



27 August 2015
Market Announcements Office
Australian Securities Exchange
20 Bridge Street
Sydney NSW 2000
Dear Sir/Madam,

Amended Appendix 4E Preliminary Final Report

Please see attached amended Appendix 4E Preliminary Final Report with the scaling corrected in the heading of the table included in paragraph 2. The scaling should read as “\$” not “\$000”.

Genetic Signatures Limited apologises for any confusion this may have caused.

Anna Sandham
Company Secretary
Genetic Signatures Limited

About Genetic Signatures: Genetic Signatures is a specialist molecular diagnostics (MDx) company focused on the development and commercialisation of its proprietary platform technology, 3Base™. 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™ 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™ 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. 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.

APPENDIX 4E - PRELIMINARY FINAL REPORT

For the year ended 30 June 2015

1. Details of Reporting Period

The financial information contained in this report is for the year ended 30 June 2015. Comparative amounts (unless otherwise indicated) relate to the year ended 30 June 2014.

2. Results for Announcement to the Market

	30 June 2015 \$	30 June 2014 \$	% Increase (decrease)
Revenue from continuing operations	1,043,269	684,277	52.5%
Net loss from ordinary activities after tax attributable to members	(2,659,120)	(1,728,487)	(53.8)%
Net loss for the period attributable to members	(2,659,120)	(1,728,487)	(53.8)%
Losses per share (cents per share)	(5.2)	(12.1)	57.0%
Net Tangible Assets (cents per share)	10.8	6.0	80.0%

No dividends were paid during the financial year and none are proposed to be paid.

3. Highlights

Financial Growth

- Completed oversubscribed Initial Public Offering (IPO) to raise \$7.5 million and list on the Australian Securities Exchange (ASX)
- Achieved greater than \$1 million in sales revenue for the first time in the history of the Company
- Diagnostic kit sales revenue increase of 65% on prior year
- First molecular diagnostic kits sales to a major national commercial pathology provider.
- First molecular diagnostic kit sales into Europe achieved

Global Market Reach Expansion

- US subsidiary, Genetic Signatures US Ltd incorporated and its US team expanded
- Established first European sales channel partnerships with distributors for the regions of Italy and Israel

Product Range Expansion

- Completed first domestic customer site installation of *EasyScreen™* Respiratory Virus Detection Kit for beta-testing
- First sales of *EasyScreen™* Respiratory Virus Detection Kit

Activities Subsequent to 30 June 2015

- Achieved first regulatory step towards full product suite commercialisation in the US with receipt of a United States Food and Drug Administration (FDA) listing for a clinical sample concentrator. The FDA listing means that the Company can legally sell its *EasyScreen™* Sample Processing Kit in the US
- Increased European sales channel partnership network by signing distribution agreements with partners for the regions of Poland and Ireland

Upcoming Activities

- Expansion of *EasyScreen™* product range with anticipated commercial release of MRSA assay (otherwise known as 'Golden Staph') to target significant market opportunity
- Anticipated significant revenue increases from both the addition of new customers from various international markets and expansion of *EasyScreen™* product menu
- Increasing activity in Europe to support distributors and increase distributor network
- Actively searching for the position of senior sales executive to lead sales efforts in the USA
- Anticipating first commercial sales in the USA

4. Discussion and Analysis of Results

Genetic Signatures achieved record revenues of over \$1 million in the period in financial year 2015 (1 July 2014 to 30 June 2015) underscoring the success of its market penetration strategy and the market's acceptance of its *EasyScreen™* Detection Kits.

Tests sold during the period comprised the Company's *EasyScreen™* Enteric & Respiratory Virus Detection Kits.

On 31 March 2015, Genetic Signatures listed on the Australian Securities Exchange following an oversubscribed IPO. The Company issued 18.75 million shares at 40 cents to raise \$7.5 million, giving it a market capitalisation of \$29.1 million. Proceeds of the IPO are being applied to accelerating the Company's product development pipeline and to increasing new business development via the continued commercial rollout of its products in Australia and the EU, as well as entry into the US market.

The *EasyScreen™* Enteric Detection Kit represents the first panel based kit product launched as part of the *EasyScreen™* product range. This panel of assays supports major hospitals and commercial laboratories to screen for a wide range of gastroenteritis causing infectious agents including viral, bacterial and protozoan agents.

The Company also has other *EasyScreen™* products in the final stages of commercial beta testing and launch and includes the Respiratory Bacteria and MRSA (otherwise known as *Staphylococcus aureus* or 'Golden Staph') detection kits.

The Company commercialised and secured the first customer for its *EasyScreen™* Respiratory Virus Detection Kit during the year at St Vincent's Pathology (SydPath) in Sydney. SydPath is a fully accredited registered pathology laboratory service located within the St Vincent's Hospital Campus and is an existing customer of the Company's *EasyScreen™* Enteric Detection Kits. During initial beta-testing, the *EasyScreen™* Respiratory Virus Detection Kit was found to detect significantly more viral respiratory infections compared to SydPath's current molecular methodology. SydPath will participate in the final testing of the respiratory kit before its registration as a diagnostic product.

For personal use only

Genetic Signatures further expanded its national customer base during the year for the *EasyScreen™* Enteric Detection kit. The details of the agreement, while unable to be disclosed, includes the supply of *EasyScreen™* Enteric Detection kits for daily testing of patient specimens to a high throughput laboratory.

Distribution deals for Ireland and Poland were signed subsequent to June 30 2015, further expanding the market reach for its *EasyScreen™* Products.

Medical Supply Company Ltd. (MSC) will distribute Genetic Signatures' products in Ireland and Northern Ireland (Population: 6.5 million^{1,2}) and ARGENTA has been appointed distributor for Poland (Population: 38 million³). Products covered by the deals include distribution of Genetic Signatures' *EasyScreen™* Sample Processing and Pathogen Detection Kits and the GS1 automation platform.

The Company already offers its *EasyScreen™* Sample Processing and Pathogen Detection Kits and the GS1 automation platform in Israel (Population: 8.3 million⁴) via ADVANSYS and in Italy (Population: 59.7 million⁵) via Astra Formedic s.r.l, through distribution agreements.

Genetic Signatures also received a US FDA listing for its clinical sample concentrator, the *EasyScreen™* Sample Processing Kit (SP001). The FDA listing means that the Company can legally sell its *EasyScreen™* Sample Processing Kit in the US, a first step in the further release of other *EasyScreen™* products planned in the US, the largest single diagnostics market in the world.

5. Financial Overview

Genetic Signatures' net loss for the year to 30 June 2015 was \$2,659,120 compared to a net loss of \$1,728,487 for the previous corresponding period. Sales revenue of \$1,043,269 showed a 52.5% increase over last year (2014: \$684,277). Research and Development Tax Concession receivable totals \$969,095 (2014: \$607,122). Expenses totaled \$4,712,491 a 55.2% increase over last year (June 2014: \$3,036,576). A number of significant one off costs were paid in FY2015 and will not have any further impact on cash flow, including \$515,000 related to the Company's IPO and \$165,000 for capital equipment required to increase product development throughput in the R&D laboratory.

Genetic Signatures' current assets at 30 June 2015 were \$7,058,672 (June 2014: \$2,584,404), with current liabilities of \$737,783 (June 2014: \$368,794).

The Company's cash balance at the end of the period was **\$5,461,686**

6. Audit status

This report is based on accounts which have been audited without dispute or qualification.

7. Entities over which control has been gained

On 17 April 2015, Genetic Signatures Limited established Genetic Signatures US Ltd. The entity was established to conduct the group's US operations, including employing personnel. Other than that, no entities were established or acquired for the year ended 30 June 2015.

¹ <http://dfat.gov.au/geo/ireland/pages/ireland-country-brief.aspx>

² <http://www.nisra.gov.uk/publications/default.asp10.htm>

³ <http://dfat.gov.au/geo/poland/pages/poland-country-brief.aspx>

⁴ <http://dfat.gov.au/geo/italy/pages/italy-country-brief.aspx>

8. Attachments forming part of Appendix 4E

Genetic Signatures Limited 2015 Financial Report

For further information, see our website (www.geneticsignatures.com) or contact us as below.

Company	Media and Investor Relations
<p>John Melki Chief Executive Officer john@geneticsignatures.com T: +61 2 9870 7580</p>	<p>Peter Taylor Investor Relations peter@nwrcommunications.com.au T: +61 412 036 231</p>

About Genetic Signatures: Genetic Signatures is a specialist molecular diagnostics (MDx) company focused on the development and commercialisation of its proprietary platform technology, 3Base™. 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™ 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™ 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. 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.

For personal use only

**GENETIC SIGNATURES
LIMITED**
(ABN: 30 095 913 205)

**FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED
30 JUNE 2015**

GENETIC SIGNATURES LIMITED
ABN: 30 095 913 205

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2015.

DIRECTORS

The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Nickolaos Samaras
John R Melki
Phillip J Isaacs
Michael A Aicher
Robert J Birrell (resigned 21 August 2015)
Pat Noland (appointed 14 October 2014)

PRINCIPAL ACTIVITIES

The principal activities of the company during the financial year were 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. There have been no significant changes in these activities during the year.

OPERATING AND FINANCIAL REVIEW

The net loss for the financial year after providing for income tax amounted to \$2,659,120 (2014: loss \$1,728,487). This is primarily due to the expansion of the Company's operations and costs associated with the preparation and listing on the Australian Securities Exchange ("ASX").

