

**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 2017
Previous period:	For the half-year ended 31 December 2016

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

				\$
Revenues from ordinary activities - sale of goods	up	48%	to	1,434,125
(Loss) from ordinary activities after tax attributable to the owners of Genetic Signatures Limited	up	28%	to	(1,712,212)
(Loss) for the half-year attributable to the owners of Genetic Signatures Limited	up	28%	to	(1,712,212)

*Dividends*

No dividend has been declared for the half-year ended 31 December 2017.

*Comments*

Genetic Signatures Limited ("**Genetic Signatures**", ASX: GSS) recorded total revenue for the half-year ended 31 December 2017 ("**1H FY18**") of A\$1,434,125 up 48% on the previous corresponding period.

The strong revenue growth was driven by an increase in both product sales to existing domestic customers and the successful release of two new products over the last 12 months. A particularly adverse domestic flu season also resulted in a significant increase in sales of Genetic Signatures' Respiratory testing kits, improving diagnostic outcomes and treatment for many Australians over the flu season.

Genetic Signatures continues to progress its sales expansion across North America and Europe in 1H FY18. During the period, Genetic Signatures received a repeat sales order of Flavivirus and Alphavirus Detection Kits from an international customer and received its first paid trial for its antibiotic resistance panel (ESBL/CPO) from a large European healthcare entity.

The Company also made progress towards gaining FDA and CE-Mark approvals and patent protection for existing and new products in key global markets. During 1H FY18, the Company has received key patent approvals in Egypt, Mexico and Spain. The Meningitis kit is now in the final stage of development and the Respiratory, STI and Flavivirus/Alphavirus kits are approaching regulatory approval in Australia and Europe.

Genetic Signatures' continues to remain focused on achieving strong revenue growth, progressing significant offshore opportunities and extending its 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, globally.

The Company received a Research and Development Tax Concession (grant income) of \$1,598,300 from the Australian Federal Government for the full year ended 30 June 2017.

At 31 December 2017, the company held \$11,722,393 in cash.

The loss for the consolidated entity after providing for income tax amounted to \$1,712,212 (31 December 2016: \$1,342,713).

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**3. Net tangible assets**

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	13.82	16.89

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**4. Control gained over entities**

Not applicable.

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**5. Loss of control over entities**

Not applicable.

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**6. Details of associates and joint venture entities**

Not applicable.

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**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 report is attached as part of the Half Year Report.

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**8. Attachments**

*Details of attachments (if any):*

The Half Year Report of Genetic Signatures Limited for the half-year ended 31 December 2017 is attached.

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**9. Signed**



Signed \_\_\_\_\_

Date: 28 February 2018

John Melki  
Director  
Sydney

# **Genetic Signatures Limited**

**ABN 30 095 913 205**

**Half Year Report - 31 December 2017**

**Genetic Signatures Limited**  
**Directors' Report**  
**31 December 2017**

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 2017.

**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  
Anthony Radford AO

**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 the sale of associated products into the diagnostic and research marketplaces.

*Comments*

Genetic Signatures recorded total revenue for 1H FY18 of A\$1,434,125 up 48% on the previous corresponding period.

The strong revenue growth was driven by an increase in both product sales to existing domestic customers and the successful release of two new products over the last 12 months. A particularly adverse domestic flu season also resulted in a significant increase in sales of Genetic Signatures' Respiratory testing kits, improving diagnostic outcomes and treatment for many Australians over the flu season.

Genetic Signatures continues to progress its sales expansion across North America and Europe in 1H FY18. During the period, Genetic Signatures received a repeat sales order of Flavivirus and Alphavirus Detection Kits from an international customer and received its first paid trial for its antibiotic resistance panel (ESBL/CPO) from a large European healthcare entity

The Company also made progress towards gaining FDA and CE-Mark approvals and patent protection for existing and new products in key global markets. During 1H FY18, the Company has received key patent approvals in Egypt, Mexico and Spain. The Meningitis kit is now in the final stage of development and the Respiratory, STI and Flavivirus/Alphavirus kits are approaching regulatory approval in Australia and Europe.

