

Quarterly Activities Report - 30 September 2018

Genetic Signatures Limited (ASX: GSS, “**Genetic Signatures**” or the “**Company**”) is pleased to report on its activities for the quarter ended 30 September 2018 (“1Q FY19”).

Highlights

- Record quarterly revenue exceeds A\$1.0m for the first time, a significant milestone for Genetic Signatures
- +34% revenue growth on pcp to A\$1.01m in 1Q FY19 and cash receipts of A\$1.07m
- Significant domestic contract secured with a large pathology service provider
- Release of second generation *EasyScreen™* Respiratory Pathogen Detection Kit and Laboratory instrumentation
- Strong sales traction across the portfolio, where record revenue was achieved despite a relatively soft flu season
- Strong balance sheet with cash of A\$7.4m and no debt at 30 September 2018

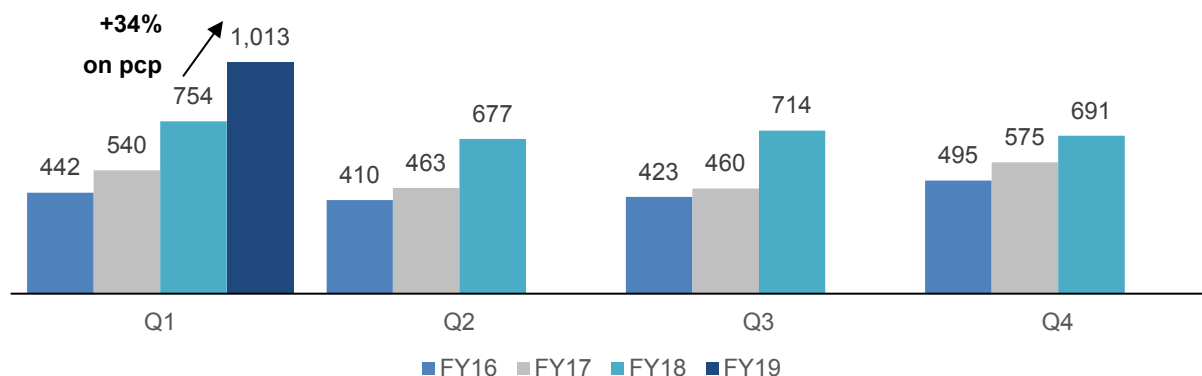
Genetic Signatures CEO, Dr. John Melki commented:

“We are excited that quarterly revenue has exceeded A\$1.0m for the first time, notwithstanding a relatively soft flu season in the September quarter. This marks a significant milestone for the Company and is reflective of the sales traction Genetic Signatures is building across its expanding product range in both domestic and key international markets of North America and Europe.

During the quarter, we announced a new major domestic customer contract for our Respiratory Pathogen Detection Kit. This major contract is expected to provide a significant boost to our business. Our team continued to actively promote and market our innovative technology at both key domestic and international conferences. Pleasingly, this has contributed to new and repeat sales orders from home and abroad during the quarter.”

Sales update

Figure 1: Genetic Signature’s quarterly revenue (A\$k)



Genetic Signatures achieved another quarter of strong revenue growth in 1Q FY19, with revenue of A\$1.01m, an increase of +34% over 1Q FY18 and +47% over the previous quarter. The Company is well positioned to continue executing its international commercialisation strategy leveraging the strong momentum of our domestic business.

This is the first time the Company's quarterly revenue has exceeded A\$1.0m, even though a relatively soft flu season was experienced in the September quarter. The growth in revenue was primarily driven by a major new Respiratory contract with a domestic customer as well as increasing sales traction across the entire portfolio.

Accelerated revenue growth is anticipated following the upcoming regulatory registrations of a number of the *EasyScreen*TM Detection Kits, including the STI and Respiratory Pathogen Detection Kits.

Domestic sales update

During the September quarter, Genetic Signatures announced a major new contract with a large Australian pathology service provider and launched two new products, the second generation *EasyScreen*TM Respiratory Pathogen Detection Kit and the Genetic Signatures Automation System (GS1-HT). The new customer creates an opportunity to supply up to 1,000 tests per day during peak flu season and approximately 100-200 outside of the flu season.