Sales Revenue for the financial year was \$1,043,269. This represents an increase of 52% over the comparable 2014 revenue figure (\$684,277). This was due to expansion in number of customers and range of products being sold. Other income of \$1,010,102 primarily relates to the Research & Development Tax Concession receivable from the Australian Federal Government of \$969,095 (Last Year – LY - \$608,225) and Interest Income of \$41,007 (LY \$15,560) and represents a 62% increase over last year. This is a change in accounting treatment of the R&D Tax Concession due to ASIC guidance. The increase in interest income reflects the larger cash balance as a result of the IPO. Changes in inventories and raw materials used was \$395,146 an increase of 11% over the last year figure (\$356,012) due to greater sales volumes and the recognition of Inventory in the balance sheet this year as opposed to not being recognized last year. It also reflects sales of a higher level of low margin consumables than was anticipated. Employee benefits expense was \$1,825,050, an increase of 87% over LY due to increases in the number of staff employed and certain remuneration adjustments associated with becoming a publicly listed company. Directors and consultancy fees were \$408,199, an increase of 8% over LY primarily due to changes in Board composition associated with becoming a publicly listed company. Depreciation and amortization expense was \$205,553, an increase of 98% over last year due to greater investment in certain research and product development equipment and equipment placed in customers premises. Finance costs were \$454 a decrease of over 99% compared to LY primarily due to the conversion of convertible notes in March 2014. Rental expenses relating to operating leases were \$139,307, an increase of 63% over LY due to the relocation of the Research and Development activities of the Company to the current premises and the expansion of the Company's operations. Scientific consumables were \$350,818, an increase of 40% over LY due to increased activities relating to product research and development. Travel and accommodation expenses were \$160,179, an increase of 176% over LY primarily due to the expansion of the company's domestic sales efforts and expansion of the international scale and scope of operations. Other expenses were \$1,227,784, an increase of 128% over LY primarily due to costs associated with becoming a publicly listed company. Other expenses also include costs associated with the continued prosecution of the company's intellectual property portfolio. Total Expenses, including Changes in inventories and raw materials used were \$4,712,491 an increase of 55% over the comparable 2014 figure

GENETIC SIGNATURES LIMITED
ABN: 30 095 913 205

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

OPERATING AND FINANCIAL REVIEW (continued)

(\$3,036,576); or an increase of 37% if costs associated with the preparation and listing on the ASX, of \$562,109 are excluded from the calculation.

Earnings per share showed a 43% improvement from (12.1) cents per share in 2014 to (5.2) cents per share in 2015.

Genetic Signatures current assets at 30 June 2015 were \$7,058,672 (June 2014: \$2,584,404) with current liabilities of \$737,783 (June 2014: \$370,475).

The Company cash flows consist of income from Sales of products, proceeds from issue of shares, interest income, Research and Development Tax Concession receipts, payments to employees and suppliers, including business expansion activities, maintenance of the Company's intellectual property portfolio and the maintenance of the required regulatory and corporate structures.

STATE OF AFFAIRS

During the year the company changed its name, converted to a public company and raised \$7.5 million (gross) through the issue of ordinary shares and was admitted to the ASX on 31 March 2015 under the code GSS.

DIVIDENDS

No dividends were paid or were payable during the year (2014: NIL)

EVENTS SUBSEQUENT TO THE REPORTING DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely in the opinion of the directors of the company to affect significantly the operations of the company, the results of those operations or the state of affairs of the company in future financial years.

LIKELY FUTURE DEVELOPMENTS

Genetic Signatures will continue to seek to expand its business via the continued execution of its business strategy. This includes steps to increase sales to existing customers through the development and introduction of new and enhanced products, and initial sales to new customers, which includes geographic expansion within Australia, the European Union and U.S.A.

ENVIRONMENTAL COMPLIANCE

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

For personal use only

GENETIC SIGNATURES LIMITED
ABN: 30 095 913 205

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

DIRECTORS

Name: **Nickolaos Samaras**
Qualifications: BSc(Hons), PhD, MBA, FAIM, FAICD
Experience: Dr Samaras has had over 25 years' business experience in the global Life Sciences industry and is a recognised and respected industry expert. He has held a number of senior executive level positions in management, marketing, sales, and research and development. His roles have included appointments as Managing Director of Applied Biosystems Pty Ltd (now part of Thermo Fisher), and senior roles with Perkin Elmer and AMRAD Corporation (now part of CSL).
Dr Samaras is an experienced executive, non-executive and Board Chairman, having served on the boards of several biotechnology companies including one that was ASX-listed. For the past 10 years Dr Samaras has focused his efforts on enabling a number of US biotechnology companies by facilitating their international market expansion and structured development of commercial revenue channels outside of their traditional onshore markets.
Nick holds a BSc with Honors in Pathology and Immunology from Monash University, and a PhD in Medical Biology from the Department of Medicine at The University of Melbourne. He also holds postgraduate business qualifications which include an MBA from the School of Management at RMIT University, and is a Fellow of the Australian Institute of Company Directors and the Australian Institute of Management.
Special responsibilities: Non-Executive Chairman; Chairman Nomination and Remuneration Committee; Member Audit & Risk Committee
Directorships of other listed companies: Nil
Interests in shares and options: 1,005,000 Shares (including 480,000 ESOP Shares)

Name: **John R Melki**
Qualifications: BSc, PhD
Experience: Dr Melki has led the commercialisation efforts of Genetic Signatures as Chief Executive Officer since 2011. Dr Melki originally joined Genetic Signatures in 2003 where he was responsible for leading the commercialisation of 2 research products (worldwide) and 5 diagnostic products (locally and Europe) in the role of Senior Principal Research Scientist. He has authored 20 peer-reviewed articles and is listed as an inventor on 8 patent applications. Dr Melki received his BSc from the University of New South Wales and his PhD from the University of Sydney, where his thesis was awarded the Peter Bancroft Prize from the Medical School. His primary research focus for the last 20 years has been in the sodium bisulphite conversion of DNA which is at the core of Genetic Signatures' technology.
Special responsibilities: Managing Director and Chief Executive Officer; Member Nomination and Remuneration Committee
Directorships of other listed companies: Nil
Interests in shares and options: 1,075,000 Shares (including 900,000 ESOP Shares)

GENETIC SIGNATURES LIMITED
ABN: 30 095 913 205

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

DIRECTORS (Cont.)

Name: **Phillip J Isaacs**
Qualifications: MSc JP
Experience: Mr Isaacs holds an MSc in Biochemistry from the University of Sydney. He has worked as a Clinical Biochemist with the Commonwealth Department of Health and in commercial diagnostics as Managing Director of the Australian subsidiary of Technicon Equipment (the manufacturer of the first AutoAnalyzer using continuous flow analysis for the estimation of biochemicals in the bloodstream). He commenced the operation of Beckman Instruments in Australia and worked as Managing Director and Area Director for the Asia Pacific region, being responsible for both the Diagnostic and Life Science equipment markets. He was Vice President of the Asia Pacific Cytoc Corporation which developed and sells the ThinPrep Pap Test and was responsible for the development of the Company in Asia Pacific. He was also the Founding Chairman of the Australian Proteome Analysis Facility (APAF) in Sydney.
Special responsibilities: Non-Executive; Chairman of Audit & Risk Committee; Member Nomination and Remuneration Committee
Directorships of other listed companies: Nil
Interests in shares and options: 890,213 Shares (including 250,000 ESOP Shares)

Name: **Michael A Aicher**
Qualifications: BSc, MBA
Experience: Mr Aicher has over 30 years of industry experience, and was CEO and founder of National Genetics Institute (NGI) which was acquired by Laboratory Corporation of America, Inc. (LabCorp) in 2000. More recently, Mr. Aicher led LabCorp's Western Division and was previously responsible for the Company's Esoteric Business Units, which generated more than \$1 billion in annual revenue. Prior to NGI, Mr. Aicher served in a number of executive leadership roles at Central Diagnostics Laboratory. He currently serves as a director on boards of Ariosa Diagnostics, Inc. and Omicia, Inc. He is certified by the University of California at Berkeley as a Global Biotechnology Executive and is a recipient of Ernst & Young's "Entrepreneur of the Year" award for emerging technologies. Mr Aicher received a B.S. in Business Administration from the University of Redlands and an M.B.A. in Economics from Columbus University.
Special responsibilities: Executive Director – US Operations
Directorships of other listed companies: Nil
Interests in shares and options: 607,570 Shares (including 480,000 ESOP Shares)

GENETIC SIGNATURES LIMITED
ABN: 30 095 913 205

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

DIRECTORS (Cont.)

Name: **Robert J Birrell**
Qualifications: CPA, BEc, M.Comm, GAICD
Experience: Mr Birrell has worked in the Biotech, Banking, Communication and Corporate Sectors for over three decades. He has worked for Macquarie Bank and Industrial Equity Limited, including a number of years on secondment to the Executive Chairman of Woolworths Ltd. Mr Birrell spent seven years from 1994 to 2000 as Finance Director then Chief Financial Officer of Austar United Communications Ltd, including during their IPO in 1999. He is a Certified Practising Accountant, holds a Bachelor of Economics from Macquarie University, a Master of Commerce from the University of New South Wales, a PMD from the Harvard Business School and is a Graduate of the Australian Institute of Company Directors.

