TRUSCREEN LIMITED

DISCLOSURE DOCUMENT

12 November 2014

NZAX Sponsor
Sean Joyce - Corporate Counsel
Auckland

Warning – Restricted Disclosure
This Disclosure Document has been prepared to contain information required by Appendix 3 of the NZAX Listing Rules. This Disclosure Document does not contain as much information as would ordinarily appear had the Disclosure Document been prepared to comply with the same disclosure requirements required for a registered prospectus prepared in accordance with the requirements of Schedule 1 of the Securities Regulations 2009.

Copies of this Disclosure Document and other information about TruScreen Limited ("TruScreen") are available on TruScreen's NZX webpage; and on TruScreen's Internet site (www.TruScreen.com); and on request from TruScreen free of charge.

NZX Limited accepts no responsibility for any statement in this Disclosure Document.

TruScreen is an early stage business
TruScreen is an early stage growth technology business. The TruScreen technology's origins extend back to 1986 and form part of a company that was listed on the ASX from 1987 until that company entered into Administration in 2009 and was liquidated the following year. While TruScreen Limited is forecasting considerable revenue growth, it has only generated $423,561 of revenue as at the date of the disclosure document, and reported a net loss in its audited accounts to 31 March, 2014. The TruScreen business is not the subject of any fixed term contractual arrangements at this time and there are no guaranteed recurring regular income streams for the TruScreen business. TruScreen carries a higher degree of risk when compared with a more mature and profitable business. As such, it may not suit the investment profile of all investors.

IMPORTANT INFORMATION

Intention to list on the NZAX

TruScreen Limited ("TruScreen") is a company that is proposing to have its ordinary fully paid shares quoted on the NZAX. The NZAX Listing Rules require TruScreen to provide a Disclosure Document to NZX Limited ("NZX") and to the market. The Disclosure Document will notify certain material information to NZX, for the purpose of that information being made available to participants in NZX's market.

This document is a Disclosure Document for the purposes of the NZAX Listing Rules and has been prepared to comply with the requirements of Appendix 3 of the NZAX Listing Rules.

TruScreen's Shares have been accepted for listing on the NZAX and quotation by NZX and will be quoted upon completion of the quotation process. However, NZX accepts no responsibility for any statement in this Disclosure Document. NZX is a registered exchange and the NZAX is a registered market under the Securities Markets Act 1988.

TruScreen's Shares are expected to be listed on the NZAX and quoted on November 12, 2014. The fact that NZX may approve TruScreen's Shares for listing on the NZAX and quotation is not to be taken in any way as an indication of the merits of TruScreen.

References to "TruScreen" in this Disclosure Document

TruScreen Limited is a New Zealand incorporated company that owns several wholly owned subsidiary companies. For the purposes of this Disclosure Document, references to "TruScreen", unless specially stated to the contrary, refers to the TruScreen group of companies.

No Guarantee

No person (including any director, agent, employee or adviser of TruScreen) guarantees the performance of TruScreen and/or its Shares.

Enquiries

Enquiries about TruScreen or this Disclosure Document should be directed to your stockbroker, solicitor, accountant or other professional adviser.

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EXECUTIVE SUMMARY FOR OUR BUSINESS

What Do We Do?

TruScreen manufactures and owns all rights in the TruScreen Cervical Cancer Screening System. The system comprises a medical device and process designed to detect the presence in real time of pre-cancerous and cancerous tissue on the cervix.

TruScreen is a patented cervical cancer detection system and has devices already in use in several countries internationally.

TruScreen is manufactured to and accredited to the International Standard ISO 13485 Medical devices – Quality Management Systems. ISO13485 is an International Organisation for Standardisation (ISO) standard, published in 2003, that details the requirements for a comprehensive quality management system (QMS) for the design and manufacture of medical devices.

ISO 13485 specifies requirements for a quality management system where an organisation needs to demonstrate its ability to provide medical devices and related services that consistently meet customer requirements and regulatory requirements applicable to medical devices and related services. It is an integral step to obtaining regulatory approval in most countries.

Cervical Cancer

Cervical cancer is a major cause of morbidity and mortality worldwide. It is the second largest cause of cancer deaths in women, and the death toll is greatest in populations that lack cervical screening programmes. Cervical cancer develops from slowly progressing intraepithelial lesions. If early changes in cervical cells are detected through screening programmes, cervical cancer is curable. However, if undetected until late in its clinical course, it has a high death rate.

Cervical cancer is a malignant tumour found in the tissues of the cervix. It occurs when abnormal cells in the cervix turn into cancer cells. The cancer cells break through the surface cells (epithelium) and the underlying tissue (stroma) of the cervix.

Cervical cancer most commonly begins in the cells of the transformation zone. At diagnosis, the cancer is often just within the cervix, but it may spread to tissues around the cervix (e.g. the vagina) or to other parts of the body.

Most cases of cervical cancer occur many years after infection with a strain of human papillomavirus, which is the name for a group of wart viruses. It's a common infection affecting the surface of different body areas, such as the skin, vagina and cervix.

About eight out of ten women will become infected with genital HPV at some time in their lives. Genital HPV is usually spread via the skin during sexual contact. In most women, the virus is cleared quickly by the immune system and no treatment is needed. Because there are rarely symptoms, most women are unaware they have the virus.

Existing Cervical Cancer Screening

Currently, the most frequently used procedure for detection of cervical cancer is the Pap smear test. The Pap smear test has good specificity but relatively poor sensitivity[1].

Although the Pap smear test is successful in decreasing cervical cancer mortality rates in developed countries, it does not detect all pre-cancerous lesions[2].

The Pap test is not effective in low-resource or developing health economies due to the lack of infrastructure and the highly trained personnel required to read the smear, as well as delays in reporting results, particularly to remote locations.

The TruScreen Initiative

TruScreen has developed a technology to detect pre-cancerous change, or cervical intraepithelial neoplasia (CIN), by optical and electrical measurement of cervical tissue. TruScreen is a low cost portable diagnostic system to directly identify cancer or pre-cancerous cells in cervical tissue.

Unlike the conventional Pap smear test, tissue samples are not collected, which minimises discomfort for the patient, and results are provided instantly in "real time" at the location at which the procedure is undertaken.

TruScreen is an objective, self-checking digital system that can be used with minimal training of medical or para-medical staff, and without the infrastructure and resource costs associated with cytology based screening. This creates a vast array of opportunities for the utilisation of the TruScreen procedure in emerging and developing countries as well as in established developed markets which cannot afford the expensive pathology infrastructure and the highly trained diagnostic technicians.

TruScreen is a cost effective test that can be used outside the established laboratory infrastructure and has the potential to significantly reduce worldwide cervical cancer mortality.

The TruScreen Technology

TruScreen is a portable real time opto-electric tissue analysis device for the detection of the precursor stage of cervical cancer - cervical intraepithelial neoplasia (CIN). It uses signals from a combination of electrical and optical biosensors (visible and infrared light spectroscopy and tissue capacitance), which is then compared with proprietary algorithms to an integrated database of tissue signatures from over 2,000 women. A disposable single use sensor (SUS) is used for each patient.

Along with high accuracy, TruScreen provides an instant result, thus preventing the risk of losing contact with the patient due to the delay associated with transportation of samples to laboratories for analysis and reporting.

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[1] Sensitivity is the proportion of true positives (lesions defined by histological diagnosis) that are correctly identified by the screening method. For example, a screening method that identifies as positive eight out of ten lesions diagnosed by histology has a sensitivity of 80 percent. Specificity is the proportion of negatives that are correctly identified. A method with a high specificity ensures that healthy women are not given treatment.

[2] Pap test is the conventional technology used since the 1950s in detecting cervical cancer.

TruScreen is an objective, self-checking digital system that can be used with minimal training of medical or paramedical staff, and without the infrastructure and resource costs associated with cytology-based screening. It is therefore a cost-effective test and has high potential to aid in reducing cervical cancer mortality.

TruScreen has been extensively evaluated in studies involving more than 10,000 women worldwide, and it has been shown to detect cervical cancer and its precursors just as frequently as a top quality conventional Pap test. As well as high accuracy, TruScreen provides:

- An instant report/diagnosis;
- A solution which is not reliant on highly trained medical staff to interpret the results of the TruScreen test;
- A cost effective solution which can be utilised outside established laboratory infrastructure for diagnosis;
- A preferred alternative testing methodology to the Pap smear test for women.

A summary of the clinical trials undertaken to date using the TruScreen technology is provided in Appendix 2.

References to published papers regarding the TruScreen technology are provided in Appendix 4.

Further information regarding technical aspects of the TruScreen technology is available on TruScreen's website - that you may wish to view. www.TruScreen.com.

Distribution Strategy

The TruScreen solution and ancillary products have already been developed and manufactured for commercial sale.

TruScreen currently has distribution arrangements in place in the following jurisdictions:

- Indonesia, Pakistan, Russia, Vietnam, Hong Kong, and the Philippines - TruScreen is currently able to distribute its product into these countries without restriction, and as detailed on page 37, has recorded sales in the past 12 months in Russia, Indonesia and the Philippines;
- China - TruScreen anticipates that it will have finalised the requisite regulatory approvals to distribute its products into this country in 2014 (a detailed description of the Chinese distribution strategy and the regulatory approval progress can be found on pages 35 and 36 of this document);
- Thailand, Turkey and Mexico - TruScreen anticipates that it will have finalised the requisite regulatory approvals to distribute its products into these countries during 2014;
- Korea - TruScreen anticipates that it will have obtained the requisite regulatory approvals to distribute its products into this country in 2015;
- Poland, Romania and Bulgaria - TruScreen anticipates that it will have obtained the requisite regulatory approvals to distribute its products into these countries during 2016.

TruScreen's distribution strategy is to target the distribution of its solution to private and/or public medical clinics in developed and emerging markets, and to government screening programmes within those developing markets.

The focus will be to roll out the TruScreen solution as quickly as possible to generate revenues from the sale of its diagnostic equipment, but primarily the sale of its consumables (SUS's) which are used for each test undertaken using the TruScreen solution.

The Board has identified that there are significant opportunities for TruScreen in the following areas:

- Expanded product reach in existing markets;
- Expand into new markets with strong growth potential;
- Further product development to improve manufacturing margins.

Competitive Advantage

There are no direct competitive products with the same or similar technology available in the market, and the technology is patent protected in key target markets. The situational competitor is cytology based tests (Pap smear and LBC). They are not effective in low-resource or developing health economies due to the lack of infrastructure and the highly trained personnel required to read the smear, as well as delays in reporting results, particularly to remote locations. TruScreen's real time, objective and easy to use features overcome all of the drawbacks of cytology based tests. These are the competitive advantages of TruScreen in our target markets. (TruScreen's target markets are detailed on pages 24-28 of this document)

Market Situation

In TruScreen's target markets, the awareness of cervical cancer screening has been drastically enhanced in the last few years. The rapid economic development of emerging economies ensures that more people can afford advanced healthcare services. A significant amount of government funds have been, and will continue to be, injected into the healthcare industry in these countries.

Under such an environment, the market potential is significant. TruScreen's distributors within the existing major markets (China, the Philippines and Mexico) have initiated marketing as well as obtaining support from the key opinion leaders, government officials and doctors required to make the sale of TruScreen a success.

For example,

- China: is a market where TruScreen already has a foothold, with a focus on building strong relationships in the region. TruScreen's efforts in China are detailed on pages 34 and 35, and include the establishment of a distribution network, the conduct of pre-registration familiarisation programs, the preparation and submission of the regulatory approval application and the engagement of key opinion leaders.
- The Philippines has started the process of gaining approval to screen large numbers of women working for 2 institutions as part of their company medical benefits.

TruScreen currently has a number of other distribution channels (detailed on page 37) outside of the key countries named above. In some cases full distribution channels have been established, or are in the process of re-establishment.

TruScreen has been very selective in partnering with distributors and a key focal point over the coming 12 months will be to ensure that the right distributors have been contracted to distribute the product in the right location.

Strategy

The marketing strategy is to target both the public and private healthcare sectors for clinical use and the market for mass government screening programmes in the developing world. Initial marketing activity has and will continue to be prioritized in those markets where there is a local distributor in place and where marketing channels and sales protocol have been completed.

Given the annuity nature of the TruScreen's business, the key focus will be to roll out the TruScreen testing system as quickly as possible to generate revenue from the use of Single Use Sensor (SUS) consumables.

A secondary priority will be to explore new markets in the emerging economies that are highly attractive due to either a high incidence of cervical cancer or significant rural population, or a combination of both factors. Significant untapped markets include Africa, Middle East and Latin America. TruScreen's partner in Mexico has already commenced (at their cost) the identification of partners for Brazil and for Central America. Market entry into Africa and the Middle East will be dependent upon the identification of suitable partners in these regions who will bear the cost of product registration and market preparation.

From an operations perspective. The focus will be to continue product innovation and development in order to reduce the cost of the TruScreen system. The primary upgrade of the product will be to enable the data capture of all tests that are completed using the TruScreen hand piece to enable the system to connect to a PC via the use of Bluetooth or a USB port. Ultimately this will allow more flexibility for the TruScreen product, enabling it to be used more easily in remote areas in emerging markets. The future development of the product should have the added benefit of significantly reducing the cost of manufacture. This costing will be confirmed as part of the current miniaturization project.

The SUS (Single Use Sensor) consumables are currently manufactured by a specialty medical device manufacturer based in Xiamen, China. Consumables are currently produced on a Just in Time basis and in batches of 10,000 per production run – these production runs will substantially rise as sales expand, with a progressive reduction in the manufacturing cost.

Regulatory Compliance

The following licenses and approvals are held by TruScreen:

TruScreen has an accredited Quality Management System certified to ISO 13485 (See page 5). The Quality Management System describes the manner in which TruScreen's business processes are conducted to ensure compliance with the relevant clauses in the ISO 13485 standard. This accreditation is subject to annual audits by an independent body called TUV SUD. Based on successfully passing the annual audit of the TruScreen Quality Management System, the certification to ISO 13485 remains valid. The ISO 13485 certificate was granted in 2013.

TruScreen gained approval to market the cervical cancer screening device via the European regulatory pathway by demonstrating compliance to the European medical device directive (MDD). This is granted by an independent body called TUV SUD who via an audit process ensure the Medical Device technically meets its intended use and is safe for use. On approval, TruScreen was granted an EC Certificate for the device which then allows the placement of the ÇE Mark on the labelling of the device signifying approval of the medical device for marketing in the European market. The validity of the EC Certificate is reviewed during annual audits by TUV SUD. The TruScreen EC certificate was granted in 2013.

TruScreen is also an approved Medical Device for export with the Australian Therapeutic Goods Administration (TGA). This was granted in 2012 and remains valid on payment of an annual fee.

These licenses and approvals mean that TruScreen is able to market its products in the following jurisdictions:

- European Union
- Russia
- Philippines;
- Vietnam;
- Indonesia;
- Hong Kong
- India
- Pakistan

TruScreen anticipates that it will have finalised the requisite regulatory approvals to distribute its products into China, Thailand, and Mexico, during the course of 2014.

Key Objectives

The Company's objectives are to achieve the following significant targets within the next 12 to 18 months:

- 250 new TruScreen Consoles to be placed in China, Philippines, Russia and the Middle East;
- At an assumed SUS consumption of 2,500 SUS per console, this would generate demand of 625,000 SUS per annum (See revenue forecast and explanations at pages 49-58)
- Potential for a government screening mandate in some provinces in China and the Philippines;
- Profitability to be established;
- Distribution agreements for other target countries to be progressively finalised;
- Based on feedback from the field, the TruScreen team would like to complete additional clinical testing to have the system licensed to perform tests on pregnant woman.

How TruScreen Generates Revenue.

TruScreen generates revenue by selling TruScreen consoles and TruScreen Single Use Sensors (SUS) consumables, and spare parts, to distributors appointed by TruScreen to represent it in various markets. These distributors then sell these consoles and SUS consumables to sub distributors or end users, including public and private hospitals and clinics, public and private screening campaigns, and to private medical practitioners.

Historical Performance

In the audited financial statements to March 31, 2014 at appendix 7 TruScreen recorded the following sales and profit/loss.

Revenue from Sale of Goods:	$19,333
Loss before Income Tax:	$1,580,177

In addition to the sales disclosed above there were recent sales of TruScreen achieved prior to the acquisition of the technology by TruScreen, and sales achieved by TruScreen post the March 31, 2014 financial year end.

During the current financial year, the total sales of TruScreen products to date, which TruScreen recognises as revenue in accordance with its accounting policy, is NZD $423,562.

These sales comprised the following:

- NZD$351,409 in sales to our Chinese distributor Siweixiantai Technology - This order has been delivered. Payment has been received for NZD $222,566 and NZD $128,843 is due for payment on 30 November, 2014.
- NZD$60,295 in sales to our Mexican distributor. This order has been delivered and payment is due by 30 November, 2014;
- NZD $6,833 in sales to our Turkish distributor. This order has been delivered. Payment of NZD $5,025 has been received and payment of NZD $1,809 is expected by 30 November, 2014.
- NZD $5,025 to our Thailand distributor. This order has been delivered and payment is expected by 30 November, 2014.

TruScreen only recognises its revenues/sales for accounting purposes once it has (i) received an order, and (ii) delivered the order to the purchaser. In addition to the above confirmed sales which have been recognised using the aforementioned accounting treatment, TruScreen has also received confirmed additional orders from China (NZD $119,691) and Mexico (NZD $184,738), for a total of $304,429 of further product in aggregate. These orders are due to be completed during the course of the current financial year.

Sales and Distribution arrangements have been established in the following countries:

Jurisdiction	**Name of channel partner**
• China	Beijing Seiweixiantai Tech Co Ltd, and Changjiu Industry Group Co Ltd,
• Philippines:	Nuvotek Inc
• Russia:	Luminary Ltd
• Vietnam:	MTI Marketing (Asia) Limited
• Pakistan:	MTI Marketing (Asia) Limited
• Indonesia:	PT. MEGA UTAMA MEDICA
• Romania:	Global Logistic Services
• Bulgaria:	Global Logistic Services
• Poland:	Global Medical Services Polska
• Turkey:	Gultip Saglik Medical Co Ltd
• Mexico:	Onko Solutions LLC & Soluciones en Dispositivos Médicos S de RL de CV
• Thailand	Advanced Medical Life Co Ltd.
• Ukraine	Medservice GmbH

China is by far the largest of these markets and is the key to TruScreen achieving its forecast revenue targets.

Key Information

Total number of fully paid ordinary shares issued	144,446,666
Total issued capital as at date of listing	NZD $12,913,593
Estimated net cash as at listing	NZD $1,555,291
Total Sales as at time of listing for the FY 31 March 2015	NZD $423,562[3]

Key Reporting Dates

Financial year end	March 31
Release of preliminary full year announcement	Not later than 15 June
Release Annual Report, Financial Statements and Auditors Report	Not later than July 31
Annual Meeting no later than	September 30
Release of preliminary half year announcement	Not later than 15 December
Release Half Yearly Report, Financial Statements and Auditors Report	January 31

[3] TruScreen only recognises its revenues/sales for accounting purposes once it has (i) received and order, and (ii) delivered the order to the purchaser. In addition to the above confirmed sales which have been recognised using the aforementioned accounting treatment, TruScreen has also received confirmed orders from China and Mexico, for a total of $301,429, which orders are due to be delivered during the course of the current financial year.

OUR BUSINESS

TruScreen

The TruScreen Cervical Screening System is a medical device designed to detect the presence, in real time, of pre-cancerous and cancerous tissue on the cervix.

TruScreen utilises a combination of low level electrical impulses and various wavelengths of light to determine the cellular properties of the cervical tissue. The tissue characteristics measured are the responses to the low level electrical and optical stimuli. These characteristics observed are compared to a database of known physical tissue characteristics built in to the TruScreen device. The TruScreen Cervical Screening System provides a result to the Clinician in real time. If abnormal tissue is detected, the patient can then be referred for full colposcopic and histological evaluation.

The TruScreen Cervical Screening System is unique and was **the first** and remains **the only device worldwide** which uses a combination of electrical and optical signals to screen for cervical cancer.

The TruScreen Cervical Screening System comprises of a Console, hand piece and a disposable single use sensor (SUS).

TruScreen provides an alternative, accurate, inexpensive and real time cervical cancer screening product. Whilst TruScreen is equally effective within Western and emerging markets, the company has identified the following traits of markets that the product will excel in:

- Markets with less developed healthcare infrastructure;
- Markets with fewer trained healthcare professionals; and
- Markets with constrained medical resources but a large 'at risk' female population.

TruScreen is the most advanced product operating within the Opto-Electrical cancer screening sector, with over 20 years of ongoing R&D. TruScreen meets the highest regulatory standards in healthcare today. Furthermore, in developed markets TruScreen represents a superior 'real time' choice as an adjunct to traditional cytology tests alone, significantly improving detection of cervical intraepithelial neoplasia (CIN).

The R & D program was initially conducted by PLT Limited (the original owner of the TruScreen technology) in conjunction with Sydney University and the CSIRO in Australia. This program covered the full development of the product from concept, to prototype to a final ready for sale product and included the development of the sophisticated algorithm for tissue differentiation, the development of the electrical and optical data gathering and analysis systems, the development of the specifications for the plastics and the heavy metal sputtering of the SUS lens, the clinical trials to gather the tissue classification data, the validation and verification trials, and the pre-market release trials .