Genetic Signatures' continues to remain focused on achieving strong revenue growth, progressing significant offshore opportunities and extending its 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, globally.

The Company received a Research and Development Tax Concession (grant income) of \$1,598,300 from the Australian Federal Government for the full year ended 30 June 2017.

At 31 December 2017, the company held \$11,722,393 in cash.

The loss for the consolidated entity after providing for income tax amounted to \$1,712,212 (31 December 2016: \$1,342,713).

**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.

**Genetic Signatures Limited**  
**Directors' report**  
**31 December 2017**

**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.

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



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John Melki  
Director

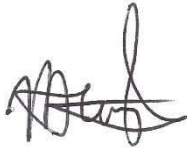
28 February 2018  
Sydney

**DECLARATION OF INDEPENDENCE BY MARTIN COYLE TO THE DIRECTORS OF GENETIC SIGNATURES LIMITED**

As lead auditor for the review of Genetic Signatures Limited for the half-year ended 31 December 2017, 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 half-year period.



Martin Coyle  
Partner

**BDO East Coast Partnership**

Sydney, 28 February 2018

## **Genetic Signatures Limited**

### **Contents**

**31 December 2017**

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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**

Level 12  
680 George Street  
Sydney NSW 2000

#### **Principal place of business**

7 Eliza Street  
Newtown NSW 2042

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 28 February 2018.

**Genetic Signatures Limited**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2017**

	Note	Consolidated 31 Dec 2017 \$	31 Dec 2016 \$
<b>Revenue and other income</b>	2	2,458,190	1,929,609
<b>Expenses</b>			
Raw materials and consumables used		(521,171)	(218,664)
Employee benefits expense		(1,857,267)	(1,393,592)
Directors' and Consultancy fees		(262,693)	(278,097)
Depreciation and amortisation expense		(301,516)	(229,235)
Rental expenses relating to operating leases		(151,783)	(104,872)
Scientific consumables		(454,142)	(503,919)
Travel and accommodation		(110,256)	(76,843)
Other expenses		(499,381)	(463,840)
Finance costs	3	(215)	(142)
<b>Loss before income tax expense</b>		(1,700,234)	(1,339,595)
Income tax expense		-	-
<b>Loss after income tax expense for the half-year</b>		(1,700,234)	(1,339,595)
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Foreign currency difference on translation of foreign operations		(11,978)	(3,118)
<b>Other comprehensive income for the half-year</b>		(11,978)	(3,118)
<b>Total comprehensive income for the half-year</b>		<u>(1,712,212)</u>	<u>(1,342,713)</u>
Loss for the half-year is attributable to:			
Owners of Genetic Signatures Limited		<u>(1,712,212)</u>	<u>(1,342,713)</u>
		<u>(1,712,212)</u>	<u>(1,342,713)</u>
Total comprehensive loss for the half-year is attributable to:			
Owners of Genetic Signatures Limited		<u>(1,712,212)</u>	<u>(1,342,713)</u>
		<u>(1,712,212)</u>	<u>(1,342,713)</u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	9	(1.64)	(1.52)
Diluted earnings per share		(1.64)	(1.52)

*The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*



**Genetic Signatures Limited**  
**Consolidated statement of financial position**  
**As at 31 December 2017**

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>31 Dec 2017</b>	<b>30 Jun 2017</b>
	<b>\$</b>	<b>\$</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	11,722,393	13,192,960
Trade and other receivables	668,859	441,341
Inventories	1,046,008	762,598
Current tax asset	800,000	1,497,917
Total current assets	<u>14,237,260</u>	<u>15,894,816</u>
Property, plant and equipment	1,287,616	1,262,397
Total non-current assets	<u>1,287,616</u>	<u>1,262,397</u>
<b>Total assets</b>	<u>15,524,876</u>	<u>17,157,213</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	775,088	836,313
Provisions	378,112	347,946
Total current liabilities	<u>1,153,200</u>	<u>1,184,259</u>
<b>Non-current liabilities</b>		
Provisions	8,116	5,542
Total non-current liabilities	<u>8,116</u>	<u>5,542</u>
<b>Total liabilities</b>	<u>1,161,316</u>	<u>1,189,801</u>
<b>Net assets</b>	<u>14,363,560</u>	<u>15,967,412</u>
<b>Equity</b>		
Issued capital	46,777,792	46,777,792
Reserves	885,685	865,803
Accumulated losses	(33,299,917)	(31,676,183)
Equity attributable to the owners of Genetic Signatures Limited	<u>14,363,560</u>	<u>15,967,412</u>
<b>Total equity</b>	<u>14,363,560</u>	<u>15,967,412</u>

