note.

Interest

No Interest is payable on the Notes.

Maturity Date

The maturity date is 30 June 2015.

ASX Status and Conversion Price

The Notes will be unlisted but may be converted at the election of the holder any time following 30 September 2013. The conversion price for any Notes converted prior to 31 December 2014 will be $0.125 per fully paid ordinary share ("Share"). The conversion price for any Notes converted after 31 December 2014 will be $0.105 per Share.

Company Conversion

The Notes will mandatorily convert into fully paid ordinary shares ("Shares") at a conversion price of $0.125 per share upon announcement of a cash takeover offer for 100% of the outstanding issued capital of the Company for which the board recommends the offer. Note holders will be entitled to a cash top up payment in the event of a board recommended offer under $0.25 per share.

16 CURRENT LIABILITIES – BORROWINGS (cont'd)

Early Redemption

Genera may redeem the Notes at any time for the greater of $140.00 per Note or an amount that reflects a 40% annual return. Noteholders may redeem the Notes early upon the Company being in receipt of no less than $5,000,000 cash proceeds from a monetisation in respect to the PapType test or any other test associated with the Company's Ampasand platform, including but not limited to the Ampasand platform itself.

Mandatory Redemption

The Notes are redeemable at 30 June 2015 at 196% of Face Value.

Ranking

The Notes are secured by a general security deed over all the assets and undertakings of the Company.

Adjustments

The Notes conversion terms shall be adjusted for any bonus issues or capital reconstructions.

Voting

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

17 CONTRIBUTED EQUITY

(a) Share capital

	2014	2013
	$	$
Ordinary shares - issued and fully paid	24,158,260	23,310,324

All issued shares are fully paid.

All holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

The Company does not have authorised capital or par value in respect of its issued shares.

17 CONTRIBUTED EQUITY (cont'd)

(b) Movement in ordinary shares on issue

(b) Movements in share capital

	Number	Issue price per share $	Total capital $
Balance at 1 July 2013	83,090,708		23,310,324
Issue to professional and sophisticated investors to raise working capital	1,230,989	0.105	129,255
Placement to raise working capital	3,225,807	0.155	500,000
Share issue to Directors in lieu of Directors fees - May 2013	69,767	0.086	6,000
Share issue to Directors in lieu of Directors fees - June 2013	54,054	0.111	6,000
Share issue to Directors in lieu of Directors fees - July 2013	88,546	0.102	9,000
Share issue to Directors in lieu of Directors fees - Aug 2013	296,561	0.086	25,534
Share issue to Directors in lieu of Directors fees - Sept 2013	269,915	0.095	25,534
Share issue to Directors in lieu of Directors fees - Oct 2013	279,365	0.091	25,534
Share issue to Directors in lieu of Directors fees - Nov 2013	234,041	0.109	25,534
Share issue to Directors in lieu of Directors fees - Dec 2013	180,324	0.142	25,534
Share issue to Directors in lieu of Directors fees - Jan 2014	193,440	0.132	25,534
Share issue to Directors in lieu of Directors fees - Feb 2014	253,817	0.101	25,534
Share issue to Directors in lieu of Directors fees - Mar 2014	239,305	0.107	25,534
Share issue to Directors in lieu of Directors fees - Apr 2014	194,768	0.131	25,534
Share issue to Directors in lieu of Directors fees - May 2014	131,687	0.194	25,534
Shares issued under Employee Share Scheme	23,808	0.252	6,000
Gross proceeds from issues			911,595
Share issue costs for above items			(63,659)
Balance at 30 June 2014	**90,056,902**		**24,158,260**
Balance at 1 July 2012	75,321,663		22,543,716
Issue as payment for June 2012 share issue costs	150,000	0.19	28,500
Issue as payment for December 2012 share issue costs	531,562	0.105	55,814
Issue to sophisticated and professional investors of 557,502 unlisted options at issue price of $0.01 per option - July & November 2011	7,619,045	0.105	800,000
Gross proceeds from issues			828,500
Share issue costs for above items			(61,892)
Balance at 30 June 2013	**83,090,708**		**23,310,324**