The audited financial statements of PLT Limited at 30 June, 2008, indicate contributed equity of A$90,592,223. Further capital was raised subsequently but no later audited financial statements are available. That equity was extinguished in researching and developing the TruScreen technology and commercial markets.

Product Description

TruScreen has two components: the testing Console unit and the consumable single use sensor (SUS)[4].

TruScreen is a portable real time opto-electric tissue analysis device for detection of the precursor stage of cervical cancer – cervical intraepithelial neoplasia (CIN). It uses signals from a combination of biosensors (visible and infrared light spectroscopy and tissue capacitance), which is then compared with proprietary algorithms linked to an integrated database of tissue signatures.

TruScreen delivers superior value and quality to both healthcare providers and patients as:

- A cost-effective test that eliminates the need for the laboratory infrastructure required for cytology based screening;
- An objective, self-checking digital system that can be used with minimal training of medical or paramedical staff;
- The only cervical cancer screening test available that delivers immediate results (a feature strongly preferred by women), preventing the risk of losing contact with the patient because of the delay associated with transportation of samples to laboratories for analysis and reporting;
- TruScreen has been shown through extensive use worldwide and studies involving more than 10,000 women to detect cervical cancer and its precursors just as accurately as a top quality conventional Pap test;
- Both clinical testing and field use has also demonstrated that TruScreen assists in the reduction of the discomfort and anxiety often associated with cytology based screening.

Intellectual Property

TruScreen technology is protected by a number of international patents and trademarks, the details of which are referred to in Appendix 1. The Board considers that the patents that have been secured to date protect the business interests of TruScreen in the jurisdictions in which those patents are registered. TruScreen anticipates applying for additional patents to protect innovative components and processes developed as a result of its redesign program mentioned on page 9. The patents to be applied for will be for a new method for classifying cervical tissue from optical and electrical data including (but not disclosing the detail of) an updated mathematical algorithm (see pp 13, 14, 16 and 17), an updated method of converting optical signals to digital data for use in tissue differentiation, and an updated method to convert electrical signals to digital data for use in tissue differentiation. These patents will initially be applied for under the Patent Cooperation Treaty (PCT) and then in individual markets deemed the most commercially sensitive by TruScreen. (China, Europe, USA, Russia, et al)

TruScreen's intellectual property is also protected in the 160 WTO member countries by their agreement to abide by the rules of that organisation. This includes protection of trademarks, patents, layout designs and integrated circuits, of copyrighted literature and of undisclosed information.

However, the single most important IP protection that TruScreen enjoys is the holding secret (including not disclosing via a patent) of key manufacturing specifications and processes, and the algorithm. TruScreen ensures that no supplier or contractor ever has access to more than one key secret process, thus ensuring that the full picture of TruScreen's Intellectual Property is only ever available to TruScreen.

[4] A disposable single use sensor (SUS) is used for each patient.

TruScreen believes, and is supported by the opinion of our International Law Advisor, that the combination of the current and future patents, the intellectual property protection afforded under the WTO establishment treaties, and the continued secrecy of key processes is sufficient to protect TruScreen's business and targeted growth.

Clinical Use

Clinical studies have involved women from Australia, Brazil, Italy, Philippines, Peoples' Republic of China, Russia, Singapore, South Africa, Spain, United Kingdom and the United States of America. In excess of 15 clinical trials have been completed worldwide (See Appendix 2).

The documented performance of TruScreen during clinical trials was consistent across a diverse range of patients and when compared to high quality cytology tests performed equally as well, and in many cases better, within the same study. The overall feedback from the field was that the doctors strongly endorse the high sensitivity and real time results.

> "*I like using TruScreen because it provides a real time, objective result. It takes two minutes to conduct the test and both the patient and I know the result immediately. I can depend upon the accuracy of the result and therefore can make an immediate decision regarding routine screening or referral for investigation. My patients often comment upon the absence of any discomfort and the benefit of an immediate result. It is definitely a leap forward in primary screening for cervical cancer." [Whittington Hospital, 2008]*

The results of clinical trials completed across a number of developing countries are all in line with the original multi-centre study conducted on patients within developed countries. This confirms that sensitivity ranges from 70% to 85%, which is equal to or better than the comparative results in the same study of Liquid Based Cytology (LBC), considered to be the superior cytology based screening method and is the current test which TruScreen aims to compete with.

Please refer to Appendix 2 for a summary of all clinical studies undertaken and their results.

Adjunct Applications

In some cases TruScreen can be used as an adjunct test to further reinforce the accuracy or efficiency of cytological tests, as in the following situations below:

HPV Testing

Recent studies have shown the potential of HPV testing in primary screening for cervical cancer. The main barrier to its rapid adoption is poor specificity, particularly amongst younger women, resulting in a large number of false positives, subsequently leading to too many normal or unaffected patients being subjected to expensive and unnecessary additional tests.

This problem can be overcome by performing a TruScreen test as an adjunct to HPV. The combined TruScreen / HPV test improves the specificity of the HPV test in isolation, while retaining a high level of sensitivity. (Extrapolation of results based on clinical data suggests that the combined TruScreen / HPV testing can increase results in the range of 78% sensitive and 97% specific). This compares favourably with a Pap / HPV combined test, which offers poor sensitivity and will often incorrectly identify the disease, resulting in <50% sensitive, 98% specific).

Finally, TruScreen is the only viable adjunct technology for HPV testing that will offer a real-time result at a high level of sensitivity.

Gynaecological Screening

There is growing demand for real time point of care gynaecological screening. This can be achieved by combining TruScreen with a low cost visual inspection tool. If the TruScreen result indicates an abnormality on the cervix, the abnormal result can then be confirmed and located by subsequent visual inspection, resulting in further diagnosis (via biopsy) or treatment (excision of the lesion) being completed immediately. This real-time point of care method shortens the whole screening / treatment process and prevents the loss of contact with high risk patients, which is a significant issue in emerging markets with less than optimal infrastructure.

Stock and Manufacturing

The current stock of the TruScreen system is sufficient for the next 12 to 18 months of product roll out.

The production of the consumable (SUS) is already carried out in China under contract. The manufacturing team in China maintains the capability to significantly increase production when needed. All the licenses to carry out Single Use Sensor manufacturing (i.e. ISO13485 etc.) are in place.

There is currently a manufacturing run of consumables for the supply to and China and other markets.

We have significant inventory of additional TruScreen Console systems in stock in Australia to support the longer term Chinese, Russian and Philippine market expansion as well as the rollout out of TruScreen into other markets where there has been a large amount of interest shown. In addition, all major distributors currently hold sufficient TruScreen Consoles for launching or re-launching in their markets.

SUS (Single Use Sensor)

The SUS contract manufacturer in China maintains full capability to produce SUS's. The current manufacturing capacity is 1.5 million SUS's per annum. Whilst we currently utilise a Just in Time inventory policy we have ample space, when sales figures dictate, to increase the output by introducing extra production lines.

Technology Principles

Unlike traditional Pap cytology, TruScreen does not only examine surface epithelial cells. Light at specific wavelengths is transmitted through cervical tissue identifying changes in the basal and stromal layers. This includes increases in blood circulation and variations in blood vessels that occur with pre-cancerous change.

The TruScreen system also assesses the electrical properties and response of the tissue. The electrical measurements are stimulated by the delivery of a very small impulse (about one volt) in millisecond pulse sequences that repeat 14 times per second. The decay response curve will vary according to the capacitance of the tissue – a measurement of the ability of the tissue to either hold or dissipate a charge. Different tissue types and the properties of the tissue have different capacitance.

The Console has a microcomputer included to calculate these tissue differences, with the results then compared to an integrated database of 2,000 patients from a wide geographic and ethnic background,

all with differing histological diagnoses. A sophisticated algorithm framework has been developed to distinguish between normal and abnormal (cancerous and precancerous) tissue.

A single use sensor with precision lens and electrodes is used to interface with the cervix and protect against cross-infection. A simple series of lights (similar to traffic lights) guides the operator to place the probe on new spots across the cervix. A minimum of 14 and maximum of 24 spots are required to generate a test result. Failure to complete the required minimum spots or if too many spots are tested, will result in the Console nullifying the test and requesting the operator via a series of light indications to repeat the process within the parameters to generate a viable test result.

The opto-electrical technology used in TruScreen can be applied to detect different cancers. This technology is the result of many years of research and many millions of dollars spent in development. TruScreen concentrates on cervical cancer detection but there are potential applications in other cancers of mucosal cells such as mouth / throat, stomach and colorectal cancers in addition to other areas such as real-time biopsy during surgery.

Future Product Development

The identified R&D program includes refinement to our technology and hardware system and our unique algorithm. A significant amount of the redevelopment has already been undertaken. However, it is the redesigning of the hand piece that will be most critical in supporting this change. These changes will not affect or change the performance of the detection system, but removal of the reliance on the Console will allow for a significant increase in portability that will be suited to mass screening in markets with minimal infrastructure while also providing an opportunity to reduce the cost of the system.

The product development program has a budget of AUD $800,000 to $1,000,000 and is scheduled for completion in the first quarter of the 2015/2016 financial year. The remodelled device will be compatible with the existing disposable SUS and will be rolled out using the existing product's distribution networks.

TruScreen's existing distributors in each market will register the remodelled device as either an extension of the existing device registration, or as a new device, depending on the requirements of each individual market's regulatory authority. Once approved for sale in the market, the distributor will sell the new model rather than the existing model where sales will be discontinued. Both the existing model and the new model will use the same SUS, and therefore owners of the existing model will continue to be able to use those devices. TruScreen and our distributors will retain the ability to service and repair both the existing model and the new model.

The Market

TruScreen has a number of economic trends working in its favour. In many of our target markets there is little or no history of organised government screening for cervical or other cancers, and this is now beginning to be addressed by central governments. Thus, while the healthcare industry is growing in total[5], it is growing much faster in emerging market economies[6]. Over the 5 year period from 2006 to 2011[7], total healthcare expenditure has increased exponentially by:

- China - 25% p.a.;
- Russia - 17% p.a.;
- India - 14% p.a.

The total combined healthcare market in China, Russia and India is currently in excess of USD$565 Billion[8].

Healthcare expenditure growth has also remained robust post-recession and despite pressure on government budgets, total healthcare expenditure in these economies is expected to continue to increase over the next decade.

The healthcare expenditure phenomenon can largely be explained by two factors[9]:

- As the emerging market middle classes expand, it affords an increasing number of citizens the opportunity to access essential care;
- Governments have invested significantly into public healthcare systems.

Citing China as an example of an emerging market, healthcare has been a key priority in the last 5 and 10 year plans released by the government with significant efforts to improve people's living standards. In 2004, less than 25% of China's population was covered by basic health insurance. However, data released by the Government in 2010 shows that this number had increased to over 90%[10].

By contrast, North America and Western Europe still account for the largest healthcare expenditure, accounting for in excess of 70% of world healthcare spending. Finally it should be noted that the proportions of healthcare spending from Asia & Australasia, Latin America and Africa are steadily increasing in terms of global market share (see Table 1).

Table 1: Healthcare Expenditure and Growth, regional

[5] Healthcare spending among members of the Organization for Economic Cooperation and Development (OECD) and emerging markets of China, Russia, Brazil and India is expected to rise from US$5.3 trillion in 2010 to US$7.9 trillion in 2020, an increase of approximately 50%, according to research from PricewaterhouseCoopers (PwC)(Roberts, ***n.d.).***

[6] The Boston Company, 2012

[7] World Bank, 2011

[8] World Bank, 2011

[9] The Boston Company, 2012

[10] The Boston Company, 2012

Region	Healthcare Spending USD $Billion Fcst Yr 2014[11]	Average Growth 2010-2014[12]	Market Share (%)
North America	$ 2,999	4.40%	41.45%
Western Europe	$ 2,018	4.10%	27.89%
Transition economies	$ 257	11.30%	3.55%
Asia & Australasia	$ 1,475	9.70%	20.39%
Latin America	$ 375	7.60%	5.18%
Middle East & Africa	$ 111	8.40%	1.50%
Total	**$ 7,235**	**5.70%**	**100.00%**

Market Conditions for Cervical Cancer

Cervical cancer is the third most common cancer among women worldwide and the most common cause of cancer deaths among women in developing countries, despite being one of the most preventable and treatable cancers[13]. The slow progression of precancerous lesions to cancer generally provides a window of more than 10 years to detect, treat lesions and prevent progression to invasive cancer.

The hardest-hit regions are Eastern and Western Africa, Southern Africa, South-Central Asia, South America and Middle Africa. Rates are lowest in Western Asia, Northern America and Australia / New Zealand[14], primarily due to the high testing and detection rates. More than 500,000 new cases still occur worldwide each year, with the incidence rates increasing. In some countries, the incidence rates for cervical cancer are significantly higher; in Uganda, for example, the Age Standardised Rate (ASR) for cervical cancer incidence is 64.7 cases per 100,000 women.

Overall, the mortality incidence ratio is 52% and cervical cancer was responsible for 275,000 deaths in 2008, about 88% of which occurred in developing countries, 53,000 in Africa and 31,700 in Latin

[11] The healthcare spending as forecasted from 2010 by The Economist Intelligence Unit (2010)

[12] *The healthcare spending as forecasted from 2010 by The Economist Intelligence Unit (2010)*

[13] *GLOBOCAN 2008, International Agency for Research on Cancer*

[14] *GLOBOCAN 2008, International Agency for Research on Cancer*

America[15]. By 2030, it is estimated that at least 98% of deaths from cervical cancer will occur in developing countries alone[16].

The risk of cervical cancer remains high in many developing countries primarily due to the lack of, or inefficiency of, existing prevention programmes. Almost all of these programs have traditionally been based on pap cytology tests which have presented major logistic, staffing, service delivery and quality control challenges[17]. Consequently most attempts to implement cervical cancer screening programs in the developing world have had little or no impact on cervical cancer mortality rates. For example, India with an ASR of 35.2 cases per 100,000 women, accounts for over one-quarter of the yearly cases and deaths from cervical cancer worldwide[18.]

Market Needs

The World Health Organisation (WHO) has described a need for:

"*Prevention programs that are viable in low-resource settings and achieve high screening coverage, offer effective and acceptable tests & ensure appropriate treatment of test-positive women".*

The traditional cervical screening method is a pap cytology test. It has good specificity but relatively poor sensitivity[19]. It is not particularly effective in low-resource or developing health economies due to:

- Lack of laboratory infrastructure[20]
- Lack of trained clinical personnel to perform the pap smear

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[15] GLOBOCAN 2008, International Agency for Research on Cancer

[16] Recent Evidence on Cervical Cancer Screening in Low-Resource Settings (Alliance for Cervical Cancer Prevention, 2011)

[17.] Cytologic screening requires laboratory infrastructure, sufficient consumable supplies, highly trained laboratory technicians, and well-organized follow-up and surveillance systems to effectively screen and treat women for precancerous lesions.

[18] GLOBOCAN 2008, International Agency for Research on Cancer

India contributes 100,000 i.e., one-fifth of the world burden (Shanta, 2003). There are no organized screening programs in any province or region of India. Screening of asymptomatic women is practically absent, even among otherwise well-organized health care programs of the industrial and military sectors (Gheit et al., 2009).

Resource constraint has been a major hurdle in organizing screening programs. It has been estimated that in India, even with a major effort to expand cytology services, it will not be possible to screen even one-fourth of the population once in a lifetime in the near future (Directorate General of Health Services, 1984, Stjernsward et al., 1987).

[19] Sensitivity is the proportion of true positives (lesions defined by histological diagnosis) that are correctly identified by the screening method. For example, a screening method that identifies as positive eight out of ten lesions diagnosed by histology has a sensitivity of 80%. Specificity is the proportion of negatives that are correctly identified. A method with a high specificity ensures that healthy women are not given treatment.

[20] A situation analysis of facilities in East, Central, and Southern Africa found that only 46% of provincial hospitals had the basic equipment necessary to provide surgical treatment to women with cervical cancer, and 79% of those did not have a gynaecologist on the staff to perform curative surgeries. Approximately 15 African countries and several countries in Asia have no radiation therapy capability at all (The Case for Investing in Cervical Cancer Prevention, 2004)

- Lack of pathologists required to interpret test results[21].
- Delays in reporting results, particularly to remote locations[22]
- Loss of patient contact

All these factors lead to an inability to effectively and accurately test large segments of the population for cervical cancer.

This suggests that the ideal solution for developing countries is a screening tool that provides an accurate and objective result[23], which is available immediately and does not require laboratory work / clinician follow-up. TruScreen is that ideal solution.

Market Trends

- Increased awareness of Cervical Cancer screening – due to the media coverage of the HPV vaccine. This is educating TruScreen 's target market on the importance of Cervical Cancer screening
- Focus by the Non-Governmental Organisations (NGO's) on emerging markets and Cervical Cancer screening due to the ability to cure this disease if screening is available.
- Rapidly growing middle class in emerging countries, particularly in China and India. This market segment is generally educated, more aware and increasingly has greater disposable income to spend on preventative healthcare.

Market Size

Given the strategy as defined by TruScreen management, the market focus has been targeted at developing countries rather than developed countries. The largest markets for TruScreen are within the regions of East Asia & Pacific, South Asia, Eastern Europe, Latin America and Africa. These areas represent an estimated population of approximately 1.4 billion females eligible for cervical cancer screening. (Refer Table 2).

The economic potential and relative attractiveness for TruScreen in these regions can be determined via analysis of a number of key indicators related to their respective standards of healthcare, including:

- Healthcare expenditure per capita; and
- Accessibility of healthcare facilities within a region.

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21 Trained and experienced providers are in short supply and most available providers reside in major urban areas. Thailand, for example, has too few pathologists to sustain a cytology-based screening program (K. Limpaphayon, unpublished data, 2001). In 2001, countries such as Mali, Burkina Faso, Niger, Chad, Togo, Benin, and Guinea had only one pathologist to analyse or supervise analysis of specimens. Other countries in sub-Saharan Africa have none. (The Case for Investing in Cervical Cancer Prevention, 2004)

22 In many developing countries, ensuring that women participate in all the steps of a multistep medical intervention can be challenging. Losses of 10% to 25% at each return visit are not uncommon. *(The Case for Investing in Cervical Cancer Prevention, 2004)*

23 Quality-assurance challenges that plague many cytology laboratories in developing countries, mean that many women who have had Pap smears never get their results, or that the results they do receive are inaccurate. *(The Case for Investing in Cervical Cancer Prevention, 2004)*

As can be seen within Table 2, there are substantial differences between the regions with regard to healthcare expenditure per capita. As an example, expenditure varies from >USD $700 per capita within Eastern Europe to USD $50 in South Asia.

Table 2: Market Potential by regional

Region	Female Screening population, Age 25 to 64 Yrs (Millions)	Health Expenditure per capita (USD $)	Health Expenditure Total (USD $ Billions)
East Asia & Pacific	574	$ 139	$ 444
Eastern Europe	121	$ 709	$ 290
Africa	189	$ 110	$ 116
Latin America	109	$ 627	$ 333
South Asia	423	$ 50	$ 88
TOTAL	**1,416**	**$ 327**	**$ 1,271**

Healthcare Accessibility and Facilities

This factor relates to the accessibility of healthcare facilities and trained clinicians in a region. A lack of infrastructure and medical expertise creates issues for traditional cytology pap tests as a result of both the actual testing and transportation of the test results[24]. These limitations negatively impact on the quality and integrity of the test and inhibit the viability of the test being performed in the first place.

Rural Population

A key measure of healthcare accessibility is the proportion of a population that live in rural areas. Healthcare facilities and expertise, in most regions, are usually concentrated in urban areas, thus increasing the need for convenient and efficient screening methods that provide access to rural populations. Not surprisingly, South Asia has the highest proportional rural population and Eastern Europe one of the lowest (see Table 3 below).

Table 3: Rural Population, regional

[24] The Case for Investing in Cervical Cancer Prevention, 2004

Region	Rural Population (% of total)
South Asia	74.70%
Africa	60.30%
East Asia & Pacific	56.30%
Eastern Europe	39.00%
Latin America	19.90%

Source: World Bank (2011)

Healthcare Facilities

Reviewing the different types of healthcare facilities (see Table 4 below) can provide an assessment regarding the standard of healthcare infrastructure in various regions. Health posts are defined as healthcare facilities with relatively basic equipment and capabilities, while specialised hospitals have more sophisticated equipment and capabilities. Africa (excluding Southern and Northern Africa) and South-East Asia have the least developed healthcare facilities with only 1 specialised hospital for 171 and 185 health posts, respectively.

Table 4: Healthcare Facilities, regional

Region	Health Posts[25]	Specialized Hospitals[26]	Ratio (SH/HP)[27]
Africa ex SA & NA	43.21	0.29	1 / 171
Southern Africa	40.61	0.84	1 / 48
Latin America	52.17	0.76	1 / 68
South & South East Asia	40.40	0.22	1 / 185
Central & Eastern Europe	39.02	1.64	1 / 24

Source: World Bank (2011)

Target Markets (existing and potential)

The TruScreen target markets have been defined in a manner designed to best identify which markets will most benefit from a cost-efficient, effective, and real time cervical screening device where the absence of well-developed lab facilities, trained clinicians and pathologists prevent access to screening for one of the most prevalent cancers in women in those countries.

Target countries for TruScreen within the five regions have been identified following a robust three-dimensional filtering approach:

1. Only countries with a total population in excess of 5 million were considered;
2. Minimum healthcare expenditure of USD $100.00 per capita;
3. Countries were then evaluated to determine which have the highest cervical cancer incidence rates.