New kit: *EasyScreen*TM Respiratory Pathogen Detection Kit (second generation)

- Simultaneously detects 14 common respiratory pathogens (including Influenza A & B, Rhinovirus and M. pneumoniae) and allows for rapid detection in approximately 4.5 hours with minimal hands-on time for laboratory technicians

New Instrumentation: Genetic Signatures Automation System (GS1-HT)

- A proprietary workflow automated system designed to optimise sample processing with *EasyScreen*TM assays, as well as other general laboratory processes.
- Allows customers to reduce the processing time by approximately 45 minutes with runs of up to 96 samples

International sales update

In addition to growing domestic market share, Genetic Signatures' operational focus continues to be ramping its sales efforts in North America and Europe. The Company has expanded its employee headcount, including recruitment of additional sales and support staff in Europe and the team is continuing to build traction with customers, having received sales orders across several products.

Throughout the September quarter, the Company continued to receive repeat sales orders from existing customers for the Alphavirus / Flavivirus and Respiratory Kits. Genetic Signature also received strong interest from existing and prospective customers towards its expanding product range, where growing global concern for infectious diseases are driving pathology labs and hospitals to seek diagnostic methods which can handle high throughput rates and deliver fast, accurate test results.

Conference update

Genetic Signatures exhibited at a number of key industry events during the quarter. Attendance at these events provides the Company with an opportunity to drive positive exposure of Genetic Signatures *EasyScreen*TM brand and the benefits of *3base*TM technology. The major presentations for the quarter included:

- Exhibited and presented at the Australian Society of Microbiology (ASM) meeting on 1-4 July 2018 in Brisbane
- Exhibited at the 21st European Society for Clinical Virology (ESCV) Annual Meeting in September 2018 in Athens

Genetic Signatures also presented at the ASX Small & Mid-Cap Conference in Sydney in August. The conference attracted approximately 400 attendees from the finance industry and provided a platform for Genetic Signatures to share the Company's recent progress with new and existing investors. The Presentation is available on the Genetic Signatures' website: <http://geneticsignatures.com/asx-mid-cap-2018/>

Regulatory update

The US represents a significant opportunity for Genetic Signatures and regulatory work is underway for the *EasyScreen*TM Enteric Protozoan Kit in the US with an anticipated FDA listing in 2019.

The Company is also advancing the European (CE-IVD) and Australian (TGA) submissions for regulatory registrations of *EasyScreen*TM Respiratory, STI / Genital and Flavivirus / Alphavirus Detection Kits.

Development of the *EasyScreen*TM Meningitis Detection Kit and the Atypical Respiratory Detection Kit is progressing well with trials expected to commence in 2019.

Corporate update

Receipts from customers in the June quarter were A\$1.07m, as disclosed in the attached Appendix 4C report. At 30 September 2018, the Company held A\$7.4m in cash and cash equivalents. The receipt of the Australian R&D tax credit for FY18 and the amended FY17 of approximately \$2.6m is expected in the current quarter, subject to ATO processing time.

Upcoming Activities

- Primary focus remains sales growth in domestic and international markets
- Commencement of new product trials with customers in the US and EU
- Potential receipt of regulatory registration for *EasyScreen*TM STI / Genital, Respiratory and Flavivirus / Alphavirus Detection Kits in Australia and Europe
- Continue progress towards FDA listing with scientific validation and further clinical trials

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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.

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 2018

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	1,066	1,066
1.2	Payments for		
	(a) research and development	(265)	(265)
	(b) product manufacturing and operating costs	(302)	(302)
	(c) advertising and marketing	(135)	(135)
	(d) leased assets	(88)	(88)
	(e) staff costs	(1,062)	(1,062)
	(f) administration and corporate costs	(596)	(596)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	4	4
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)	-	-
1.9	Net cash from / (used in) operating activities	(1,378)	(1,378)
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(181)	(181)
	(b) businesses (see item 10)	-	-
	(c) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(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 (Security Deposit)	-	-
2.6	Net cash from / (used in) investing activities	(181)	(181)

3.	Cash flows from financing activities		
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)	-	-
3.10	Net cash from / (used in) financing activities	-	-

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	8,955	8,955
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,378)	(1,378)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(181)	(181)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(3)	(3)
4.6	Cash and cash equivalents at end of quarter	7,393	7,393

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	1,314	868
5.2	Call deposits	6,079	8,087
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)	7,393	8,955

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

Current quarter \$A'000
126
-

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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

Current quarter \$A'000
-
-

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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)	-	-

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

9.1 Research and development	(347)
9.2 Product manufacturing and operating costs	(277)
9.3 Advertising and marketing	(186)
9.4 Leased assets	(136)
9.5 Staff costs	(1,558)
9.6 Administration and corporate costs	(174)
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	(2,678)

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: 29 October 2018

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.