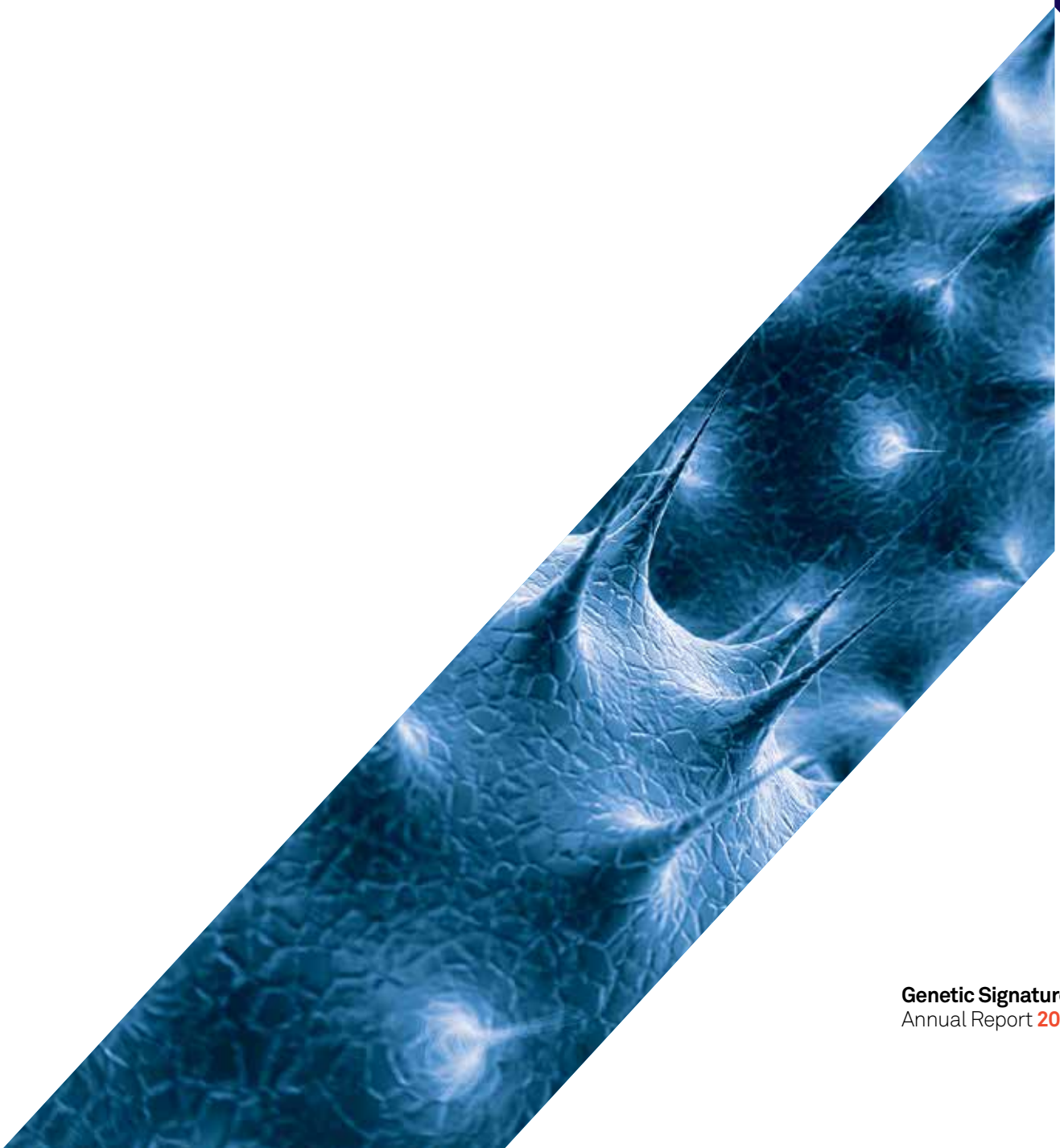
Genetic Signatures

Transforming Molecular Diagnostics



Genetic Signatures
Annual Report **2015**

OUR VISION

Genetic Signatures is a molecular diagnostics (MDx) company which operates in the global in vitro diagnostics (IVD) industry and is championing diagnostic change.

Our primary focus is to supply our products to major hospitals and pathology laboratories to use in testing for infectious diseases.

We developed 3base™ technology, which is the cornerstone of our EasyScreen™ Pathogen Detection Kits. Our proprietary technology provides hospitals and pathology laboratories with the improved molecular tools to screen for a wide array of infectious pathogens in a rapid high-throughput environment.

The ability to screen quickly and accurately for a wide array of infectious diseases (or pathogens) is a critical requirement for hospitals and pathology laboratories globally and is the first step in infection control.

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Annual General Meeting

9 November 2015
11:00am
BDO
Level 11, 1 Margaret Street
Sydney NSW 2000

CHAIRMAN'S LETTER

Dear Fellow Shareholder,

It gives me great pleasure to present Genetic Signatures' first Annual Report as a publicly listed company after our successful debut on the Australian Securities Exchange (ASX) on 31 March 2015. I would like to extend a warm welcome to all of our shareholders.

Our listing on the ASX marked another significant milestone for Genetic Signatures and was an important step in positioning the Company for its next stage of expansion into global markets. I give special thanks to our CEO Dr John Melki, the management team and all of our staff for their time and efforts in making this possible.

Genetic Signatures' target customers are major hospitals and pathology laboratories undertaking infectious disease screening. The Company's range of products is designed to provide customers with a comprehensive solution in molecular diagnostics (MDx) testing, with specific and significant advantages over existing competitor products. Genetic Signatures' kits for the detection of infectious agents are already in routine use in a number of Australia's leading hospitals and in future will potentially play an important role in addressing the global problem of infection control.

The high growth in our Australian sales over the past year illustrates the appetite for Genetic Signatures' products. In return we offer a business model that drives both economic and health benefits for the whole community.

With initial sales in Europe already underway, the Company is now ready to expand its revenue base with additional customers, products and other major geographies. Of note is (i) the USA, where the Company has been able to attract a well-credentialed management team and (ii) Board members with a proven track record in building high growth diagnostic companies, as well as set in place strategies to ensure we can meet our goals in the coming years.

Genetic Signatures is well positioned to capitalise on this vast global market opportunity and is already in the process of expanding its revenue base with additional customers, products and other major geographies.

We are determined to take this Australian-developed technology to the world, and we want our shareholders to join us on this journey. Through championing diagnostic change, Genetic Signatures' future is going to be a very exciting one.

On behalf of the Board, senior management team and all Genetic Signatures staff I would like to thank our shareholders for their ongoing support.

Nick Samaras
CHAIRMAN

CEO REVIEW

The past 12 months was a transformational year for Genetic Signatures. Founded in 2001 on the vision of the late Dr Geoffrey Grigg, we are now a publicly listed company trading on the ASX. During this time we achieved market acceptance of our 3base™ platform technology with our gastroenteritis product line, released a follow-on product for the detection of viral respiratory infections and surpassed more than $1 million in annual revenue. These results are the culmination of many years of groundwork, so it is very pleasing to reflect on these milestones and share our achievements with the Company's shareholders.

Genetic Signatures' range of molecular diagnostic tests uses our own 3Base™ platform technology, a molecular technique whereby the naturally occurring DNA and RNA sequences are changed to reduce the sequence variation between related organisms. This process allows the detection of multiple pathogen targets at once via a simpler design process which saves time, money and lives. Our tests are performed in pathology laboratories for the detection of infectious agents, which is important for patient management and infection control.