East Asia & Pacific

Target Countries: China, Indonesia, Thailand, Malaysia, Vietnam and Philippines

This region is very much dominated by China, which accounts for 85% of total healthcare expenditure and 71% of the screening population (females, aged 15-64). Other countries fitting the criteria within the region are Indonesia, Thailand, Malaysia, Vietnam and the

[25] Health posts per 100,000 of screening population (World Health Organization,2010)

[26] Specialized hospitals per 100,000 of screening population (World Health Organization, 2010)

[27] Discretionary calculation: Specialized hospitals / Health Posts, which illustrates the level of healthcare infrastructure i.e. the access to more advanced medical equipment and expertise.

Philippines, which all have substantial healthcare expenditure and populations of scale. (Refer Appendix 3 for full list of countries)

South Asia

Target Countries: India and Pakistan

South Asia typically has a very low healthcare expenditure, with no country exceeding USD$100 per capita. Despite the region containing 32% of the TruScreen target markets total screening population, its share of the TruScreen target markets total health expenditure is less than 10%. As a country, India accounts for approximately 23% of all yearly cervical cancer cases worldwide. (Refer Appendix 3 for full list of countries)

Africa

Target Countries: South Africa and Angola

Africa is truly a continent of great disparities. Only South Africa and Angola meet our targeting criteria, with large populations and health expenditure per capita of USD $689 and USD $186 respectively. Nigeria has a healthcare expenditure per capita of only USD $79. However, with a population size of 162 million and significant cervical cancer incident rate, it cannot be discounted. (Refer Appendix 3 for full list of countries)

Eastern Europe

Target Countries: Russia, Turkey and Poland

Eastern Europe is clearly dominated by Russia, Turkey and Poland which account for approximately 70% of healthcare expenditure in the region. The region has a target population of 140 million women that fall within our target age range in addition to the fact that the local governments have an allocated budget for healthcare expenditure. Despite the smaller number of countries, these 3 markets will remain at the top of our target market list. (Refer Appendix 3 for full list of countries)

Latin America

Target Countries: Brazil, Argentina, Peru etc.

Latin America can be considered a more developed region than those of Asia and Africa. It also contains the giants of Brazil and Argentina as well as some less developed countries with larger proportions of rural populations, such as Bolivia, Peru and Paraguay.

The region as a whole has relatively severe problems with cervical cancer at close to 25 incidences per 100,000 people[28]. (Refer Appendix 3 for full list of countries)

Primary Target Markets

Initially the goal of TruScreen is to target 10 key markets which represent a combined market opportunity of almost one billion women aged between 25-64 years. These markets represent those in which TruScreen has already initiated commercial activity. As of 2011, these markets contained 946 million women aged 25-64 and total healthcare expenditure was USD $670 Billion[29].

Table 5: Market size, target countries

Country	Female Screening Population Age 25-64 (millions)	Healthcare Expenditure (USD $Billions)
China	411.20	$ 377.00
India	323.00	$ 73.40
Indonesia	66.40	$ 23.00
Russia	43.40	$ 115.20
Pakistan	42.30	$ 5.20
Philippines	23.50	$ 9.20
Turkey	20.30	$ 51.50
Malaysia	7.90	$ 10.00
Sri Lanka	5.90	$ 2.00
Bulgaria	2.20	$ 3.90
TOTAL	**946.10**	**$ 670.20**

Source: World Bank (2011)

Markets previously entered had an average annual growth rate of 14.2% between 2006 and 2011, and about half of the countries' populations lived in rural areas. The incidence rates varied quite significantly between the various countries in the group (Refer Appendix 3).

[28] ***GLOBOCAN 2008, International Agency for Research on Cancer***

[29] World Bank, 2011

Secondary Target Markets

At a later stage of distribution expansion, TruScreen has identified a huge potential in surrounding countries and regions. TruScreen will target countries according to: (1) Screening Population and (2) Healthcare Expenditure Per Capita (buying power). Through this process, a list of 22 countries from five different regions has been established. The regions of Eastern Europe and Latin America feature most frequently due to their relatively strong buying power while the identified countries from Africa and South Asia are slightly more limited.

In total, the 22 secondary target countries represent a screening population of 215 million women between the ages of 25 and 64 years and healthcare expenditure of USD $576 Billion[30]. A full list of secondary target markets can be found in Appendix 3.

Key Developments in Target Countries

TruScreen recently re-established its CE mark which is the most widely recognized measure of approved and verified product performance in the medical industry. The CE Mark is recognition of compliance to the European Medical Device Directive.

This is a major achievement for TruScreen and forms the basis on which it will re-engage its distribution activities by allowing it to promote under CE Mark guidelines which are trusted for quality and assurance across all target markets. In many of our target markets, the CE Mark alone is taken as prima facie evidence of the safety and efficacy of TruScreen making the regulatory submission applications in these markets less onerous and requiring shorter lead times for regulatory approval.

[30] World Bank, 2011

Other key developments in major markets are summarized in Table 6 below:

Table 6: Key Developments, target markets

	Regulatory Approval	Clinical Trials	National Screening Program	Public & Private healthcare facilities
China				
	National approval under way	15 hospitals; 7 papers published	5 provinces under discussion	In negotiations with private clinics Installed in 40 public hospitals in 5 provinces
Philippines				
	Local registration exemption obtained	Under discussion	Under discussion	Currently installed in 2 private clinics.
Russia				
	Local registration obtained	Under discussion	Under discussion	Under discussion
Indonesia				
	Local registration obtained	One KOL[31] is doing a clinical trial	Planned to attend the next government tender	Under discussion
Vietnam				
	Local registration obtained	One KOL is doing a clinical trial	Under discussion	In preparation to install TruScreen in several private hospitals
Mexico				
	Local registration obtained	1 KOL Trial Completed To be published	Under Discussion	Private sales will precede Public sales Distribution network identified.
Turkey				
	Local registration obtained	KOL Trial under discussion	Under discussion	Under discussion

[31] KOL is Key Opinion Leader

Market Segments

The target market for TruScreen comprises two broad segments: public and private healthcare facilities and the government national screening programmes within emerging economies.

Public and Private Healthcare Facilities

Public and private hospitals / clinics are an important avenue for cervical screening. The major sub-segment in this category is expected to be large medical institutions, which are more likely to purchase TruScreen in large volumes due to the frequency of new patients.

While testing is one of the key services offered and a major revenue generator in hospitals / clinics, there is a multitude of essential cancer screening tests offered due to major discrepancies between lab facilities and the unavailability of trained clinicians across the regions. Consequently, cervical screening tests using conventional methods are available only in certain areas and at certain facilities in the target countries. This provides a huge untapped opportunity for TruScreen.

Government Screening Programmes

The government screening programme segment has huge potential. Public healthcare spending has been consistently increasing in emerging markets and as noted previously, this notion can be perfectly illustrated by China's USD $210 Billion public healthcare spending in 2010, which is expected to top USD $1 Trillion by 2020.[32] However, while government spending is on the increase, expenditure on cervical cancer screening programmes is not as widely evident in emerging economies due to the considerable costs and complexities associated with setting up cytology based screening programmes.

Across most of the emerging economies, governments' ability to institute local or national programmes is severely limited due to the lack of appropriate lab infrastructure facilities, trained clinicians and pathologists. It is estimated that at any given point in time, more than 75% of women in the developed world have had some sort of screening done in the previous 5 years compared to less than 5% of women in the developing world.[33]

In India for example, improved cervical cancer screening would have a major impact globally on the total number of cervical cancer incidences given that India accounts for 23% of the world's cervical cancer cases. Despite the high economic costs of the disease, and the increasing absolute number of cases due to population growth, there do not appear to be any organised screening programmes for cervical cancer prevention anywhere in India. A minimal level of cytology screening is practiced in urban areas.[34]

Developing the infrastructure for mass screening and promoting it to a level at which a regional programme can be initiated takes many years for a developed country let alone a developing nation as it involves a huge economic investment for the government which can conflict with other areas of need such as infrastructure programs.

[32] McKinsey & Company, 2012 (Healthcare in China: 'Entering uncharted waters')

[33] Chapter 8: Screening for cervical cancer in developing countries, 2006 (Lynette Denny, Michael Quinn, R. Sankaranarayanan)

[34] Chapter 8: Screening for cervical cancer in developing countries, 2006 (Lynette Denny, Michael Quinn, R. Sankaranarayanan)

TruScreen provides a unique opportunity for governments that have been lacking political will due to the significant investment required to build the infrastructure and acquire the necessary human capital in a politically expedient and cost effective way to initiate cervical screening programmes. In China, there are two provincial government screening programmes that have preliminarily approval to use TruScreen and this will be implemented following CFDA approval. These will start in one county in each of the two provinces to gain experience and feedback in the first year and will cover more than 20,000 women. If all goes well, after the programme is in its full scale, there will be a minimum of 100,000 women each year. Similar discussions are underway in other provinces.

MARKETING STRATEGY

The company's marketing strategy has been tailored for differences in each of the target countries in order to ensure successful penetration in the two key market segments identified – public and private healthcare facilities and government funded screening programmes.

Public and Private Healthcare Facilities

This segment comprises public and private hospitals and/or clinics and represents a significant potential market opportunity. Marketing a revolutionary product such as TruScreen in any new market commences with an introduction campaign to raise the awareness of key opinion leaders (KOL's) in the field of gynaecology/oncology. A KOL is typically a doctor or professor of influence at an international, national or regional level, who is recognised by his or her peers as being an expert, and has published papers, participated in forums, sat on the administrative committee of academic or professional associations or led a gynaecology unit at a major teaching or clinical hospital. In addition to raising the awareness of KOL's, TruScreen also raises the awareness of the TruScreen technology among doctors, government officials, hospital directors and the general public.

TruScreen has a leading advantage in this sphere of influence, as initial awareness campaigns have already been established in significant existing major markets such as China, South Korea, Russia and the Philippines. In addition, TruScreen has already gained a level of endorsement from key opinion leaders (see Appendix 5) and government officials in these markets. These existing, well-established relationships with key opinion leaders are critical to help penetrate effectively and quickly in unique local market conditions. Going forward, supplementary marketing campaigns will be introduced to support and promote TruScreen in major markets and rejuvenate brand awareness.

New marketing campaigns will subsequently be launched in other significant markets where there is scope for further developing TruScreen's presence. The company's strategy involves "push" tactics at the outset to establish the TruScreen System as the standard instrumentation used by key / renowned medical institutions for cervical screening. As TruScreen gains acceptance among medical institutions, a "pull strategy" will result, leading to demand by other medical institutions.

Initial sales of the company's products will primarily be via demonstrations and introductions made by the company's or distributor's marketing personnel to medical institutions.

A key aspect of the marketing strategy in relation to this segment will be to develop and maintain relationships with local distributors in the target markets.

Government Screening Programmes

Accessing this segment is relatively more challenging. As mentioned earlier in this document, the government screening programs, or tenders that are usually applied for and attended by the distributor, have the most income-generating potential for the company.

The strategy for this will be to promote TruScreen as the first choice for Government screening initiatives with the key advantage being low cost of administering a screening program in comparison with other methods. Key opinion leaders are important in the process of government evaluation and selection of a cervical screening tool and will be engaged to promote TruScreen[35].

[35] See Appendix 4: **Published Papers**

Existing published reference papers will also be used in the process[36]. Furthermore, in some target countries, key opinion leaders and key bodies will be approached to perform local analysis in the region.

In addition, gaining recognition and securing footholds at large public hospitals would create visibility for TruScreen in the public sector thereby facilitating quicker penetration into the government screening programs. The success of this approach is evident in China where after successfully rolling out TruScreen to 40 major public hospitals, the company is currently discussing a provincial screening program with the local governments through a joint venture arrangement with a large medical device company.

Buyer Behaviour

Doctors have a key influence in the decision-making process and tend to use new technology as early as possible to stay current with trends in modern medicine. The most important consideration for medical practitioners is the overall effectiveness of the device, which is the fundamental driver of the purchasing decision. The product must deliver the promised performance by effectively examining the patient with the desired accuracy.

Positioning Strategy

TruScreen is positioned to be an exceptional breakthrough cervical screening device that provides real-time results and saves costs by eliminating the need for lab infrastructure and specialized pathologists. The initial positioning of TruScreen is clearly as a primary, stand-alone cervical screening method that can be applied in both national screening programmes and public and private facilities mainly in emerging markets.

Although TruScreen is positioned for the emerging markets as a primary detection device, the company also intends to grow its presence in developed markets in the coming years. To access opportunities in developed healthcare markets TruScreen will take a secondary position that capitalises on its clinically documented strengths as an adjunct test to be used in conjunction with Pap testing to achieve maximum screening results.

Pricing Strategy

The pricing strategy has two components – the price of Consoles and the price for consumables (SUS).

To maximise profitability, the price of the TruScreen examination (price of consumable) to patients, will be set at the same as or slightly lower than the standard Pap test done in each target market. Consequently TruScreen will effectively compete on cost in addition to adding significant value through the test's real time results and comparative ease of use, thus facilitating the reduction of indirect costs associated with administering Pap tests. TruScreen will ensure the company's price to the distributors would also allow them plenty of room to compete with a Pap test.

The price for Consoles will vary depending on the relevant market.

[36] See Appendix 4: Published Papers

Promotion Strategy

As part of an integrated marketing campaign, a promotion strategy is crafted and tailored to each unique target market.

Public relations and industry media will help in delivering overall industry awareness. Published articles, product reviews, direct mail outs to buying groups and ads in academic publications will all help with industry awareness and buyer impressions. Finally, all of the above promotional activities will be integrated with marketing material and training videos to enhance the image of the company and its product.

Sales Strategy

The overall sales strategy will be to accelerate the roll out of Consoles to generate steady and increasing cash flows. The first priority is to target the public and private healthcare facilities. Concurrently, focus will be given to Government funded programs.

The Sales Strategy is multi-pronged to suit the two primary market segments within each of the target countries and will be executed as follows:

- The company's business philosophy is to outsource its in-country sales and marketing activities to its distributors. TruScreen has two full time executives whose responsibility is to coordinate the sales and marketing activities of its distribution network;
- The company will provide initial training to distributors in new markets. Ongoing training and promotional materials will be sold to the Distributors as required;
- As territories expand, country managers with local knowledge and language will be assigned to run those Territories;
- The company will support territory marketing exercises to promote TruScreen;
- The company will be visible at major Gynaecology Oncology Conferences – such as FIGO, AOGIN, and EUROGIN;

Operations Strategy

The following key milestones have been set to be achieved as part of the company's operational strategy:

- New distribution agreements secured for first entry target countries such as China, Russia, Philippines, Vietnam, Pakistan and Indonesia.
- Extend use of TruScreen technology into new products for other mucosal cancers screening in year 5 in both existing and new markets.

OUR DISTRIBUTION ARRANGEMENTS

TruScreen has been working to develop an international distribution strategy as part of its operational strategy.

Whilst the ultimate objective is to establish a multi-national distribution network throughout those jurisdictions targeted by TruScreen, the principal focus of TruScreen in the immediate term has been to establish a distribution network in China. The reasons for this focus are two fold (i) China represents the largest potential market for TruScreen by number of prospective screens per annum given the sheer size of the Chinese population, and (ii) China has the right socioeconomic demographic for the application of the TruScreen screening technology and system.

Chinese Distribution Arrangements

In June 2014, the contract cornerstones to TruScreen's distribution arrangements in China were executed.

In summary, the contract arrangements that have been signed comprise TruScreen's operating subsidiary company entering into a tripartite agreement with the following Chinese counterparties:

- Beijing Seiweixiantai Tech Co Ltd, which has in turn executed a sales collaboration agreement with Sinopharm Tianxing Puxin Bio Pharmaceutical Co Ltd – a division of Sinopharm, the third largest Pharmaceutical company in the world; and
- Changjiu Industry Group Co Ltd, which is a shareholder in, and accesses the sales and distribution networks of, the following three companies:
  - Guangzhou Upreal Medical Science Technology Co Ltd;
  - Beijing Zhonglian Bianyuan Science and Technology Co Ltd; and
  - Shandong Kangtai Industrial Co Ltd.

This network will target both the Government and Army Hospital Systems, Private Hospitals and Wellness Clinics, Government Screening Programs and Company Clinics and Screening Programs.

Beijing Seiweixiantai Tech Co Ltd is a privately owned company with its headquarters in Beijing and offices in Shanghai, Guangzhou, Fujian and Zhejiang. It specialises in women's health and has a direct sales force of 30 and a network of 20 sub-distributors delivering annual sales revenues of NZD $21m.

Sinopharm Tianxing Puxin Bio Pharmaceutical Co Ltd is a subsidiary of Sinopharm Group. Sinopharm is the largest pharma company in China and the third largest in the world. Sinopharm Group has over 10,000 employees and annual revenues greater than NZD $30bn. Sinopharm Tianxing Puxin Bio Pharmaceutical Co Ltd is headquartered in Beijing and has offices throughout China. They have 180 direct sales people selling to over 500 Hospitals, and sub-distributors, and generate over NZD$800m in annual revenues. Sinopharm Tianxing Puxin Bio Pharmaceutical Co Ltd is the fourth largest supplier of medical products to hospitals in China and the largest supplier of medical products to the Chinese Army Hospital System.

Changjiu Industry Group Co Ltd is headquartered in Shanghai. It is a large Industrial company with annual revenues in excess of NZD$1.8bn and has recently made a strategic decision to invest in medical and high technology products. As a result, it has invested in the following three medical technology companies whose sales channels it will use to market TruScreen. Guangzhou Upreal Medical Science Technology Co Ltd headquartered in Guangzhou; Zhonglian Bianyuan, headquartered in Beijing; and

Kangtai Industrial, headquartered in Shandung. These three companies have a combined sales force of 191 salespeople delivering an annual sales revenue of NZD$132m.

The financial relationship between TruScreen and these distributors is of a manufacturer to wholesaler/retailer. TruScreen sells the TruScreen consoles and SUS to the distributors for an agreed price, and the distributors then on-sell to the end users – hospitals and screening program providers. This is a simple sale of goods transaction where the goods are exchanged for cash. There is no revenue sharing arrangement or other offset of price against future earnings, nor are there any post sale rebates upon subsequent achievement of future sales targets.

In China-the major focus of our commercialisation-TruScreen has already completed assessment trials in the Army hospital system (Beijing) and recommendations for purchase have been placed by the Obs and Gynae departments of those hospitals. The army hospital system treats both military and civilian personnel. The Army hospital screening program screens 1 million women every 2 years. Familiarisation programs have also begun in Shandong and Hebei screening 25,000 women over the next 6 months.

These distribution arrangements underpin the distribution strategy for TruScreen in China and represent the culmination of a significant amount of investment in developing this distribution channel. This contractual arrangement is a watershed development for TruScreen.

In the last 4 months, TruScreen has received orders from Beijing Seiweixiantai Tech Co Ltd for NZD$395,000 of new product. Whilst the device is not yet registered for general sale in China, it is possible to sell the device and the consumable in China in the following circumstances:

1. It is permitted to supply TruScreen products to pre- approved familiarisation programs – including clinical trials, research programs and evaluations - that our distributor has commenced in China and for which it has received an exemption from the normal restrictions for commercial use set by the CFDA.

2. It is permitted to supply consumables to users of TruScreen who had purchased the device when the device was previously approved for sale in China (when the technology was owned by PLT). As these devices originally supplied in China were obtained under a then valid registration, their continued use is permitted by the CFDA.

3. It is permissible for TruScreen to supply distributors in China for the purposes of enabling those parties to build up inventories to ultimately supply commercial orders received by our distributors. Those orders are not able to be acted upon by our distributors until the CFDA registration is completed. There are several free ports or bonded zones in China, such as Xiamen, Shanghai, Macau, Hong Kong and others where these inventories can be held pending formal approval of the registration.

So far, NZD$351,409 in sales to our Chinese distributor Siweixiantai Technology have been realised. This order has been delivered. Payment has been received for NZD $222,566. NZD $128,843 is due for payment on 30 November, 2014. Forward orders remain for $119,691. These orders are due to be completed in Q3 of the 2015 Financial Year.

CFDA Approval

TruScreen has already commenced the sale of products into China as part of “familiarisation testing” with designated counterparties and distributors. Prior to TruScreen commencing full commercial distribution activities into China, TruScreen is required to obtain a formal registration of its product– this

registration is called the Peoples Republic of China Food and Drug Administration Registration for Medical Device ("CFDA").

TruScreen had previously been approved for sale in China by the then equivalent of the CFDA but this registration expired. TruScreen is currently in the process of obtaining the re-registration of the TruScreen technology in the name of "TruScreen Pty Limited", the operating subsidiary company of TruScreen Limited.

The CFDA application process is well advanced. It is anticipated that the CFDA approval and registration will be forthcoming within 1-2 months. In the unlikely event that the CFDA approval was not granted for any reason, TruScreen would be able to make a further application for CFDA domestic registration in collaboration with one of its Chinese distributors. This is a fast track process with simpler assessment criteria and a likelihood of a positive outcome given the prospective collaboration between TruScreen and a Chinese domiciled entity.

