

## Quarterly Activities Report - 30 September 2017

Genetic Signatures Limited (ASX: GSS, “Genetic Signatures” or the “Company”) is pleased to report on its activities for the quarter ended 30 September 2017.

### Highlights

- **Record quarterly revenue of A\$754,000, representing a 40% increase on previous corresponding quarter**
- **Revenue growth driven by the domestic flu season leading to strong demand for Respiratory Detection Kits**
- **Increasing traction with international customers with repeat order of Flavivirus and Alphavirus Detection Kit trials during the quarter**
- **Successful beta-release of second-generation Respiratory Detection Kit**
- **Continued roll-out of US and EU product trials during the quarter**

### Genetic Signatures CEO, Dr. John Melki commented:

*“Our record quarterly revenue is a direct result of our targeted sales strategy and capability to meet the seasonally strong demand for domestic Respiratory Detection Kits.*

*We gain great confidence in our Respiratory Detection Kits and our team given we were able to effectively meet the increased demand with a product not yet at its final commercial stage. As our domestic sales of all products continue to expand we are pleased that a greater number of patients in Australia will receive accurate and fast test results through the efficacy of our **3base**<sup>™</sup> products. Our Respiratory Detection Kits test for more than 12 respiratory viruses, including influenza, and exemplify how accurate diagnosis plays a pivotal role in improving community health outcomes and helps save lives.*

*We are equally excited with our ambitious international sales strategy, with a number of trials now underway with major customers in the US and EU. Our focus is to both convert these trials into customer orders, as well as secure new trials in the coming quarter as the Northern Hemisphere progresses towards its winter season.”*

### Sales update

Record quarterly revenues were achieved in the September quarter. The heightened winter cold and flu season in Australia contributed to the strong growth in revenue.

During the September quarter, Genetic Signatures progressed its international sales strategy with a number of important milestones. The Company received a repeat sales order from an international customer for Flavivirus and Alphavirus Detection Kit trials.

As the product pipeline continues to grow, Genetic Signatures is also focused on

expanding its global presence by expediting regulatory approvals and sales for existing and new products in new markets. During the past quarter, the Company received key patent approvals in Egypt, Mexico and Spain and will maintain its focus on building its presence in the US and Europe, which are collectively worth 70% to 80% of the global molecular diagnostics market<sup>1</sup>.

### **Research & Development (R&D) update**

Genetic Signatures made significant progress with an accelerated R&D program over the last quarter. Several new diagnostic products are currently in the final stages of development, including kits for meningitis and antibiotic resistance. The Company has secured a repeat sales order for its beta-release Flavivirus and Alphavirus Detection Kit from an offshore customer who is currently trialing the product.

Importantly, the first paid beta-release trial of Genetic Signatures' second-generation Respiratory Detection Kit is nearing completion. This respiratory solution is designed to meet advanced future healthcare automation needs, and has generated strong interest among existing and prospective customers. Results from this clinical evaluation will be used to support our regulatory applications, which will allow sale of respiratory products into the larger European markets and diversify seasonal exposure across our business.

### **Sydney facility relocation**

Genetic Signatures expects to move its R&D facilities to larger Sydney premises during the December quarter 2017. The expanded R&D program will continue alongside Genetic Signatures' regulatory approval processes. Securing regulatory approvals in additional jurisdictions will enable further product sales into a broader MDx marketplace.

### **Product trials update**

Genetic Signatures' initial product trial for its EasyScreen™ Extended Spectrum Beta-Lactamase and Carbapenemase-producing (ESBL/CPO) Detection Kit, a rapid alternative over conventional antibiotic resistant bacteria detection, is well advanced and results will be made available to support regulatory applications.

Trials are continuing or commencing across other key Genetic Signatures' products, including the Flavivirus and Alphavirus Detection Kits, Sexually Transmitted Infection Detection Kits, Respiratory Pathogen Detection Kits and our Enteric range of products.

### **Corporate update**

The receipt of the Australian R&D tax concession for FY17 for approximately A\$1.6m is expected in the current quarter.

Receipts from customers in the September quarter, as disclosed in the attached Appendix

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<sup>1</sup> Source: World Market for Molecular Diagnostics, 5th. Edition (Infectious Disease, Oncology, Blood Screening, Pre-Natal and Other Areas) Kalorama Information, Published: 1/9/2013, page 94

4C report, was lower than revenue for the same period due to the timing of receiving customer payments, which will hence positively impact cash receipts for the December quarter.

At 30 September 2017, the Company held A\$11.3m in cash and cash equivalents.