Special responsibilities: Executive Director; Member Audit & Risk Committee; Chief Financial Officer

Directorships of other listed companies: Nil

Interests in shares and options: 1,510,888 Shares (including 600,000 ESOP Shares)

Robert resigned as a Director on 21 August 2015.

Name: **Pat Noland**
Qualifications: BSc, MBA
Experience: Mr Noland has over 20 years of industry experience, and was Senior Vice Present at Laboratory Corporation of America (LabCorp). Mr Noland is currently CEO and director of StrataDX, an anatomic pathology laboratory based in Lexington, Massachusetts. Mr Noland joined StrataDX in 2011 after Linden Capital Partners acquired a controlling interest in the Company. During his tenure, Mr. Noland altered the Company's strategy to focus on the dermatology market and achieved industry leading growth rates. Prior to his tenure at StrataDX, Mr. Noland spent 17 years at LabCorp.

In his last role at LabCorp, he served as Senior Vice President responsible for developing and implementing a new partnerships-focused hospital strategy, designed to expand the available US market. Hospital services contributed approximately \$480 million to Company revenues in 2010. Previously, he held full profit and loss (P&L) responsibility for DIANON Systems, LabCorp's premium anatomic pathology brand, as well as a series of other senior leadership roles in strategic assignments. Mr. Noland began his LabCorp career in field sales and sales management in the Atlanta, Georgia market. He holds a master's degree in business administration from Kennesaw State University in Georgia, and a bachelor's of science degree in advertising from the University of Georgia in Athens.

Special responsibilities: Non-Executive Director

Directorships of other listed companies: Nil

Interests in shares and options: 310,000 Shares (including 160,000 ESOP Shares)

GENETIC SIGNATURES LIMITED
ABN: 30 095 913 205

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

Company Secretary

Name: **Robert J Birrell** (resigned 21 August 2015)

Qualifications: See board profile

Experience: See board profile

Company Secretary

Name: **Anna Sandham** (appointed 21 August 2015)

Qualifications: BEc, Graduate Diploma of Applied Corporate Governance

Experience: Anna is an experienced Company Secretary and governance professional with over 15 years' experience in various large and small, public and private, listed and unlisted companies, including at AMP Financial Services, Westpac Banking Corporation, and BT Financial Group. Anna is a member of the Governance Institute of Australia.

DIRECTORS' MEETINGS

The number of meetings of the board of directors (including board committees) held during the year ended 30 June 2015, and the numbers of meetings attended by each director are set out below:

Name	Board		Audit & Risk Committee		Nomination and Remuneration Committee		Other if any {include details}	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Nickolaos Samaras	7	7	1	1	1	1	-	-
John R Melki	7	7	-	-	1	1	-	-
Phillip J Isaacs	7	7	1	1	1	1	-	-
Michael A Aicher	7	7	-	-	-	-	-	-
Robert J Birrell	7	7	1	1	-	-	-	-
Pat Noland	5	5	-	-	-	-	-	-

REMUNERATION REPORT - AUDITED

(a) Policy for determining the nature and amount of key management personnel remuneration

The Board ensures that the Company's remuneration levels are appropriate in the markets in which it operates and are applied, and seen to be applied, fairly.

(b) Key management personnel

The following persons were key management personnel of Genetic Signatures Limited during the financial year:

Name	Position Held
Nickolaos Samaras	Non-executive Chairman
John R Melki	Managing Director & Chief Executive Officer
Phillip J Isaacs	Non-executive Director
Michael A Aicher	Executive Director – US Operations
Robert J Birrell	Director & Chief Financial Officer
Pat Noland	Non-executive Director
Douglas S Millar	Chief Scientific Officer

GENETIC SIGNATURES LIMITED
ABN: 30 095 913 205

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

REMUNERATION REPORT – AUDITED (Cont.)

(c) Details of Remuneration

Remuneration Policy

The Board's remuneration policy determines the nature and amount of remuneration for Board members and senior executives of the Company. The policy, setting the terms and conditions for the Executive Directors and other senior executives, was developed by the Remuneration & Nomination Committee and approved by the Board. All executives receive remuneration based on factors such as length of service and experience. The Remuneration & Nomination Committee has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the company. The objective of this policy is to secure and retain the services of suitable individuals capable of contributing to the consolidated entities' strategic objectives. The Board policy is to remunerate Non-Executive Directors at market rates for comparable companies for time commitment and responsibilities.

Details of compensation key management personnel of Genetic Signatures Limited are set out below:

2015	Short-term employee benefits			Post-employment benefits			Total
	Cash salary and fees	Non-monetary benefits	Super-annuation	Long-term Benefits: Annual and long service leave	Termination benefits	Share-based payments	
Nickolaos Samaras	\$ 45,000	\$ -	\$ 1,425	\$ -	\$ -	\$ 15,508	\$ 61,933
John R Melki	211,538	-	19,885	30,840	-	29,078	291,341
Phillip J Isaacs	10,000	-	238	-	-	8,077	18,315
Michael A Aicher	144,223	-	-	-	-	15,508	159,731
Robert J Birrell	184,616	-	17,348	13,461	-	19,386	234,811
Pat Noland	36,420	-	-	-	-	5,169	41,589
Douglas S Millar	188,461	-	17,921	20,793	-	25,847	253,022
Total key management personnel compensation	820,258	-	56,817	65,094	-	118,573	1,060,742

2014	Short-term employee benefits			Post-employment benefits			Total
	Cash salary and fees	Non-monetary benefits	Super-annuation	Long-term Benefits: Annual and long service leave	Termination benefits	Share-based payments	
Nickolaos Samaras	\$ 40,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,000
John R Melki	181,138	-	16,434	54,031	-	-	251,603
Phillip J Isaacs	-	-	-	-	-	-	-
Michael A Aicher	32,234	-	-	-	-	-	32,234
Robert J Birrell	144,000	-	4,163	3,452	-	-	151,615
Pat Noland	-	-	-	-	-	-	-
Douglas S Millar	175,468	-	15,648	9,560	-	-	200,676
Total key management personnel compensation	572,841	-	36,245	67,043	-	-	676,128

For personal use only

GENETIC SIGNATURES LIMITED
ABN: 30 095 913 205

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

REMUNERATION REPORT – AUDITED (Cont.)

(d) Share-based payment

Genetic Signatures Limited (“GS”) grants rights under the GS Employee Share Ownership Plan. Membership of the Plan is open to those employees and Directors of GS whom, the Directors believe have a significant role to play in the continued development of the Group’s activities.

Rights are granted for no consideration. Rights will vest and automatically convert to ordinary shares in the company following the satisfaction of the relevant service conditions. The performance rights are subject to a service condition of continuous employment from grant date to the relevant vesting date, otherwise the performance rights will lapse. There is no exercise price or expiry date associated with these performance rights.

Set out below are the summaries of rights grants under the plan:

2015

Grant date	Name	Vesting date	Fair value per option at grant date	Value of right at grant date	Granted during the year Number
27 March 2015	Nickolaos Samaras	25% on 31 March 2016; Then equal monthly amounts until 28 Feb 2020	\$0.40	\$192,000	480,000
27 March 2015	John R Melki	25% on 31 March 2016; Then equal monthly amounts until 28 Feb 2020	\$0.40	\$360,000	900,000
27 March 2015	Phillip J Isaacs	25% on 31 March 2016; Then equal monthly amounts until 28 Feb 2020	\$0.40	\$100,000	250,000
27 March 2015	Michael A Aicher	25% on 31 March 2016; Then equal monthly amounts until 28 Feb 2020	\$0.40	\$192,000	480,000
27 March 2015	Robert J Birrell	25% on 31 March 2016; Then equal monthly amounts until 28 Feb 2020	\$0.40	\$240,000	600,000
27 March 2015	Pat No-land	25% on 31 March 2016; Then equal monthly amounts until 28 Feb 2020	\$0.40	\$64,000	160,000
27 March 2015	Douglas S Millar	25% on 31 March 2016; Then equal monthly amounts until 28 Feb 2020	\$0.40	\$320,000	800,000
Total					3,670,000

For personal use only

GENETIC SIGNATURES LIMITED
ABN: 30 095 913 205

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

REMUNERATION REPORT – AUDITED (Cont.)

(e) Equity instruments held by key management personnel

Options and rights holdings

Details of options and rights held directly, indirectly or beneficially by key management personnel are as follows, terms and conditions are summarised in section (d):

Name	Balance at 1 July 2014	Granted as compensation	Options Exercised	Other Changes	Balance at 30 June 2015	Total Vested at 30 June 2015	Total vested and exercisable at 30 June 2015	Total vested and unexercisable at 30 June 2015
Nickolaos Samaras	-	480,000	-	-	480,000	-	-	-
John R Melki	-	900,000	-	-	900,000	-	-	-
Phillip J Isaacs	-	250,000	-	-	250,000	-	-	-
Michael A Aicher	-	480,000	-	-	480,000	-	-	-
Robert J Birrell	-	600,000	-	-	600,000	-	-	-
Pat Noland	-	160,000	-	-	160,000	-	-	-
Douglas S Millar	-	800,000	-	-	800,000	-	-	-
Total	-	3,670,000	-	-	3,670,000	-	-	-

Shareholdings

Details of equity instruments (other than options and rights) held directly, indirectly or beneficially by key management personnel are as follows:

Name	Balance at 1 July 2014	Granted as compensation	Received on exercise of options or rights	Other changes	Balance at 30 June 2015	Balance held nominally
Nickolaos Samaras	525,000	-	-	-	525,000	-
John R Melki	175,000	-	-	-	175,000	175,000
Phillip J Isaacs	640,213	-	-	-	640,213	-
Michael A Aicher	-	-	-	127,570	127,570	58,785
Robert J Birrell	910,888	-	-	-	910,888	152,250
Pat Noland	-	-	-	150,000	150,000	150,000
Douglas S Millar	150,000	-	-	-	150,000	150,000
Total	2,401,101	-	-	277,570	2,678,671	686,035

GENETIC SIGNATURES LIMITED
ABN: 30 095 913 205

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

REMUNERATION REPORT – AUDITED (Cont.)