*The above consolidated statement of financial position should be read in conjunction with the accompanying notes*

**Genetic Signatures Limited**  
**Consolidated statement of changes in equity**  
**For the half-year ended 31 December 2017**

<b>Consolidated</b>	<b>Issued capital</b> <b>\$</b>	<b>Share based payment Reserves</b> <b>\$</b>	<b>Foreign currency translation reserve</b> <b>\$</b>	<b>Accumulated losses</b> <b>\$</b>	<b>Total equity</b> <b>\$</b>
Balance at 1 July 2016	32,547,402	725,051	12,949	(28,605,698)	4,679,705
Loss after income tax expense for the half-year	-	-	-	(1,339,595)	(1,339,595)
Other comprehensive income	-	-	(3,118)	-	(3,118)
Total comprehensive loss for the half-year	-	-	(3,118)	(1,339,595)	(1,342,713)
Contributions of Equity, net of transaction costs (note 4)	14,230,390	-	-	-	14,230,390
Forfeiture of share-based payments	-	(108,960)	-	108,960	-
Share Based Payment	-	59,896	-	-	59,896
Balance at 31 December 2016	<u>46,777,792</u>	<u>675,987</u>	<u>9,831</u>	<u>(29,836,333)</u>	<u>17,627,278</u>

<b>Consolidated</b>	<b>Issued capital</b> <b>\$</b>	<b>Share based payment Reserves</b> <b>\$</b>	<b>Foreign currency translation Reserves</b> <b>\$</b>	<b>Accumulated losses</b> <b>\$</b>	<b>Total equity</b> <b>\$</b>
Balance at 1 July 2017	46,777,792	871,043	(5,241)	(31,676,183)	15,967,412
Loss after income tax expense for the half-year	-	-	-	(1,700,234)	(1,700,234)
Other comprehensive income	-	-	(11,978)	-	(11,978)
Total comprehensive loss for the half-year	-	-	(11,978)	(1,700,234)	(1,712,212)
Contributions of Equity, net of transaction costs (note 4)	-	-	-	-	-
Forfeiture of share-based payments	-	(76,500)	-	76,500	-
Share based payment	-	108,360	-	-	108,360
Balance at 31 December 2017	<u>46,777,792</u>	<u>902,903</u>	<u>(17,219)</u>	<u>(33,299,917)</u>	<u>14,363,560</u>

*The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes*

**Genetic Signatures Limited**  
**Consolidated statement of cash flows**  
**For the half-year ended 31 December 2017**

	<b>Note</b>	<b>Consolidated</b>	<b>Consolidated</b>
		<b>31 Dec 2017</b>	<b>31 Dec 2016</b>
		<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		1,436,644	947,135
Payments to suppliers and employees (inclusive of GST)		(4,312,675)	(2,983,367)
Interest received		146,090	51,561
R&D grant		1,598,300	1,429,887
Interest and other finance costs paid		<u>(215)</u>	<u>(142)</u>
Net cash used in operating activities		<u>(1,131,856)</u>	<u>(554,926)</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		<u>(326,735)</u>	<u>(228,227)</u>
Net cash used in investing activities		<u>(326,735)</u>	<u>(228,227)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		-	15,027,973
Share issue costs	4	<u>-</u>	<u>(797,582)</u>
Net cash provided by financing activities		<u>-</u>	<u>14,230,391</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(1,458,591)</b>	<b>13,447,238</b>
Cash and cash equivalents at the beginning of the financial half-year		13,192,960	2,564,254
Effects of exchange rate changes on cash and cash equivalents		<u>(11,976)</u>	<u>(3,118)</u>
<b>Cash and cash equivalents at the end of the financial half-year</b>		<b><u>11,722,393</u></b>	<b><u>16,008,374</u></b>

*The above consolidated statement of cash flows should be read in conjunction with the accompanying notes*

**Genetic Signatures Limited**  
**Notes to the consolidated financial statements**  
**31 December 2017**

**Note 1. Significant accounting policies**

**Basis of preparation of half-year report**

These general purpose financial statements for the half-year reporting period ended 31 December 2017 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'.