The current CFDA application as a foreign manufactured product was chosen as TruScreen had not at the time of application identified a suitable domestic manufacturing (as opposed to distribution) partner to partner in a domestic registration application. TruScreen has now identified that partner. Once the finalised manufacturing agreements have been completed, the company will begin the domestic registration process. However, due to the long head start of the current application we expect the foreign device registration to be completed well before the domestic registration and therefore are continuing with that application process.

Based on all the information that the Board has to hand at this time, it is comfortable that CFDA approval will be obtained by TruScreen either independently, or in conjunction with a Chinese distribution partner.

However, in the case that CFDA regulatory approval is delayed this would have an impact on the financial forecasts in this document, the details of which are summarised below:

- Total sales would not change, but the result would be a one or two quarter push back in the timing of those sales, depending on the timing difference between the forecast date of the CFDA approval and the actual date of CFDA approval, and thus a negative effect on the forecast profit / loss.

- The previously identified order from China for $395k is not conditional upon CFDA approval. As stated earlier, $351k of sales to China have already been delivered. Payment has been received for NZD $222,566. NZD $128,843 is due for payment on 30 November, 2014. Forward orders remain for $119,691. These orders are due to be completed in the third quarter of the 2015 Financial Year.

- Also moderating the effect of a delay in CFDA approval is an order received on 19 August 2014 from our Mexican distribution partner, Onko Solutions LLC, for USD $207k (NZD $245K). NZD $60,295 of product has been delivered and payment is due by 30 November, 2014. The balance of the order is to be delivered and completed during the balance of the FY ending 31 March 2015.

Other international distribution arrangements

In addition, to the Chinese distribution arrangements, TruScreen has been developing an international channel partnership network with the following distribution partners in the following jurisdictions:

Jurisdiction	Name of channel partner
• Philippines:	Nuvotek Inc
• Russia:	Luminary Ltd
• Vietnam:	MTI Marketing (Asia) Limited
• Pakistan:	MTI Marketing (Asia) Limited
• Indonesia:	PT. MEGA UTAMA MEDICA
• Romania:	Global Logistic Services
• Bulgaria:	Global Logistic Services
• Poland:	Global Medical Services Polska
• Turkey:	Gultip Saglik Medical Ltd
• Mexico:	Onko Solutions LLC & Soluciones en Dispositivos Médicos S de RL de CV
• Thailand	Advanced Medical Life Co Ltd.
• Ukraine	Medservice GmbH

The arrangements above have only been consumated in the past 10 months and are in a formative stage.

The commercialisation state of each of these markets is summarised below:

- China — See the detailed explanation on pages 34, 35 and 36.
- Philippines: — Product exempt from registration, first commercial installation achieved. Early stage market penetration.
- Russia: — Registration in place. 10 users in market.
- Vietnam: — Product registered, early stage market penetration.
- Pakistan: — Product exempt from registration. Early stage market penetration.
- Indonesia: — Registration in place. KOL recruited, clinical trial completed, paper published. 4 devices in use.
- Romania: — Product exempt from registration, early stage market penetration.
- Bulgaria: — Product exempt from registration, early stage market penetration. Clinical trial completed and paper published.
- Poland: — Product exempt from registration, early stage market penetration. Clinical trial completed and paper published.
- Turkey: — Registration completed. Application for government pricing submitted and hospital training commenced.
- Mexico: — Order received for NZD $245k. Product exempt from registration for private Sale. Registration for government sale commenced. Clinical trial completed.
- Thailand — Product registration commenced. Early stage market penetration.
- Ukraine — Product registration commenced. Early stage market penetration.

During the current financial year, the total sales of TruScreen products to date, which TruScreen recognises as revenue in accordance with its accounting policy, is NZD $423,562.

These sales comprised the following:

- NZD$351,409 in sales to our Chinese distributor Siweixiantai Technology - This order has been delivered. Payment has been received for NZD $222,566. NZD $128,843 is due for payment on 30 November, 2014.
- NZD$60,295 in sales to our Mexican distributor. This order has been delivered and payment is due by 30 November, 2014.
- NZD $6,833 in sales to our Turkish distributor. This order has been delivered. Payment of NZD $5,025 has been received and payment of NZD $1,809 is expected by 30 November, 2014.
- NZD $5,025 to our Thailand distributor. This order has been delivered and payment is expected by 30 November, 2014.

TruScreen only recognises its revenues/sales for accounting purposes once it has (i) received an order, and (ii) delivered the order to the purchaser. In addition to the above confirmed sales which have been recognised using the aforementioned accounting treatment, TruScreen has also received confirmed additional orders from China (NZD $119,691) and Mexico (NZD $181,738), for a total of $301,429 of further product in aggregate. These orders are due to be completed during the course of the current financial year.

The nature of the distribution model is such that TruScreen will not supply directly to end users but will export to distributors in target markets. This utilises their already established sales teams and country expertise to maximise the sale of TruScreen without the cost of establishing our own direct sales teams. In most of our chosen markets, including China, we have elected not to make these distributors exclusive, allowing us the option of adding to our networks should the preferred distributor fail to achieve the promised level of market penetration.
In each market, TruScreen in addition to supplying TruScreen product to the distributors, will also supply TruScreen expertise, utilising a 'Train the Trainer' model supported by detailed sales training manuals and Customer User Manuals. TruScreen provides a 12 month warranty on all product– dated from day of delivery. The distributor acts as the face of TruScreen to the customer and is responsible for the coordination of warranty service and repairs. We do not expect material warranty expense. Truscreen expects nominal revenue for the provision of post warranty service and parts.
In each market, the distributor supplies the sales team, sub-distributor networks, logistics for distribution and customer support, as well as being responsible for product registration, familiarisation trials and key opinion leader engagement.

HISTORICAL MILESTONES

The major milestones in the evolution of our business are:

1986	Leading Professors from Sydney University conceived the idea of real time optoelectronic cancer detection system.
1987	Following the transfer of the technology concept and intellectual property into PLT, PLT lists on the ASX with the TruScreen concept (then called the Polar Probe and later TruScan, before being rebranded TruScreen in 2005) as its core asset.
1988	Sydney University and the CSIRO sign an agreement to jointly research the concept and develop the algorithm framework.
1989	The intellectual technology and methodology of utilising both light and electrical impulses to identify different types of cervical tissue was conceptualised and formulated.
1993	The initial screening devices were functional and the first clinical trials were instigated in major hospitals in Sydney, London, Manila, Beijing and Singapore under the supervision of the World's leading Gynecologists.
1994	Registration of core patents begins and TGA approval granted.
1995	Global clinical trials commence.
1999	Designs for commercial production of Consoles and single use sensors (SUS) finalized.
2001	EC Certificate granted.
2005	Establish OEM manufacturing plant in China.
2007	Chinese CFDA registration successful. TruScreen is currently undertaking the re-registration of the TruScreen device for CFDA purposes.
2009	PLT entered Administration and subsequent Liquidation.
2010	PLT Liquidated
2011	Ure Lynam Financial Services Pty Limited (ULFS) acquires all of the TruScreen intellectual property, inventory and commercial assets from the Liquidator of PLT.
2013	EC Certificate and ISO13485 reactivated.
2013	Under a corporate reconstruction, the Intellectual Property, inventory and commercial assets were transferred into TruScreen Pty Ltd (a company owned by the same parties that owned ULFS). .
2013	TruScreen Limited acquires 100% of the shares on issue in TruScreen Pty Limited, which subsequently owns all of the TruScreen intellectual property, inventory and commercial assets.
2013/2014	TruScreen Limited raises $6.5 million of new capital in a share placement to eligible investors. (See page 44 for more detail)

CORPORATE AND OWNERSHIP HISTORY OF THE TRUSCREEN BUSINESS OPERATIONS

TruScreen Limited acquired 100% of the share capital of TruScreen Pty Limited, which held, and continues to hold, all of the TruScreen business assets, technology and associated intellectual property, in November 2013.

This section of the Disclosure Document provides further detail of the historical corporate and legal ownership of the TruScreen technology and associated business operations prior to the acquisition of those assets by TruScreen.

Previous owner and developer of the TruScreen technology - PLT - 1987 to 2011

PLT was an ASX listed company that acquired the TruScreen technology from the University of Sydney in 1987. It took approximately 20 years of research and development to evolve and refine the TruScreen technology to the point where it now finds itself. The TruScreen technology is an incredibly complex technology that still remains ahead of its peers and competitors today. The technology understandably has taken a long time to develop, clinically trial, test and obtain certification from a range of international regulators.

The transition to commercialisation of the TruScreen technology undertaken by PLT comprised a two year period – 2007 to 2009. During that period, PLT was transformed from a workforce of 70 predominantly technical research staff to 35 primarily commercialisation focused staff.

During the commercialisation phase, PLT secured distribution agreements in China, South Korea, India, Sri Lanka, Indonesia, Malaysia, Pakistan, Iran, Turkey, the United Arab Emirates, Poland, Romania, Bulgaria and Russia amongst others. Regulatory and product familiarisation programs were commenced and sales achieved.

During the financial year 2008-2009, PLT booked commercial orders of the product. However, due to a combination of the following factors, PLT was unable to deliver the sales and the Board voluntarily resolved to place PLT into administration:

- Given the level of overheads and the need to fund the ongoing manufacturing of inventory to meet the orders, the cash reserves of PLT were depleted and more external funding was required;
- PLT entered into subscription agreements with two private equity funds (La Jolla Cove Investors Inc and Healthe Care Australia Pty Ltd) to secure approximately AUD$10 million of additional funding;
- During the course of the intervening period between the entry into the subscription agreements and the settlement of those arrangements, the Global Financial Crisis (GFC) hit its apex and the two private equity funds withdrew from their subscription arrangements, leaving PLT with no ability to fund its on-going working capital requirements and the costs associated with manufacturing and supporting the inventory required to meet the forward sales orders;
- As a consequence of the credit crisis and the inability of PLT to fund (i) the manufacture of all of the inventory required to meet its sales orders, and (ii) the support and maintenance obligations associated with the technology post sale, the counterparties to the sale orders withdrew their orders.

- Given the defaults occurred at the height of the GFC and without any further access to capital, the PLT board was faced with the situation of having to voluntarily appoint an administrator.

At the time of entering into voluntary administration, the market capitalisation of PLT on the ASX was approximately AUD $30 million. Following the voluntary administration and liquidation of PLT no capital was returned to the shareholders of PLT. Whilst this was an unfortunate development for PLT and for its investors, this development has provided an opportunity for TruScreen and its current shareholders, who have recently invested in a company which now has the opportunity to generate significant revenues in the future.

Acquisition of TruScreen operations 2011 to November 2013

Mr Hunter was the Non-Executive Chairman of the previous owner of the TruScreen technology, PLT Limited ("PLT") when PLT entered into administration.

ULFS, a company of which Mr Hunter is a director, acquired TruScreen operations in December 2011 via a Sale of Asset Agreement between the liquidator of PLT and ULFS. The price was A$10,000.

Subsequent to the purchase of the TruScreen business from the Liquidator, ULFS devoted the services of a team of up to 20 professionals on an as needed basis including but not limited to the following:

- securing all of the intellectual property rights associated with the TruScreen device and system (patents, trademarks, registrations and certifications) ;
- re-establishing ISO1345 certification, the CE Mark, TGA (ARTG)approval, and quality audits by TUV SUD;
- securing and storing the inventory and documents;
- redeveloping the overall business plan for the manufacture and distribution of TruScreen globally;
- re-establish critical agreements, licenses, permits and regulatory requirements for the manufacture and distribution of a medical product internationally;
- maintaining contacts with potential business partners, distributors, manufacturers, and other interested parties;
- developing a revised go to market and distribution strategy for the restructuring of the TruScreen business operations from a business that employed close to 35 staff, down to a more manageable number, and in doing so significantly reduce costs;
- developing a strategy for miniaturising the technology;

  These activities were funded privately by ULFS.

In 2013, as part of a corporate restructure, ULFS transferred all of the TruScreen business assets and operations into a newly incorporated company called TruScreen Pty Limited. This transaction was a related party transaction as the shares in TruScreen Pty Limited were owned by Consolidated Nominees Pty Limited ("CNL"), a company ultimately owned by the same beneficial owner of ULFS.

Acquisition of TruScreen operations by TruScreen Limited - 2013

On 6th November 2013, TruScreen Limited entered into a Share Sale Deed to purchase 100% of the shares on issue in TruScreen Pty Limited ("TruScreen Shares") from Consolidated Nominees Pty Limited (CNL).

The purchase price for the TruScreen Shares was NZD$9,278,000 which was satisfied by:

- the issue to the Vendor of 57,780,000 new ordinary fully paid shares in TruScreen (at an issue price of NZ 10 cents per share); and
- the issue to the Vendor of a convertible note with a face value of NZD$3.5 million ("Convertible Note").

The sale was conditional on TruScreen:

- raising not less than NZD$5,500,000 of new capital;
- paying NZD$2,750,000 in partial redemption of the convertible note; and
- redeeming the outstanding balance of at least NZD$750,000 of the convertible notes by 20 December, 2014.

The full value of the Convertible Notes has now been redeemed by the vendor and paid by the Company in cash.

Appendix 6 (page 100) details the valuation of the assets. The assets were valued at cost. The Directors elected to determine cost based on fair value. Fair value was determined based on the capital subscribed by independent third party investors who paid $5,500,000 for 40.9% of the share capital of Group during the financial year ended 31 March, 2014, which was the accounting period during which the valuation was undertaken. A further $1m of new capital was raised subsequently at the same valuation.

In conjunction with this acquisition, TruScreen raised NZD$6.5 million from eligible investors which was applied towards:

- The satisfaction of the payment of the cash component of the purchase price for the acquisition - $3.5 million; and
- Providing working capital to fund the resourcing of the business operations with additional staff, the miniaturisation of the existing device and the refinement of the existing algorithm to further improve the performance of the device. TruScreen technology remains market leading technology and remains well positioned for commercialisation

TruScreen today has a much smaller cost base than PLT Limited did at the time of liquidation. There is a small management team of key senior executives and the annual fixed outgoings for TruScreen are approximately 12% of the running/operating costs that were previously being incurred by PLT.

The TruScreen product, and it's go to market strategy is significantly better placed today than it was five years ago with PLT.

In 2009, The TruScreen technology was ahead of its time and was the first cancer screening technology of its kind. In 2014, the TruScreen technology remains ahead of its time and is still the only opto-electrical cervical cancer screening alternative to the Pap smear.

The world is now more aware of the concept of electro-light impulses for the purposes of detecting cancerous tissue. There are now several other companies worldwide seeking to perfect this form of technology for the detection of cancerous tissue, but which unlike TruScreen have not succeeded in combining both the optical and the electrical differentiation of cervical tissue. Further, we now find that the commercial market place is looking for an alternative solution to the conventional cervical cancer

screening methodologies, and TruScreen is being actively pursued by certain countries who wish to adopt the TruScreen technology.

TruScreen remains the only real time optical and electrical device for the primary screening of Cervical Cancer in the world.

The TruScreen product is 'Ready to Market' with $1 million of inventory in stock.

The technology is held under the protection of international patents and trademarks, and is EC certified.

TruScreen technology continues to represent market leading technology, notwithstanding the delays associated with the restructuring of the ownership of the TruScreen technology.

The opportunities to distribute the TruScreen technology into emerging countries, with a particular initial emphasis and focus in China, which will create significant revenues for TruScreen is a very real and viable proposition.

Reasons for listing in New Zealand

TruScreen is an international export operation whose markets are Asia, Eastern Europe and other emerging countries, and whose manufacturing is conducted outside of Australasia. The Australian office (TruScreen Pty Limited, Level 1, 1 Jamison Street, Sydney NSW, 2000, Australia) contains the management team only. Research and development is conducted in Australia as that is the location of the personnel who have both the skills and the corporate memory to fast-track this program and to minimise the cost of the program.

Notwithstanding the fact that the current management team are located in Sydney and China, TruScreen exports an international technology in an international marketplace with sales in the past 12 months to China, Russia, Mexico, Indonesia and the Philippines.

TruScreen has resolved to seek a listing in New Zealand for the following reasons:

- Our Corporate headquarters is based in Auckland, New Zealand, as is our main bank account, our Auditors, our PR representatives, our Share Registry, our Web Design house. Our Board meetings are held in New Zealand. Two of our directors are New Zealand citizens and permanently reside in New Zealand.
- The vast majority of the shareholders of the Company by number, and the majority of the shares on issue in the Company, are held by New Zealand residents.
- the fact that the New Zealand capital markets are better geared to small cap listings than the likes of the ASX and Asian markets;
- the New Zealand market is receptive to small cap listings, especially those in the high tech sector;
- small cap companies are likely to receive greater profile and media attention in New Zealand as opposed to off shore markets;
- the NZAX was chosen as it was established as the place for small to medium-sized fast growing businesses seeking a safe and efficient capital raising facility and with the phasing out of the NZAX in the future it provides an ideal platform to either transition to the proposed "New Market" or the main NZX board.

Plans for listing transition post the phasing out of the NZX

NZX has announced that it plans to launch a new market for small and medium sized growth companies during the course of 2014. The new market is to be called NXT ("NXT"). TruScreen understands that following the launch of the NXT, the NZAX market will be ultimately phased out over time and companies listed on the NZAX market will need to transition to either the Main Board operated by NZX, or alternatively seek to transition its listing to the NXT.

In the event that the NXT is implemented, the TruScreen Board would anticipate, having regard to the underlying premise on which the NXT has been developed, that it would probably be most appropriate for it to migrate its listing to the NXT in due course, subject to TruScreen complying with the requirements for listing on the NXT.

HISTORICAL FINANCIAL INFORMATION

In November 2013, TruScreen Limited acquired 100% of the issued capital of TruScreen Pty Limited. TruScreen Pty Limited is an Australian incorporated company that owns all of the intellectual property, inventory and commercial assets associated with the TruScreen business operations ("Business Assets"). The Business Assets were transferred into TruScreen Pty Limited by ULFS in 2013.

Prior to the date of the transfer of the Business Assets into TruScreen Pty Limited in November 2013, TruScreen Pty Limited had not traded.

Following the transfer of the Business Assets into TruScreen Pty Limited in 2013, and prior to the date of the acquisition of the shares in TruScreen Pty Limited by TruScreen Limited in November 2013, TruScreen Pty Limited had been focused on preparing that company for implementing the commercial deployment of the TruScreen business operations.

Following the injection of new capital into the Company in 2013/2014, TruScreen has actively engaged in developing and implementing its sales and distribution processes and business operations.

As at the date of this document, there were 144,446,666 ordinary fully paid shares on issue.
In March 2014, TruScreen received its first significant purchase order for consoles and SUS for an amount of $395,000.

The following table (overleaf) provides the summary statement of financial position for TruScreen and its principal operating subsidiary company, TruScreen Pty Limited, as at 31 March 2014:

	$
CURRENT ASSETS	
Cash and cash equivalents	2,840,216
Trade and other receivables	29,989
Goods and services taxes recoverable	31,078
Inventories	942,427
Other assets - prepayments	9,257
TOTAL CURRENT ASSETS	3,852,967
NON-CURRENT ASSETS	
Plant and equipment	4,445
Intangibles	7,642,652
TOTAL NON-CURRENT ASSETS	7,647,097
TOTAL ASSETS	11,500,064
CURRENT LIABILITIES	
Trade and other payables	326,932
Provision for employee benefits	8,814
Borrowings	762,452
TOTAL CURRENT LIABILITIES	1,098,198
NET ASSETS	10,401,866
EQUITY	
Issued capital	12,495,593
Foreign currency translation reserve	(513,550)
Accumulated losses	(1,580,177)
TOTAL EQUITY	10,401,866

The information in the table above has been extracted from the audited financial statements for TruScreen for the period 31 March 2014.

The full financial statements for the financial year ended 31 March 2014 are annexed to this Disclosure Document in Appendix 7. The audit was completed and signed off on the 31st of July 2014. BDO have not performed any further work since that date.

Additional historical financial information

Given the fact that TruScreen Limited was only incorporated in August 2013, and completed the acquisition of the share capital of TruScreen Pty Limited (which holds the TruScreen business assets) in November 2013, there is consequently no historical financial information for TruScreen Limited.

During the period 2011 to 2013, TruScreen was not actively marketed. Instead the primary focus was on:

- securing all of the intellectual property rights associated with the TruScreen device and system (patents, trademarks, registrations and certifications) ;
- redeveloping the overall business plan for the manufacture and distribution of TruScreen globally;
- re-establishing critical agreements, licenses, permits and regulatory requirements for the manufacture and distribution of a medical product internationally;
- developing a revised go to market and distribution strategy for the restructuring of the TruScreen business operations from a business that employed close to 35 staff, down to a more manageable number, and in doing so significantly reduce costs;
- developing a strategy for miniaturising the technology;

Due to the above considerations, the presentation of any historical financial information for the period 2011 to 2013 would not be particularly informative to prospective investors in TruScreen, or the market generally as it is not reflective of any material financial developments of the business. However, with a view to providing more informative and relevant historical financial information relating to the historical TruScreen operations, the following financial information for PLT for the financial years ended 2007 and 2008 have been extracted from the audited financial statements for PLT for those two accounting periods. The balance sheet and income statement of PLT Limited are included as Appendix 9 at page 149 of this document. If the reader is placing reliance on the disclosure of this information they should refer to the detailed financial statements and accompanying disclosures.

This information is provided to give a further historical financial representation of the business operations of TruScreen prior to its acquisition from the liquidator.