Following our market success and growth in Australia, Genetic Signatures is now taking its proprietary technology to larger customer prospects across the globe. Genetic Signatures' Board and management team has a strong track record in the global molecular diagnostics industry, with combined experience spanning the commercialisation of molecular testing products and operating businesses which have generated more than $1 billion annually.

We have more detection kits in advanced stages of development, to target some of the most common and widespread infections in the world. These tests, once commercially finalised, will provide health professionals with improved tools to quickly and accurately screen patients for a wide array of pathogens associated with many common medical conditions to allow better patient care and treatment.

Our product development pipeline is well advanced, with clinical testing and validation of new products underway.

Genetic Signatures' Board and management team has a strong track record in the global molecular diagnostics industry, with combined experience spanning commercialisation of molecular products and operating businesses which have generated more than $1 billion annually.

None of this could have been achieved without the hard work and diligence of an exceptional team of professionals. Of special note is our Chief Scientific Officer, Dr Douglas Millar, who has led the scientific development of the business for the last 14 years and whose skills are second to none.

With a strong development and commercial heritage backed by scientific and commercial expertise, Genetic Signatures' solution is helping solve a global problem. On behalf of all of the team I look forward to updating you on all of our achieved goals in the coming year.

Dr John Melki

MANAGING DIRECTOR AND CEO

COMPANY OVERVIEW

Genetic Signatures is a molecular diagnostics (MDx) company which operates in the global in vitro diagnostics (IVD) industry. Molecular diagnostics refers to the detection of specific sequences of the genome, the DNA or RNA that define an organism. It is a modern technique that is usually performed in a pathology laboratory and is used to detect infectious agents, which is important for patient management and infection control. Laboratories are moving from traditional diagnostic methods to molecular diagnostics primarily due to improvements in speed and accuracy.

Current MDx techniques start with a patient sample, which is treated so that only the nucleic acid (DNA and/or RNA) is made accessible for testing. The nucleic acid is then interrogated for a specific target or multiple targets, which indicate the presence of a particular infectious agent. These techniques usually rely on individual primers and probes to seek, amplify and detect each target. The method of detecting multiple targets in one tube is referred to as 'multiplexing', a process which can reduce the sensitivity and specificity of a test due to the interactions of multiple primers and probes.

Research by Genetic Signatures' Chief Scientific Officer, Dr. Douglas Millar, found that the treatment of microbial DNA by sodium bisulphite is able to reduce the four nucleic acid bases to just three bases, via the conversion of Cytosine to Thymine. This is a molecular technique whereby the naturally occurring DNA and RNA sequences are changed to reduce the sequence variation between subtypes, which reduces the complexity of the genetic code. The process of reducing the variation between sequences, which was the cornerstone of Genetic Signatures' revolutionary 3Base™ platform, can enhance the detection of multiplexed assays where multiple targets are detected in one tube, providing hospital and pathology laboratories with the ability to more quickly and accurately detect infection.

Genetic Signatures' approach has been to develop the technology and products it believes will be successful in the global diagnostics market using its domestic market of Australia for initial testing of these products. Genetic Signatures relied on key opinion leaders, testing laboratories and the results of in-depth review and analysis of the regulatory requirements and market conditions to shape and execute its entry into the Australian market.

The Company undertakes further reviews and analysis for each jurisdiction that it wishes to enter. This includes reviews and analysis of issues relating to freedom to operate, government reimbursement and the dynamic nature of the existing regulatory and market environment. The review and approach to each market determines what type of product (kit or reagent) Genetic Signatures offers and the appropriate sales channel through which it is offered.

EXPANSION STRATEGY

Clinical utility driving health and economic benefits for customers

Genetic Signatures' suite of reagent products provides distinct advantages for customers in improving performance of the routine detection of infectious pathogens in patient samples. The Company's products support customers in increasing the breadth of pathogens detected in a high throughput environment, thereby enabling early detection of pathogens for all daily patient specimens. This supports improved patient outcomes and reduced customer staffing and inpatient costs.

Through championing diagnostic change, Genetic Signatures is well positioned to capitalise on the significant global market opportunity with a business model that drives economic and health benefits for the community.

Importantly the Company's products are compatible with standard equipment used by most potential hospital and laboratory customers, eliminating the need for capital expenditure by customers. Our tests deliver a wider array of highly specific results in four to five hours that would have traditionally taken two to five days.

The ability to screen quickly and accurately for a wide array of infectious diseases is a critical requirement for hospitals and pathology laboratories globally. A more effective clinical assessment allows better patient care and treatment, and is a critical step in infection control.

For these reasons major hospitals have introduced Genetic Signatures' suite of EasyScreen™ products for the detection of infectious diseases in all daily patient specimens.

Australia

The Company has been active in the Australian IVD market since 2010, when it sold its first MDx product. The Company's manufacturing plant is certified by the Therapeutic Goods Administration (TGA) and our assays are listed on the Australian Register of Therapeutic Goods (ARTG).

The Company employs a direct business-to-business revenue model in Australia and contracts directly with hospital and pathology laboratories. Genetic Signatures generates revenue when customers order specific EasyScreen™ tests to be used on patient samples. The Company is paid directly by these laboratories, and is not directly reliant on insurance reimbursement or related payments from third parties, including patients.

Genetic Signatures identified a number of strategic targets in 2011 to approach as initial customers. The Company has used these initial customers as key opinion leaders to obtain feedback and demonstrate the clinical utility and economic benefit from using EasyScreen™ products, before the Company embarked on a full-scale roll-out of its products in Australia.

Key new customer opportunities have been identified, tests and demonstrations organised and the Company will appoint additional resources as customer volumes warrant. In fiscal 2015 two new product development scientists and a field application scientist were appointed.

A number of real-time molecular diagnostic kits for the detection of pathogens are sold under the EasyScreen™ brand, namely:

- *EasyScreen™ C. difficile* Detection Kit
- *EasyScreen™ C. difficile* Reflex Kit
- *EasyScreen™* Enteric Protozoan Detection Kit
- *EasyScreen™* Enteric Bacterial Detection Kit
- *EasyScreen™* Enteric Viral Detection Kit
- *EasyScreen™* Respiratory Viral Detection Kit

In addition the following products are being supplied as part of the Company's Beta Testing programs:

- *EasyScreen™* MRSA Detection Kit
- *EasyScreen™* Respiratory Bacterial Detection Kit
- *EasyScreen™* Respiratory Pathogen Detection Kit

EXPANSION STRATEGY

Europe

Genetic Signatures appointed a London based General Manager for EU Operations in 2013 who is responsible for establishing partnerships with distributors of CE-marked IVD diagnostic products, as well as assisting in CE marking for new Genetic Signatures products. The General Manager commenced discussions with various distributors which led to the appointment of Genetic Signatures' first EU distributor, Astra Formedic SL, in Italy in April 2014, after CE marking was obtained for the Company's initial products. An Israeli distributor was appointed in October 2014.

The Company is now at various stages of negotiations with potential distributors in other EU jurisdictions. As in Australia, Genetic Signatures' products will be sold in this region as kits under the EasyScreen™ banner.

To build awareness of the Genetic Signatures brand and EasyScreen™ product offerings, the Company is developing clinical and scientific recognition by the European community of experts and leaders in the field of infectious disease by attending key conferences in the region on a regular basis, engaging collaborators to undertake evaluations and/or comparative evaluations of EasyScreen™ products, and supporting the submission of abstracts to conferences and articles to scientific journals.

Genetic Signatures contracts directly with distributors, who in turn contract directly with hospital and pathology laboratories. The Company generates revenue when it directly bills the distributor for orders placed for EasyScreen™ kits. Volume will be driven by the use by the distributor's customers (the hospitals and laboratories) when they order the Company's products to perform specific tests on patient samples. Customer evaluation of the EasyScreen™ products is ongoing.