(f) Service contracts

Service contracts have been entered into by the Company with key management personnel, describing the components and amounts of remuneration applicable on their initial appointment, including terms and performance criteria for performance-related cash bonuses. These contracts do not fix the amount of remuneration increases from year to year. Remuneration levels are reviewed generally each year by the Remuneration Committee to align with changes in job responsibilities and market salary expectations. All contracts are for an ongoing period.

All contracts can be terminated by either party with 3 months notice (or one month in the case of Mike Aicher), subject to termination payments as described below:

John Melki

Director & Chief Executive Officer

Contract term: Ongoing, commenced November 2014
Base salary: \$250,000, exclusive of superannuation, to be reviewed annually by the Remuneration Committee
Termination payments: Payment on early termination by the Group, other than for gross misconduct, equal to the base salary plus superannuation entitlements for three months.

Mike Aicher

Executive Director – US Operations

Contract term: Ongoing, commenced April 2014
Base salary: \$US120,000, to be reviewed annually by the Remuneration Committee
Termination payments: No payment on early termination. Contract is terminable by either party on one months notice.

Rob Birrell

Director & Chief Financial Officer

Contract term: Ongoing, commenced November 2014. Resigned 21 August 2015
Base salary: \$200,000, exclusive of superannuation, to be reviewed annually by the Remuneration Committee
Termination payments: Payment on early termination by the Group, other than for gross misconduct, equal to the base salary plus superannuation for three months.

Douglas Millar

Chief Scientific Officer

Contract term: Ongoing, commenced November 2014
Base salary: \$200,000, exclusive of superannuation, to be reviewed annually by the Remuneration Committee
Termination payments: Payment on early termination by the Group, other than for gross misconduct, equal to the base salary plus superannuation for three months.

GENETIC SIGNATURES LIMITED
ABN: 30 095 913 205

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

REMUNERATION REPORT – AUDITED (Cont.)

g) Transactions with related parties

	Consolidated	
	2015	2014
	\$	\$
The company controlled by Nick Samaras was paid for consultancy services	30,000	40,000
The company controlled by Mike Aicher was paid for consultancy services	142,848	32,234
The company controlled by Rob Birrell was paid for consultancy services	-	99,000

This concludes the remuneration report, which has been audited.

OPTIONS

There were no unissued ordinary shares of the company under option outstanding at the date of this report.

INDEMNIFICATION OF OFFICERS AND AUDITORS

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the company.

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part if those proceedings.

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

For personal use only

GENETIC SIGNATURES LIMITED
ABN: 30 095 913 205

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

NON AUDIT SERVICES

During the financial year, the following fees for non-audit services were paid or payable to the auditor, BDO or their related practices:

	2015 \$	2014 \$
Audit-related services		
Audit of financial statements	35,000	22,000
	<u>35,000</u>	<u>22,000</u>
Taxation services		
Tax compliance services	17,645	18,675
Investigating Accountant's Report - prospectus	38,000	-
Advice on financial reporting	10,967	11,875
Total fees for non-audit services	<u>66,612</u>	<u>30,550</u>

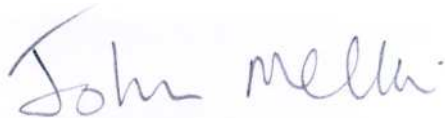
On the advice of the Audit and Risk Committee, the directors are satisfied that the provision of non-audit services by the auditor, as set out above, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the Audit and Risk Committee to ensure that they do not impact the integrity and objectivity of the auditor; and
- None of the non-audit services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

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 14.

This report is made in accordance with a resolution of directors.



John Melki
Director

Sydney
27 August 2015

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

As lead auditor of Genetic Signatures Limited for the year ended 30 June 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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



John Bresolin
Partner

BDO East Coast Partnership

Sydney, 27 August 2015

For personal use only

Corporate Governance Statement

The Board of Directors is responsible for establishing the corporate governance framework of the Group. The Board guides and monitors the business and affairs of Genetic Signatures on behalf of its shareholders by whom they are elected and to whom they are accountable.

The Company's corporate governance reflects the ASX Corporate Governance Council's principles and recommendations. The following commentary summarises the Company's compliance with the ASX Corporate Governance Council's recommendations.

PRINCIPLE 1

Lay solid foundations for management and oversight

The Board has adopted a formal charter that sets out their responsibilities. This charter is posted on the Company's website www.geneticsignatures.com. The Board sets objectives, goals and strategic direction along with a policy framework which management then works within to manage day-to-day business. The Board monitors this on a regular basis. There is clear segregation between the Board and management. Any functions not reserved for the Board and not expressly reserved for members by the Corporations Act and ASX Listing Rules are reserved for senior executives.

Senior executives are subject to a formal performance review process on an annual basis. The focus of the performance review is to set specific objectives, and monitor performance against them for each executive, that are aligned with the Company's business objectives.

PRINCIPLE 2

Structure the Board to add value

Details on the Board members and their qualifications are included in the Directors' Report. The Board has a policy of maintaining a majority of independent directors and is seeking to implement that policy in a structured and considered manner. The current Board composition is three independent Non-Executive Directors (NEDs) and three Executive Directors and thus the Company does not comply with ASX Recommendation 2.4. However the Company considers that the Board is appropriately structured notwithstanding this ASX Recommendation given the extensive knowledge of each of the directors regarding the Company and its business and their substantial experience and recognition in the MDx industry and other industries relevant to the Company's operations. For these reasons, and for the stage of development of the Company, Genetic Signatures takes the view that it is in the best interests

of members that the current directors, with their extensive experience and background, be directors of the Board.

The Board has resolved that a majority of the members of each Board committee should be NEDs. The Board has approved that, where necessary, NEDs should meet during the year in absence of management at such times as they determine necessary.

Directors are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with the exercise of their independent judgement. The Board assesses director independence on an annual basis, or more often if it feels it is warranted, depending on disclosures made by individual Directors. In the context of director independence, to be considered independent a NED may not have a direct or indirect material relationship with the Company. The Board has determined that a material relationship is one which has, or has the potential to, impair or inhibit a Director's exercise of judgement on behalf of the Company and its shareholders. The Board has concluded that all NEDs are independent.

The Board continually assesses its membership and makes appointments to complement and enhance the existing skill base of the Board. The Board has established a Remuneration and Nominations Committee comprising a majority of non-executive directors.

The Company's Constitution provides that:

- the maximum number of Directors shall be ten unless amended by a resolution at a General Meeting of Shareholders;
- one third of the Directors (excluding the Managing Director and rounded down) must retire from office at the Annual General Meeting (AGM) each year; such retiring Directors are eligible for re-election;
- Directors appointed to fill casual vacancies must submit to election at the next general meeting; and
- the number of Directors necessary to constitute a quorum is not less than two Directors currently in office.

Corporate Governance Statement (Cont.)

PRINCIPLE 3

Promote ethical and responsible decision-making

The Board and management ensure that the business processes of Genetic Signatures are conducted according to sound ethical principles. The Board has established a formal Code of Conduct in this regard. This code is posted on the Company's website.

All Directors and employees of the Company are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

All Directors and employees of the Company are made aware of their obligations under the Corporations Act 2001 with regard to trading in the securities of the Company. In addition, the Company has adopted a Share Trading Policy, which is reviewed and updated on a regular basis as required. This policy is posted on the Company's website.

Board members who have or may have a conflict of interest in any activity of the Company or with regard to any decision before the Board, notify the Board of such and a decision is made as to whether the Board member concerned is to be excluded from making decisions that relates to the particular matter.

The Board has determined that Directors are able to seek independent professional advice for Company related matters at the Company's expense, subject to the instruction and estimated cost being approved by the Chairman in advance as being necessary and reasonable.

Diversity Policy

Diversity includes, but is not limited to, gender, age, ethnicity and cultural background. Principally in relation to the stage of development of the company, the company does not have a formal diversity policy, however the company is committed to diversity and recognises the benefits arising from employee and board diversity and the importance of benefiting from all available talent.

PRINCIPLE 4

Safeguard integrity in financial reporting

The Board has established an Audit and Risk Committee. Mr Phillip Isaacs has been appointed to chair the Committee and Dr Nick Samaras is the other independent director on the Committee. Mr Robert Birrell is also on the Committee.

The members of the Committee have significant financial and business backgrounds, expertise and qualifications, full particulars of which are contained in

this annual report, as are details of meetings of this Committee.

The Committee has a formal charter, which is posted on the Company's website. The charter is reviewed annually to ensure that it is in line with emerging market practices which are in the best interests of shareholders.

