



## Quarterly Cash Flow and Activities Report – 31 December 2016

Genetic Signatures (ASX: GSS) is pleased to report on its activities for the quarter ended 31 December 2016.

### Highlights

- **Sales revenue growth of 13% on the previous corresponding period.**
- **Completion of oversubscribed \$15M capital raising to domestic and offshore institutional investors.**
- **Validation study completed on the *EasyScreen*<sup>™</sup> Sexually Transmitted Infection (STI) Detection Kit, which includes routine detection of dangerous *Chlamydia* serovars (LGV).**

### Sales Growth of 13% over previous corresponding quarter

- Total sales revenue of \$463,138, representing 13% growth on the previous corresponding period.
- Cash receipts from customers of \$472,417.
- Cash at 31 December: \$16.01M.

### Global Market Expansion

- Completion of oversubscribed \$15M capital raising to domestic and offshore institutional investors, allowing further investment in offshore expansion.
- Genetic Signatures has been selected for a prestigious presentation at the 27th European Congress of Clinical Microbiology and Infectious Diseases in April, where it will highlight the improved detection of Flaviviruses with our proprietary *3Base*<sup>™</sup> technology.
- The company exhibited at the 65<sup>th</sup> American Society of Tropical Medicine and Hygiene Meeting in November and the 16<sup>th</sup> Asia Pacific Congress of Clinical Microbiology and Infection in December.

## Product Range Expansion

- Clinical Validation study completed for the *EasyScreen*<sup>™</sup> Sexually Transmitted Infection (STI) Detection Kit. The results have demonstrated strong performance across 12 of the most significant and commonly encountered STIs. Additional STI infections were identified with the Genetic Signatures Kit as compared to existing hospital testing techniques. This validation study will become part of the Company's application for regulatory approval.
- The *EasyScreen*<sup>™</sup> STI Detection Kit includes the detection of *Lymphogranuloma venereum* (LGV), a dangerous serovar of Chlamydia, which is increasing in prevalence in Australia, Europe and the US, and was the subject of a recent government health alert<sup>1</sup>. The *EasyScreen*<sup>™</sup> STI Detection Kit will allow labs to perform this test daily and not have to send them to a reference laboratory.
- The *EasyScreen*<sup>™</sup> STI Detection Kit will be released in Research Use Only form in the current quarter. Work will continue on regulatory approvals in Australia and Europe to register the kit as a full IVD.
- Research and development on new kits and assays continues, including kits for atypical respiratory infections, antibiotic resistance, Flavivirus (including Zika) and meningitis.

## Upcoming Activities

- The Company is preparing its *EasyScreen*<sup>™</sup> (STI) Detection Kit for commercial release.
- The focus for the current quarter remains sales growth, product range extension and market share expansion.
- In the United States, Genetic Signatures has now commenced the FDA approval process for securing full regulatory approval for our first products.

## Commentary

Genetic Signatures recorded revenue growth for the period ended 31 December 2016, with total sales revenue growth of 13% on the previous corresponding quarter. As expected, the respiratory testing season has concluded and sales of the Company's respiratory product returned to off-peak levels.

During the quarter, the Company received the proceeds of the \$15M capital raising, strengthening its balance sheet and laying a strong foundation for future growth. With an estimated US\$2.1B addressable global market in 2017, these funds are being directed to accelerate the Company's global expansion strategy, which will prioritise the United States and Europe.

In addition to growing our international client base, the Company will focus on furthering molecular diagnostic approvals for existing and new products in key global markets that will drive revenue further in other product categories along with shareholder value.

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<sup>1</sup> <http://www.health.nsw.gov.au/Infectious/alerts/Documents/LGV-alert-jan-2017.pdf>

The Company is also focusing on accelerated validation and development of its current and new product range, including advancing research and development of five new diagnostic products.

Genetic Signatures' outlook remains focused on achieving strong revenue growth, progressing significant offshore opportunities and driving shareholder value. 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 in Australia and across the globe.

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

Company	Media & Investor Relations
<p><b>John Melki</b>  <b>Chief Executive Officer</b>  <a href="mailto:john@geneticsignatures.com">john@geneticsignatures.com</a>                      T: +61 (0)2 9870 7580</p>	<p><b>Peter Taylor</b>  <b>Investor Relations</b>  <a href="mailto:peter@nwrcommunications.com.au">peter@nwrcommunications.com.au</a>                      T: +61 (0)412 036 231</p>

**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*<sup>™</sup>. 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*<sup>™</sup> brand. Genetic Signatures' proprietary MDx *3Base*<sup>™</sup> 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.

## 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**

30 095 913 205

**Quarter ended ("current quarter")**

31 December 2016

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	472	1,019
1.2 Payments for		
(a) research and development	(416)	(1,039)
(b) product manufacturing and operating costs	(178)	(364)
(c) advertising and marketing	(64)	(73)
(d) leased assets	(57)	(105)
(e) staff costs	(576)	(1,278)
(f) administration and corporate costs	(76)	(186)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	64	80
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)	-	16
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(831)</b>	<b>(501)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(147)	(228)
(b) businesses (see item 10)	-	-
(c) investments	-	-

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
(d) intellectual property	-	(29)
(e) other non-current assets	-	-
<b>2.2 Proceeds from disposal of:</b>		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
<b>2.3 Cash flows from loans to other entities</b>	-	-
<b>2.4 Dividends received (see note 3)</b>	-	-
<b>2.5 Other (provide details if material)</b>	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(147)</b>	<b>(257)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	9,897	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	(456)	(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)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>9,441</b>	<b>14,230</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of quarter/year to date	7,573	2,564
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(831)	(501)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(147)	(257)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	9,441	14,230

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	(28)	(28)
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>16,008</b>	<b>16,008</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	989	2,560
5.2	Call deposits	15,019	5,013
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>16,008</b>	<b>7,573</b>

**6. Payments to directors of the entity and their associates**

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

<b>Current quarter \$A'000</b>
116
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**7. Payments to related entities of the entity and their associates**

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

<b>Current quarter \$A'000</b>
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8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
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.		

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9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Research and development	(891)
9.2 Product manufacturing and operating costs	(256)
9.3 Advertising and marketing	(103)
9.4 Leased assets	(141)
9.5 Staff costs	(1,095)
9.6 Administration and corporate costs	(157)
9.7 Other (provide details if material)	-
<b>9.8 Total estimated cash outflows</b>	<b>(2,643)</b>

10. <b>Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	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:   
Company secretary

Date: 31 January 2017

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.