

# Half-Yearly Cash Flow and Activities Report - 31 December 2015

Genetic Signatures (ASX: GSS) is pleased to report on its activities for the Half-Year period ended 31 December 2015.

# Half-Year Highlights:

- Diagnostic kit sales of \$847,294 for the period, demonstrating growth of 100.7% on the previous corresponding period
- Distribution deals signed for *EasyScreen*™ products in Ireland and Poland, expanding the Company's market reach in Europe
- US Food and Drug Administration (FDA) listing received for a second clinical sample concentrator (SP003 sample processing kit) furthering full product suite commercialisation in the US
- Partnership established with University of California Los Angeles (UCLA) to examine benefits of using *EasyScreen*™ products
- Key appointments to support growth and expansion including Patrick Noland as Executive Vice President of US Operations, Mark Langan as Chief Financial Officer, Dr Tony Radford as Non-Executive Director and Anna Sandham as Company Secretary
- Ongoing activities enabling the Company to continue to expand and grow sales
- Cash receipts from customers of \$836,687
- Australian Federal Government Research and Development Tax Concession (grant income) of \$967,879
- Cash at 31 December 2015: \$4,315,181

# **Activities subsequent to period:**

- Increase in personnel with appointments including administration and customer support, product development and manufacturing staff
- Expanded and improved manufacturing and warehousing facilities

# **Upcoming activities:**

- Focus for 2H2016 remains financial growth, market share expansion and product range expansion
- Additional staff appointments expected during Q1 2016
- Sales growth to be driven by new and existing local and international customers
- Continued research and development into expansion of the *EasyScreen*<sup>™</sup> product menu

# **Corporate:**

AGM held on Monday 9 November 2015.

For further information, see our website (<a href="www.geneticsignatures.com">www.geneticsignatures.com</a>) or contact us as below:

Company	Media and Investor Relations
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**About Genetic Signatures:** Genetic Signatures is a specialist molecular diagnostics (MDx) company focused on the development and commercialisation of its proprietary platform technology,  $3Base^{TM}$ . Founded in 2001 by the late Dr Geoffrey Grigg, the former Chief of Molecular Biology at CSIRO, Genetic Signatures has released a suite of real-time PCR based products for the routine detection of infectious diseases under the  $EasyScreen^{TM}$  brand. Molecular diagnostics (MDx) is a modern technique increasingly used by hospitals and pathology laboratories to detect specific sequences of the genome, the DNA or RNA that define an organism.

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.

The  $EasyScreen^{\mathbb{M}}$  Enteric Detection Kits were the first product line launched as part of the  $EasyScreen^{\mathbb{M}}$  product range in 2012. This panel of assays supports hospitals and laboratories to screen for a wide range of infectious agents including viral, bacterial and protozoan agents. The  $EasyScreen^{\mathbb{M}}$  Respiratory Virus Detection Kits detects 15 viral causes of respiratory infection.

Genetic Signatures' current target markets are major hospital and pathology laboratories undertaking infectious disease screening. As the spread of infectious diseases around the world continues to grow, the Company plans to launch additional products for the detection of pathogens associated with MRSA, sexual health infections, tuberculosis and meningitis.

# Genetic Signatures Limited Appendix 4D Half-year report

#### 1. Company details

Name of entity: Genetic Signatures Limited

ABN: 30 095 913 205

Reporting period: For the half-year ended 31 December 2015 Previous period: For the half-year ended 31 December 2014

#### 2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	100.7% to	890,224
(Loss) from ordinary activities after tax attributable to the owners of Genetic Signatures Limited	down	18.81% to	(1,612,844)
(Loss) for the half-year attributable to the owners of Genetic Signatures Limited	down	18.81% to	(1,612,844)

Dividends

No dividend has been declared for the half year ended 31 December 2015

#### Comments

The loss for the consolidated entity after providing for income tax amounted to \$1,612,844 (31 December 2014: \$1,357,501).

Genetic Signatures recorded strong growth for the half-year period ended 31 December 2015. Diagnostic kit sales totalled \$847,000 for the period, demonstrating growth of 100.7% on the previous corresponding period.