The main objective of the Committee is to assist the Board in reviewing any matters of significance affecting financial reporting and compliance of the consolidated entity including:

- exercising oversight of the accuracy and completeness of the financial statements;
- making informed decisions regarding accounting and compliance policies, practices, and disclosures;
- reviewing the scope and results of operational risk reviews, compliance reviews, and external audits; and
- assessing the adequacy of the consolidated entity's internal control framework including accounting, compliance, and operational risk management controls based on information provided or obtained.

"Compliance" refers to compliance with laws and regulations, internal compliance guidelines, policies and procedures, and other prescribed internal standards of behaviour.

The Chairman of the Committee meets with the auditors without management in attendance so that there can be open and frank communication between the Committee and the auditor.

The Committee has the power to conduct or authorise investigations into, or consult independent experts on, any matters within the Committee's scope of responsibility.

The Committee also considers the independence of the auditor. The Company requires that the audit partner be rotated every five years and, on an annual basis, the auditor provides a certificate to the Committee confirming their independence.

The Chief Executive Officer and Chief Financial Officer have certified to the committee that the Group's financial reports present a true and fair view, in all material respects, of the Group's financial condition and operational results and are in accordance with relevant accounting standards.

Corporate Governance Statement (Cont.)

PRINCIPLE 5

Make timely and balanced disclosure

The Board is committed to inform its shareholders and the market of any major events that influence the Company in a timely and conscientious manner. The Board is responsible for ensuring that the Company complies with the continuous disclosure requirements as set out in ASX Listing Rule 3.1 and the Corporations Act 2001. The Company's Communication Protocols have been posted on the Company's website.

Any market sensitive information is discussed by the Board before it is approved to be released to the market. The Company's procedure is to lodge the information with the ASX and make it available on the Company's website shortly thereafter. All executives of the Company have been made aware of the Company's obligations with regard to the continuous disclosure regime.

PRINCIPLE 6

Respect the rights of shareholders

The Board ensures that its shareholders are fully informed of matters likely to be of interest to them. The Company provides all obligatory information such as annual reports, half yearly reports and other ASX required reports in accordance with the law and regulations.

Notices of shareholders meetings, annual and extraordinary, are distributed in a timely manner and are accompanied by all information that the Company has obtained.

The Company is always available to be contacted by shareholders for any query that the shareholders may have. The queries can be submitted by telephone or email to the Company's office.

The chairman encourages questions and comments at the AGM ensuring that shareholders have a chance to obtain direct response from the CEO and other appropriate Board members. The Company requests that the auditors attend the AGM and are available to answer any questions with regard to the conduct of the audit and their report.

PRINCIPLE 7

Recognise and manage risk

The Board has delegated the responsibility for the establishment and maintenance of a framework for risk oversight and the management of risk for the Group to the Audit and Risk Committee.

The Committee's role is provide a direct link between the Board and the external function of the Company.

This includes:

- Monitoring corporate risk assessment and the internal controls instituted;
- Monitoring the establishment of an appropriate internal control framework, including information systems, and considering enhancements;
- Reviewing reports on any defalcations, frauds and thefts from the Company and action taken by managements;
- Reviewing policies to avoided conflicts of interest between the Company and members of management; and
- Considering the security of computer systems and applications, and the contingency plans for processing financial information in the event of a systems breakdown.

Under its charter, the Audit and Risk Committee must have at least three members, a majority of whom must be independent and all of whom must be non-executive Directors. The members of the Audit and Risk Committee are Phillip Isaacs (chairman), Nick Samaras and Robert Birrell and thus the Company does not comply with ASX Recommendation 4.1. However, the Company considers that the Audit and Risk Committee is appropriately structured notwithstanding the ASX Recommendation given that a majority of the members are independent non-executive Directors and they have the accounting and financial expertise and a sufficient understanding of the industry in which the Company operates to be able to discharge the Audit and Risk Committee's mandate effectively. For these reasons, and the stage of development of the Company, Genetic Signatures takes the view that it is in the best interests of members that the current members of the Audit and Risk Committee be the members of this Committee.

The Chief Executive Officer and Chief Financial Officer have made representations to the Committee on the system of risk management and internal compliance and control which implements the policies adopted by the Board. The Chief Executive Officer and Chief Financial Officer have also represented that, to the best of their knowledge, the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

Corporate Governance Statement (Cont.)

PRINCIPLE 8

Remunerate fairly and responsibly

The Board has established a Nomination and Remuneration Committee to assess and make recommendations to the Board regarding Board composition with a view to ensuring it is able to operate effectively and efficiently, to adequately discharge its responsibilities and duties, and secondly to advise and assist the Board to ensure that Genetic Signatures has fair, responsible and competitive remuneration arrangements and other employee policies and procedures which attract, motivate and retain appropriately skilled persons.

The Company's remuneration policy is described in the Remuneration Report contained within the Directors' Report.

The Committee has access to senior management of the Company and may consult independent experts where the Committee considers it appropriate to carry out its duties.

Currently the Company pays directors' fees to the NEDs.

For personal use

FINANCIAL REPORT

	Page
CONTENTS	
Statement of Profit and Loss and Other Comprehensive Income	20
Statement of Financial Position	21
Statement of Changes in Equity	22
Statement of Cash flows	23
Notes to the Financial Statements	24 -42
Directors' Declaration	45
Independent Audit Report	46

For personal use only

GENETIC SIGNATURES LIMITED
ABN: 30 095 913 205

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE IN-
COME**
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Note	Consolidated	
		2015 \$	2014 \$
Sales Revenue		1,043,269	684,277
Other income	2	1,010,102	623,812
Changes in inventories and raw materials used		(395,146)	(356,012)
Employee benefits expense		(1,825,050)	(978,075)
Directors' and consultancy fees		(408,199)	(376,615)
Depreciation and amortisation expenses		(205,553)	(103,880)
Finance Costs	3	(454)	(289,296)
Rental expenses relating to operating leases		(139,307)	(85,545)
Scientific consumables		(350,818)	(250,686)
Travel and accommodation		(160,179)	(58,090)
Other expenses	3	(1,227,785)	(538,377)
Loss before income tax		<u>(2,659,120)</u>	<u>(1,728,487)</u>
Income tax benefit	4	-	-
Loss attributable to members of the entity		<u>(2,659,120)</u>	<u>(1,728,487)</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u>(2,659,120)</u>	<u>(1,728,487)</u>
Earnings per share		2015 cents	2014 cents
Basic and diluted earnings per share to ordinary equity holders of the company	28	<u>(5.2)</u>	<u>(12.1)</u>

The accompanying notes form part of these financial statements.

For personal use only

GENETIC SIGNATURES LIMITED
ABN: 30 095 913 205

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	Note	Consolidated	
		2015 \$	2014 \$
Assets			
Current Assets			
Cash and cash equivalents	5	5,461,686	1,852,707
Trade and other receivables	6	436,401	124,575
Inventory		191,489	-
Government grant receivable	7	969,095	607,122
Total Current Assets		<u>7,058,672</u>	<u>2,584,404</u>
Non-Current Assets			
Property, plant and equipment	8	741,441	395,310
Total Non-Current Assets		<u>741,441</u>	<u>395,310</u>
Total Assets		<u>7,800,112</u>	<u>2,979,714</u>
Liabilities			
Current Liabilities			
Trade and other payables	9	443,341	186,848
Provisions	10	294,442	181,946
Total Current Liabilities		<u>737,783</u>	<u>368,794</u>
Non-Current Liabilities			
Provisions	10	5,360	1,681
Total Non-Current Liabilities		<u>5,360</u>	<u>1,681</u>
Total Liabilities		<u>743,143</u>	<u>370,475</u>
Net Assets		<u>7,056,969</u>	<u>2,609,239</u>
Equity			
Issued capital	12	32,501,357	25,545,553
Reserves	13	151,046	-
Accumulated losses		(25,595,434)	(22,936,314)
Total Equity		<u>7,056,969</u>	<u>2,609,239</u>

The accompanying notes form part of these financial statements

For personal use only

GENETIC SIGNATURES LIMITED
ABN: 30 095 913 205

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

Consolidated	Issued Capital	Reserves	Accumulated losses	Total
	\$	\$	\$	\$
Balance at 1 July 2013	17,891,696	1,135,534	(22,343,361)	(3,316,131)
Loss for the year	-	-	(1,728,487)	(1,728,487)
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	(1,728,487)	(1,728,487)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	7,653,857	-	-	7,653,857
Share-based payments (note 13)	-	(1,135,534)	1,135,534	-
Balance at 30 June 2014	25,545,553	-	(22,936,314)	2,609,239
Loss for the year	-	-	(2,659,120)	(2,659,120)
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	(2,659,120)	(2,659,120)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 12)	6,955,804	-	-	6,955,804
Share-based payments (note 13)	-	151,046	-	151,046
Balance at 30 June 2015	32,501,357	151,046	(25,595,434)	7,056,969

The accompanying notes form part of these financial statements.