The half-year report does 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 2017 and any public announcements made by the company during the half year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding half year reporting period.

These financial statements have been prepared on the going concern basis which contemplates the consolidated entity's ability to pay its debts as and when they become due and payable for a period of at least 12 months from the date of authorising the financial report for issue.

**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.

**Fair value**

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

**Note 2. Revenue**

	<b>Consolidated</b>	
	<b>31 Dec 2017</b>	<b>31 Dec 2016</b>
	<b>\$</b>	<b>\$</b>
<i>Sales revenue</i>		
Sale of goods	1,434,125	968,814
Interest	119,360	87,750
	<u>1,553,485</u>	<u>1,056,564</u>
<i>Other income</i>		
Government Grant (R & D tax concession)	900,383	844,900
Other income	4,322	28,145
	<u>904,705</u>	<u>873,045</u>
Revenue and other income	<u><u>2,458,190</u></u>	<u><u>1,929,609</u></u>

**Genetic Signatures Limited**  
**Notes to the consolidated financial statements**  
**31 December 2017**

**Note 3. Expenses**

	<b>Consolidated</b>	
	<b>31 Dec 2017</b>	<b>31 Dec 2016</b>
	<b>\$</b>	<b>\$</b>
Loss before income tax includes the following specific expenses:		
<i>Cost of sales</i>		
Cost of sales	<u>521,171</u>	<u>218,664</u>
<i>Finance costs</i>		
Interest and finance charges paid/payable	<u>215</u>	<u>142</u>
<i>Rental expense relating to operating lease</i>		
Minimum lease payments	<u>151,783</u>	<u>104,872</u>
<i>Superannuation expense</i>		
Defined contribution superannuation expense	<u>125,356</u>	<u>100,101</u>

**Note 4. Equity – Share issue costs**

Share issue costs paid during the half-year were as follows:

	<b>Consolidated</b>	
	<b>31 Dec 2017</b>	<b>31 Dec 2016</b>
	<b>\$</b>	<b>\$</b>
Proceeds from the issue of shares	-	15,027,973
Share issue costs	-	<u>(797,582)</u>
Net proceeds from the issue of shares	<u>-</u>	<u>14,230,391</u>

**Note 5. Contingent liabilities**

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

**Genetic Signatures Limited**  
**Notes to the consolidated financial statements**  
**31 December 2017**

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

No matter or circumstance has arisen since 31 December 2017 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 viruses. The activities were undertaken predominantly in Australia.

**Note 8. Dividends**

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

**Note 9. Earnings per share**

	<b>Consolidated</b>	
	<b>31 Dec 2017</b>	<b>31 Dec 2016</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax	<u>(1,700,234)</u>	<u>(1,339,595)</u>
Loss after income tax attributable to the owners of Genetic Signatures Limited	<u>(1,700,234)</u>	<u>(1,339,595)</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	103,985,888	88,016,964
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares <sup>1</sup>	-	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	103,985,888	88,016,964
	<b>Cents</b>	<b>Cents</b>
Basic loss per share	(1.64)	(1.52)
Diluted loss per share	(1.64)	(1.52)

<sup>1</sup> Options were antidilutive in both the current and comparative period and thus not included in the dilutive loss per share calculation

**Note 10. Capital commitments**

There are no material current capital commitments.

**Genetic Signatures Limited**  
**Directors' declaration**  
**31 December 2017**

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 2017 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



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John Melki  
Director

28 February 2018  
Sydney

## 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 (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, 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, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

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 the Group is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

### 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 Group's financial position as at 31 December 2017 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.

#### **BDO East Coast Partnership**

BDO  


**Martin Coyle**  
**Partner**

Sydney, 28 February 2018