Genetic Signatures signed distribution deals for Ireland and Poland, expanding the market reach for the company's EasyScreen™ products in Europe. The company seeks to appoint additional distributors in other European jurisdictions in line with its expectation of further significant growth.

Receipt of a further US Food and Drug Administration (FDA) listing for a second clinical sample concentrator (SP003 sample processing kit) represented a step towards full product suite commercialisation in the US.

Genetic Signatures established a collaboration with the University of California Los Angeles (UCLA) to determine benefits of using the EasyScreen™ diagnostic platform compared to traditional testing methods in the US healthcare system.

The company made a number of key appointments to support growth and expansion, appointing Patrick Noland as Executive Vice President of US Operations and Mark Langan as Chief Financial Officer. Dr Tony Radford joined the Board of Directors and Anna Sandham became Company Secretary.

It received a Research and Development Tax Concession (grant income) of \$968,000 from the Australian Federal Government. Total cash receipts for the period including this grant were \$1,854,000.

At 31 December 2015, the company held \$4,315,000 in cash.

# Genetic Signatures Limited Appendix 4D Half-year report

# 3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	7.81	9.68
4. Control gained over entities		
Not applicable.		
5. Loss of control over entities		
Not applicable.		
6. Details of associates and joint venture entities		
Not Applicable.		
7. Audit qualification or review		
Details of review dispute or qualification (if any):		
The financial statements were subject to a review by the auditors and the review re Report.	eport is attached as part	of the Interim
8. Attachments		
Details of attachments (if any):		
The Interim Report of Genetic Signatures Limited for the half-year ended 31 December 2015	per 2015 is attached.	
9. Signed		
John Melki.		
Signed	Date: 25 February 20	16
John Melki		

John Melki Director Sydney

# **Genetic Signatures Limited**

ABN 30 095 913 205

**Interim Report - 31 December 2015** 

# Genetic Signatures Limited Directors' Report 31 December 2015

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Genetic Signatures Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2015.

#### **Directors**

The following persons were directors of Genetic Signatures Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Nickolaos Samaras John Melki Phillip Isaacs Michael Aicher Robert Birrell (resigned on 21 August 2015) Pat Noland (resigned on 1 October 2015) Anthony Radford (appointed 15 September 2015)

#### **Principal activities**

During the financial half-year the principal continuing activities of the consolidated entity consisted of the research and commercialisation of identifying individual genetic signatures to identify diseases and disabilities and the sale of associated products into the diagnostic and research marketplaces.

#### Comments

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At 31 December 2015, the company held \$4,315,000 in cash.

#### Significant changes in the state of affairs

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

#### Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 3.

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# Genetic Signatures Limited Directors' report 31 December 2015

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

John Melki

Director

25 February 2016 Sydney



Fax: +61 2 9240 9821

Level 11, 1 Margaret St Sydney NSW 2000

Australia

# DECLARATION OF INDEPENDENCE BY JOHN BRESOLIN TO THE DIRECTORS OF GENETIC SIGNATURES **LIMITED**

As lead auditor for the review of Genetic Signatures Limited for the half-year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

- 1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- 2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Genetic Signatures Limited and the entities it controlled during the period.

John Bresolin

Partner

**BDO East Coast Partnership** 

Sydney, 25 February 2016

# Genetic Signatures Limited Contents 31 December 2015

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

# Registered office Principal place of business Level 12 680 George Street Sydney NSW 2000 Level 9 405 Liverpool Street Darlinghurst NSW 2010

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 25 February 2016.