### Upcoming Activities

- Primary focus remains sales growth in domestic and international markets
- Commercial release of two new products (second-generation Respiratory and ESBL/CPO)
- Commencement of new product trials with customers in the US and EU
- Potential receipt of regulatory registration for STI and Respiratory products in Australia and Europe
- FDA approvals progress with scientific validation and further clinical trials

- END -

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

**Dr John Melki**

**Chief Executive Officer**

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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**<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")

30 September 2017

| <b>Consolidated statement of cash flows</b> |   | <b>Current quarter<br/>\$A'000</b> | <b>Year to date<br/>(3 months)<br/>\$A'000</b> |
|---|---|------------------------------------|--|
| <b>1.</b>                                   | <b>Cash flows from operating activities</b>           |                                    |  |
| 1.1   | Receipts from customers                               | 241                                | 241  |
| 1.2   | Payments for  |                                    |  |
|   | (a) research and development                          | (514)                              | (514)  |
|   | (b) product manufacturing and operating costs         | (290)                              | (290)  |
|   | (c) advertising and marketing                         | (52)                               | (52)   |
|   | (d) leased assets                                     | (51)                               | (51)   |
|   | (e) staff costs                                       | (782)                              | (782)  |
|   | (f) administration and corporate costs                | (241)                              | (241)  |
| 1.3   | Dividends received (see note 3)                       | -                                  | -  |
| 1.4   | Interest received                                     | 82                                 | 82   |
| 1.5   | Interest and other costs of finance paid              | -                                  | -  |
| 1.6   | Income taxes paid                                     | -                                  | -  |
| 1.7   | Government grants and tax incentives                  | -                                  | -  |
| 1.8   | Other (provide details if material)                   | -                                  | -  |
| <b>1.9</b>                                  | <b>Net cash from / (used in) operating activities</b> | <b>(1,607)</b>                     | <b>(1,607)</b>                                 |
| <b>2.</b>                                   | <b>Cash flows from investing activities</b>           |                                    |  |
| 2.1   | Payments to acquire:                                  |                                    |  |
|   | (a) property, plant and equipment                     | (264)                              | (264)  |
|   | (b) businesses (see item 10)                          | -                                  | -  |
|   | (c) investments                                       | -                                  | -  |

| <b>Consolidated statement of cash flows</b> |   | <b>Current quarter<br/>\$A'000</b> | <b>Year to date<br/>(3 months)<br/>\$A'000</b> |
|---|---|------------------------------------|--|
|   | (d) intellectual property                             | -                                  | -  |
|   | (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)                   | -                                  | -  |
| <b>2.6</b>                                  | <b>Net cash from / (used in) investing activities</b> | <b>(264)</b>                       | <b>(264)</b>                                   |

|             |   |          |          |
|-------------|---|----------|----------|
| <b>3.</b>   | <b>Cash flows from financing activities</b>                                 |          |          |
| 3.1         | Proceeds from issues of shares  | -        | -        |
| 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 | -        | -        |
| 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</b> | <b>Net cash from / (used in) financing activities</b>                       | <b>-</b> | <b>-</b> |

|           |  |         |         |
|-----------|--|---------|---------|
| <b>4.</b> | <b>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               | 13,193  | 13,193  |
| 4.2       | Net cash from / (used in) operating activities (item 1.9 above)              | (1,607) | (1,607) |
| 4.3       | Net cash from / (used in) investing activities (item 2.6 above)              | (264)   | (264)   |
| 4.4       | Net cash from / (used in) financing activities (item 3.10 above)             | -       | -       |

| <b>Consolidated statement of cash flows</b> |  | <b>Current quarter<br/>\$A'000</b> | <b>Year to date<br/>(3 months)<br/>\$A'000</b> |
|---|--|------------------------------------|--|
| 4.5   | Effect of movement in exchange rates on cash held  | (15)                               | (15)   |
| <b>4.6</b>                                  | <b>Cash and cash equivalents at end of quarter</b> | <b>11,306</b>                      | <b>11,306</b>                                  |

| <b>5.</b>  | <b>Reconciliation of cash and cash equivalents</b><br>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<br/>\$A'000</b> | <b>Previous quarter<br/>\$A'000</b> |
|------------|---|------------------------------------|-------------------------------------|
| 5.1        | Bank balances   | 2,221                              | 1,118                               |
| 5.2        | Call deposits   | 9,085                              | 12,076                              |
| 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>11,306</b>                      | <b>13,194</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<br/>\$A'000</b> |
|------------------------------------|
| 139                                |
| -                                  |

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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<br/>\$A'000</b> |
|------------------------------------|
| -                                  |
| -                                  |

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**8. Financing facilities available**

Add notes as necessary for an understanding of the position

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.

| Total facility amount<br>at quarter end<br>\$A'000 | Amount drawn at<br>quarter end<br>\$A'000 |
|--|---|
| -  | -   |
| -  | -   |
| -  | -   |

|  |
|--|
|  |
|--|

**9. Estimated cash outflows for next quarter****\$A'000**

9.1 Research and development

9.2 Product manufacturing and operating costs

9.3 Advertising and marketing

9.4 Leased assets

9.5 Staff costs

9.6 Administration and corporate costs

9.7 Other (provide details if material)

**9.8 Total estimated cash outflows**

(268)

(234)

(168)

(90)

(1,167)

(165)

-

**(2,092)****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:   
Company secretary

Date: 30 October 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.