When reading these figures it should be noted that TruScreen was not the sole product manufactured and sold by PLT but it did account for over 90% of the costs. The figures below are in $AUD and show the investment in TruScreen (see accumulated losses), the cost structures of PLT as PLT prepared for large scale manufacture of TruScreen and the rapid growth of TruScreen sales in its first year of commercialisation. The accumulated losses are a simple addition of the sum of the current year's losses and the accumulated losses represented in the previous year's financial statements.

	Financial Year ended 2007	Financial Year ended 2008
TruScreen Sales	$26,888	$668,635
Accumulated Losses	$76,076,367	$85,064,154
Personnel Costs	$4,042,822	$4,388,979
Rental Expenses	$419,749	$735,515
Research and Development	$1,749,707	$784,283
Production Costs	($3,791,386)	($4,320,628)

The Table below illustrates the significant difference between the cost structure of PLT with its inherited overhead, employee costs and insourcing strategy compared to the current cost structures of TruScreen with an outsourcing strategy and no inherited overhead, employee or factory costs. The figures are in AUD$.

	PLT 2008	TruScreen Ltd Forecast 2015
Personnel Costs	$4,388,979	$485,256
Rental and Office Services Expenses	$2,101,479	$84,000
Production Costs	$4,320,628	$1,094,913
Operating Costs	$5,821,685	$910,260
TruScreen Sales	$668,635	$1,803,800
Profit/(Loss) before Income Tax	($8,987,787)	$(140,962)

GROWTH STRATEGY

TruScreen has in the last 10 months undertaken a capital raising pursuant to which it raised NZD $6.5 million, details of which are described below under "Capital Raising". Apart from part payment for the acquisition of the share capital of TruScreen Pty Limited (which holds the TruScreen business assets and operations), the primary driver for this capital raising was to fund growth of our business operations and enable us to expedite our international expansion plans. Critical to our growth strategy is the expansion of our team to bring in experienced, passionate, driven individuals who will use what we have created so far and take it to a new level.

Having more human resources available will have an obvious impact on our capacity to handle more work (support, sales, post sales service and follow up).

The key execution points in our growth strategy are:

- Expand the team so that the right people are doing the right things and there's no split focus;
- Developing our marketing capabilities;
- Leverage existing networks to take our Product to multiple markets;
- Build a solid and dependable partner channel in new markets;
- Increase our sales revenue;
- Deploy our distribution channel strategy;
- Develop long term relationships with strategic in-market partners in multiple jurisdictions;
- Continue to monitor technology trends and continue to innovate;
- Execute and implement our business strategy efficiently and effectively.

The Board of the Company currently have no intention in distributing any dividends in the foreseeable future as the focus of the business is to reinvest all profits back into the business as part of the Company's growth strategy.

Capital Raising

During the last 10 months, the Company has undertaken a capital raising involving the issue of a total of 65,000,000 new ordinary shares at an issue price of 10 cents per share which raised a total of $6,500,000. The shares were issued to approximately 30 Eligible Investors (as that term is defined in the Securities Act 1978). Details of the top 10 investors are detailed on page 78 of this document.
No Directors or Employees of TruScreen, or any related entities, took part in the capital raising. The key identities involved, who via the capital raising have acquired greater than 5% of the ordinary fully paid shares of the company, are CBT Trustees Limited, IDL Trustee Limited, Custodian Nominee Company Limited and Albert Nominees Limited. Their beneficial interests are detailed in the table on page 78 of this document.

PROSPECTIVE FINANCIAL INFORMATION

TruScreen is projecting the following prospective financial performance for the next two financial years:

FY ending 31 March		**2015**		**2016**
Currency		**NZD**		**NZD**
Total TruScreen revenue		1,922,851		10,552,760
Total Cost of Sales		1,167,177		5,432,495
Total Gross Margin		755,673		5,120,266
Total Operating Cost		(970,337)		(2,035,953)
EBITDA		(214,664)		3,084,312
Income Tax – 30%		64,399		(925,294)
Profit/(Loss)		(150,265)		2,159,019

The principal catalyst for the increased sales revenues and projected improved financial performance for the FY years 2015 and 2016 are attributable to the following factors:

- Registration of the TruScreen products in key markets;
- Availability of additional working capital to establish operations and expand the TruScreen team;
- Engineering refinement and streamlining of the Console product;
- The appointment of key distributors in key markets, including China and the Philippines;
- The increased focus by developing countries on healthcare and access to mass screening contracts in those markets.

There have recently been several material developments which provides the Board with comfort that the prospective financial information (PFI) is both valid and achievable. These developments include:

- Receipt of an initial significant order of NZD $395,411 from China; and
- The entry into a master distribution agreement with both Beijing Siweixiangtai Tech Co Ltd and Changjiu Company Limited;
- The entry of the master distributor Siweixiangtai Tech Co Ltd into a sales co-operation agreement with Sinopharm Tianxing Puxin Bio Pharmaceutical Co Ltd, a subdivision of Sinopharm (the largest pharmaceutical company in China and third largest in the world – with 2013 revenues of NZD $30bn);
- The investment in and use of the sales divisions of Guangzhou Upreal Medical Science Technology Co., Ltd; Beijing Zhonglian Bianyuan Science and Technology Development Co., Ltd; and, Shandong Kangtai Industrial Co., Ltd by the master distributor Changjiu Company Limited;
- The establishment of a network of distribution arrangements with a series of “in-country” distribution partners in ten other countries, the details of which are referred to previously in the section entitled “Our Distribution Arrangements”.
- The receipt of an order from Mexico for NZD $245,000.

The assumptions underlying the prospective financial information are provided below:

Assumptions to the Prospective Financial Information

Obtaining CFDA registration to enable commercial deployment of TruScreen in China.

- That TruScreen's operating subsidiary obtains CFDA approval (directly or in collaboration with distributors) to sell TruScreen products into China on or about November 2014. As China is our largest market a delay in registration will have a negative effect on revenue.
- In the event that CFDA regulatory approval is delayed, the financial forecasts in this document would be impacted. Total sales would not ultimately change in the mid- term, but the result would be a one or two quarter push back in the timing of those sales, depending on the timing difference between the forecast date of the CFDA approval and the actual date of CFDA approval.

Performance of Distributors in China

- That the contracted distributors in China perform to the agreed forecast in their Distribution Agreements. A failure to perform to this level will have a negative effect on revenue.

Appointment of Distributors in other key Target Markets

- That binding distribution agreements will be entered into with appropriately qualified distributors in each of the selected key target markets.
- That those distributors can deliver sales of Consoles and SUS's in accordance with the minimum forecast sales quantities included in each of those agreements.

Regulatory Approvals in key Target Markets

- That current regulatory systems and approvals to sell in market are not altered and that there is no delay in obtaining or renewing regulatory approvals.

Currency Exchange Rate Fluctuations

- Forecast revenues are set in NZD $ amounts. As TruScreen is a global business, fluctuations in exchange rates can have a significant effect on revenues and costs which are reported in NZD but which are contracted and paid in a mixture of foreign currencies.

Uninterrupted supply of SUS and savings due to increased volumes

- That the supply of SUS's from our contracted manufacturer will continue uninterrupted and that the cost savings predicted to flow from increased production numbers are realised.

On time and on budget delivery of the R and D programs

- That the R and D programs for the Algorithm refinement and the Miniaturisation and Mobilisation of the console are delivered on time and on budget.

Establishment of New Console Manufacturing Facility

- That the miniaturised console can be converted to a manufactured product in the timeframe anticipated in the forecast (approximately March 2015) and that production costs will be at the forecast level which will maintain the gross sales margin on the sale of the miniaturised console.

Success of Grant Applications

- That TruScreen will be successful in a $170,000 portion of the total grant applications due to be submitted in the third quarter of the 2015 financial year.

SUS - Usage per Machine (Console):

- Usage per machine has been estimated based on information provided by relevant potential representatives in the principal market of China.

Per Unit Sales Revenue for Consoles and SUS's

Consoles - Sales Revenue / Unit	As at March 2014 AUD	As at March 2015 AUD	As at March 2016 AUD
China	$5,000	$5,000	$5,000
Indonesia	$5,000	$5,000	$5,000
Korea	$5,000	$5,000	$5,000
Philippines	$5,000	$5,000	$5,000
Russia	$5,000	$5,000	$5,000
Turkey	$5,000	$5,000	$5,000
Other Asian Developing Countries	$5,000	$5,000	$5,000
Other European Countries	$5,000	$5,000	$5,000

SUS - Sales Revenue / Unit	USD
Average Global Revenue / Unit	7.78

Inventory:

- Complete Opening Consoles: 275
- Cost of Opening Consoles: AUD $852,978
- Manufacture Cost of Console (China) is AUD$3,000 out to January 2015. Post January 2015, it has been assumed that the gross margin on the sale of the Consoles will be AUD$2,000 based on the redesign of the handset. The cost of the new consoles includes the amortisation of Research and Development costs, estimated at AUD $800,000 over the sale of 1,500 consoles in the first three years after development.
- Opening handsets: 60
- Cost of handsets on hand: AUD $30,000

Manufacture Cost of SUS (China)

Average cost of SUS manufacture will vary depending on the level of production to meet demand and it is expected that cost per unit will significantly decrease as production quantities increase. The financial model assumes a maximum SUS cost of manufacture of USD5.00 each.

Tax Rate: Assumed tax rate over the 3 year period: 30.00%

VALUATION CONSIDERATIONS

TruScreen is not raising any new capital as part of the compliance listing of its shares on the NZAX market. In the event that TruScreen was raising new capital in conjunction with the listing process, the proposed issue price for the new shares would provide new and prospective investors with an appropriate measure of the implied value for TruScreen.

Ultimately it is the decision of the investment market to determine what the intrinsic value of a prospective investment in TruScreen is worth. However, TruScreen can provide the following collateral information to assist prospective investors in determining what the implied value for TruScreen might be:

- The valuation at which third party investors have previously invested in TruScreen; and
- The carrying value of the assets of TruScreen.

Key Valuation Metrics

The TruScreen Board considers the most relevant valuation methodology that prospective investors should consider is an investment value that has been previously validated by third party investment.

During the course of the last ten months, TruScreen has raised NZD$6.5 million of new capital from a number of eligible investors. The new shares were subscribed for at an issue price of NZ$10 cents per share.

The following key valuation metrics are provided to help prospective investors assess the value of TruScreen. Implied market capitalisation, implied enterprise value and the prospective revenue multiple are shown based on the issue price of NZ10 cents per share.

Key valuation metrics:

Pre-money equity value at 10 cents per share[37]	$7,946,000
New shares issued to third party eligible investors since December 2013 at 10 cent per share	$6,500,000
Implied market capitalisation at listing on the NZAX	$14,446,000
Less: Estimated net cash at listing	$(1,555,291)
Implied enterprise value (excluding cash) at listing	$12,890,709
Revenue multiple (implied enterprise value/revenue)[38]	4.77

Value of TruScreen assets

In assessing the value of TruScreen, certain prospective investors may also take into consideration the underlying value of the assets of TruScreen.

[37] This is the implied value of TruScreen before the introduction of the new capital from eligible investors at 10 cents per share, the first of which was invested into TruScreen in December 2013.

[38] The multiple has been calculated by reference to the prospective revenues for the financial year ending 31 March, 2015.

As at 31 March 2014, the key asset value metrics were as follows:

Cash in bank	$2,840,216
Inventory	$942,427
Intangible assets	$7,642,652
Less: Liabilities	$1,098,198
Net assets	$10,327,097

The most significant asset held by TruScreen is its intangible assets. The Board believes that the commercial future of TruScreen supports the carrying value of the intangible assets having regard to the recent developments regarding the commencement of revenue producing operations, namely the securing of a significant initial order out of China for **NZD $395,411** and a further order of **NZD $245k** out of Mexico[39], and the entry into extensive master distribution arrangements in China.

The Board notes that in its opinion:

- The carrying value of the intangible assets do not however necessarily represent the actual value of TruScreen; Companies can be valued using a range of valuation methodologies, many of which do not relate to the actual valuation of the intangible assets, or assets generally, of a particular Company;
- Over the last ten months TruScreen has raised $6.5 million in new capital from investors. Those investors invested at a "pre-money" valuation of $7,946,000. This valuation has been validated commercially given a number of sophisticated investors have subscribed for new shares at this valuation. These investors made their decision to invest after carrying out their own independent assessment of the opportunity and the offer valuation;
- The valuation at which the new investors invested into the business is more reflective of the value of the TruScreen's business operations, rather than the carrying value of the Company's assets, including intangible assets.

Further detailed information as to how the value of the intangible assets of TruScreen was calculated is provided in Appendix 6. In summary the assets were valued at cost. The Directors elected to determine cost based on fair value. Fair value was determined based on the capital subscribed by independent third party investors who paid $5,500,000 for 40.9% of the share capital of Group during the financial year ended 31 March, 2014, which was the accounting period during which the valuation was undertaken. A further $1m of new capital was raised subsequently at the same valuation.

The board also draws attention to the "Emphasis of Matter" in the audit report, Appendix 8 of this document.

"**Emphasis of Matter" – Critical accounting estimates and judgements**
Without modifying our opinion we draw attention to Note 2 in the financial statements in respect of:

- *Other intangible assets*
  The note discloses other intangible assets of $7,600,668. This note includes the basis on which other intangible assets have been valued, assessed and tested for impairment."

[39] The aggregate value of all the orders received from China and Mexico for the current FY ending 31 March 2015 is NZD$713k in aggregate. However, TruScreen only recognises its revenues/sales for accounting purposes once it has (i) received and order, and (ii) delivered the order to the purchaser. Accordingly, TruScreen recognises NZD $412k of those orders as being recognised revenues as TruScreen has delivered the product which are the subject of those orders. The balance of the orders are recorded as being confirmed orders, but are not as yet booked as sales revenue until such time as the order has been delivered.

COMPETITIVE LANDSCAPE

TruScreen , as is detailed in this section, has been benchmarked both in terms of technology compared to conventional forms of screening and as a screening device compared to either existing devices, or potential devices, for cervical cancer screening. As detailed on pages 66 and 67, the medical device market in general and the cervical cancer screening market in particular are intensely competitive. However, TruScreen enjoys several advantages over both the traditional methods of cervical cancer screening and the three other direct technology competitors identified in this section.

Competing Technologies

Currently the most sophisticated cervical cancer screening methodologies utilised in both the developed and developing world are all based on a form of the 'Pap test' which was first invented in the 1920's. TruScreen represents a step change innovation in cervical cancer screening, creating a new paradigm in cervical cancer detection.

The main technologies currently employed for cervical screening are the conventional Pap test and Liquid based Cytology (LBC) test[40]. Pap-based screening programs are effective in high income countries (HIC). However, health systems in developing countries are ill-equipped to effectively provide Pap screening to all women insofar as they are hindered by the challenges of reaching target populations, carrying out appropriate testing, providing follow up care and treating women[41]. The results from several clinical trials completed so far, as illustrated in Table 7, confirm that TruScreen has significantly better sensitivity as compared to both the Pap Smear and LBC in developed and developing countries.

Table 7 - TruScreen compared to LBC and Pap Smear (Mean Clinical Trial Performance)

	Sensitivity	*Specificity*		*Sensitivity*	*Specificity*
TruScreen	79.60%	78.16%	**TruScreen**	76.31%	77.65%
LBC	68.15%	92.12%	**Pap Smear**	69.00%	62.88%

Source: Own clinical trials (See Appendix 2)

Human papillomavirus DNA (HPV DNA) testing and visual inspection with 3% / 5% acetic acid (VIA) offer new options for testing. Table 8 below highlights a comparative assessment of the different technologies in use in terms of sensitivity, specificity, test timing, cost, people specialization and remote field applicability.

[40] Liquid-based cytology (LBC) relies on a fluid medium to preserve collected cervical cells. It is widely used in the developed world. For example, it is recommended that liquid-based cytology is used as the primary means of processing samples in the cervical screening programme in England and Wales. However, there is mixed evidence on the improvement in sensitivity as compared to Pap, with most evidence confirming sensitivity to be as good and may be better than Pap. (Source: Guidance on the use of liquid-based cytology for cervical screening, 2003, National Institute for Clinical Excellence)

[41] Dzuba et al., 2005; International Agency for Research on Cancer 2005; Moodley et al., 2006

Table 8 - Comparison of competing technologies

	Sensitivity	Specificity	Test timing	People and facilities	Field applicability	Costs (USD)
Pap test (conventional)	*Moderate* 53% in HIC; 26-65% in LIC[42]	*High* 91% to 96% in LIC	Issues with transporting, processing and analysing slides (up to several weeks) results in loss to recall	3 types of personnel required[43]	Need to transport the sample to central lab	<10
Pap test (LBC)	No significant difference in sensitivity to conventio nal cytology.	TBD	Same as conventional Pap smear	Laboratory facilities and highly trained cytologists required	Need to transport the sample to central lab	35 - 50
Visual inspection (VIA)[44]	*Moderate high* 67% to 79%[45]	*Moderate* 49% to 86%	Real – time	Subjective analysis, training required	Applicable or field use	<10
HPV DNA	*High* 66% to 84%	*Moderate* 61% to 94%	Delays in transporting, processing and analysing tests	Laboratory facilities and highly trained personnel required	Need to transport the sample to central lab	35 - 50

TruScreen compares favourably across the different technologies based on the profiles highlighted above.

The drawbacks associated with conventional Pap smear still exist with the LBC test. [46] Furthermore, the impact of LBC on cancer incidence and mortality remains to be established, as does its cost-effectiveness. LBC is more expensive than the conventional Pap test and requires additional

[42] CIN: Cervical Intraepithelial Neoplasia, (CIN2) and CIN 3; Asia Pacific J Cancer Preview, 13, 1699-1703, (Almonte et al., 2007; Cuzick et al., 2006; Sankaranarayanan et al., 2004b; Sarian et al., 2005)

[43] A doctor or nurse who collects cells by sampling the transformation zone (TZ) and prepares and fixes the smear; (2) cytotechnicians who process, stain, and read smears; and (3) a cytopathologist who is responsible for supervision and final reporting.

[44] Visual inspection with acetic acid (VIA) involves swabbing the cervix with a 3% to 5% acetic acid (vinegar) solution before visual examination with a strong light source. The application of acetic acid causes precancerous lesions to temporarily turn white, allowing the health care provider to determine whether precancerous lesions are present.

[45] Data Source: A critical assessment of screening methods for cervical neoplasia, International Journal of Gynaecology and Obstetrics (2005)89, S4-12

[46] One of the main limitations of Pap is the subjective nature of the test — it is dependent on individual interpretation. Additionally, due to the observed low sensitivity (the ability of the test to correctly identify positive cases) of cytology, frequent rescreening every one, three or five years is key to the effectiveness of Pap programs. This further increases the costs and challenges for developing countries.

instrumentation to prepare the smears. It is not feasible to implement LBC in most low-resource environments.

While VIA is the only technology that is suitable for field use, assuring the quality of visual screening methods in field conditions can be a significant challenge. Close monitoring of test-positivity and disease-detection rates, as well as periodic retraining is difficult to achieve in developing countries.

It is well established that cervical neoplasia is caused by persistent infection with certain oncogenic types of HPV. This knowledge has led to the evaluation of HPV testing as a screening tool. Although HPV-DNA testing performs well when compared with other screening tests, commercially available HPV-DNA tests such as Hybrid Capture 2 (QIAGEN Inc.) are relatively expensive, complex and interpretation requires up to 7 hours to complete. These factors combined with the challenges in collecting specimens, limit the applicability of the currently marketed test in developing countries.

Even if an affordable HPV test is developed for common use in developing countries, it still does not eliminate the need for cervical cancer screening programmes, especially considering the limitation of HPV testing in younger women, who have a relatively high incidence of HPV compared to the general population but who in most cases will self-regress the infection. Thus the clinical significance of a positive HPV test for these women is diminished. As a result of cost considerations and age restrictions, the HPV vaccine is unlikely to be widely used in developing countries in the foreseeable future and in any event, the administering of the vaccine does not obviate the need for regular screenings.

TruScreen fills the void in developing countries where there is an unmet need for new technology that can overcome the limitations of existing technologies, namely:

- Subjective rather than objective assessment;
- High personnel and infrastructure costs; and
- Delayed results which often results in loss of patient contact.

At the same time, in developed countries it can be used as an adjunct to cytology in order to improve sensitivity.

In summary, the cumulative comparisons of TruScreen against Pap tests, visual inspection and HPV testing show that TruScreen offers a distinct advantage over competing methods of cervical screening.

Competitor Analysis

In the Board's opinion, TruScreen is the only commercially available technology in the world for cervical cancer detection that uses both optical and electrical measurements in parallel to assist in making a determination regarding the presence of abnormal cells. In this regard, there are no direct competing products.

LuViva

Overview LuViva Advanced Cervical Scan, under development by Guided Therapeutics, is designed as a non-invasive test to improve the early detection of cervical pre-cancers. It is designed for use with women who have undergone initial screening and are called back for follow up with a colposcopy examination.

Current and future developments

The device uses light to detect both physical and chemical changes in tissue that may be markers of cervical disease. The Board understands that this product is currently undergoing clinical trials but has not yet been successful in its application for FDA approval. (TruScreen is not applying for FDA approval as the United States is not one of our target markets.)

Guided Therapeutics is also developing a non-invasive test for the early detection of oesophageal cancer using this technology platform.