18 ACCUMULATED LOSSES AND RESERVES

(a) Accumulated losses

	2014 $	2013 $
Balance 1 July	(19,321,036)	(17,604,688)
Net loss for the year	(2,461,958)	(2,262,872)
Transfer in from share option reserve	84,592	546,524
Balance 30 June	**(21,698,402)**	**(19,321,036)**

(b) Reserves

	2014 $	2013 $
(i) Share option reserve	**622,890**	**255,382**

Movements in Share option reserve	2014 $	2013 $
Balance 1 July	255,382	794,205
Employee benefits expense	452,100	7,701
Transfer to accumulated losses	(84,592)	(546,524)
Balance 30 June	**622,890**	**255,382**

The share option reserve is used to recognise the fair value of options issued in connection with share-based payments but not exercised. As options are exercised:

- the reserve is reduced and the fair value of the exercised options is transferred to the Accumulated Losses/Retained Profits account; and
- the proceeds received in relation to the shares issued upon the exercise of options are recognised in issued share capital.

19 RELATED PARTY DISCLOSURES

(a) Key management personnel compensation

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Company's key management personnel for the year ended 30 June 2014.

	2014 $	2013 $
Short-term employee benefits	8,257	255,834
Post-employment benefits	16,058	22,675
Long-term benefits	-	-
Share-based payments	753,974	9,000
	778,289	**287,509**

19 RELATED PARTY DISCLOSURES (cont'd)

(b) Transactions with related parties

Transactions with related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Mr Richard Hannebery became an Executive director of the Company in May 2013. EG Capital Pty Ltd and Lodge Corporate Pty Ltd, entities related to Mr Hannebery, were engaged by the Company to assist in the raising of capital over a number of years. Mr Hannebery is a Director of EG Capital Pty Ltd and a contractor to Lodge Corporate Pty Ltd.

During the year ended 30 June 2014 EG Capital Pty Ltd was paid $44,204 (2013: 84,314) and Lodge Corporate was paid $21,000 for these services.

20 REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor, its related practices and non-related audit firms:

	2014 $	2013 $
Audit and review of financial reports by Grant Thornton	41,655	41,500
	41,655	**41,500**

21 COMMITMENTS AND CONTINGENCIES

(a) Commitments not provided in the accounts as at 30 June 2014

(i) Operating lease commitments

The Company has in place an operating lease for office equipment.

	2014 $	2013 $
Commitments in relation to operating leases are payable as follows:		
Within twelve months	1,520	2,280
Twelve months or longer and not longer than five years	-	1,520
Longer than five years	-	-
	1,520	**3,800**

(b) Contingencies

(i) Directors' fees – contingent payment

Since 30 June 2011, the directors of the Company have 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 the 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 2014 was $726,000 (2013: $516,000), mostly relating to remuneration for the executive chairman and chief scientific officer. This amount has not been provided for in the Company's accounts as at 30 June 2014 as it will become payable only in the event that a monetisation event occurs.

(ii) Former Chief Executive Officer – contingent payment

The Company has agreed to pay its former CEO an amount of $135,000 in the event that the Company achieves one of a number of specified commercial events. This amount has not been provided for in the Company's accounts as at 30 June 2014, as it will become payable only in the event that one of the specified events occurs.

Other than any items referred to in this note, there were no contingencies to be reported at the reporting date.

22 OPERATING SEGMENTS

Operating segments are reported in a manner consistent with the internal reporting provided to the Senior Management Executive Group and the Board of Directors (Chief Operating Decision Makers), both of which make strategic decisions for the Company.

The Chief Operating Decision Maker evaluates the results on a Company wide basis and as such does not have specific operating segments.

23 EVENTS AFTER THE REPORTING PERIOD

On 14 July 2014 the Company issued 86,032 fully paid ordinary shares to Directors at a deemed issue price of $0.2968 (29.68 cents) per share. These shares were issued in Lieu of Director's Fees as approved at the 2013 Annual General Meeting of Shareholders and were voluntarily restricted for a period of 12 months from issue.

With the exception of the matter above, there were no significant events arising after reporting date.