Supply of EasyScreen™ products throughout the EU is initially from the Company's Australian operations, via regular temperature controlled shipments.

United States

The Company is seeking to enter the US market with strategic customer relationships and partnerships. Its products will be available initially as research-use-only/reagent products as Genetic Signatures aims to raise awareness of its products and generate revenues as quickly as possible. However ultimately the Company is likely to validate its products on popular laboratory equipment and seek appropriate regulatory authority to sell its products directly into pathology laboratories.

As with the other regions in which Genetic Signatures operates, the Company will receive payment directly from the business it sells to. It will not be required to seek funds from third parties for its products.

The Company has identified a number of strategic partners as initial customers who, as in Australia, will act as key opinion leaders providing market validation for the products and indirectly promoting them. Genetic Signatures expects to commence sales into the US in CY15 and has consequently appointed a team in the US to begin the roll-out of its products.

Supply of research-use-only/reagent products will be initially supplied from the Company's Australian operations in 2015, with plans to establish US manufacturing upon achieving appropriate contracted volumes.

The Company's products that it expects will be initially available in the US as research-use only/reagent products are:

- MRSA
- Enteric bacteria detection kit
- Enteric protozoan detection kit
- Enteric viral detection kit
- Respiratory pathogen kit
- *C. difficile* detection kit
- *C. difficile* reflex kit

Quality management systems and regulatory approach

The Company maintains dual ISO 9001 and ISO13485 (medical device manufacturing) certifications. It has been ISO 9001 compliant since 2007 and ISO 13485 compliant since 2012. Genetic Signatures' ISO13485 compliant Quality Management System (QMS) has been audited by the Therapeutic Goods Administration, resulting in the issuance of a conformity certificate required for Australian manufacture of medical devices. The standards are central to the Company's QMS and together are required for the authorised supply of IVD medical devices in Australia and Europe.

Market entry into the US market is supported by the Company's current QMS and regulatory accreditation, with upgrades to the FDA QSR standard to ensure full compliance. Additional analysis and activities will be undertaken to ensure continued compliance with all quality and regulatory conditions considered relevant to the Company's activities.

RESULTS

The Company generated $579,000 in diagnostic sales in fiscal 2014, which included servicing five customers with only one product (the enteric screening kits). These diagnostic sales increased to $955,000 in fiscal 2015, as the combined result of an increased customer base and increased demand from existing customers. Importantly, working closely with these customers, Genetic Signatures has been able to identify demand for additional products, including respiratory kits, MRSA, meningitis and the sexual health kit. These products are now at various stages of development.

Australia

- Extensive customer validation over four years
- Major hospital and pathology group customers including Sydney's St. Vincent's and Prince of Wales hospitals
- Testing for 22 causes of gastroenteritis
- Testing for 15 causes of common respiratory viral infections
- Product pipeline includes tests for MRSA (Golden Staph - in Beta Testing), respiratory bacterial infections (in Beta Testing), meningitis, TB and STIs (Sexually Transmitted Infections)

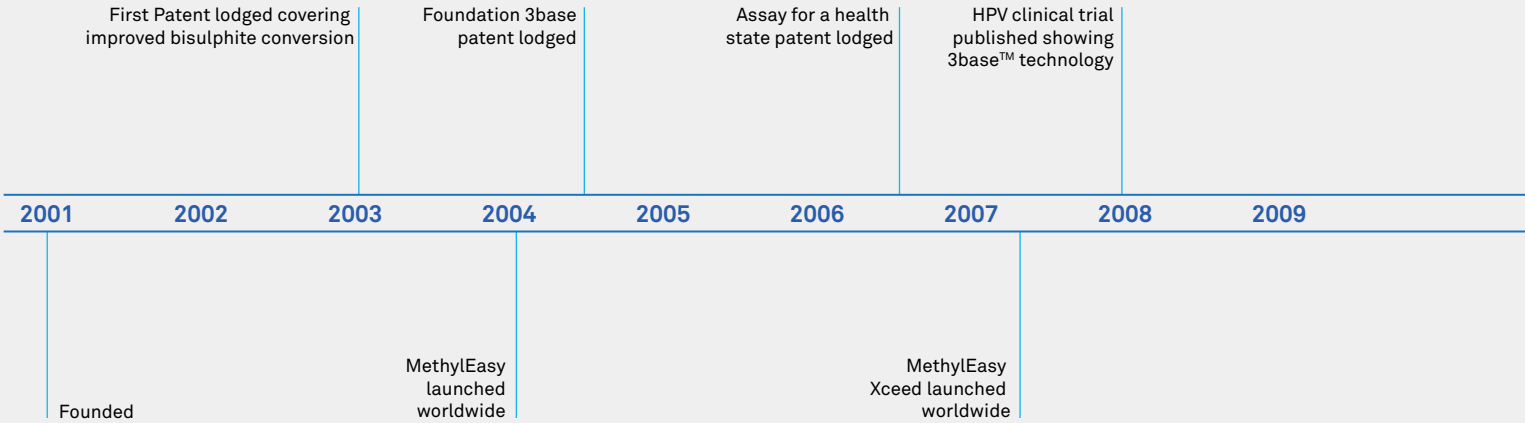
Europe

- Established operations in 2013
- Signed Astra Formedic as Italian territory distributor
- Testing with large pathology laboratories has commenced with recurrent revenues expected
- Signed ADVANSYS Technologies for Life Ltd as Israel territory distributor
- Plan to appoint additional distributors in other jurisdictions
- EU product sales commenced in later part of FY15

United States

- Established operations in 2014
- Appointed Mike Aicher to lead US Operations- Mike was most recently Senior Vice President of Laboratory Corporation of America, Inc. (LabCorp), and executive and founder of National Genetics Institute
- Anticipate first sales in CY15

Key milestones and achievements



RESULTS

Diagnostic kit sales revenue increased 65% on prior year sales.

Achievements in FY15

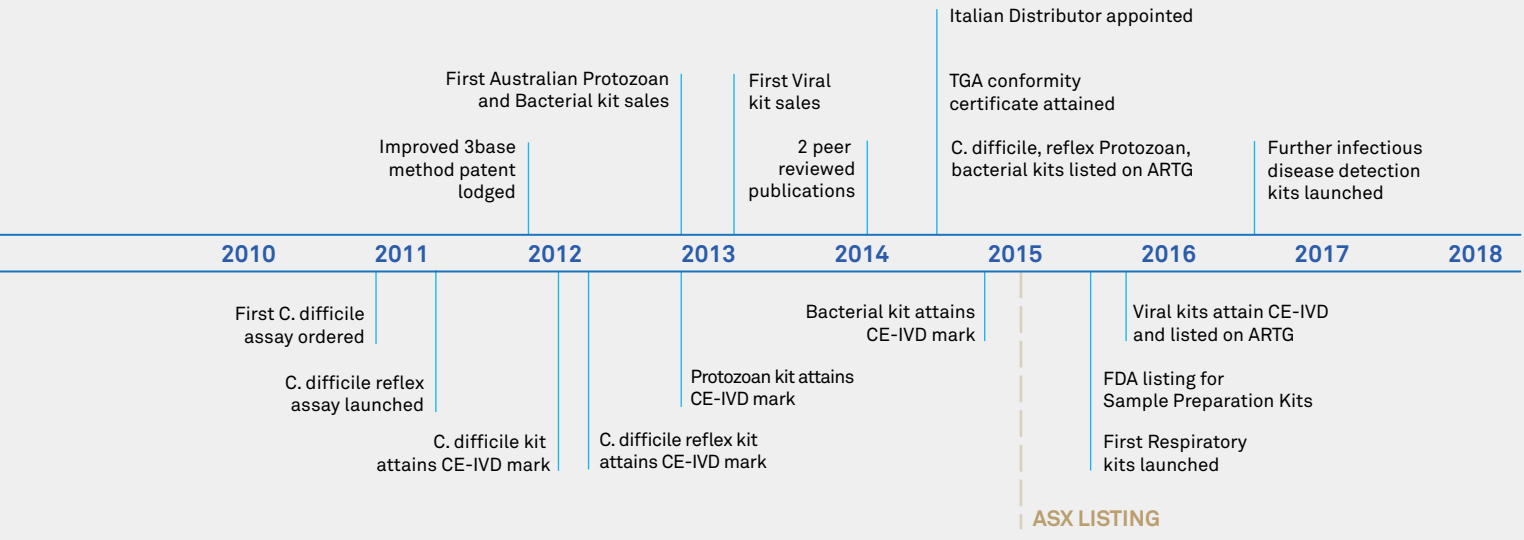
The timeline below outlines key milestones and achievements the Company has achieved in relation to its discoveries, patent applications and issuance and market entry activities.