For personal use only

HUMAN GENETIC SIGNATURES PTY LIMITED
ABN: 30 095 913 205

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Note	Consolidated 2015 \$	2014 \$
Cash flows from operating activities			
Receipts from customers		989,771	709,154
Payments to suppliers and employees		(4,433,042)	(2,608,178)
Interest received		41,007	15,560
Research and development concession received		607,122	528,727
Net cash used in operating activities	19(b)	<u>(2,795,142)</u>	<u>(1,354,737)</u>
Cash flows from investing activities			
Purchase of plant and equipment	8	<u>(551,683)</u>	<u>(380,831)</u>
Net cash used in investing activities		<u>(551,683)</u>	<u>(380,831)</u>
Cash flows from financing activities			
Proceeds from issue of convertible notes	11	-	500,000
Proceeds from issue of shares, net of costs	12	6,955,804	2,748,002
Proceeds from conversion of employee share options	12	-	192,800
Net cash provided by financing activities		<u>6,955,804</u>	<u>3,440,802</u>
Net increase in cash and cash equivalents			
		3,608,979	1,705,234
Cash and cash equivalents at beginning of financial year		<u>1,852,707</u>	<u>147,473</u>
Cash and cash equivalents at end of financial year	19(a)	<u>5,461,686</u>	<u>1,852,707</u>

The accompanying notes form part of these financial statements

For personal use only

GENETIC SIGNATURES LIMITED
ABN: 30 095 913 205

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

Note 1: Statement of Significant Accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

The financial report has been prepared on an accrual basis and is based on historical costs, modified, where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 1(z).

(a) Going Concern

The company incurred losses for the year to 30 June 2015 of \$2,659,120 (2014: \$1,728,487), leading to net operating cash outflows of \$2,795,141 (2014: \$1,354,737). The ability of the company to continue as a going concern is dependent on the entity being able to generate sufficient revenue from successfully developing genetic signatures research.

The financial report has been prepared on a going concern basis, as during the year, the company was able to raise \$7.5 million (gross) in cash via the issue of ordinary and shares. It should also be noted that the company carries no debt. The directors are confident that given the amount of cash on hand at year-end, plus the ongoing ability of the company to increase its sales rate, it has sufficient funds to operate on a going concern for the foreseeable future.

(b) Basis of Consolidation

The consolidated financial statements comprise the financial statements of Genetic Signatures Limited and its subsidiary, Genetic Signatures US Ltd. at 30 June 2015 each year ("the company"). Subsidiaries are entities (including structured entities) over which the group has control. The group has control over an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to use its power to affect those returns. Subsidiaries are consolidated from the date on which control is transferred to the group and are deconsolidated from the date that control ceases.

All intercompany balances and transactions, including unrealised profits arising from intragroup transactions have been eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

For personal use only

GENETIC SIGNATURES LIMITED
ABN: 30 095 913 205

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

Note 1: Statement of Significant Accounting Policies (continued)

(c) Income tax

The income tax expenses/(benefit) for the year comprise current income tax expense/(benefit), research and development claim and deferred tax expenses/(benefit).

Current income tax expenses charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period together with the research and development claim submitted for the reporting period. Current tax liabilities/assets are therefore measured at the amounts expected to be paid to /recovered from the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investment in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(d) Property, plant and equipment

Each class of plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors of the company to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employed and subsequent to disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

For personal use only

GENETIC SIGNATURES LIMITED
ABN: 30 095 913 205

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

Note 1: Statement of Significant Accounting Policies (continued)

(d) Property, plant and equipment (continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the income statements during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over their estimated useful lives to the company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable asset are:

Class of fixed asset	Depreciation rate
Plant and equipment	2.5 – 13.5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate at each reporting date.

Gains and losses on disposal are determined by comparing the net proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income.

(e) Goods and Services Tax

Revenues, expenses and assets are recognised net of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included within other receivables or payables in the statements of financial position.

Cash flows are presented on a gross basis, except for the GST component of investing and financing activities which are recoverable from, or payable to ATO are disclosed as operating cash flows.

(f) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or the sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is not classified at fair value through profit or loss. Transaction costs related to instruments classified at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

For personal use only

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

Note 1: Statement of Significant Accounting Policies (continued)

(f) Financial instruments (continued)

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- i. the amount at which the financial asset or financial liability is measured at initial recognition;
- ii. less principal repayments;
- iii. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- iv. less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period, which will be classified as non-current assets.

(ii) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

GENETIC SIGNATURES LIMITED
ABN: 30 095 913 205

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

Note 1: Statement of Significant Accounting Policies (continued)

(f) Financial instruments (continued)

Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

The directors have the power to amend and reissue these financial statements.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the company no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability, which is extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(g) Revenue

Revenue from the sale of goods is recognised when control of the goods has passed to the buyer, the amount of revenue can be measured reliably and it is probable that it will be received by the company.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

Grant revenue is recognised when it is received or when the right to receive payment is established.

(h) Trade and other payables

Accounts payable represent the principal amounts outstanding at the reporting date plus, where applicable, any accrued interest.

(i) Impairment

At each reporting date, the company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

For personal use only

GENETIC SIGNATURES LIMITED
ABN: 30 095 913 205

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

Note 1: Statement of Significant Accounting Policies (continued)

(i) Impairment (continued)

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(j) Cash and cash equivalents

For the purposes of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions and net of bank overdrafts.

(k) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate portion of variable and fixed overheads, the latter being allocated on the basis of normal operation capacity. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(l) Trade and other receivables

Trade receivables are initially recognized at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the assets' carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognized at amortised cost, less any provision for impairment.

(m) Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred, including interest on convertible notes.

(n) Employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the reporting date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

For personal use only

GENETIC SIGNATURES LIMITED
ABN: 30 095 913 205

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

Note 1: Statement of Significant Accounting Policies (continued)

(o) Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(p) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expense in the period in which they are incurred.

(q) Share-based payments

Equity-settled share-based payments with employees and others providing similar services are measured at fair value of the equity instrument at the grant date. Further details on how the fair value of equity-settled share-based transactions has been determined can be found in note 18.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest.

(r) Parent entity financial information

The financial information for the parent entity, Genetic Signatures Limited, disclosed in note 20, has been prepared on the same basis as the consolidated financial statements.

(s) Earnings per share

Basic earnings per share are calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares; and
- by the weighted average number of ordinary shares outstanding during the financial year.

(t) Foreign currency translation

The financial statements are presented in Australian dollars, which is Genetic Signatures Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

For personal use only

GENETIC SIGNATURES LIMITED
ABN: 30 095 913 205

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

Note 1: Statement of Significant Accounting Policies (continued)

(u) Change in accounting policy for refundable R&D grants

The company previously accounted for refundable R&D tax incentives as an income tax benefit. The company has determined that these incentives are more akin to government grants because they are not conditional upon earning taxable income. The company has therefore made a voluntary change in accounting policy during the reporting period. Refundable tax incentives are now accounted for as government grants under AASB 120 Accounting for Government Grants and Disclosure of Government Assistance because the directors consider this policy to provide more relevant information to meet the economic decision-making needs of users, and to make the financial statements more reliable.

The company has reclassified the R&D grant in the consolidated financial statements to reflect the change in accounting policy as follows:

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	As reported at 2014 \$	Restated at 2014 \$
Income tax benefit (note 4)	608,225	-
Government grant revenue (note 2)	-	608,225

(v) Comparative figures

Comparative figures have been adjusted to conform to changes in presentation for the current financial year where required by accounting standards or as a result of changes in accounting policy.

(w) New accounting standards and interpretations issued but not yet effective

The Australian Accounting Standards Board has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods and which the Company has decided not to early adopt. A discussion of those future requirements and their impact on the Company is as follows:

AASB 9 Financial Instruments, 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 and 2012-6 Amendments to Australian Accounting Standards arising from AASB 9.

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2017 and completes phase I of the IASB's project to replace IAS 39 (being the international equivalent to AASB 139 'Financial Instruments: Recognition and Measurement'). This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. The company will adopt this standard from 1 July 2017 but the impact of its adoption is yet to be assessed by the company.

GENETIC SIGNATURES LIMITED
ABN: 30 095 913 205

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

Note 1: Statement of Significant Accounting Policies (continued)

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2017. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

(x) Critical Accounting Estimates and Judgments

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Key estimates – valuation of employee share option plan shares

At each reporting date, the entity revises its estimate of the number of rights that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to the original estimates, is recognised in profit or loss with a corresponding adjustment to equity. The fair value is measured at grant date and recognised over the period during which the employee becomes unconditionally entitled to the options or rights.

Judgements- research and development claim

Judgement is required in determining the amount of grant revenue relating to the research and development claim. There are certain transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination may be subject to change. The company calculates its research and development claim based on the company's understanding of the tax law. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the profit or loss in the year in which such determination is made.