Zilico

Overview

Zilico Ltd. is a spin-off from the University of Sheffield. Zilico was incorporated in 2006 and is currently developing diagnostic products that use the electrical impedance spectroscopy (EIS) technique to detect neoplasia (malignant cells) in real time. The primary clinical focus is within the cervical cancer diagnostic pathway.

It currently has two cervical disease products under development: ZedScan I, which in late 2013 was launched as an adjunct to colposcopy, not as a primary screening device, and APX 200.

ZedScan I is aimed at referral patients for biopsy after initial screening has taken place to help make targeted biopsies and is primarily targeting European countries. As far as the Board is aware, Zilico has conducted few clinical trials[47].

APX 200: This is a screening device for cervical cancer using the EIS technology to provide real-time results. However, it is currently under development and the Board believes that it will take considerable time before it can enter the market.

The Board understands that Zilico is looking to extend the application of the EIS technology for oral cancer detection. It has done some preliminary studies that demonstrate proof of concept and is planning to develop another device that is suitable for use in the mouth.

Zilico's second product APX 200 could be considered a potential competitor in the long term if the clinical trials support its efficacy. Given that the product is currently in early stages of development, TruScreen considers that it is anticipated to take between 3 and 5 years before the product can be in a position to be commercialized. TruScreen has the early-mover advantage in this space, which is a key advantage considering the substantial time lag and expenditure required between those products in the conceptualisation phase and those in commercialisation phase.

SDM

SDM – Systema Technologico De Monterrey is a spin off business unit of the Tecnológico de Monterrey University which focuses on the development of technologies in the Medical devices sector.

The Board understands that SDM is currently in the prototype and early clinical trials of an Opto-electrical device for the screening of cervical cancer. In TruScreen's opinion SDM remain several years away from the possible commercialisation of its device.

[47] Clinical trials on population of 429 women were conducted in 2011 across three hospitals in the UK and Ireland.

HPV DNA Testing

Overview

HPV stands for Human Papillomavirus, a common virus that affects both males and females, passed from person to person through sexual contact. HPV can stay in the body, causing changes to cells that can lead to HPV-related cancers and disease in males and females. Different types of HPV can affect different parts of the body, and some types are more harmful than others. HPV can cause cancers of the head and neck, penile, anal, cervical, vulval and vaginal cancers, as well as genital warts. However, just having an HPV infection does not mean that a patient will go on to develop cervical cancer. According to the Australian Government Department of Health, four out of five people will have an HPV infection at some point in their lives.

Several companies, including Roche and Qiagen, have developed tests for identifying the presence in cervical samples of various strains of HPV. Roche's Cobas HPV Test is a qualitative multiplex assay that provides specific genotyping information for two of the HPV Types most commonly associated with cervical cancer, HPV types 16 and 18, while concurrently detecting another 12 high-risk HPV types in a pooled result. This test has recently, in April 2014, been approved by the US FDA for use as a primary screening method for the detection of cervical cancer in women 25 years plus.

The Board does not view this test, or other HPV DNA tests, as direct competitors to TruScreen for several reasons. TruScreen is a real time test providing an immediate screening result but HPV DNA tests need to be sent away for analysis and the patient called back for the reporting of results. TruScreen requires no laboratory infrastructure, but HPV DNA requires both a laboratory infrastructure and trained laboratory technicians to deliver a result. In addition, as HPV DNA does not look at cell changes, but rather the mere presence of a precursor HPV infection, a positive HPV DNA test must be followed by a Pap Smear or colposcopy to determine whether or not the patient actually has any disease, which adds to the cost. Many of these HPV infections would spontaneously resolve without ever progressing to cervical cancer.
Thus in TruScreen's target markets (which does not include the USA), HPV DNA does not have the advantages of TruScreen, which is a real time test requiring no investment in laboratory infrastructure.

TruScreen Advantage

The Board believes that in developing countries, TruScreen is a dramatically more scalable and cost-effective solution than either of the Pap cytology methods, while its performance exceeds the best of these tests (the LBC, in terms of sensitivity). Moreover, given the fact that TruScreen is real time, it significantly reduces the "loss to recall rate" of patients and this is a big advantage in countries with large proportions of rural populations.[48]

[48] A woman must generally make three or more separate clinic visits, first to be tested; then to learn the results; and where applicable, to receive further testing, diagnosis, or treatment. Even in countries where such services are available, some women face challenges related to transport, clinic hours, expenses and child care demands. In low-resource settings the time and cost involved with multiple visits, combined with low levels of awareness of the benefits of screening and other cultural issues, can represent major barriers to accessing preventive health services.

BOARD OF DIRECTORS, SENIOR EXECUTIVES AND ADVISERS

Directors

TruScreen has four non-executive directors. The directors of TruScreen are Robert Hunter, Christopher Horn, Sean Joyce and Tim Preston.

The addresses of the directors are provided in the Directory to this Disclosure Document.

A brief biography for each of the directors is provided below and their interests are detailed on pages 76 and 77 of this document.

Robert Hunter

Mr Hunter has been a significant investor in the TruScreen intellectual property and business operations over a 20 year period. Mr Hunter has invaluable knowledge of TruScreen's commercial operations, including Sales and Marketing, Production, Regulatory and Financial Performance.

Mr Hunter is a Commerce graduate and Fellow of the Institute of Chartered Accountants in Australia with 35 year's business experience. He is currently the principal of Ure Lynam & Co, a Chartered Accounting and Corporate Advisory Practice based in Sydney.

Mr Hunter has past experience as a non-executive Director and Chairman of numerous public and private companies (including PLT Ltd (PLT) and Plus SMS Ltd (PLS). He is involved in a broad range of business activities including property, financial services, retailing, telecommunications, bio-technology and funds management.

Mr Hunter has also held honorary roles in a number of charitable, educational and sporting organisations over a 20 year period.

Christopher Horn

Mr Horn has been involved with TruScreen for a number of years and has acquired a good working knowledge of the management operations of TruScreen.

He is a Commerce graduate from the University of New South Wales and a Fellow of the Institute of Chartered Accountants in Australia. He has in excess of 40 years' business experience, including 20 years as a Partner of KPMG, and its predecessor firms. He acted in a number of management roles, including National CFO.

Mr Horn is a director of a number of private companies (Australia, Latin America and China) involved in a broad range of business activities including corporate advisory, financial services, telecommunications, bio-technology and funds management.

Sean Joyce

Mr Joyce is a corporate and commercial lawyer with over 20 years' experience in the corporate sector. He holds a Bachelor of Arts and a Bachelor of Laws (Honours) from Auckland University.

Mr Joyce is currently the principal of Corporate Counsel, a legal firm based in Auckland which specialises in the corporate/commercial sector with a particular focus on the capital markets and securities laws – regulatory compliance, fund raising and offerings of various types of securities in New Zealand.

He has been involved in a large number of IPO's, reverse listings and takeovers in New Zealand and Australia. Mr Joyce is an accredited NZX Sponsor and acted as the NZX sponsor for the listing of Snakk Media Limited on the NZAX market in 2013. He is a non-executive director of listed companies Orion Minerals Group Limited, VMob Group Limited, NZF Group Limited and SeaDragon Limited. NZF Group Limited (NZF) is currently listed on the Main Board and its securities are currently suspended from trading pending the decision from the stakeholders and Board of NZF as to whether NZF should be wound up, or whether NZF should undertake a capital and operational restructure.

Mr Joyce is also a non-executive director of privately held Finance Direct Limited, an Auckland based finance company and he is a member of the New Zealand Institute of Directors.

Tim Preston

Mr. Preston is currently a professional director and former stock broker who has held senior and executive roles at several large New Zealand investment firms and brokerages.

He has over 30 years' experience as an analyst, advisor, shareholder and director. He started broking in Christchurch in 1980 and became a partner in a private brokerage firm there in 1986. He then took up a role as Managing Director of ANZ McCaughan in Auckland in the early 1990's, was a Senior Advisor at JB Were and in 1999, joined ASB Bank to set up and establish its highly successful internet broking firm. He was Managing Director of ASB Securities since its inception until 2007 and was as an NZX Full Individual Member for 20 years.

Mr Preston was a founding member of NZX Discipline, a founding member of the Securities Industry Association (SIA), a Certified Finance and Investment Professional (CFIP) and is currently a director of a number of private and public New Zealand companies. He is a member of the New Zealand Institute of Directors and was a founding participant in Auckland University's Hilary Leadership Course. Mr Preston is an independent director of SeaDragon Limited.

Executive Team

Martin Dillon - Chief Executive Officer

Mr Dillon studied Law at Sydney University and Marketing at Edinburgh Business School and external studies in Marketing for Women.

He was previously responsible for the development of TruScreen's initial commercialization and global roll out of the distribution network. As a previous Chair of the TruScreen operations committee, Mr Dillon has a good working knowledge of the production of the product and its development and registration processes. He knows and has a working relationship with other TruScreen specialists mentioned below, and key contacts in target markets, particularly China and Korea.

Mr Dillon's particular expertise is in Sales and Marketing of Women's Health products including products for female contraception, primary dysmenorrhoea, cervical cancer and sexually transmitted infections.

Mr Dillon is the brother of Ben Dillon, the former CEO of the previous owner of the TruScreen technology, PLT, when it entered into administration.

Mr Dillon has held honorary roles for the Australian Defence Department, the Australian Olympic Committee and Surf Life Saving.

Dr Jerry Tan - General Manager – International Business Development

Dr Tan holds an Australian degree as a Master of Commerce and is a qualified Gynaecologist from China. Naturally he is fluent in English and Mandarin. Dr Tan has extensive knowledge of the TruScreen product and has been involved in establishing the market in China, including, identification of distributors, product registration, market evaluation, and the conduct of clinical trials. .

In addition to his overall role as General Manager Commercial, Dr Tan heads up the TruScreen operations in East Asia, including China, the Philippines and South Korea.

Paul Curran - General Manager Operations - Product Quality Assurance, Licensing and Accreditation

Mr Curran has a Bachelor of Science, specializing in all areas of Medical device licensing, including Quality Assurance for New Product Development, Technical File development and Audit and Risk Assessment. He is an expert in the fields of Healthcare Compliance and the control of manufacturing, including subcontractors, for the delivery of a quality assured product on time.

Mr Curran has been involved with the TruScreen product for many years and is responsible for manufacturing, research and development, registrations and quality assurance.

Dr Wan Zhenyu, PhD – Manager, Science and Technology

Dr Wan has a PhD from the University of New South Wales and a Bachelor of Engineering.

Fluent in English and Mandarin, Dr Wan's expertise extends across test and control technology and instrumentation, photovoltaics, heavy metal sputtering, machine learning software and stochastic process and probability.

Dr Wan is currently studying a Masters in Quantitative Finance at the University of Technology, Sydney.

R & D Steering Committee

TruScreen has engaged a network of external technical and medical specialists with relevant expertise and a proven product development track record to further develop the TruScreen product and deliver commercially ready variants, including the miniaturization of the product. Key team members have particular experience in the development and manufacture of the current TruScreen product.

This team has expertise in: optical hardware, firmware and software; electronic and electrical hardware, firmware and software; machine learning software and algorithm development; medical device industrial design; and medical science, including gynaecology, gynaecologic oncology and colposcopy.

Chairman

Dr John Blakemore, PhD, MSc, BSc, Post Doc Nuclear Technology, CMC, CPEng, FAIM, FIEAust, FAICD, QSA

A former president of the Manufacturing Society of Australia, Dr Blakemore is a Certified Professional Engineer (Aust and UK), a Certified Management Consultant and a Certified Quality Management Consultant. Dr Blakemore has over 40 years' experience in manufacturing engineering, and as a consultant has delivered over 844 reports for over 400 companies in 15 countries.

For six years, Dr Blakemore served as a Research and Development Advisor to the Australian Government. He has authored several books on quality and manufacturing and received numerous awards and prizes.

Dr Blakemore was awarded the "Distinguished Service Award in Industrial Engineering and Operations Management" in January 2014 at the International Conference of Industrial Engineering and Operations Management.

As well as being the recipient of The International Nickel Fellowship, Dr Blakemore was recognized by the Australian Institution of Engineers as being amongst the top 10 Engineers in Australia for Engineering expertise for his contributions to re-engineering businesses and the development and commercialisation of new products and processes.

Corporate Advisor

Jason Horn

Mr Horn has been involved with TruScreen for a number of years and has led an advisory team in the UK providing research, due diligence and refinement of the global business strategy for TruScreen. He has also been assisting with the negotiations for the distribution of the product in the Philippines and developed and maintains the financial forecasting model for the business.

Mr Horn is based in London, is a Commerce Graduate, qualified as an Australian Chartered Accountant and as a member of the Chartered Institute for Securities & Investment (UK), is licensed as an authorized individual under the FSA CF30 designation.

Mr Horn has in excess of 15 years' experience in the banking and finance sectors. His experience encompasses arranging equity placements, investments and franchise agreements in a number of prominent emerging markets. He also has significant expertise in the field of Asset Management and Investment Banking.

Mr Horn is the son of Mr Christopher Horn, a Non-Executive Director of TruScreen.

Legal Advisor – International Law

Adjunct Professor Alan E. Bennett LLM (Hons)

Mr Bennett has for 11 years been the Principal of Alan Bennett Legal, and specialises in WTO dispute resolution, International Trade Barrier remedies and International Import and Export Law. He has also, for the past 16 years, been an Adjunct Professor at Sydney University's Post Graduate Faculty of

Law. Mr Bennett gained his Masters Degree with first class honours from the University of Technology, Sydney, and prior to establishing Alan Bennett Legal, was the founding partner at KPMG Legal. Before that, he was a partner at Baker and Mckenzie. Mr Bennett has written a number of texts including "The Guide to the Australia-United States Free Trade Agreement" and “The Guide to Risk Management in Imports/Exports".

As a member of the IMF legal team based in Washington, DC, he has written Import and Export law and policy for countries seeking legal drafting and policy assistance from the IMF.

Mr Bennett’s expertise involves assisting major United States and EU clients importing into the Asian region to identify trade barriers and consider available options.

Medical Advisory Board

The TruScreen Medical Advisory Board’s role is to advise the directors and executive of TruScreen on clinical, scientific and medical matters. This includes the review of clinical trials, monitoring developments in the screening, diagnosis and treatment of cervical cancer, advising on screening and referral paradigms and patient management protocols. In addition, the Medical Advisory Board advise on additional applications of the existing TruScreen technology and any other technologies that may be of interest to TruScreen.

Chairman

Clinical Advisory - Professor of Gynaecology

Professor Neville Hacker AM

The TruScreen Medical Advisory Board is led by Professor Neville Hacker AM, a role that he has maintained for approximately 10 years. Professor Hacker is the director of the Gynaecological Cancer Centre, Royal Hospital for Women in Sydney and Professor of Gynaecological Oncology at the University of New South Wales. He is a past President of the Society of Pelvic Surgeons. He is a past President of the International Gynaecological Cancer Society, former Chairman of the Oncology Committee of the RANZCOG, and a former Chairman of Examiners for Gynaecologic Oncology, RANZCOG.

Colonel (Dr) Michael J. Campion, RAAMC, CStJ, KM, KCHS, KLJ.
Dr Campion is a Senior Staff Specialist and Head of the Pre Invasive Clinic at the Gynaecological Cancer Centre of the Royal Hospital for Women in Sydney. He has over 30 years of experience as a qualified medical practitioner and over 20 years of experience as an expert colposcopist. In addition, Dr Campion is the Director, Health Services Army Reserve - Eastern Region for the Royal Australian Army Medical Corps and is both a Board member and National Hospitaller, St John Ambulance, Australia. Dr Campion has written numerous peer reviewed papers and chapters on cervical cancer, including papers on TruScreen.

Dr Elvira Bardon MD, FRACGP

Dr Bardon has been the principal of a multidisciplinary private women's health clinic for the last 10 years including a consultant colposcopy clinic. In addition to this work, she also participates as a research medical officer at the Barbara Gross Research Unit at the Royal Hospital for Women and is a VMO (Sexual Assault Roster) at Royal Prince Alfred Hospital. Dr Bardon is also a conjoint lecturer at Newcastle University and a senior examiner for the Royal Australian College of General Practitioners. Dr Bardon has been for 20 years a clinician at the Sydney Menopause Centre at the Royal Hospital for Women in Randwick, NSW, and is a member of both the Australasian and International Menopause Societies.

Advisers

Share Registrar

The Share Registrar for TruScreen is Link Market Services Limited.

Auditors

The auditors of TruScreen are BDO Auckland.

Solicitors

The General Solicitor of Truscreen is Sean Joyce, Corporate Counsel, of Auckland.

The Patent Attorney of Truscreen is Spruson and Ferguson, of Sydney.

The International Law Solicitor of Truscreen is Alan Bennett, of Sydney.

ACTIVITIES AND RISKS

Principal activities

Details regarding the principal activities carried on by TruScreen, and the duration of the performance of those activities are provided in the preceding sections of this Disclosure Document.

Principal business risks

The future operational and financial performance of TruScreen and its Shares may be affected by a number of risk factors which are set out below. Although the Directors have in place risk management strategies to counter most of these risks where possible, the Directors cannot give any guarantee or assurance that the strategies in place will fully mitigate or remove the risks.

Early stage and speculative nature of the TruScreen Business

The TruScreen business is an early stage business. The TruScreen business is not the subject of any fixed term contractual arrangements at this time and there are no guaranteed recurring regular income streams for the TruScreen business. Because limited historical information is available on our revenue trends and operations for our cancer detection programs it is difficult to evaluate our business. Our prospects must be considered in light of the substantial risks, expenses, uncertainties and difficulties encountered by entrants into the medical device industry, which is characterised by increasing intense competition and a high failure rate.

As a new business, we have a minimal history of sales, with the audited accounts (see page 106) disclosing sales of $19,333 to March 31, 2014, and therefore we currently operate at a loss. Our operating losses may continue as we continue to expend resources to commercialise our current products, complete development of our future products, obtain regulatory clearances or approvals, and expand our marketing, sales, manufacturing and finance capabilities. The further development and commercialisation of our products will require substantial development, regulatory, sales and marketing, manufacturing and other expenditures. We have only generated limited revenues to date from product sales.

Cash flow

There is a risk that TruScreen may not have the funding to implement its business plan if there are significant cost over runs incurred by the company in the execution of its business plan.

We may require substantial additional capital to commercialise our current products and to develop new products, including completing new product testing and clinical trials, obtaining all required regulatory approvals and clearances, scaling up manufacturing, and marketing our products into particular jurisdictions. We have currently financed our operations though the issue of new capital. We believe funds on hand as of the release date of this document, along with funds from contracts, grants and collaborative arrangements with new partners, will be sufficient to support planned operations through to the end of Quarter 2, 2016, but may not be sufficient to fund our planned operations to the point of commercial introduction of a future miniaturised TruScreen cervical cancer screening device or other applications of that device. Any failure to achieve adequate funding in a timely fashion would delay our development programs and could lead to abandonment of one or more of our development initiatives.

At this stage, the board does not expect to undertake any further capital raising but will review this position on an ongoing basis. To the extent we cannot obtain additional funding, our ability to continue to further develop TruScreen and to introduce additional products to market will be limited. Further, financing our operations through the public or private sale of debt or equity may involve restrictive covenants or other provisions that could limit how we conduct our business or finance our operations. Financing our operations through collaborative arrangements generally means that the obligations of the collaborative partner to fund our expenditures are largely discretionary and depend on a number of factors, including our ability to meet specified milestones in the development and testing of the relevant product. We may not be able to meet these milestones, or the collaborative partner may not continue to fund our expenditures.

Competition

TruScreen competes with numerous other developers and suppliers of Cervical Cancer screening product offerings and services, and the barriers to entry for more competition are not prohibitive. Competition from other service providers is significant and changes in the composition and extent of competitors has the potential to present opportunities, and/or impact on TruScreen's market share and profitability.

TruScreen is susceptible to being overtaken by other more established and larger organisations if they aggressively expand and integrate new technologies.

Furthermore, our competitors may succeed in developing, before we fully commercialise our products, devices and technologies that permit more efficient, less expensive, non-invasive or less invasive cancer detection. It is also possible that one or more pharmaceutical or other health care companies will develop therapeutic drugs, treatments or other products that will substantially reduce the prevalence of cancers or otherwise render our products obsolete.

Unsuccessful Marketing

We may not be able to generate sufficient sales revenues to sustain our growth and strategy plans.

TruScreen sets annual growth targets which are reviewed regularly in the light of prevailing market conditions. Despite the best endeavours of TruScreen and its distributors, it is possible, however, that TruScreen's initiatives to market its offerings could fail or not produce the projected levels, which may have an adverse impact on the financial position and performance of TruScreen.

Our cervical cancer screening activities have been financed to date through direct investment. Bringing this product to market is the main focus of our business. In order to complete future product development and prepare for marketing of the cervical cancer screening product, additional capital may be needed. We need to complete the regulatory filing processes for our cervical cancer screening product and obtain capital investment for future product development and launch.

Because our products, which use different technology or apply technology in different ways than other medical devices, are or will be new to the market, we may not be successful in launching our products and our operations and growth would be adversely affected.

Our products are based on new methods of cancer screening. If our products do not achieve significant market acceptance, our sales will be limited and our financial condition may suffer. Physicians and individuals may not recommend or use our products unless they determine that these products are an attractive alternative to current tests that have a long history of safe and effective use.

To date, our products have been used by only a limited number of people, and the lack of recent independent studies limits the ability of doctors or consumers to compare our products to conventional products.