# Genetic Signatures Limited Statement of profit or loss and other comprehensive income For the half-year ended 31 December 2015

	Note	Consol 31 Dec 2015 \$	
Revenue and other income	2	1,504,705	851,968
Expenses Raw materials and consumables used Employee benefits expense Consultancy fees Depreciation and amortisation expense Rental expenses relating to operating leases Scientific consumables Travel and accommodation Other expenses Finance costs Loss before income tax expense	3	(275,350) (1,641,645) (168,357) (187,260) (85,386) (274,326) (84,442) (399,657) (1,126) (1,612,844)	(154,357) (871,771) (58,562) (102,777) (37,205) (102,336) (72,397) (810,072) 8 (1,357,501)
Income tax expense			<del>-</del>
Loss after income tax expense for the half-year		(1,612,844)	(1,357,501)
Other comprehensive income for the half-year, net of tax			<u> </u>
Total comprehensive income for the half-year		(1,612,844)	(1,357,501)
Loss for the half-year is attributable to: Owners of Genetic Signatures Limited		(1,612,844)	(1,357,501)
Total comprehensive income for the half-year is attributable to: Owners of Genetic Signatures Limited		(1,612,844)	(1,357,501) (1,357,501)
		Cents	Cents
Basic earnings per share Diluted earnings per share		(2.21) (2.21)	(2.74) (2.74)

# Genetic Signatures Limited Statement of financial position As at 31 December 2015

		olidated 30 Jun 2015 \$
Assets		
Current assets Cash and cash equivalents Trade and other receivables Inventories Other Total current assets	4,315,181 498,764 478,109 558,862 5,850,916	5,461,686 436,401 191,489 969,096 7,058,672
Non-current assets Property, plant and equipment Total non-current assets	825,385 825,385	741,440 741,440
Total assets	6,676,301	7,800,112
Liabilities		
Current liabilities Trade and other payables Provisions Total current liabilities	653,658 181,876 835,534	443,341 294,442 737,783
Non-current liabilities Provisions Total non-current liabilities	141,944 141,944	5,360 5,360
Total liabilities	977,478	743,143
Net assets	5,698,823	7,056,969
Equity Issued capital Reserves Accumulated losses Equity attributable to the owners of Genetic Signatures Limited	32,486,123 420,978 (27,208,278) 5,698,823	32,501,357 151,046 (25,595,434) 7,056,969
Total equity	5,698,823	7,056,969

# Genetic Signatures Limited Statement of changes in equity For the half-year ended 31 December 2015

Consolidated	Issued capital \$	Reserves \$	Accumulated losses	Total equity \$
Balance at 1 July 2014	25,545,553	-	(22,936,314)	2,609,239
Loss after income tax expense for the half-year Other comprehensive income for the half-year, net of tax	- -	-	(1,357,501)	(1,357,501)
Total comprehensive income for the half-year	-	-	(1,357,501)	(1,357,501)
Transactions with owners in their capacity as owners: Contributions of Equity, net of transaction costs (note 4)	<del>-</del>	<u>-</u>	<del>_</del>	<del>_</del>
Balance at 31 December 2014	25,545,553	_	(24,293,815)	1,251,738
Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Consolidated Balance at 1 July 2015	capital		losses	equity
	capital \$	\$	losses \$	equity \$
Balance at 1 July 2015	capital \$	\$	losses \$ (25,595,434)	equity \$ 7,056,969
Balance at 1 July 2015  Loss after income tax expense for the half-year	capital \$	\$	losses \$ (25,595,434) (1,612,844)	equity \$ 7,056,969 (1,612,844)

# **Genetic Signatures Limited** Statement of cash flows For the half-year ended 31 December 2015

	Note	Conso 31 Dec 2015 \$	
Cash flows from operating activities Receipts from customers (inclusive of GST) Payments to suppliers and employees (inclusive of GST) Interest received R&D grant Interest and other finance costs paid Income taxes paid		836,687 (2,770,403) 49,770 967,879 (1,126)	318,768 (1,874,431) 19,606 607,122
Net cash from operating activities		(917,193)	(928,935)
Cash flows from investing activities Payments for property, plant and equipment  Net cash used in investing activities		(214,078)	(164,847) (164,847)
Cash flows from financing activities Share issue costs	4	(15,234)	
Net cash used in financing activities		(15,234)	
Net increase/(decrease) in cash and cash equivalents Cash and cash equivalents at the beginning of the financial half-year Effects of exchange rate changes on cash and cash equivalents		(1,146,505) 5,461,686	(1,093,782) 1,852,707
Cash and cash equivalents at the end of the financial half-year		4,315,181	758,925