GENETIC SIGNATURES LIMITED
ABN: 30 095 913 205

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Consolidated	
	2015	2014
	\$	\$
Note 2: Other income		
Interest income	41,007	15,560
Government Grant (R&D concession)	969,095	608,225
Other income	-	27
Total other income	1,010,102	623,812
Note 3: Expenses		
<i>Finance costs</i>		
Interest charges payable on convertible notes (note 11)	454	289,296
<i>Superannuation expense</i>		
Defined contribution superannuation expense	130,206	71,663
<i>Items included in other expenses are</i>		
IPO costs expensed	562,109	-
Write off of assets - patents	114,208	219,891
	676,317	219,891

	Consolidated	
	2015	2014
	\$	\$
Note 4: Income tax		
Numerical reconciliation of income tax benefit to prima facie tax payable		
Prima facie income tax (benefit) on loss from ordinary activities (30%)	(797,736)	(701,014)
Add tax effect of:		
- non-deductible items	539,206	557,504
- tax losses not recognised	224,415	149,758
Less tax effect of :		
- temporary differences not brought to account	34,115	(7,351)
Income tax benefit attributable to entity	-	-

Potential deferred tax assets attributable to tax losses carried forward for the company, have not been brought to account as the directors believe it is not appropriate to regard realisation of the deferred tax asset as probable. The benefit will only be obtained if:

- The group derives future assessable income of a nature and amount sufficient to enable the benefits from the deductions for the losses to be realised;
- The company continues to comply with the conditions for deductibility imposed by the law;
- The losses are available under with the continuity of ownership or same business tests;
- No changes in tax legislation adversely affect the company in realising the benefit from the deductions for the losses.

The total amount of unused tax losses for which no deferred tax asset has been recognised is \$10,189,234, tax effected at 30% \$3,056,770. (2014: \$9,327,468 – tax effected \$2,798,240).

For personal use only

GENETIC SIGNATURES LIMITED
ABN: 30 095 913 205

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

Note 5: Cash and cash equivalents

	Consolidated	
	2015	2014
	\$	\$
Cash at bank and on hand	5,461,686	1,852,707

Cash at bank and on hand bears floating interest rates. The interest rate relating to cash and cash equivalents for the year was between 2.0% and 2.75% (2014: between 2.5% and 3.1%)

Genetics Signatures Limited has an unused credit card facility with the bank at the year-end date of \$40,000(2014: \$40,000).

Note 6: Trade and other receivables

Current

Trade debtors (a)	252,352	93,585
Provision for impairment	(31,352)	(26,813)
Other debtors (b)	215,401	57,802
	436,401	124,575

a. Past due but not impaired and impairment of receivables

Customers with balances past due without provisions for impairment of receivables amount to \$3,088 as at 30 June 2015 (\$nil as at 30 June 2014). The company has recognised a loss of \$31,352 (2014: \$26,813) in profit or loss in respect of impairment of receivables for the year ended 30 June 2015.

b. Other receivables

These amounts relate to net GST refunds receivable. None of these receivables are impaired or past due but not impaired.

c. Fair value and credit risk

Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.

Information about the Company's exposure to fair value and credit risk in relation to trade and other receivables is provided in note 23.

Note 7: Government grant receivable

Research & Development tax concession	969,095	607,122
---------------------------------------	---------	---------

For personal use only

GENETIC SIGNATURES LIMITED
ABN: 30 095 913 205

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

Note 8: Property, plant and equipment	Consolidated	
	2015	2014
	\$	\$
Plant and equipment:		
At cost	2,196,798	1,645,115
Less: accumulated depreciation	<u>(1,455,357)</u>	<u>(1,249,805)</u>
	<u>741,441</u>	<u>395,310</u>
Movement in plant and equipment is as follows:		
	Plant & equipment	Total
	\$	\$
Cost at 1 July 2014	1,645,115	1,645,115
Additions	<u>551,683</u>	<u>551,683</u>
Cost at 30 June 2015	2,196,798	2,196,798
Accumulated depreciation 1 July 2014	(1,249,805)	(1,249,805)
Depreciation expense	<u>(205,552)</u>	<u>(205,552)</u>
Accumulated depreciation 30 June 2015	<u>(1,455,357)</u>	<u>(1,455,357)</u>
Carrying amount 30 June 2015	<u>741,441</u>	<u>741,441</u>
	Plant & equipment	Total
	\$	\$
Cost at 1 July 2013	1,264,284	1,264,284
Additions	<u>380,831</u>	<u>380,831</u>
Cost at 30 June 2014	1,645,115	1,645,115
Accumulated depreciation 1 July 2013	(1,145,924)	(1,145,924)
Depreciation expenses	<u>(103,881)</u>	<u>(103,881)</u>
Accumulated depreciation 30 June 2014	<u>(1,249,805)</u>	<u>(1,249,805)</u>
Carrying amount 30 June 2014	<u>395,310</u>	<u>395,310</u>
Note 9: Trade and other payables	Consolidated	
	2015	2014
	\$	\$
Current – unsecured		
Trade creditors	263,646	86,970
Other creditors	<u>179,695</u>	<u>99,878</u>
	<u>443,341</u>	<u>186,848</u>
Note 10: Provisions		
Current		
Employee benefits	<u>294,442</u>	<u>181,946</u>
Non-Current		
Employee benefits	<u>5,360</u>	<u>1,681</u>

For personal use only

GENETIC SIGNATURES LIMITED
ABN: 30 095 913 205

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

Note 11: Borrowings – Non-Current

	Consolidated	
	2015	2014
	\$	\$
Convertible notes facility at amortised cost	-	-

Convertible notes facility

On 14 March 2014, the total \$4,050,000 of convertible notes on issue were converted to total of 10,387,336 ordinary shares.

Note 12: Issued capital

72,934,990 ordinary shares (2014: 33,005,334)	32,497,357	25,541,553
4,000 fully paid founder shares (2014: 4,000)	4,000	4,000
	32,501,357	25,545,553

Movement in ordinary share capital

	No.	\$
Opening balance	33,005,334	25,541,553
Share split (3 for every 2 shares)	16,504,656	-
Issue of new ordinary shares	18,750,000	7,500,000
Employee Share Plan	4,675,000	-
Less: share issue costs	-	(544,196)
Closing balance	72,934,990	32,497,357

All fully paid ordinary shares and founder shares have equal voting rights, of one vote per share, and subject to the prior rights of preference shares, have equal rights to receive dividends in proportion to the number of ordinary shares and founder shares held.

Note 13: Share based payments reserve

	Consolidated	
	2015	2014
	\$	\$
Balance 1 July	-	1,135,534
Transferred to accumulated losses upon expiration	-	(1,135,534)
Share-based payment expenses	151,046	-
Balance 30 June	151,046	-

The share-based payments reserve is used to recognised the fair value of equity benefits provided to employees and Directors as part of their compensation.

Note 14: Leasing Commitments

Operating lease commitments

Non-cancellable operation leases contracted for but not capitalised in the financial statements

Minimum lease payments payable:-

- Not later than one year	27,417	5,720
---------------------------	--------	-------

The operating lease commitment relates to the company's currently licensed research and development premises with St Vincent's Hospital, Sydney, Limited and The Victor Chang Cardiac Research Institute. Either party can terminate the licence agreement by providing 60 days written notice to the other party.

For personal use only

GENETIC SIGNATURES LIMITED
ABN: 30 095 913 205

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

Note 15: Key management personnel disclosures

	Consolidated	
	2015	2014
	\$	\$
Short-term employee benefits	820,258	572,841
Post-employment benefits	56,817	36,245
Long-term benefits	65,094	67,043
Share based payments	118,573	-
	1,060,742	676,128

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report.

Note 16: Share-based payments

Ordinary shares were issued during the year, funded by a limited recourse loan pursuant to the employee share plan. The effect of the employee share plan is akin to an option. Fair values at grant date are independently determined using a Black-Scholes Option Pricing Model that takes into account the exercise price, the term of the option, the share price at the grant date, the expected volatility of the underlying share, and risk free interest rate for the term of the option. The model inputs for options granted during the year ended 30 June 2015 are noted below:

Grant date	Expiry date	Vesting period	Exercise price	Share price	Expected volatility	Expired dividend yield	Average Risk free rate
March 2015	June 2020	48 months	\$0.40	\$0.50	55%	-	2.05%

The company was admitted to the official list on ASX on 30 March 2015. It had limited trading data to establish sufficient history for an estimate of its future volatility. Expected volatility is reference to globally listed comparable companies and general healthcare companies in Australia. The risk free rate is determined with reference to medium term government bonds.

Performance rights

Set out below are the summaries of rights granted under the plan:

2015							
Grant date	Vesting date	Value of right at grant date	Balance at beginning of the year Number	Granted during the year Number	Vested during the year Number	Expired during the year Number	Balance at the end of the year Number
March 2015	25% March 2016 then monthly to March 2019	\$0.40	-	4,675,000	-	-	4,675,000
Total				4,675,000	-	-	4,675,000
2014							
Grant date	Vesting date	Value of right at grant date	Balance at beginning of the year Number	Granted during the year Number	Vested during the year Number	Expired during the year Number	Balanced at the end of the year Number
April 2011	30/6/2014	\$0.47	3,430,000	-	-	(3,430,000)	-
May 2012	30/6/2014	\$0.47	40,000	-	-	(40,000)	-
Aug 2012	30/6/2014	\$0.47	30,000	-	-	(30,000)	-
Mar 2013	30/6/2014	\$0.47	50,000	-	-	(50,000)	-
Total			3,550,000	-	-	3,550,000	-

For personal use only

GENETIC SIGNATURES LIMITED
ABN: 30 095 913 205

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

Note 17: Contingent liabilities

The company does not have any material contingent liabilities at year-end.