24 STATEMENT OF CASH FLOWS INFORMATION

	2014 $	2013 $
(a) Reconciliation of cash Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:		
- Cash at Bank and on hand	592,538	128,326
	592,538	**128,326**

24 STATEMENT OF CASH FLOWS INFORMATION (cont'd)

(b) Reconciliation of cash flows from operations with loss from ordinary activities after income tax

	2014 $	2013 $
Loss for the year	(2,461,958)	(2,262,872)
Reclassify Interest received as investing cash flow	(2,133)	(20,516)
Non-cash items:		
- Depreciation & amortisation	690,295	745,781
- Interest charged on convertible notes	216,749	7,701
- Share based payments	753,974	-
Changes in working capital:		
- (Increase)/decrease in trade and other receivables	(38,012)	(14,766)
- (Increase)/decrease in inventories	-	40,847
- (Increase)/decrease in prepayments	19,050	47,131
- Increase/(decrease) in creditors and accruals	3,424	(34,123)
- Increase/(decrease) in employee benefit provisions	(29,787)	12,652
Cash inflows/(outflows) from operations	**(848,398)**	**(1,478,165)**

(c) Non-cash financing activities

	2014 $	2013 $
Shares issued in return for services	-	55,814
	-	**55,814**

25 EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net loss for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of dilutive options) and the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares.

25 EARNINGS PER SHARE (cont'd)

The following reflects the income and share data used in the total operations basic and diluted earnings per share computations:

	2014 $	2013 $
Loss after income tax used in the calculation of basic EPS and dilutive EPS	(2,461,958)	(2,262,872)
	No.	**No.**
Weighted average number of ordinary shares for basic earnings per share	85,243,215	79,268,685
Weighted average number of ordinary shares for diluted earnings per share	85,243,215	79,268,685
Basic Earnings per share	(2.888)	(2.584)
Diluted earnings per share	(2.888)	(2.584)

All options to acquire ordinary shares are not considered dilutive for the year ended 30 June 2014 and the comparative period.

26 SHARE BASED PAYMENTS

(a) Description of share-based payment arrangements

(i) Shares issued in return for services or Directors Fees

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

(A) Year ended 30 June 2014

At the Company's 2013 Annual General Meeting of shareholders the Company sought approval to issue Directors fully paid ordinary shares in lieu of Directors fees receivable. A total of 2,485,589 shares were issued during the year and 170,231 shares post year end. This equated to a total consideration of $301,874.

During the year the Company issued a total of 23,808 fully paid ordinary shares at a deemed issue price of $0.252 (25.2 cents per share) for total consideration of $6,000.

(B) Year ended 30 June 2013

The Company issued fully paid ordinary shares for the payment of capital raising advisory services provided by an entity related to Mr Richard Hannebery in connection with the Share Purchase Plan conducted by the Company during the financial year. Mr Hannebery was not a Director of the Company at the time these services were provided. The cost of these services, being incremental costs directly attributable to the issue of new shares, was recorded in equity as a deduction from the proceeds of the Share issue. The shares vested immediately.

26 SHARE BASED PAYMENTS (cont'd)

Details are as follows:

Date of issue:	19 July 2012
Number of shares issued:	150,000
Issue price:	$0.19
Total Value of shares issued:	$28,500
Determination of fair value:	Contracted invoice value of services provided.
Date of issue:	21 December 2012
Number of shares issued:	531,562
Issue price:	$0.105
Total Value of shares issued:	$55,814
Determination of fair value:	Contracted invoice value of services provided.

Mr Hannebery's Director fees are also intended to be settled by way of ordinary shares to a value equivalent to the remuneration of the executive chairman. This will need to be approved by the shareholders at the annual general meeting.

Details are as follows

Date of issue:	To be issued
Number of shares issued:	determined by reference to the share price on the issue date
Issue price:	determined by reference to the share price on the issue date
Total Value of shares issued:	$9,000
Determination of fair value:	Contracted fees for director services

(a) Description of share-based payment arrangements (cont'd)

(ii) Options issued under employee share option plan

The Company may from time to time issue Directors and employees with unlisted options to acquire shares in the Company 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.

During the 2014 financial year, options were issued to Directors following shareholder approval sought at the Company's 2013 Annual General Meeting of shareholders held in November 2013.

