Quarterly Cash Flow and Activities Report – 30 June 2017

Genetic Signatures (ASX: GSS) is pleased to report on its activities for the quarter ended 30 June 2017.

Highlights

- **Sales revenue growth of 16% on the previous corresponding period**
- **First sale and delivery of beta-release *3base*™ *EasyScreen*™ Flavivirus and Alphavirus Detection Kit**
- **Regulatory approval for complete enteric product suite in Australia and Europe**
- ***3base*™ patent in USA secured**
- **Exhibition at four industry conferences in US, Europe and Australia**
- **First product trial of *3base*™ *EasyScreen*™ Extended Spectrum Beta-Lactamase (ESBL) and Carbapenemase-producing organisms (CPO) Detection Kit for rapid antibiotic resistance detection of bacteria such as *E.coli* and *Klebsiella***
- **Further global product trials already underway or planned**

Sales Growth of 16% Over Previous Corresponding Quarter

- Total sales revenue of $575,000 representing 16% growth on the previous corresponding period
- Cash receipts from customers of $936,000
- Cash at 30 June 2017: $13,194,000

Global Market Expansion

- Following the announcement and presentation of our ***3base***™ *EasyScreen*™ Flavivirus and Alphavirus Detection Kit in the previous quarter, the Company completed the first product sale and delivery to an offshore customer on a trial basis. The test allows for the detection of 15 of the most common Flavivirus and Alphavirus infections in the world, including dengue, West Nile virus, Zika, yellow fever virus, and Chikungunya, a mosquito-borne virus that causes fever and joint pain and is found in Europe, the Americas, the Caribbean, Africa and the Middle East.
- At the end of this quarter the Company announced that it had received Australian and European regulatory approval for its Enteric Viral Detection solution. This will allow the sale of the Company's complete enteric suite within those regions, representing 22% of the global molecular diagnostics market.
- Genetic Signatures also received approval notification for one of the Company's core ***3base***™ technology patents from the United States Patent and Trademark Office (USPTO).

- In a competitive market worth an estimated $1.26B and representing 50% to 60% of the global molecular diagnostics market, the securing of intellectual property is paramount and this new patent covers the ***3base***™ conversion process as well as the current associated workflow that has proven to be popular in customer labs until 2031.
- A similar patent from Genetic Signatures has already been issued in Australia, Europe, Japan, New Zealand, Singapore and South Africa and is pending in other jurisdictions.

Product Trials & Demonstrations

- In addition to the trial currently underway with our first Flavivirus and Alphavirus customer, Genetic Signatures has also commenced an initial product trial for its *EasyScreen*™ ESBL/CPO Detection Kit, a more rapid alternative for conventional antibiotic resistant bacterial detection.
- ESBLs are enzymes produced by bacteria such as *Escherichia coli* (*E.coli*) and *Klebsiella* that are found normally in the human bowel and can cause serious illness.
- ESBLs can be resistant to a range of frequently used antibiotics including penicillin's and cephalosporins. Recently there have also been reports of ESBL organisms expressing multiple drug resistance markers, which coupled with the emergence of carbapenemase resistant bacteria makes treatment of infected patients using standard techniques (principally Beta-lactam antibiotics) more challenging.
- In response to this growing significant global concern in healthcare settings challenge Genetic Signatures' new detection kit provides a rapid, sensitive and specific alternative for the detection of ESBLs and CPOs.
- The Company exhibited at several global conferences during the quarter. This was led by a presentation at the 27th European Congress of Clinical Microbiology and Infectious Diseases (ECCMID) in April, where Genetic Signatures' Chief Scientific Officer highlighted the improved detection of Flaviviruses with our proprietary ***3base***™ technology following the successful Vanuatu dengue detection clinical trial in the previous quarter.
- Genetic Signatures also exhibited at two premier US conferences including the Clinical Virology Symposium (CVS) during May and the ASM Microbe conference in June. Furthermore, the Company exhibited and presented four oral papers at the Australian Society for Microbiology Annual Scientific Meeting (ASM) 2017 in Hobart, Tasmania in early July.

Product Range Expansion

- Research and development on new kits and assays continues, including kits for atypical respiratory infections and meningitis.
- Regulatory work is continuing to secure approvals for upcoming kits in Australia, Europe and the United States.

Commentary
Genetic Signatures recorded revenue growth for the period ended 30 June 2017, with total sales revenue growth of 16% on the previous corresponding quarter.

During the quarter the Company continued to focus on growth, product range extension and market share expansion in existing and new territories. With full regulatory approval for the Company's Enteric Viral Detection solution in Europe comes the realisation of a significant offshore opportunity and the possibility of unrestricted sales in 31 countries with a market estimated at $86m per year.