Note 18: Auditors remuneration

	Consolidated	
	2015	2014
	\$	\$
<i>BDO East Coast Partnership</i>		
Audit of financial statements	35,000	22,000
<u>Non-audit services</u>		
Tax compliance	17,645	18,675
Investigating Accountant's report - prospectus	38,000	-
Advice on financial reporting	10,967	11,875
	66,612	30,550

Note 19: Cash Flow Information

	Consolidated	
	2015	2014
	\$	\$
(a) Reconciliation of Cash		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:		
Cash on hand and at bank	5,461,686	1,852,707
(b) Reconciliation of Loss after Income Tax to net Cash Flows from Operations		
Loss after income tax	(2,659,120)	(1,728,487)
<i>Non cash flows included within loss</i>		
Depreciation	205,553	103,880
Share based payments expenses	151,046	-
Interest on convertible notes	-	289,296
<i>Changes in operating assets and liabilities:</i>		
(Increase) in trade and other receivables	(311,827)	(36,016)
(Increase) in current tax and other assets	(361,973)	(46,662)
(Increase) in inventories	(191,490)	-
Increase in provisions	116,177	54,299
Increase in payables	256,492	8,953
Net cash outflow from operating activities	(2,795,142)	(1,354,737)
(c) Non-cash investing and financing activities		
Conversion of convertible note to equity	-	3,617,767

For personal use only

GENETIC SIGNATURES LIMITED
ABN: 30 095 913 205

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

Note 20: Parent Entity Financial Information

(a) Summary financial information:

The individual financial statements for the Parent entity show the following aggregate amounts:

	2015	2014
	\$	\$
Assets		
Current Assets		
Cash and cash equivalents	5,460,406	1,852,707
Trade and other receivables	522,015	124,575
Inventory	191,490	-
Government grant receivable	969,096	607,122
Total Current Assets	7,143,007	2,584,404
Non-Current Assets		
Plant and equipment	741,441	395,310
Total Non-Current Assets	741,441	395,310
Total Assets	7,884,448	2,979,714
Liabilities		
Current Liabilities		
Trade and other payables	443,342	186,848
Provisions	294,442	181,946
Total Current Liabilities	737,784	368,794
Non-Current Liabilities		
Provisions	5,361	1,681
Total Non-Current Liabilities	5,361	1,681
Total Liabilities	743,145	370,475
Net Assets/(liabilities)	7,141,303	2,609,239
Equity		
Issued capital	32,501,357	25,545,553
Reserves	151,046	-
Accumulated losses	(25,511,100)	(22,936,314)
Total Equity	7,141,303	2,609,239
Loss for the year	(2,574,786)	(1,728,487)
Other comprehensive income	-	-
Total comprehensive income for the year	(2,574,786)	(1,728,487)

(b) Summary financial information:

The Parent entity did not have any contingent liabilities as at 30 June 2015 or 30 June 2014.

For personal use only

GENETIC SIGNATURES LIMITED
ABN: 30 095 913 205

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

Note 21: Subsidiaries

	Country of incorporation	Equity holding in subsidiaries	
		2015 %	2014 %
a) Parent entity			
Genetic Signatures Limited	Australia		
b) Controlled entities			
Genetic Signatures US Ltd	USA	100%	0%

c) New Group entity

On 17 April 2015, Genetic Signatures Limited established Genetic Signatures US Ltd. The company was established as the entity which will conduct the group's US operations, including employing personnel.

Note 22: Related party transactions

Related parties

(a) The company's main related parties are as follows:

Key management personnel:

Any persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, are considered key management personnel.

Key Management personnel include:

Nickolaos Samaras – Director
 John Melki – Director and Chief Executive Officer
 Michael A Aicher – Director
 Phillip J Isaacs – Director
 Robert J Birrell – Director and Chief Financial Officer
 Pat Noland - Director
 Doug Millar – Chief Scientific Officer

For details of disclosures relating to key management personnel, refer to Note 15.

(b) Transactions with related parties:

	Consolidated	
	2015 \$	2014 \$
The company controlled by Nick Samaras was paid for consultancy services	30,000	40,000
The company controlled by Mike Aicher was paid for consultancy services	142,848	32,234
The company controlled by Rob Birrell was paid for consultancy services	-	99,000

The valuation of the transactions with related parties is fair value, being the amounts for which the services could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar services.

For personal use only

GENETIC SIGNATURES LIMITED
ABN: 30 095 913 205

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

Note 23: Financial risk management

The company's financial instruments consist mainly of deposits with banks, convertible notes, and accounts receivable and payable. The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are shown at their net fair value.

Net Fair Value

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties at arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have material impact on the amounts estimated.

	Net Carry- ing Value 2015	Net Fair Value 2015	Net Carry- ing Value 2014	Net Fair Value 2014
Financial assets	\$	\$	\$	\$
Cash and cash equivalents	5,461,686	5,461,686	1,852,707	1,852,707
Trade and other receivables	436,401	436,401	124,575	124,575
Total Financial Assets	<u>5,898,087</u>	<u>5,898,087</u>	<u>1,977,282</u>	<u>1,977,282</u>
Financial Liabilities				
Trade creditors	263,646	263,646	86,970	86,970
Other creditors	179,695	179,695	99,879	99,879
Total Financial Liabilities	<u>443,341</u>	<u>443,341</u>	<u>186,849</u>	<u>186,849</u>

The values disclosed in the above table have been determined based on the following methodologies:

(i) Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying value is equivalent to fair value.

Interest Rate Risk

The company's main interest rate risk arises from the its cash balance which is invested at variable rates.

Sensitivity

Significant changes in market interest rates may have an effect on the Company's income and operating cash flows. The Company manages its cash flow interest rate risk by placing excess funds in term deposits.

Based on the cash held at balance date, the sensitivity to a 1% increase or decrease in interest rates would increase/(decrease) after tax profit by \$54,604 (2014: \$18,527).

For personal use only

GENETIC SIGNATURES LIMITED
ABN: 30 095 913 205

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

Note 23: Financial risk management (Cont.)

Liquidity Risk

Liquidity Risk arises from the possibility that the company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The company manages this risk through the following mechanisms

- preparing forward-looking cash flow analysis in relation to its operational, development and financing activities;
- obtaining funding from a variety of sources either through convertible notes or equity raisings;
- only investing surplus cash with major financial institutions.

Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposure to domestic customers, including outstanding receivables and committed transactions. The Company has no significant concentrations of credit risk. The Company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. The majority of customers have long term relationships with the Company and sales are secured with supply contracts. Sales are secured by letters of credit when deemed appropriate. The Company has policies that limit the maximum amount of credit exposure to any one financial institution.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates. The table below summarises the assets which are subject to credit risk.

Note 24: Financial risk management

	Consolidated	
	2015	2014
Financial assets	\$	\$
Cash and cash equivalents	5,461,686	1,852,707
Trade and other receivables	436,401	124,575
Total Financial Assets	5,898,087	1,977,282

Financial liability maturity analysis

	Within 1 Year	1 to 5 Years	Total
2015	\$	\$	\$
Financial liabilities due for payment			
Trade and other payables	443,341	-	443,341
Total expected outflows	443,341	-	443,341
2014	\$	\$	\$
Financial liabilities due for payment			
Trade and other payables	186,849	-	186,849
Total expected outflows	186,849	-	186,849

For personal use only

GENETIC SIGNATURES LIMITED
ABN: 30 095 913 205

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

Note 25: Capital Risk Management

The company's objective when managing capital is to safeguard the ability to continue as a going concern so that they can provide returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure.

Management effectively manages the company's capital by assessing the company's financial risks and adjusting its capital structure in response to changes in these risks and the market. These responses have included the issue of convertible notes to its principal shareholder and equity to sophisticated investors until the company's IPO in March 2015 which raised gross \$7.5 million from new shareholders.

There were no externally imposed capital requirements during the year.

Note 26: Events Subsequent to Reporting Date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely in the opinion of the directors of the company to affect significantly the operations of the company, the results of those operations or the state of affairs of the company in future financial years.

Note 27: 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.

Major customers

During the year ended 30 June 2015 there were three customers (2014: two) that each contributed over 10% of the consolidated entity's external revenue.

Note 28: Earnings per share

	Consolidated	
	2015	2014
	\$	\$
Loss after income tax	(2,659,120)	(1,728,487)
Loss after income tax attributable to the owners of Genetic Signatures Limited	(2,659,120)	(1,728,487)

GENETIC SIGNATURES LIMITED
ABN: 30 095 913 205

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

Note 28: Earnings per share (continued)

	2015 Number	2014 Number
Weighted average number of ordinary shares used in calculating basic earnings per share	50,685,876	14,295,833
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	-	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	50,685,876	14,295,833
	Cents	Cents
Basic earnings per share	(5.2)	(12.1)
Diluted earnings per share	(5.2)	(12.1)

For personal use only

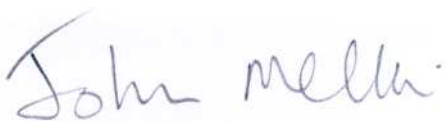
DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the financial 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.

The directors have been given the declaration required by section 295A of the Corporation Act 2001. Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Director

John Melki

Sydney, 27 August 2015

INDEPENDENT AUDITOR'S REPORT

To the members of Genetic Signatures Limited

Report on the Financial Report

We have audited the accompanying financial report of Genetic Signatures Limited, which comprises the consolidated statement of financial position as at 30 June 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 year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

For personal use only

Independence

In conducting our audit, 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 report.

Opinion

In our opinion:

- (a) the financial report of Genetic Signatures Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Genetic Signatures Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

BDO East Coast Partnership



John Bresolin
Partner

Sydney, 27 August 2015