Other FY15 highlights

- Our Initial Public Offering, which raised $7.5 million, and our listing on the Australian Securities Exchange on 31 March 2015
- Continued sales growth of enteric product line in Australia
- Initial revenues generated from our second product line which tests for respiratory pathogens

Achievements Subsequent to Period

- 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
- Dr. Tony Radford appointed to the board of Directors- Dr Radford was CEO of Cellestis from founding until its acquisition by QIAGEN NV in 2011 for approximately $400 million



OUTLOOK

Our goal is to gain a 10% share of the global MDx market over time.

We will do this by:

- Continuing targeted customer sales and marketing activities in the EU, USA and Australia in FY16 by expanding the commercial teams and engaging key opinion leaders in all major global territories;
- Recruiting and training skilled talent in FY16 to support customer installations in the US and the EU;
- Completing further demonstrations of our product suite to prospective customers in in all major global territories;
- Advancing the development of the Company's sexual health infections, tuberculosis and meningitis products and seeking regulatory approvals for finished kits;
- Augmenting technical and manufacturing capabilities to support our growing business by engaging more employees to manufacture, pick, pack and dispatch the Company's products in 2015; and,
- Increasing the support services resources available to support the growing business.

* Kalorama MDx Report, page 9

Genetic Signatures is ready to launch into large global markets worth US$1.11 billion in 2012, growing to US$1.77 billion in 2017*.

- Registering the Company's enteric viral kits on the Australian Therapeutic Goods Register and obtain CE marking for these products in the EU in early FY16 (these regulatory approvals allow for unrestricted sales in AU and EU);
- Completing Beta Testing of our bacterial respiratory and MRSA products in FY16 and registering these products on the Australian Therapeutic Goods Register and obtain CE marking (indicating compliance with EU legislation) for these products in the EU;
- Continuing protection and maintenance of the Company's existing patent portfolio;

DEVELOPMENT PATHWAY

Genetic Signatures follows a defined process in the development and commercialisation of its diagnostic products.

The first part of the process, Experimental Analytical Validation, is comprised of:

i. Assay design and review;
ii. Assay optimisation on synthetic targets and review;
iii. Determination of assay performance regarding sensitivity and specificity; and,
iv. Assay optimisation on clinical specimens.

The second part of the process, Clinical and Regulatory Validation and Release, is comprised of:

i. Providing the assay to key laboratories under a beta test program where assay performance is determined on clinical specimens;
ii. Reviewing assay design based on feedback;
iii. Limited release under a Research Use Only program; and,
iv. Regulatory approvals.

Genetic Signatures' executive management team combines the scientific skills of the technology developers with the business acumen of industry veterans experienced in critical expansion markets.

The Company is led by CEO Dr John Melki, who has a background in research and developmental science and its commercialisation and by Chief Scientific Officer Dr Douglas Millar, who has more than 20 years' experience in MDx and the technology owned by the Company. International expansion in the US is led by Mike Aicher, a well-credentialed executive in the US MDx market, and in the EU by Susan Keese, who is experienced in introducing MDx assays into EU member states.

IP strategy supporting commercialisation

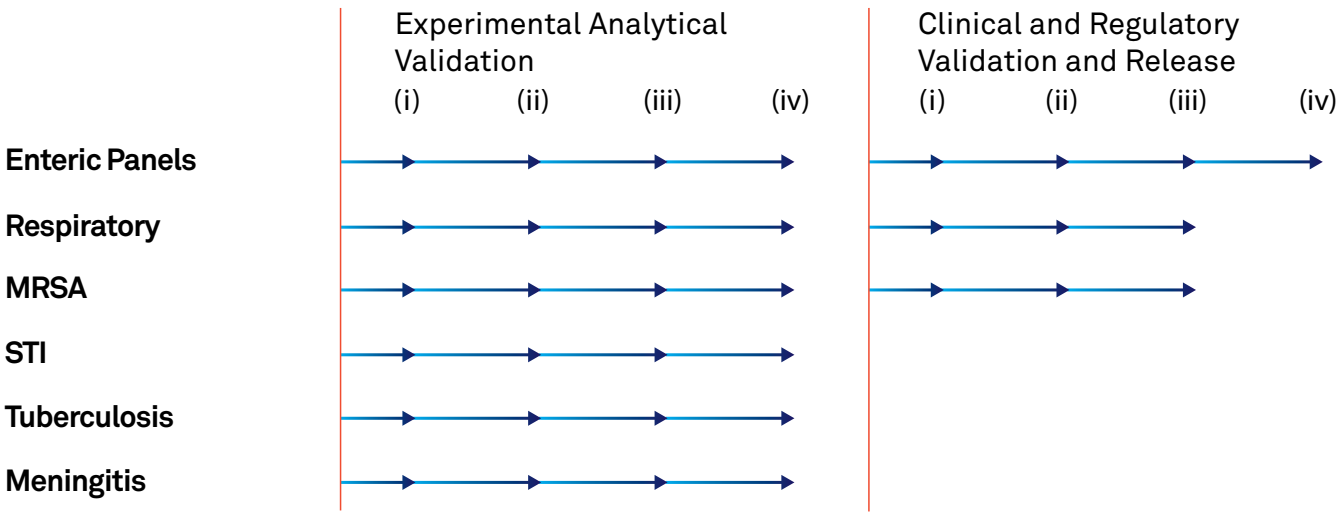
The Company's patent strategy has been built with the objective of protecting its technology, thereby enabling it to bring products to market.

Genetic Signatures believes that its intellectual property is key to the Company's ability to operate in the molecular space and gives it a key competitive advantage and product differentiation over other products in the same space. Since lodging its parent patent, the Company has identified key broad technological advancements and has also sought patent protection for those advancements.

The Company's patent strategy supports the commercialisation and market entry into each jurisdiction. In order to access the molecular diagnostic market, the Company has employed real-time detection of its 3Base™ targets, as this is the most commonly used molecular diagnostic method in the world. The use of real-time polymerase chain reaction (PCR) requires in-licensing of certain technologies in some jurisdictions. In the markets that the Company currently operates in, no additional in-licensing is required to use real-time PCR. The Company may choose to in-license certain technologies to accelerate market entry into additional jurisdictions. These licenses are readily available and terms pre-defined and immaterial.

In addition to its patents, the Company has developed certain know-how in the development of its products. The knowledge extends to the implementation of the patents into a commercial product and involves applying specific steps, which enable the technology to run optimally. The Company fully intends to continue its research and development and considers it likely that this will result in further patents.

Genetic Signatures Product Development Pathway



* 4/5 Enteric products are listed on the ARTG and are CE-IVD marked. The remaining product is being prepared for submission.