We will continue to work on securing similar approvals for our STI and respiratory products whilst ongoing regulatory developments in the US, which is collectively worth $1.26B, remain on course. Ultimately this will drive both the Company's global expansion strategy and shareholder value as we grow our footprint and revenue within the United States, Europe and in Australia.

To support this growth the Company has recently appointed Jackson Jones as our new Sales, Marketing and Support Manager. Jackson previously worked at Bio-Rad Laboratories where he ran the Australian diagnostics division.

Having completed a successful trial of our new ***3base***™ *EasyScreen*™ Flavivirus and Alphavirus Detection Kit, the Company received a purchase order for the beta-release version of this product. The Company is now focusing on accelerated validation and development of its current and new product range, including advancing research and development of three new diagnostic products. A number of new product global trials are either now underway or will shortly commence.

Finally, as the Company continues to participate in more industry forums and build its profile, we are starting to see greater interest from prospective and existing customers in the complementary synergy across the breadth of our growing product range.

Collectively this supports the Company's long-term goal of continuing to target health conditions where faster and more accurate diagnosis plays a pivotal role in improving community health across the globe.

At 30 June 2017, the company held $13,194,000 in cash.

Upcoming Activities

- The Company's focus remains sales growth, product range extension and market share expansion in existing and new territories.
- Further product trials with prospective customers in Australia, Europe and the US have already commenced or are getting underway in the quarter ahead.
- In the US, having now satisfactorily concluded pre-submission dialogue with the FDA, Genetic Signatures is now focused on completing the required scientific validation and clinical trials required for full FDA approval for our first product.
- The Company is finalising its ***3base***™ *EasyScreen*™ Flavivirus and Alphavirus Detection Kit as well as the *EasyScreen*™ ESBL/CPO Detection Kit for commercial release.

For further information, see our website (www.geneticsignatures.com) or contact us as below:

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About Genetic Signatures Limited: Genetic Signatures is a specialist molecular diagnostics (MDx) company focused on the development and commercialisation of its proprietary platform technology, ***3base***™. Genetic Signatures designs and manufactures a suite of real-time Polymerase Chain Reaction (PCR) based products for the routine detection of infectious diseases under the *EasyScreen*™ brand. Genetic Signatures' proprietary MDx ***3base***™ platform technology provides high-volume hospital and pathology laboratories the ability to screen for a wide array of infectious pathogens, with a high degree of specificity, in a rapid throughput (time-to-result) environment. Genetic Signatures' current target markets are major hospital and pathology laboratories undertaking infectious disease screening.

+Rule 4.7B

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

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

Name of entity

GENETIC SIGNATURES LIMITED

ABN	**Quarter ended ("current quarter")**
30 095 913 205	30 June 2017

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (12 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	936	2,316
1.2	Payments for		
	(a) research and development	(679)	(2,231)
	(b) product manufacturing and operating costs	(196)	(825)
	(c) advertising and marketing	(66)	(194)
	(d) leased assets	(53)	(259)
	(e) staff costs	(768)	(2,683)
	(f) administration and corporate costs	(84)	(434)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	144	249
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	1,429
1.8	Other (provide details if material)	-	(3)
1.9	**Net cash from / (used in) operating activities**	**(766)**	**(2,635)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(471)	(894)
	(b) businesses (see item 10)	-	-
	(c) investments	-	-

+ See chapter 19 for defined terms

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
	(d) intellectual property	-	(29)
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**(471)**	**(923)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	-	15,028
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(798)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**-**	**14,230**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of quarter/year to date	14,442	2,564
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(766)	(2,635)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(471)	(923)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	14,230

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
4.5	Effect of movement in exchange rates on cash held	(11)	(42)
4.6	**Cash and cash equivalents at end of quarter**	**13,194**	**13,194**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	1,118	442
5.2	Call deposits	12,076	14,000
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**13,194**	**14,442**

6.	Payments to directors of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	125
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

7.	Payments to related entities of the entity and their associates	Current quarter $A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

8.	Financing facilities available *Add notes as necessary for an understanding of the position*	Total facility amount at quarter end $A'000	Amount drawn at quarter end $A'000
8.1	Loan facilities	-	-
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

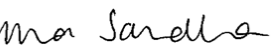
9.	Estimated cash outflows for next quarter	$A'000
9.1	Research and development	(328)
9.2	Product manufacturing and operating costs	(165)
9.3	Advertising and marketing	(168)
9.4	Leased assets	(89)
9.5	Staff costs	(1,319)
9.6	Administration and corporate costs	(229)
9.7	Other (provide details if material)	-
9.8	**Total estimated cash outflows**	**(2,298)**

10.	Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1	Name of entity	Not applicable	Not applicable
10.2	Place of incorporation or registration		
10.3	Consideration for acquisition or disposal		
10.4	Total net assets		
10.5	Nature of business		

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Sign here:  Date: 25 July 2017
Company secretary

Print name: Anna Sandham

Notes

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