If we are unable to compete effectively in the highly competitive medical device industry, our future growth and operating results will suffer. The medical device industry in general and the markets in which we expect to offer products in particular, are intensely competitive. Many of our competitors have substantially greater financial, research, technical, manufacturing, marketing and distribution resources than we do and have greater name recognition and lengthier operating histories in the health care industry. We may not be able to effectively compete against these and other competitors. A number of competitors are currently marketing traditional laboratory-based tests for cervical cancer screening and diagnosis. These tests are widely accepted in the health care industry and have a long history of accurate and effective use. Further, if our products are not available at competitive prices, health care administrators who are subject to increasing pressures to reduce costs may not elect to purchase them. Also, a number of companies have announced that they are developing, or have introduced, products that permit non-invasive and less invasive cancer detection. Accordingly, competition in this area is expected to increase.

Reliance on Distributors

TruScreen's commercial model relies on our distributors to act as the agent for registration and to create the sales of the product in their respective territories. Should the distributors fail to meet those agreed targets or to achieve the product registration then TruScreen's forecasts will not be met, and our cash flows will be negatively impacted. In addition, TruScreen's distributors act as our Customer Service representatives in their markets and poor customer service performance in a distributor's market will result in a loss of reputation for TruScreen in that market, and a subsequent loss of sales.

Delayed Regulatory Approvals

The design, manufacturing, labelling, distribution and marketing of medical device products are subject to extensive and rigorous government regulation, which can be expensive and uncertain and can cause lengthy delays before we can begin selling our products.

TruScreen has forecast regulatory approvals based on its own knowledge of the regulatory approval systems and the information provided by its distributors and intended distributors. However, if the regulatory approvals are delayed due to unforeseen circumstances this may have an adverse impact on the financial position and performance of TruScreen.

For example, in China, the CFDA's actions could delay or prevent our ability to sell our products, which would adversely affect our growth and strategy plans. We cannot be sure that:

- we or any collaborative partner will make timely filings with the CFDA;
- the CFDA will act favourably or quickly on these submissions;
- we will not be required to submit additional information or perform additional clinical studies; or
- other significant difficulties and costs will not be encountered to obtain CFDA clearance or approval.

The CFDA may impose strict labelling or other requirements as a condition of its clearance or approval, any of which could limit our ability to market our products. Further, if we wish to modify a product after CFDA approval including changes in indications or other modifications that could affect safety and efficacy, additional clearances or approvals would be required from the CFDA.

Any request by the CFDA for additional data, or any requirement by the CFDA that we conduct additional clinical studies, could result in a significant delay in bringing our products to market and substantial additional research and other expenditures. Similarly, any labelling or other conditions or restrictions imposed by the CFDA could hinder our ability to effectively market our products in China.

Any of the above actions by the CFDA could delay or prevent altogether our ability to market and distribute our products. Further, there may be new CFDA policies or changes in CFDA policies that could be adverse to us.

In other foreign countries, including European countries, we are also subject to government regulation, which could delay or prevent our ability to sell our products in those jurisdictions. In order for us to market our products in some other international jurisdictions, we and our distributors and agents must obtain required regulatory registrations or approvals. We must also comply with extensive regulations regarding safety, efficacy and quality in those jurisdictions. We may not be able to obtain the required regulatory registrations or approvals, or we may be required to incur significant costs in obtaining or maintaining any regulatory registrations or approvals we receive. Delays in obtaining any registrations or approvals required for marketing our products, failure to receive these registrations or approvals, or future loss of previously obtained registrations or approvals would limit our ability to sell our products internationally. For example, international regulatory bodies have adopted various regulations governing product standards, packaging requirements, labelling requirements, import restrictions, tariff regulations, duties and tax requirements. These regulations vary from country to country. In order to sell our products in Europe, we must maintain ISO 13485 certification and the CE mark, which is an international symbol of quality and compliance with applicable European medical device directives. Failure to maintain ISO 13485 certification or the CE mark or other international regulatory approvals would prevent us from selling in some countries.

Even if we obtain clearance or approval to sell our products, we are subject to ongoing requirements and inspections that could lead to the restriction, suspension or revocation of our clearance.

We, as well as any potential collaborative partners, will be required to adhere to applicable regulations regarding good manufacturing practice, which include testing, control, and documentation requirements. Ongoing compliance with good manufacturing practice and other applicable regulatory requirements will be strictly enforced in many foreign countries through periodic inspections by central and provincial agencies, including the CFDA, and in other international jurisdictions by comparable agencies. Failure to comply with these regulatory requirements could result in, among other things, warning letters, fines, injunctions, civil penalties, recall or seizure of products, total or partial suspension of production, failure to obtain premarket clearance or premarket approval for devices, withdrawal of approvals previously obtained, and criminal prosecution. The restriction, suspension or revocation of regulatory approvals or any other failure to comply with regulatory requirements would limit our ability to operate and could increase our costs.

Third Party Reimbursement

In many countries, sales of medical products are dependent, in part, on the ability of consumers of these products to obtain reimbursement for all or a portion of their cost from third-party entities, such as government and private insurance plans.

Reimbursement and health care payment systems in international markets vary significantly by country and include both government-sponsored health care and private insurance.

We may not be able to obtain approvals for reimbursement from these international third-party entities in a timely manner, if at all. Any failure to receive international reimbursement approvals could have an

adverse effect on market acceptance of our products in the international markets in which approvals are sought.

Any inability of patients, hospitals, physicians and other users of our products to obtain sufficient reimbursement from third-party entities for our products, or adverse changes in relevant governmental policies or the policies of private third-party entities regarding reimbursement for these products, could limit our ability to sell our products on a competitive basis.

We are unable to predict what changes will be made in the reimbursement methods used by third-party entities. Moreover, third-party entities are increasingly challenging the prices charged for medical products and services, and some health care providers are gradually adopting a managed care system in which the providers contract to provide comprehensive health care services for a fixed cost per person. Patients, hospitals and physicians may not be able to justify the use of our products by the attendant cost savings and clinical benefits that we believe will be derived from the use of our products, and therefore may not be able to obtain third-party reimbursement.

Intellectual Property

Our success depends in large part upon our ability to establish and maintain the proprietary nature of our technology through the patent process, as well as our ability to license from others patents and patent applications necessary to develop our products. If any of our patents are successfully challenged, invalidated or circumvented, or our right or ability to manufacture our products was to be limited, our ability to continue to manufacture and market our products could be adversely affected. In addition to patents, we rely on trade secrets and proprietary know-how, which we seek to protect, in part, through confidentiality and proprietary information agreements. The other parties to these agreements may breach these provisions, and we may not have adequate remedies for any breach. Additionally, our trade secrets could otherwise become known to or be independently developed by competitors.

As of the date of this document, we have been issued, or have rights to 4 key patents and patents pending. One or more of the patents we hold for our cervical cancer screening products may be successfully challenged, invalidated or circumvented, or we may otherwise be unable to rely on these patents. These risks are also present for the process we use or will use for manufacturing our products. In addition, our competitors, many of whom have substantial resources and have made substantial investments in competing technologies, may apply for and obtain patents that prevent, limit or interfere with our ability to make, use and sell our products.

The medical device industry has been characterised by extensive litigation regarding patents and other intellectual property rights.

The defence and prosecution of intellectual property suits and related legal and administrative proceedings are both costly and time consuming. Moreover, we may need to litigate to enforce our patents, to protect our trade secrets or know-how, or to determine the enforceability, scope and validity of the proprietary rights of others. Any litigation or interference proceedings involving us may require us to incur substantial legal and other fees and expenses and may require some of our employees to devote all or a substantial portion of their time to the proceedings.
An adverse determination in the proceedings could subject us to significant liabilities to third parties, require us to seek licenses from third parties or prevent us from selling our products in some or all markets. We may not be able to reach a satisfactory settlement of any dispute by licensing necessary patents or other intellectual property. Even if we reached a settlement, the settlement process may be expensive and time consuming, and the terms of the settlement may require us to pay substantial royalties.

An adverse determination in a judicial or administrative proceeding or the failure to obtain a necessary license could prevent us from manufacturing and selling our products.

Manufacturing Risk

We do not have the in house manufacturing experience that would enable us to make products in the volumes that would be necessary for us to achieve significant commercial sales, and we rely on our suppliers. In addition, we may not be able to maintain and expand our reliable, efficient, full scale manufacturing at commercially reasonable costs in a timely fashion. Difficulties we encounter in manufacturing scale-up, or our failure to maintain our manufacturing facilities in accordance with good manufacturing practice regulations, international quality standards or other regulatory requirements, could result in a delay or termination of production. Companies often encounter difficulties in scaling up production, including problems involving production yield, quality control and assurance, and shortages of qualified personnel.

Since we rely on sole source suppliers for several of our product components, any failure of those suppliers to perform would hurt our operations.

Several of the components used in our products or planned products are available from only one supplier, and substitutes for these components may not be obtained easily or would require substantial modifications to our products. Any significant problem experienced by one of our sole source suppliers may result in a delay or interruption in the supply of components to us until that supplier cures the problem or an alternative source of the component is located and qualified. Any delay or interruption would likely lead to a delay or interruption in our manufacturing operations. For our products that require premarket approval, the inclusion of substitute components could require us to qualify the new supplier with the appropriate government regulatory authorities. Alternatively for our products that qualify for regulatory approval, the substitute components must meet our product specifications.

Loss of Key Personnel

The Board of TruScreen believes that it has assembled a quality executive team for the current stage the business is at. TruScreen has spent considerable time and effort in bringing together key individuals who have the skills, experience and ability to work together effectively to achieve superior results and will continue to do so as the needs of the business grows. In the normal course of business, TruScreen faces the risk of the loss of one or more of those individuals for a variety of reasons. We face intense competition for such qualified personnel, many of whom are subject to competing employment offers. We may not be able to attract and retain key employees when necessary, which would limit our operations and growth.

This risk is mitigated by the depth of experience of the Board of Directors and by having a team structure to reduce exposure to any one individual.

Operational Risks

To continue its success TruScreen needs to have effective management and to retain key staff, as leadership is an important building block in TruScreen's plans for expansion.

Thus the recruitment of effective people is an important factor for TruScreen. The proposed expansion will require management to ensure all new staff recruited by TruScreen are capable of performing to TruScreen's existing standards. Inability to recruit suitably qualified staff may adversely impact on the successful implementation of TruScreen's strategic objectives.

Debtor Risk

As with all businesses there is always a risk that one or more of TruScreen's customers may default on the payment of TruScreen's invoices, or delay payments in such a manner that TruScreen's cash flow suffers. In the event that a significant payment for services supplied was unable to be recovered by TruScreen, this event may have a material adverse effect on the financial performance of TruScreen.

Liability

In the event that there are defects in the products supplied by TruScreen, then TruScreen may be potentially liable for claims from those who may have been adversely affected by such defects in the products. Such an occurrence may adversely impact upon the financial position and performance of TruScreen.

Because we operate in an industry with significant product liability risk, and although we have some life science product liability insurance, we may not be specifically insured against all product liability risks and thus we may be subject to substantial claims against our products.

The development, manufacture and sale of medical products entail significant risks of product liability claims. We currently have some life science product liability insurance coverage but we may not be adequately protected from all liabilities, including any adverse judgments or settlements, we might incur in connection with the development, clinical testing, manufacture and sale of our products. A successful product liability claim or series of claims brought against us that result in an adverse judgment against or settlement by us in excess of any insurance coverage could seriously harm our financial position and/or reputation.

Expansion Risks

There is an element of risk associated with rapid expansion. Management planning and experience provides TruScreen with a sound base to grow the business and TruScreen intends to invest in expansion aggressively but progressively to reduce risk exposure.

Exchange Rates

As TruScreen's international revenue increases with the deployment of its international operations, TruScreen's exposure to shifts in foreign currency cross rates to the New Zealand dollar will also increase. Consequently, in the event, for example, that the New Zealand dollar appreciates against the foreign currencies of the jurisdiction in which TruScreen trades, then this will impact adversely on the New Zealand dollar financial performance of the Company. TruScreen currently invoices in multiple currencies, including United States Dollars (USD), Australian Dollars (AUD), Chinese Yuan or Renminbi (RMB) and the Euro (EUR).

General Economic Conditions

The trading and financial performance of TruScreen is influenced by a wide variety of business and economic conditions which affect the economy internationally, including interest rates, exchange rates, inflation, commodity prices, government monetary, fiscal and regulatory policies, consumer spending patterns and changes in business and consumer confidence.

Factors such as inflation, currency fluctuations, interest rates and the availability of capital, supply and demand and industrial disruption could impact on operating costs, TruScreen's future possible

profitability and the market price of its quoted securities. These factors may be beyond the control of TruScreen.

Director and Executive Influence

TruScreen is significantly influenced by its directors, executive officers and their affiliated entities.

TruScreen's directors, executive officers and entities affiliated with them beneficially owned a large proportion of our ordinary shares as at the date of this document. These shareholders, acting together, would be able to exert significant influence on substantially all matters requiring approval by TruScreen's shareholders, including the election of directors and the approval of mergers and other business transactions.

No Share Trading History

TruScreen has no history of trading on the NZAX and therefore no base line information to help predict the amount of trading in TruScreen's shares.

TruScreen shares may be thinly traded, meaning that the number of persons interested in purchasing TruScreen shares at or near ask prices at any given time may be relatively small or non-existent. This situation is attributable to a number of factors, including:

- TruScreen is a small company that is relatively unknown to stock analysts, stock brokers, institutional investors and others in the investment community that generate or influence sales volume;
- stock analysts, stock brokers and institutional investors may be risk-averse and be reluctant to follow a company such as TruScreen that faces substantial doubt about its ability to continue as a going concern or to purchase or recommend the purchase of our shares until such time as TruScreen becomes more viable.

As a consequence, TruScreen's stock price may not reflect an actual or perceived value. Also, there may be periods of several days or more when trading activity in TruScreen shares is minimal or non-existent, as compared to a seasoned issuer that has a large and steady volume of trading activity that will generally support continuous sales without an adverse effect on share price. A broader or more active public trading market for our common shares may not develop or if developed, may not be sustained. Due to these conditions, a holder of TruScreen shares may not be able to sell their shares at or near ask prices or at all if they need money or otherwise desire to liquidate their shares.

Future Dilution of Investment

TruScreen's need to raise additional capital in the future or to use its equity securities for payments could have a dilutive effect on a TruScreen shareholder's investment.

In order to continue operations, TruScreen may need to raise additional capital through the public issue, or private placement of shares. In addition, from time to time, TruScreen may issue our shares in lieu of cash payments. If TruScreen issues additional shares or other equity securities, or issue such securities in respect of other claims or indebtedness, such sales or issuances will further dilute the percentage of TruScreen's shares that a TruScreen shareholder may own. Depending on the price per share of securities that TruScreen may issue in the future, if any, a shareholders interest in TruScreen could be further diluted by any adjustments to the number of shares and the applicable exercise price required pursuant to the terms of the agreements under which TruScreen previously issued securities.

NZAX Listing

TruScreen will be listed on the NZAX market. The NZAX market differs from the Main Board, also operated by NZX, in the following key respects:
There are reduced criteria for listing on the NZAX – there is no requirement for 25 percent of the securities of an NZAX issuer to be widely held and no minimum value requirement for an NZAX listing as applied to Main Board listings. Whilst a Main Board issuer must have 500 shareholders, an NZAX issuer needs only 50 shareholders.
An NZAX issuer requires an NZAX sponsor in order to list on the NZAX market, whereas Main Board companies require an organising participant.
Greater flexibility is accorded by the NZAX Listing Rules to NZAX issuers seeking to raise capital, buy back securities, and undertake major transactions. The NZAX Listing Rules provide NZAX issuers with an option to undertake these activities without seeking shareholder consent, by making an announcement to the market which discloses fully the transaction prior to that transaction becoming final.
The materiality thresholds for related party transactions in the NZAX Listing Rules are higher than in the Main Board Listing Rules. This means that a NZAX issuer may enter into (proportionally) more substantial transactions with related parties before being required to seek shareholder approval for those transactions.
The corporate governance standards for NZAX issuers do not contain all the matters provided for in the corporate governance standards for Main Board issuers.

NZX has announced that it plans to launch a new market for small and medium sized growth companies during the course of 2014 ("New Market"). TruScreen understands that following the launch of the New Market, the NZAX market will be ultimately phased out over time and companies listed on the NZAX market will need to transition to either the Main Board operated by NZX, or alternatively seek to transition its listing to the New Market.

In the event that the New Market is implemented, the TruScreen Board would anticipate, having regard to the underlying premise on which the New Market has been developed, that it would probably be most appropriate for it to migrate its listing to the New Market in due course, subject to TruScreen complying with the requirements for listing on the New Market.

Other Factors

Other factors that may affect TruScreen and the Shares are:

- World economic conditions;
- World political events;
- Government legislation, intervention or level of taxation;
- Accounting policies or treatments arising generally;
- Natural disasters, social upheaval, terrorism or war;
- Unanticipated operations and technical difficulties encountered in the development and implementation of TruScreen's suite of products;
- Mechanical failure of operating plant and equipment, industrial disputes and force majeure;
- Uninsured losses and liabilities;
- Cyber Fraud or Cyber Attack resulting in theft of key intellectual property;
- Unanticipated claims from inadvertent breach of other parties intellectual property;
- Adverse events leading to claims for damages or revocation of product registration;
- Other risks and uncertainties described from time to time in our reports filed with NZX.

Consequences of insolvency

No holder of TruScreen fully paid shares will be liable to pay any further amounts to TruScreen or any other person in respect of those shares if TruScreen becomes insolvent.

In a liquidation of TruScreen, the claims of TruScreen shareholders' will rank equally with the claims of other shareholders of TruScreen, and after the claims of:

- persons to whom preferential payments must be made;
- secured creditors;
- unsecured creditors.

INFORMATION ABOUT TRUSCREEN AND ITS SHARES

Issuer

The Issuer of the Shares is TruScreen Limited.

Ordinary Shares

As at the date of this Disclosure Document there are 144,446,666 ordinary fully paid shares on issue in TruScreen.

Each Share in TruScreen confers on the holder a right to:

- One vote on a poll at a meeting of shareholders of TruScreen;
- An equal participation with all other existing Shares in any dividend declared;
- An equal participation with all other Shares in the residual assets on a liquidation of TruScreen;
- Be sent reports, notices of meetings and other information sent to TruScreen's shareholders; and
- All other rights conferred by TruScreen's constitution and the Companies Act 1993.

In addition to the ordinary shares on issue, there are also 6,750,000 options to acquire ordinary shares on issue. Further detail regarding these options is provided below in this section.

Registered Office

The registered office of TruScreen is Suite 107, Geyser Building, 100 Parnell Road, Parnell, Auckland City.

DIRECTOR'S INTEREST

Remuneration

Non-executive directors are paid a fee of $40,000 per annum. The following directors are entitled to remuneration from TruScreen (other than by way of Directors fees):

Robert Hunter

Mr Hunter is a member of a chartered accounting and corporate advisory firm based in Sydney which provides certain financial and accounting services to TruScreen and is entitled to receive payment for those services on a time and attendance basis. The directors of TruScreen (apart from Mr Hunter) negotiate and agree the terms of any such engagement.

In the period from the date of the incorporation of the Company to the date of this Disclosure Document, Mr Hunter's company has been paid the following fees:

- Professional fees for the preparation of the financial statements for the periods ended 15 February 2014, and 31 March 2014, together with the carriage of the duties required to complete the financial statements for those accounting periods and annual report - $92,500 (excluding GST);
- Provision of monthly accounting, office and administrative services to TruScreen in Sydney, Australia - $116,711 (excluding GST).

Mr Hunter does not receive any salary for the provision of his services to TruScreen other than his normal director's fees.

Christopher Horn

Mr Horn may provide certain financial consulting services to TruScreen in addition to his responsibilities as a director and would be entitled to receive payment for those services on a time and attendance basis. The other directors of TruScreen negotiate the terms of engagement with Mr Horn on a project by project basis.

In the period from the date of the incorporation of the Company to the date of this Disclosure Document, Mr Horn has been paid the sum of $10,785 (excluding GST).

Mr Horn does not receive any salary for the provision of his services to TruScreen.

Sean Joyce

Mr Joyce provides certain advisory services to TruScreen and is entitled to receive payment for those services on a time and attendance basis. Mr Joyce is also sponsoring the listing of TruScreen on the NZAX market. The other directors of TruScreen negotiate the terms of engagement with Mr Joyce on a project by project basis.

In the period from the date of the incorporation of the Company to the date of this Disclosure Document, Mr Joyce has been paid the sum of $100,000 (excluding GST) for the provision of advisory and sponsorship services. Following the successful listing of TruScreen on the NZAX, Mr Joyce will be paid a further sum of $40,000 plus GST.

Mr Joyce does not receive any salary for the provision of his services to TruScreen.

Directors' retirement benefits under TruScreen's constitution

The constitution of TruScreen provides that TruScreen may make a payment to a Director or former Director, or his or her dependents, by way of a lump sum or pension, on or in connection with the retirement or cessation of office of that Director, only if the amount of the payment, or the method of calculation of the amount of that payment is authorised by an ordinary resolution of TruScreen. This provision of the constitution does not however affect any amount paid to an executive Director upon or in connection with the termination of his or her employment with TruScreen, or the payment of any amount attributable to the contribution (or any normal subsidy related thereto) made by a Director to a superannuation scheme.