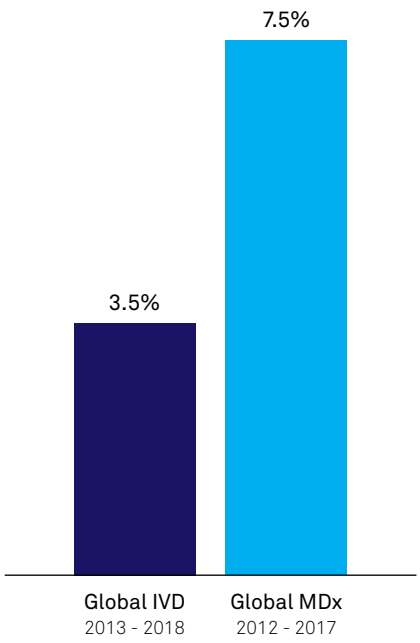
MARKETS

Genetic Signatures operates in the global MDx market which had sales of US$5.3 billion in 2012[1] and grew at 13% per annum from 2009 to 2012[2]. The Company currently sells product into the Australian MDx market and Western Europe MDx market, and has established US operations in the past year. In 2012, these markets represented (in aggregate) 80.25% of the total MDx test sales globally[3].

Annual sales in the sub-segments within the MDx market that include the Company's current infectious disease products and its additional products in development and in Beta Testing with customers (covering respiratory and MRSA, meningitis, tuberculosis and sexual health infections) are estimated by independent research firm Kalorama to grow to US$1,770 million globally in 2017[4].

Growth in the MDx market is being supported by an increase in infectious diseases testing in the large markets of North America and Western Europe, together with expansion in the number of pathology laboratories performing molecular testing in these markets.

CAGR of the Global IVD Market & Global MDx Market



Source: Kalorama MDx Report, page 7 and Kalorama IVD Report, page 7

Advancements in molecular testing continues to fuel the growing trend away from using traditional techniques such as culture and microscopy to using MDx testing utilising real-time multiplex PCR assays as a standard of care.

The global MDx market had sales of US$5.3 billion in 2012 and grew at 13% per annum per annum from 2009 to 2012[2].

As stated above, the Company estimates MDx to represent the fastest growing sector of the global IVD market. The IVD market, however, does not include other diagnostic methods, such as cell culture and microscopy. Cell culture broadly refers to allowing the infectious agents in a patient's sample to grow to sufficient quantities such that they can be identified by one of several techniques. The exquisite sensitivity and specificity of MDx means that there is no longer a need to grow the agents up in order to identify them. The use of MDx also has significant advantages over microscopy, which is where a trained operator views a sample under magnification in order to visually identify an infection. Microscopy is a very insensitive and time consuming method and is costly in certain jurisdictions.

The reason the growth rate of the MDx is higher than that for the IVD market as a whole is, at least in part, a shift from cell culture and microscopy to MDx. Because the advantages of MDx over other forms of pathology testing are so great, this accelerated growth in MDx is expected to continue well into the future.

1 Kalorama MDx Report, page 7
2 Kalorama MDx Report, page 7
3 Kalorama MDx Report, page 94
4 Kalorama MDx Report, page 9

Market penetration of clinical molecular diagnostics, by geographic area (N. America, W. Europe, Japan, China, ROW) Sales in USD millions

	Sales 2012	% Mkt	Sales 2017	% Mkt	CAGR
N. America	3,000	57	4,600	60	9
W. Europe (EU5)	1,165	22	1,580	21	6
Japan	525	10	670	9	5
China	160	3	220	3	7
ROW	447	8	560	7	5
Total	**5,297**	**100**	**7,630**	**100**	**8**

Source Kalorama MDx Report, page 94

United States

The US represents the largest segment of the global MDx market, and generated 57% of the global MDx test sales in 2012[5]. Expansion in the number of pathology laboratories and investments in tests for infectious diseases and cancer tests is supporting MDx market growth in the US being above the overall IVD market growth in the US. Kalorama estimates that the US MDx market will generate 9% CAGR from 2012 to reach USD4.6 billion in 2017[6].

A key driver of the US MDx market growth according to Kalorama is the increasing number of pathology laboratories that offer molecular tests[7]. In 2012, the US reportedly had 600 molecular laboratories that offered a portfolio of approximately 1000 MDx, the majority of which were laboratory developed tests, or LDTs[8]. The steady growth in the number of these laboratories across the US has supported overall growth in the MDx market.

It has recently been reported that the growth of MDx in the US is in part due to increased rates of transmission of infectious diseases[9]. A USA TODAY investigation published in August 2012[10] reported that C. difficile was far more prevalent than federal reports had previously suggested. It found that hospital records had linked C. difficile to more than 30,000 deaths per year in the US[11]. Furthermore, the US Agency for Healthcare Research and Quality stated that the number of hospitalisations from C. difficile had grown from 150,000 in 2001 to 346,800 in 2010[12]. A continuation of this trend would translate to more than 600,000 Americans diagnosed with C. difficile in 2017, which reflects the growth in demand specifically for C. difficile MDxs.

Genetic Signatures intends to initially target the market opportunity by offering its enteric (incorporating *C. difficile*) and MRSA products to US institutions. These tests would sit under the Hospital Acquired Infections segment of the market (which includes *C. difficile*, MRSA and Vancomycin Resistant *Enterococcus*) which has been estimated to grow to US$528 million in 2017[13]. The addressable market in the US for Genetic Signatures' other products currently in development and designed to detect respiratory, meningitis, tuberculosis and sexual health infections, is estimated by Kalorama to reach US$534 million in 2017[14].

5 Kalorama MDx Report, page 94
6 Kalorama MDx Report, page 94
7 Kalorama MDx Report, page 95
8 Kalorama MDx Report, page 95
9 Kalorama MDx Report, page 188
10 Kalorama MDx Report, page 188
11 Kalorama MDx Report, page 188
12 Kalorama MDx Report, page 188
13 Kalorama MDx Report, page 190. This is not intended to be a forecast or guarantee of sales. It is merely an indication of the addressable market. The Company does not make any representation regarding what portion of the addressable market it will be able to obtain. There can be no guarantee that the Company will obtain any part of this addressable market.
14 Kalorama MDx Report, page 168. This is not intended to be a forecast or guarantee of sales. It is merely an indication of the addressable market. The Company does not make any representation regarding what portion of the addressable market it will be able to obtain. There can be no guarantee that the Company will obtain any part of this addressable market.

MARKETS

Europe

The Western European countries of UK, France, Germany, Spain and Italy made up 22% (US$1.2 billion) of the global MDx markets in 2012[15]. Similar to the US, infectious disease testing is fuelling the growth of this market, which combined represents the second largest geographic segment. There is also a growing trend among pathology laboratories to move away from traditional techniques, such as culture and microscopy, to molecular techniques using real-time multiplex PCR. In particular, certain laboratories across the European market have begun to use these real-time multiplex PCR assays for enteric pathogen testing as a new standard of care[16].

Most MDx testing and pathology laboratories in Western Europe are operated under public health care systems, making the market considerably different from the US market where laboratories are run privately[17]. As of 2012, there were 1,700 molecular labs in Western Europe and many more in the other countries that make up the European Union (nearly three times as many as the US)[18]. The market in Western Europe, while large, would be characterised as a fragmented market, with the pool of 1,700 molecular laboratories spread across multiple countries with differing cultural and regulatory environments[19].

Genetic Signatures has already begun to target the market opportunity by offering its enteric products to EU customers through appointed distributors. The *C. difficile* and MRSA (in Beta Testing) products are included in the addressable market in Western Europe, which is expected by Kalorama to reach US$185 million in 2017[20]. Separately, the addressable market for Genetic Signatures' tests currently in Beta Testing and designed to detect (respiratory, meningitis, tuberculosis and sexual health infections) are included in the market which is estimated by Kalorama to grow to US$187 million in 2017[21].