26 SHARE BASED PAYMENTS (cont'd)

Details of these issues are as follows:

	Year ended 30 June 2014	**Year ended 30 June 2013**
Recipient Employees/Director	Directors	Various Employees
Date of issue :	3 December 2013	20 Dec 2012
No. of options issued :	6,850,000	210,000
Issue price ($) :	-	-
Exercise price ($) :	0.1500	0.1500
Vesting date :	26 Jun 14	20 Dec 2012
Expiry date :	2 Dec 17	01 Dec 2015
Fair value per option ($) :	0.0666	0.03664
Total fair value of options issued ($) :	452,100	7,694.27
Determination method of fair value of goods/services received or equity instruments granted:	Fair value of options based on Option Pricing Model – refer note 26(d)	

Note: the 1,500,000 options issued to Mr Panaccio will vest immediately upon the market capitalisation of the Company, being the number of Shares on issue multiplied by the prevailing Share price, achieving a level equal to or greater than $25 million.

(b) Options – number and weighted average exercise prices (WAEP)

	2014		**2013**	
	Number	**WAEP $**	**Number**	**WAEP $**
Outstanding at beginning of year	2,098,108	0.5238	6,144,325	0.4630
Granted during the year	6,850,000	0.15	210,000	0.15
Cancelled during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Lapsed during the year	738,108	0.625	4,256,217	0.4633
Outstanding at the end of the year	8,210,000	0.20	2,098,108	0.5238
Exercisable at year end	8,210,000	-	2,098,108	0.5238

(c) Options outstanding at end of the period

(i) Details of options outstanding at end of period

(A) As at 30 June 2014:

Grant Date	**Expiry Date**	**Exercise Price $**	**Number**
10 July 2009	10 July 2014	0.50	300,000
10 July 2009	10 July 2014	0.625	250,000
28 November 2011	28 November 2016	0.50	600,000
1 December 2012	1 December 2015	0.15	210,000
3 December 2013	2 December 2017	0.15	6,850,000
			8,210,000

26 Share based payments (cont'd)

(B) As at 30 June 2013:

Grant Date	Expiry Date	Exercise Price $	Number
12 March 2009	12 March 2014	0.625	175,000
10 July 2009	10 July 2014	0.50	300,000
10 July 2009	10 July 2014	0.625	250,000
28 November 2011	28 November 2016	0.50	600,000
1 December 2012	1 December 2015	0.15	210,000
29 January 2009	28 November 2014	0.625	563,108
			2,098,108

(d) Fair value of options

(i) Weighted average fair value

	2014	2013
Weighted average fair value of options granted during the year:	$0.0666	$0.0366

The weighted average remaining contractual life of options on issue is 2.73 years.

(ii) Option Pricing Model

The fair value of options issued as share based payments is estimated at the date of grant using the Black-Scholes or Binomial model. The methodology takes into account the possibility that the exercise date is less than the expiry date.

The following table lists the inputs to the model used for the year ended 30 June 2014 (Binomial model used) and for the year ended 30 June 2013 (Black-Scholes model used).

	Year ended 30 June 2014	Year ended 30 June 2013
Recipient Employees/Director	Directors	Various Employees
Grant date	3 December 2013	20 Dec 2012
Dividend yield (%)	-	-
Expected volatility (%)	70.000	57.259
Risk-free interest rate (%)	3.41	2.70
Expected life of option (years)	4	2.9
Option exercise price ($)	0.1500	0.1500
Market closing share price on grant/modification date ($)	0.1400	0.1100

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur.

Expected volatility is based on the Company's shares' historical volatility for periods representing the expected life of the options. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other features of options granted were incorporated into the measurement of fair value.

26 Share based payments (cont'd)

(e) Expenses arising from share based payment transactions

	2014 $	2013 $
Employee benefits expense - options issued and/or amortised	458,100	7,701
	458,100	**7,701**

DIRECTORS' DECLARATION

In the directors' opinion:

(a) the financial statements, notes and the additional disclosures included in the directors' report designated as audited, of the Company are in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the Company's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

  (iii) complying with International Financial Reporting Standards as disclosed in Note 1; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(c) the remuneration disclosures set out in the Annual Report comply with Australian Accounting Standards 124 Related Party Disclosures and the Corporations Regulations 2001.

The directors have been given the declarations, required by section 295A of the Corporations Act 2001, from the Executive Chairman.

This declaration is made in accordance with a resolution of the directors.

Lou Panaccio
Executive Chairman

Melbourne
29 August 2014