## Genetic Signatures Limited Notes to the financial statements 31 December 2015

## Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2015 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2015 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

#### New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity 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.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

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

#### AASB 2014-1 Amendments to Australian Accounting Standards (Parts A to C)

The consolidated entity has applied Parts A to C of AASB 2014-1 from 1 January 2015 These amendments affect the following standards: AASB 2 'Share-based Payment': clarifies the definition of 'vesting condition' by separately defining a 'performance condition' and a 'service condition' and amends the definition of 'market condition'; AASB 3 'Business Combinations': clarifies that contingent consideration in a business combination is subsequently measured at fair value with changes in fair value recognised in profit or loss irrespective of whether the contingent consideration is within the scope of AASB 9; AASB 8 'Operating Segments': amended to require disclosures of judgements made in applying the aggregation criteria and clarifies that a reconciliation of the total reportable segment assets to the entity's assets is required only if segment assets are reported regularly to the chief operating decision maker; AASB 13 'Fair Value Measurement': clarifies that the portfolio exemption applies to the valuation of contracts within the scope of AASB 9 and AASB 139; AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets': clarifies that on revaluation, restatement of accumulated depreciation will not necessarily be in the same proportion to the change in the gross carrying value of the asset; AASB 124 'Related Party Disclosures': extends the definition of 'related party' to include a management entity; that provides KMP services to the entity or its parent and requires disclosure of the fees paid to the management entity; AASB 140 'Investment Property': clarifies that the acquisition of an investment property may constitute a business combination.

#### Fair value

Due to their short term nature, the Directors considered the carrying amounts of cash, current receivables and current payables to approximate their fair value.

# Genetic Signatures Limited Notes to the financial statements 31 December 2015

# Note 2. Revenue

	Conso 31 Dec 2015 \$	
Sales revenue Sale of goods Interest	890,224 55,425 945,649	443,498 19,606 463,104
Other income		
Government Grant (R & D tax concession) Other income	558,862 194 559,056	387,638 1,226 388,864
Revenue and other income	1,504,705	851,968
Note 3. Expenses		
	Conso 31 Dec 2015 \$	
Loss before income tax includes the following specific expenses:		
Cost of sales Cost of sales	275,350	154,357
Finance costs Interest and finance charges paid/payable	1,126	(8)
Rental expense relating to operating lease Minimum lease payments	82,992	37,205
Superannuation expense Defined contribution superannuation expense	96,403	60,722
Net foreign exchange loss Net foreign exchange loss	6,905	<u> </u>
Included in other expenses are IPO costs expensed	14,525	445,920
Note 4. Equity – Share issue costs		
Share issue costs paid during the financial half-year were as follows:		
	Conso 31 Dec 2015 \$	
Share issue costs	15,234	

Genetic Signatures Limited Notes to the financial statements 31 December 2015

# Note 5. Contingent liabilities

The consolidated entity does not have any material contingent liabilities at period-end.

#### Note 6. Events after the reporting period

No matter or circumstance has arisen since 31 December 2015 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

# Note 7. Financial Reporting Segments

The consolidated entity operates under one business segment which is the research and commercialisation of the identification of genetic signatures that identify diseases and disabilities. The activities were undertaken predominantly in Australia.

#### Note 8. Dividends

The consolidated entity has not declared or paid a dividend during the half-year.

# Genetic Signatures Limited Directors' declaration 31 December 2015

# In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

John Melki Director

25 February 2016 Sydney



Level 11, 1 Margaret St Sydney NSW 2000

Australia



## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Genetic Signatures Limited

# Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Genetic Signatures Limited, which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

#### Directors' Responsibility for the Half-Year Financial Report

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

#### **Auditor's Responsibility**

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Genetic Signatures Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Genetic Signatures Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.



## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Genetic Signatures Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

**BDO East Coast Partnership** 

John Bresolin

Partner

Sydney, 25 February 2016