Rest of the world

The rest of the world (ROW) accounted for 8% of MDx sales in 2012[22]. The Company believes that the strong growth in the reported incidence of infectious diseases is pushing these marginal markets, just like the large markets, to adopt MDx testing. This provides Genetic Signatures with expansion opportunities in the future.

Australia

Australia, while only a small percentage of the global MDx market, represents a viable growth market for Genetic Signatures products. The addressable market in Australia for Genetic Signatures' products is estimated by the Company at US$90 million in 2017[23] and reflects conservative CAGR rates (5%) from the estimated addressable market in 2012, as represented in the overall ROW segment. Notwithstanding this, the addition of further tests currently in Beta Testing, and the expansion in uptake of real-time multiplexed PCR assays domestically, is expected by Kalorama to lead to an expansion of the addressable market in Australia[24].

15 Kalorama MDx Report, page 94
16 Kalorama MDx Report, pages 95 and 169
17 Kalorama MDx Report, pages 95 and 101
18 Kalorama MDx Report, page 95
19 Kalorama MDx Report, page 95
20 Kalorama MDx Report, page 168. This is not intended to be a forecast or guarantee of sales. It is merely an indication of the addressable market. The Company does not make any representation regarding what portion of the addressable market it will be able to obtain. There can be no guarantee that the Company will obtain any part of this addressable market.
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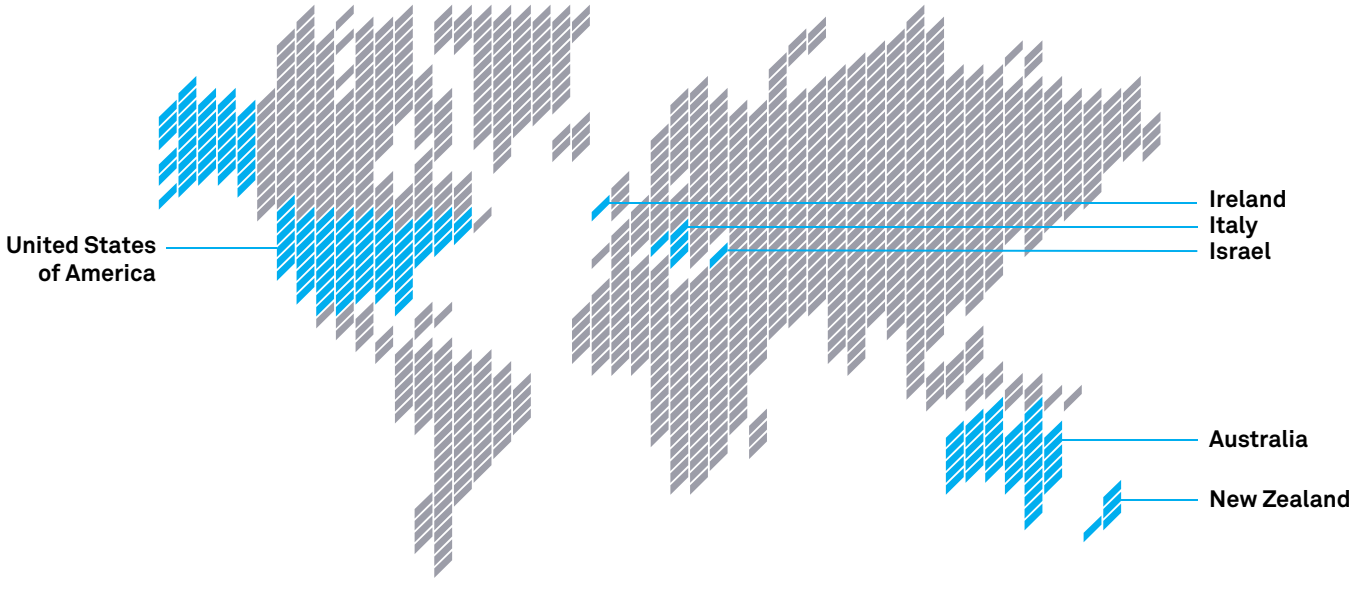
24 Kalorama MDx Report, page 94.

Current Distribution Channels



DELIVERING VALUE

Genetic Signatures supplies a growing range of platform agnostic products that screen a wide array of pathogens, including RNA and DNA viruses, whilst using the latest technology and being compatible with existing equipment, thereby improving ease of use and automation.

Clinical utility driving economic benefits for customers

Genetic Signatures' suite of reagent products provides distinct advantages for customers in improving performance on the routine detection of infectious pathogens in patient samples. The Company's products support customers to increase the breadth of pathogens detected in a high throughput environment, thereby enabling early detection, supporting improved patient outcomes and reduced customer staffing and inpatient costs.

The Company's suite of EasyScreen™ assays provide distinct competitive advantages, supporting the commercialisation strategies employed in each global jurisdiction. The Company's products are compatible with standard equipment available in most potential hospital and laboratory customers identified. Being platform agnostic largely eliminates the need for capital expenditure by customers.

Intellectual Property

Genetic Signatures' 3Base™ platform and products are protected by a strong patent portfolio, as the Company has secured rights in the markets in which it chooses to operate. This patent portfolio has been built over 13 years.

The Company has a broad patent protecting the 3Base™ technology platform until 2024, and a more specific patent protecting the use of 3Base™ in each of the Company's products until 2031. This protection applies to all existing products and products in development.

Genetic Signatures' patent portfolio together with its experience and knowledge provides protection from competitors copying its techniques and competitive advantages.

FINANCIAL REPORT

for the financial year ended 30June 2015

CONTENTS

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 primary 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 recognised 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 amortisation 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

OPERATING AND FINANCIAL REVIEW (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 ($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.

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 12 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. Dr Samaras 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 when he was responsible for leading the commercialisation of two research products (worldwide) and five 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 eight 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)

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 Cytyc 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 Kinetic 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)

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 Practicing 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)
	Mr Birrell 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. 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)

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:

	Board		Audit & Risk Committee		Nomination and Remuneration Committee		Other if any {include details}	
Name	**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

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:

	Short-term employee benefits			Post-employment benefits			
2015	Cash salary and fees	Non-monetary benefits	Super-annuation	Long-term Benefits: Annual and long service leave	Termination benefits	Share-based payments	**Total**
	$	$	$	$	$	$	**$**
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**

	Short-term employee benefits			Post-employment benefits			
2014	Cash salary and fees	Non-monetary benefits	Super-annuation	Long-term Benefits: Annual and long service leave	Termination benefits	Share-based payments	**Total**
	$	$	$	$	$	$	**$**
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**

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 Noland	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**

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**

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.

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.

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
	35,000	22,000
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	66,612	30,550

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 27.

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

John Melki
Director

Sydney
27 August 2015

BDO

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Australia

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

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.

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.

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.

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.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

	Note	Consolidated 2015 $	Consolidated 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		(2,659,120)	(1,728,487)
Income tax benefit	**4**	-	-
Loss attributable to members of the entity		**(2,659,120)**	**(1,728,487)**
Other comprehensive income		-	-
Total comprehensive income for the year		**(2,659,120)**	**(1,728,487)**

Earnings per share		**2015 cents**	**2014 cents**
Basic and diluted earnings per share to ordinary equity holders of the company	**28**	(5.2)	(12.1)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	Note	Consolidated 2015 $	Consolidated 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		7,058,672	2,584,404
Non-Current Assets			
Property, plant and equipment	**8**	741,441	395,310
Total Non-Current Assets		741,441	395,310
Total Assets		7,800,112	2,979,714
Liabilities			
Current Liabilities			
Trade and other payables	**9**	443,341	186,848
Provisions	**10**	294,442	181,946
Total Current Liabilities		737,783	368,794
Non-Current Liabilities			
Provisions	**10**	5,360	1,681
Total Non-Current Liabilities		5,360	1,681
Total Liabilities		743,143	370,475
Net Assets		**7,056,969**	**2,609,239**
Equity			
Issued capital	**12**	32,501,357	25,545,553
Reserves	**13**	151,046	-
Accumulated losses		(25,595,434)	(22,936,314)
Total Equity		**7,056,969**	**2,609,239**

The accompanying notes form part of these financial statements

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)
Transactions with owners in their capacity as owners:				
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)
Transactions with owners in their capacity as owners:				
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.

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

	Note	Consolidated 2015 $	Consolidated 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)	(2,795,142)	(1,354,737)
Cash flows from investing activities			
Purchase of plant and equipment	8	(551,683)	(380,831)
Net cash used in investing activities		(551,683)	(380,831)
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		6,955,804	3,440,802
Net increase in cash and cash equivalents		3,608,979	1,705,234
Cash and cash equivalents at beginning of financial year		1,852,707	147,473
Cash and cash equivalents at end of financial year	19(a)	**5,461,686**	**1,852,707**

The accompanying notes form part of these financial statements

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.

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.

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 measure reliably. All other repairs and maintenance expenses are charged to the income statements during the financial period in which 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 Company 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 in 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 to 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.

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.

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.

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.

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.

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.

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 undertake 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.

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		
Finance costs		
Interest charges payable on convertible notes (note 11)	454	289,296
Superannuation expense		
Defined contribution superannuation expense	130,206	71,663
Items included in other expenses are		
IPO costs expensed	562,109	-
Write off of assets - patents	114,208	219,891
	676,317	219,891

Note 4: Income tax	Consolidated	
	2015 $	**2014 $**
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).

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

Note 5: Cash and cash equivalents

	Consolidated 2015 $	Consolidated 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

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	(1,455,357)	(1,249,805)
	741,441	**395,310**

Movement in plant and equipment is as follows:

	Plant & equipment $	**Total $**
Cost at 1 July 2014	1,645,115	1,645,115
Additions	551,683	551,683
Cost at 30 June 2015	2,196,798	2,196,798
Accumulated depreciation 1 July 2014	(1,249,805)	(1,249,805)
Depreciation expense	(205,552)	(205,552)
Accumulated depreciation 30 June 2015	(1,455,357)	(1,455,357)
Carrying amount 30 June 2015	**741,441**	**741,441**

	Plant & equipment $	**Total $**
Cost at 1 July 2013	1,264,284	1,264,284
Additions	380,831	380,831
Cost at 30 June 2014	1,645,115	1,645,115
Accumulated depreciation 1 July 2013	(1,145,924)	(1,145,924)
Depreciation expenses	(103,881)	(103,881)
Accumulated depreciation 30 June 2014	(1,249,805)	(1,249,805)
Carrying amount 30 June 2014	**395,310**	**395,310**

Note 9: Trade and other payables	**Consolidated**	
	2015 $	**2014 $**
Current – unsecured		
Trade creditors	263,646	86,970
Other creditors	179,695	99,878
	443,341	186,848

Note 10: Provisions

Current		
Employee benefits	294,442	181,946
Non-Current		
Employee benefits	5,360	1,681

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

Note 11: Borrowings – Non-Current

	Consolidated 2015 $	Consolidated 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 $	Consolidated 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.

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**	**-**

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**
BDO East Coast Partnership	**$**	**$**
Audit of financial statements	35,000	22,000
Non-audit services		
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)
Non cash flows included within loss		
Depreciation	205,553	103,880
Share based payments expenses	151,046	-
Interest on convertible notes	-	289,296
Changes in operating assets and liabilities:		
(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

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.

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.

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 Carrying Value 2015	Net Fair Value 2015	Net Carrying 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	5,898,087	5,898,087	1,977,282	1,977,282
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	443,341	443,341	186,849	186,849

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).

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

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

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)

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)

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

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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 Stat*ements, 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.

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

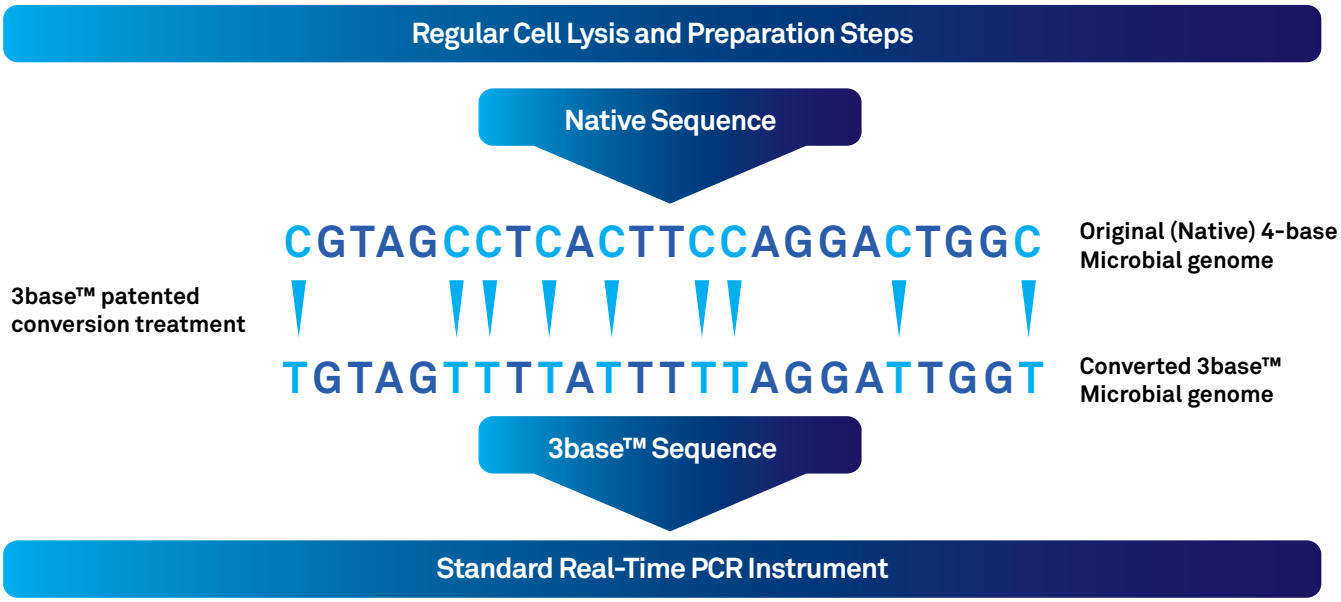
Sydney, 27 August 2015

3BASE™ TECHNOLOGY OVERVIEW

Genetic Signatures' platform technology is based on the 3base™ conversion of nucleic acids. Essentially the original 4-base genome (comprising A, C, G and T bases) is converted to a 3-base genome (A, G and T) via a patent chemical method. The method is incorporated into standard laboratory methods and does not require any extra processing steps.

Overview of 3base™

Basic Technical functionality: Moving from 4base to 3base™



Molecular tests that are designed to detect 3base™ genomes now target sequences that have reduced complexity as compared to the original sequence. This platform technology has applications in testing for infectious diseases and also in the detection of chronic diseases, including cancers.

Core advantages of 3Base™ over existing molecular testing techniques:

The advantages of 3base™ technology are best demonstrated through comparing the primers required to detect all of the different sub-types of an organism (e.g influenza) for both 4-base and 3-base genomes.

Conversion to 3base™ Improves Subtype Similarity and Reduces Variation – Enabling Analysis via PCR

e.g. Non-Converted Influenza Sequences

Influenza A virus H5N1 TGTGTGTCCA GGGATAATTG
Influenza A virus H7N3 TGTATATGTA GGGACAATTG
Influenza A virus H5N8 TGTGTTTGTA GAGACAACTG
Influenza A virus H5N3 TGTATATGTA GGGACAATTG
Influenza A virus H5N2 TGTGTTTGCA GAGATAATTG
Influenza A virus H6N6 TGCATTTGCA GGGACAATTG
Influenza A virus H2N9 TGCACTTGCA GGGATAATTG
Influenza A virus H6N5 TGCGTTTGCC GAGATAATTG

Consensus TGYRYDTGYM GRGAYAAYTG
768 Possible combinations
55% Homology

3base™ Converted Influenza Sequences

Influenza A virus H5N1 TGTGTGTTTA GGGATAATTG
Influenza A virus H7N3 TGTATATGTA GGGATAATTG
Influenza A virus H5N8 TGTGTTTGTA GAGATAATTG
Influenza A virus H5N3 TGTATATGTA GGGATAATTG
Influenza A virus H5N2 TGTGTTTGTA GAGATAATTG
Influenza A virus H6N6 TGTATTTGTA GGGATAATTG
Influenza A virus H2N9 TGTACTTGTA GGGATAATTG
Influenza A virus H6N5 TGTGTTTGTT GAGATAATTG

Consensus TGTRTDTGTW GRGATAATTG
24 Possible combinations
80% Homology

As can be seen in the figure above, the consensus sequence required to detect all sub-types of influenza when detecting naturally occurring 4-base nucleic acid is comprised of **768 combinations**. The corresponding consensus sequence to detect all sub-types of influenza when detecting **3base™** sequences is only comprised of **24 combinations**.

Therefore the use of 3base™ to detect all sub-types of influenza results in a 32-fold reduction in the complexity of the primers required to screen patient samples. The improved subtype similarity and reduced variation allows for a increased efficiency of multiplex real-time PCR amplification by enabling conditions in which primers and probes work optimally at similar temperatures, as shown in Table 18. PCR amplification kinetics work most efficiently when the melting temperature (Tm) of the primers are matched and the Tm of the probe is approximately 10°C higher. As illustrated in Table 19, these temperature profiles are more easily attained when working with 3base™ sequences.

The regular and 3base™ DNA sequence for 2 primers and 2 probes is shown. The primers and probes for the 3base™ have a more similar melting temperature (Tm) improving the efficiency of multiplex real-time PCR.

Conventional Sequence		Tm
Primer 1	GTACACACCGCCCGTCGCTCCTACC	77°C
Primer 2	GAAGGAGAAGTCGTAACAAG	56°C
Probe 1	TGAATAAAGAGGTGAAATTCTAGG	59°C
Probe 2	GAAGGGCCGCGAGCCCCCGCGC	87°C

3base™ Sequence		Tm
Primer 1	GTATATATTGTTTGTTGTTTTTATT	52°C
Primer 2	GAAGGAGAAGTTGTAATAAG	50°C
Probe 1	TGAATAAAGAGGTGAAATTTTAGG	59°C
Probe 2	GAAGGGTTGTGAGTTTTTGTGT	62°C

The 3base™ technology is universally applicable to all specimen types, compatible with both DNA and RNA. It has also been optimized to works well with difficult to lyse organisms such as cysts, spores, Mycobacteria etc.

SHAREHOLDER INFORMATION

as at 10th September 2015

Analysis of Holdings

Security Classes
Fully Paid Ordinary Shares
Fully Paid Ordinary Shares ASX Escrowed 24 Months
Fully Paid Ordinary Shares Vol Escrowed 12 Months
Fully Paid Ordinary Shares Vol Escrowed 24 Months

Holdings Ranges	Holders	Total Units	%
1-1,000	6	3,032	0.004
1,001-5,000	169	693,087	1.015
5,001-10,000	131	1,103,692	1.617
10,001-100,000	269	9,415,090	13.792
100,001-99,999,999,999	52	57,049,089	83.571
Totals	**627**	**68,263,990**	**100.000**

Unmarketable Parcels

Unmarketable Securities: 8,736
Unmarketable Holders: 11
Unmarketable %: 0.02804049

Voting Rights

All ordinary shares carry one vote per share without restriction.

Twenty Largest Shareholders

Holder Name	Balance at 10-09-2015	%
ASIA UNION INVESTMENTS PTY LIMITED	36,868,131	54.008
UBS NOMINEES PTY LTD	1,750,000	2.564
UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	1,112,500	1.630
D A K DRAFTING SERVICES PTY LTD <PETER DIAMOND FAMILY A/C>	1,000,000	1.465
AILSA CLARE GRIGG	985,500	1.444
DAZANE PTY LIMITED	758,638	1.111
GREGORY PAUL WINTER	753,268	1.103
UBEAMION APS	750,000	1.099
IDOLLINK PTY LTD <MCKEITH SUPER FUND A/C>	745,000	1.091
JULEYU PTY LIMITED <PHILLIP ISAACS SUPERFUND A/C>	640,213	0.938
DAVSAM PTY LTD <ROSEMAN RETIREMENT FUND A/C>	625,000	0.916
GREGORY PAUL YEATMAN	530,002	0.776
MOORE FAMILY NOMINEE PTY LTD <MOORE FAMILY SUPER FUND A/C>	511,355	0.749
BURTOH VENTURES PTY LIMITED	504,679	0.739
ONMELL PTY LIMITED <ONM BPSF ACCOUNT>	500,002	0.732
MR RICHARD ARMSTRONG CALDOW <THE LOOSE GOOSE FAMILY A/C>	500,000	0.732
CAPITAL CONCERNS PTY LIMITED <LOGUE FAMILY SUPER FUND A/C>	500,000	0.732
JAN2005 SLU	499,975	0.732
NICK SAMARAS <SAMARAS FAMILY A/C>	450,000	0.659
GOLDEN WORDS PTY LTD	399,997	0.586
	50,384,260	73.808
Total IC		**68,263,990**

Share buy-backs

There is no current or planned buy-back of the Company's shares

Stock Exchange Listing

Quotation has been granted for all the ordinary shares of the Company on the Australian Securities Exchange.

Statement Regarding Use of Cash and Assets

Genetic Signatures Limited has used its cash and assets readily convertible to cash that it had at the time of ASX admission in a way consistent with its business objective set out in the Supplementary Prospectus dated 6 February 2015.

CORPORATE DIRECTORY

As at 1st October 2015

Company

Genetic Signatures Limited
Level 12
680 George Street
Sydney NSW 2000
Ph: +61 2 8280 7100

Directors of the Company

Nick Samaras (Chairman)
John Melki (CEO)
Mike Aicher (Executive Director – US Operations)
Phillip Isaacs (Non-Executive Director)
Tony Radford (Non-Executive Director)

Company Secretary

Anna Sandham
Company Matters Pty Limited
Level 12, 680 George Street
Sydney NSW 2000

Solicitors

Watson Mangioni Lawyers Pty Limited
Level 13, 50 Carrington Street
Sydney NSW 2000

Auditors

BDO East Coast Partnership
Level 11
1 Margaret Street
Sydney NSW 2000

Patent Attorney

Allens
Patent & Trade Mark Attorneys
Deutsche Bank Place
Corner Hunter and Phillip Streets
Sydney NSW 2000

Share Registry

Boardroom Pty Limited
Level 12
225 George Street
Sydney NSW 2000
T: 1300 737 760 (within Australia)
T: +61 2 9290 9600 (from overseas)