Material transactions entered into between TruScreen and Directors

On 6th November 2013, TruScreen entered into a Share Sale Deed to purchase 100% of the shares on issue in TruScreen Pty Limited ("TruScreen Shares"). TruScreen Pty Limited holds all intellectual property rights and inventory relating to the TruScreen business operations.

The Vendor was a company associated with Mr Hunter who is also a director of TruScreen.

The purchase price for the TruScreen Shares was NZD$9,278,000 which was satisfied by:

- the issue to the Vendor of 57,780,000 new ordinary fully paid shares in TruScreen (at an issue price of 10 cents per share); and
- the issue to the Vendor of a convertible note with a face value of NZD$3.5 million ("Convertible Note").

The full value of the Convertible Note has been redeemed by the vendor and paid by the Company in full.

OWNERSHIP

Top ten shareholders

The names of the persons who, as at the date of this Disclosure Document, were the ten largest registered holders of equity securities of the Company, and the amounts of their respective holdings are as follows:

Name of Shareholder (Registered Holder)	Beneficial Holder	Number of Shares Held	Percentage of issued share capital
Consolidated Nominees Pty Limited	Robert Hunter	40,077,400	27.74%
Waitara Trustees Limited	Lorraine Cole, Nicole Cole, Hayden Cole, James Shaw and Ollie Shaw	20,222,222	13.99%
CBT Trustee Limited	John Sorensen and Irena Sorensen	10,675,000	7.39%
IDL Trustee Limited	John Sorensen and Irena Sorensen	10,675,000	7.39%
LAH Investment Co. Pty Limited	Leonie Hunter	10,000,000	6.92%
Custodian Nominee Company Limited	Michael Sorensen	7,000,000	
	John Sheffield	1,500,000	
	TOTAL HELD	8,500,000	5.88%
Albert Nominees Limited	Peter Hanbury Masfen and Joanna Alison Masfen	8,000,000	5.54%
First NZ Capital Custodians Limited	First NZ Capital Custodians Limited	5,000,000	3.46%
Sam Macdonald	Sam Macdonald	2,000,000	1.38%
Jeremy Dunlop	Jeremy Dunlop	1,730,000	1.2%

This table was compiled on September 30, 2014.

None of the persons named in the Table above undertakes any liability in respect of the shares on issue in TruScreen.

Trading Restrictions

Each of CNL and Waitara Trustees Limited have entered into agreements with TruScreen whereby they have each agreed that they shall be restricted from transferring, selling, granting an option over, mortgaging or otherwise disposing of, or dealing with 75% of their shares in TruScreen until 1 May, 2015. This restriction represents 31.76% of the total number of ordinary fully paid shares on issue in TruScreen.

TruScreen Share Option Plan

Background

In addition to the ordinary shares on issue in the Company, the Company has issued a total of 6,750,000 options to subscribe for new shares in the Company ("Options") to a number of executives and non-executive directors of TruScreen. This allocation of Options was undertaken with the approval of the shareholders of the Company with an objective of securing and retaining the services of key personnel for the business by aligning those parties' interests with those of the shareholders of the Company.

Terms of issue of the Options

The principal terms of the Options are as follows:

- Each Option entitles the holder to acquire one ordinary share in the Company;
- The exercise price payable to acquire one ordinary share in the Company is 10 cents;
- Options may only be exercised in the period commencing from the date of issue of the Options and ending on that date 48 calendar months from the date of their issue ("Exercise Period");
- The Options issued to executives vest in three tranches - one third of the Option entitlement will vest on the date of the issue of the Options, another one third 12 months after the date of the issue of the Options, and the last third in 24 months. The Options issued to the non-executive directors all vest on the date of their issue;
- Any Options that are not vested in a participant as at the date of the participant's cessation of employment/service arrangement shall lapse immediately;
- Options which are not exercised during the Exercise Period shall lapse;
- Shares issued on the exercise of an Option are credited as fully paid and rank equally in all respects with the shares on issue at the relevant exercise date (except for any dividend or other entitlement where the entitlement date occurs prior to the Exercise Date);
- The Options are not transferable without the prior consent of the Board which consent can be withheld at the discretion of the Board;
- The holders of the Options are entitled to attend all meetings of shareholders of the Company and to receive and will be sent all notices of meetings, reports and financial statements required to be sent to shareholders of the Company. However, the holders of the Options do not have the right to vote at such meetings, except where required by law or any applicable stock exchange listing rules;
- The holders of the Options are entitled to participate in a rights issue undertaken by the Company on the basis that each Option shall carry the same entitlement to subscribe for new shares as each ordinary share in the Company;
- If prior to the end of the Exercise Period, the Company undertakes a bonus issue to the shareholders of the Company, the number of shares over which the Options is exercisable will be increased by the number of shares which the holder would have received if the Options had been exercised before the record date for the bonus issue. The total subscription price for the new shares to be issued upon the exercise of the Options shall however remain unchanged;
- If there is a consolidation or subdivision or similar proportionate reconstruction of the shares in the Company, the number of shares over which the Options are exercisable will be consolidated or subdivided in the same ratio. The total subscription price for the new shares to be issued upon exercise of the Options shall however remain unchanged;
- If the Company is the subject of an unconditional takeover offer, then all unvested Options shall vest in the participant.

The Options are held by the following parties:

Option holder	Role within the Company	Number of Options to be allocated
Martin Dillon	Chief Executive Officer	1,500,000
Dr Jerry Tan	International Business Development	750,000
Professor Neville Hacker AM	Chair – Medical Advisory Board	500,000
Paul Curran	Product quality assurance, licensing and accreditation	250,000
Sean Joyce	Non-executive director	1,250,000
Chris Horn	Non-executive director	1,250,000
Tim Preston	Non-executive director	1,250,000
Dr Wan Zhenyu	Manager, Science and Technology	150,000
Dr Yaniv Gal	Independent Algorithm Advisor	150,000
Total		**7,050,000**

To date, no Options have been exercised.

Substantial Security Holders

Prior to the publication of this document, TruScreen requested all registered holders of 5% or more of the voting securities of TruScreen to disclose any relevant interest and the nature of that relevant interest held by them and the consideration and other terms and conditions of any transaction under which they acquired their shares.

The holders provided the following disclosures:

Relevant interest holder (Registered holder of shares)[49]	Number of shares in which relevant interest held	Nature of relevant interest	Consideration and terms and conditions (if any)
Robert Hunter (Consolidated Nominees Pty Ltd)	40,077,400	Beneficial	The shareholder was issued the shares, which originally formed part of a larger parcel of shares, in consideration for the sale of shares in TruScreen Pty Limited to the Company. The issue price for each new share was 10 cents per share and was satisfied with the transfer of the shareholders' shares in TruScreen Pty Limited to the Company.
Lorraine Cole, Nicole Cole, Hayden Cole, James Shaw and Ollie Shaw (Waitara Trustees Limited)	20,222,222	Beneficial interest	The shares were issued to the holder on incorporation of the Company for an aggregate sum of $9,333 which sum was satisfied by the payment of cash. In addition to the payment of the subscription moneys for the new shares, interests associated with Waitara Trustees Limited agreed, at no additional direct costs to the Company, to take primary responsibility for the undertaking of the capital raising initiatives and to pay any brokerage, commission, and other costs associated with the capital raising initiatives. In addition, given the acquisition of the shares in TruScreen Pty Limited by the Company was conditional upon the raising of not less than $5.5 million, interests associated with Waitara Trustees Limited agreed to incur the payment of any costs incurred by TruScreen in undertaking the restructuring initiative in the event that the capital raising condition was not satisfied.
John and Irena Sorensen (CBT Trustee Limited and IDL Trustee Limited)	21,350,000	Beneficial interest	The shares were subscribed for at an issue price of 10 cents per share, which consideration was satisfied by the payment of cash.
Leonie Hunter (LAH Investment Co.	10,000,000	Beneficial	The shareholder received these shares by virtue of a distribution

[49] The names of the substantial security holders (ie beneficial owners) are listed in the above table in bold. The registered holders of those shares are listed in brackets.

Limited)			from CNL, which shares were originally issued to CNL in consideration for the sale of shares in TruScreen Pty Limited to the Company. The issue price for each new share was 10 cents per share and was satisfied with the transfer of the shareholders' shares in TruScreen Pty Limited to the Company.
Peter Hanbury Masfen and Joanna Alison Masfen (Albert Nominees Limited)	8,000,000	Beneficial	The shares were subscribed for at an issue price of 10 cents per share, which consideration was satisfied by the payment of cash.

Relationship between Waitara Trustees Limited and TruScreen

Waitara Trustee Limited was the founding shareholder of the Company. The following narrative explains the details surrounding the Waitara subscription for shares in the Company, and the relationship between Lorraine Cole (the director of Waitara Trustees Limited), Waitara Trustees Limited ("Waitara") and TruScreen.

1. John Sorensen, ("Sorensen"), and Waitara Trustees Limited developed and proposed the concept of the listing of TruScreen to Robert Hunter, the principal of Consolidated Nominees Pty Limited ("CNL");

2. Sorensen/Waitara developed and proposed the manner in which the Company would be structured in advance of the listing process;

3. Waitara was an existing foundation shareholder of 20,222,222 shares in the Company and subscribed $9,333 in cash upon the incorporation of the Company;

4. The initial subscription of foundation shares was undertaken several months before the Company ultimately acquired the share capital of TruScreen Pty Limited, which holds the TruScreen business operations;

5. At the time of the Waitara subscription, there were no discussions, negotiations or guarantees that the Company would in fact acquire the share capital of TruScreen Pty Limited – there were no agreements or contracts in place to commit CNL to transferring the TruScreen operations, or the shares in TruScreen Pty Limited into the Company. The initial Waitara foundation subscription monies effectively provided capital for the Company to cover the nominal costs of administering the Company i.e. initial compliance costs etc;

6. Several months after the incorporation of the Company,there were negotiations and subsequently an agreement between the Company and CNL, that CNL would transfer 100% of the share capital of TruScreen Pty Limited (which included the business operations of TruScreen) to the Company. The transfer of the shares in TruScreen Pty Limited would be unwound in the event that the Company did not raise a minimum of $5.5 million of new investment;

7. As part of the agreement as between Mr Sorensen and CNL, it was agreed that in order for Waitara to retain its shareholding in the Company post the acquisition of the shares in

TruScreen Pty Limited at an agreed level of 25%, Sorensen/Waitara would be responsible for the following:

(a) Raising not less than $5.5 million of new capital into the Company. If this capital was not raised then the acquisition of the shares in TruScreen Pty Limited (and ultimately the TruScreen business operations) would be unwound;

(b) Sorensen and Waitara assumed responsibility for ensuring that the minimum of $5.5 million capital was raised:

(c) Sorensen and Waitara assumed initial responsibility for the the legal and professional transaction costs (approx. NZD100,000) up to the point where the minimum level of new capital was raised. In the event that the capital was not raised, neither CNL nor the Company would be liable to meet those transaction costs – instead those costs would be borne by Sorensen/Waitara. In the event that the minimum level of capital level was raised, then the Company would bear those costs. Sorensen/Waitara did in fact bear some initial costs of the transaction prior to the capital being raised, including $36,000 plus GST of legal fees. Sorensen/Waitara chose to bear those costs as that was the arrangement that was struck – as referred to in the first sentence of this paragraph (c). Following the satisfaction of the minimum capital raising condition those expended moneys were reimbursed to Sorensen/Waitara;

(d) Sorensen would bear any costs associated with the raising of new capital i.e. the payment of any commissions or brokerage associated with the capital raising initiative. This commitment was part of the commitment of Sorensen/Waitara to ensure that the Company raised not less than NZD$5.5 million of new capital and this obligation did not have a time limit. After making enquiries of Mr Sorensen, TruScreen understands that Mr Sorensen did not incur any costs in respect of the completion of the capital raising.

8. The assumption of the above obligations by Sorensen/Waitara meant that Sorensen/Waitara would retain approximately 25% of the shareholding of the Company post the acquisition by the Company of the shares in TruScreen Pty Limited. This was a value proposition that CNL was comfortable with having regard to the professional and financial commitments that Sorensen/Waitara were committing to undertake, and the fact that such commitments secured the progression of the transaction.

9. The professional and financial obligations and commitment assumed by Sorensen and Waitara were considered by CNL to warrant the retention of a 25% holding by Waitara after the Company's acquisition of the share capital of TruScreen Pty Limited. Both CNL's 75% holding and Waitara's 25% shareholding were subsequently diluted down post the issue of the new capital in the Company.

10. Waitara Trustees Limited is a corporate trustee for a family trust.

11. Lorraine Cole is the sole director of Waitara Trustees Limited, which is the corporate trustee of the family trust in question. Ms Cole is also a beneficiary of the family trust and has the power of appointment and removal of trustees of the family trust which gives her a beneficial interest in the TruScreen shares held by Waitara. The other beneficiaries of the family trust are Nicole Cole, Hayden Cole, James Shaw and Ollie Shaw.

12. John Sorensen is a family relative of Lorraine Cole, which makes both Mr Sorensen and Ms Cole/Waitara Trustees Limited associates (as that term is defined in the Takeovers Code).

13. The corporate shareholder of Waitara Trustees Limited is owned and controlled by the partners in Boyle Mathieson, an Auckland based law firm.

Historical capital raising timeline

Since the date of the restructure of TruScreen in November 2013, the following capital restructure initiatives have been undertaken:

Date of capital raise	Number of shares issued	Nature of issue	Quantum of new capital raised
November 2013	57,780,000	Issue of shares in consideration of purchase price of the shares in TruScreen Pty Limited	$5,778,000 in consideration (other than cash)
December 2013	55,000,000	Placement	$5.5 million, or 10 cents per share issued
March 2014	5,710,000	Placement	$571,000, or 10 cents per share issued
July 2014	2,210,000	Placement	$221,000 or 10 cents per share issued
September 2014	2,080,000	Placement	$208,000 or 10 cents per share issued

RETURNS

Holders of shares in TruScreen are entitled to receive any dividends paid by TruScreen. In addition, holders of TruScreen's shares will receive the benefit from any increase in the market price of their shares or bear the loss from any decline in the market price. In the event of the liquidation of TruScreen, the holders of the shares will be entitled to participate in the remaining surplus of assets (if any) after payment of all creditors.

In determining whether to pay dividends, the Board must have regard to the solvency of TruScreen. TruScreen is the entity liable to pay any dividend.

The dividend return will be determined by the profitability of the business operations of TruScreen and the TruScreen Group of companies as a whole.

Each dividend will be determined after the consideration of the Capital requirements, operating performance financial position and cash flow of TruScreen at the time.

Nothing contained in this Disclosure Document should be construed as a promise of profitability. There is no assurance that dividends will be paid by TruScreen in the future. Whether future dividends are paid, and to what extent, will depend on a number of factors, including those discussed under the section entitled "Activities and Risks".

The Board of the Company currently have no intention in distributing any dividends in the foreseeable future as the focus of the business is to reinvest all profits derived from the business back into the business as part of the Company's growth strategy.

New Zealand taxes may affect the return to investors. Dividends will be subject to New Zealand withholding taxes but the investors' liability in respect of such taxes may be reduced or satisfied to the extent the dividends have imputation credits attached. These comments are of a general nature only and do not constitute legal advice. Persons considering the purchase, ownership or disposition of shares should consult their own tax adviser concerning the tax consequences in light of their particular situations.

ALTERATION OF THE SHARES

The terms and conditions attaching to the TruScreen shares may only be altered with the approval of a special resolution of shareholders of TruScreen. A special resolution of shareholders is a resolution that is approved by 75% of the shareholders present and voting at a meeting of shareholders of TruScreen.

ENQUIRIES

Enquiries in respect of TruScreen may be directed to:

Link Market Services

P O Box 91976, Auckland 1142
Level 7, Zurich House, 21 Queen Street, Auckland 1010
Investor enquiries: 09 375 5998
Investor email: enquiries@linkmarketservices.co.nz
website: www.linkmarketservices.co.nz

ANNUAL INFORMATION

TruScreen shareholders will be sent annually a copy of TruScreen's annual report and financial statements, half-year report, notices of meetings of shareholders and all other shareholder communications.

You may receive a copy of the Constitution of TruScreen by requesting the above information in writing from:

The Board of Directors
TruScreen Limited
P O Box 105 745
Auckland City
Auckland 1143

Or this can be downloaded from the investor section of the company's website, www.truscreen.com

ON REQUEST INFORMATION

The shareholders of TruScreen may at any time request in writing to TruScreen that TruScreen provide, and are on payment of any fee prescribed by statute:

- a copy of the most recent annual report of TruScreen;
- a copy of the most recent financial statements of TruScreen required to be registered under the Financial Reporting Act 1993 and all documents required to be registered with those financial statements;
- a copy of this Disclosure Document.

CERTIFICATE FROM THE DIRECTORS OF TRUSCREEN LIMITED

We, the persons signing this Disclosure Document, after due inquiry by us, certify that:

- All Material Information relating to TruScreen Ltd, an investment in the Shares of TruScreen Limited, the process of the creation of TruScreen Limited, and the business of TruScreen Limited is set out in this Disclosure Document;
- All the information contained in this Disclosure Document is complete and accurate in all material respects, and this Disclosure Document contains no material that is false, or untrue, or is likely to deceive or mislead, with regard to any particular that is material to TruScreen Limited or an investment in the Shares of TruScreen Limited;
- In the period between 31 March 2014 and the date of this certificate, there have not, in our opinion, arisen any circumstances that materially affect –

  (i) The trading or profitability of TruScreen Limited; or
  (ii) The value of its assets; or
  (iii) The ability of TruScreen to pay its liabilities due within the next 12 months.

  that is not disclosed in this Disclosure Document.

Signed

……..
Robert Hunter

……..
Christopher Horn

……..
Sean Joyce

……..
Tim Preston

GLOSSARY

The following definitions apply throughout this Disclosure Document unless the context otherwise requires.

AUD means Australian Dollar
Board means the Board of Directors of TruScreen Limited
Company means TruScreen Limited
CE Mark means CE Marking, an abbreviation of "**C**onformité **E**uropéene" which literally means "European Conformity"
CFDA means China Food and Drug Administration
CNL means Consolidated Nominees Ltd
Directors mean the directors of TruScreen Limited
EC Mark means CE Mark
FDA means United States Food and Drug Administration
LBC means liquid based cytology
NZAX means the New Zealand Alternative Market
NZD means New Zealand Dollar
NZX means NZX Limited
PLS means Plus SMS Ltd
PLT means Polartechnics Limited
TGA means Australian Therapeutic Goods Administration
TruScreen means TruScreen Limited, and its subsidiary companies as the context requires.
Share means an ordinary fully paid share in TruScreen Limited.
Share Registrar means Link Market Services Limited
SUS means single use sensor.
ULFS means Ure Lynam Financial Services Pty Ltd.
USD means United States Dollar

DIRECTORY

Directors

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Australia

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Auditor

BDO Auckland
120 Albert Street
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Share Registrar

Link Market Services
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Investor enquiries: 09 375 5998
Investor email: enquiries@linkmarketservices.co.nz
website: www.linkmarketservices.co.nz

NZAX Sponsor

Sean Joyce - Corporate Counsel
PO Box 105 – 745
Auckland 1143
Auckland

APPENDIX 1

TruScreen opto-electrical Patents & Trademarks

Patents

Application /Registration No.	Application Date	Title	Country	Status
201210005344.2	10 Jan 2012	Method and Apparatus for Tissue Type Recognition	China	Transferred to TruScreen Pty Ltd.
201210439914.9	7 Nov 2012	Apparatus for Tissue Type Recognition Using Multiple Measurement	China	Transferred to TruScreen Pty Ltd.
2138192	06 Mar 1995	Method and Apparatus for Tissue Type Recognition	Russian Federation	Transferred to TruScreen Pty Ltd.
6723049	14 Jun 2002	Apparatus for Tissue Type Recognition Using Multiple Measurement Techniques	United States of America	Transferred to TruScreen Pty Ltd.

Trademarks

Application /Registration No.	Filing Date	Mark	Class	Country	Status
5589636	14 Dec 2009	初善仪	44	China	Registered
5589637	7 July 2009	初善仪	10	China	Registered
5589638	14 Dec 2009	TRUSCREEN	44	China	Registered
5589639	28 June 2009	TRUSCREEN	10	China	Registered
5589640	28 June 2009	SUS	10	China	Registered

All trademarks are in the process of being transferred to TruScreen Pty Ltd.

APPENDIX 2

Summary of Clinical Trials

A) CHINA

					Sensitivity		Specificity	
Year	**City**	**Hospital name**	**No. of patients**	**Status**	**TruScreen**	**LBC**	**TruScreen**	**LBC**
2007	Shenzhen	Peking University Shenzhen Hospital	600	completed; paper published	76.47%	70.59%	77.27%	95.72%
2008	Beijing	Peking University People's Hospital	165	completed; paper published	75.36%	74.99%	82.26%	93.65%
2008	Shanghai	Shanghai NO.1 Women and Children's Hospital	700	completed; paper published	84.00%			
2008	Shanghai	Shanghai Oriental Hospital	700	completed; paper published	73.60%	46.70%	54.70%	93.90%
2008	Beijing	Beijing Tiantan Hospital	100	completed; paper published	81.00%		70.00%	
2008	Wuhan	Wuhan Tongji Hospital	500	completed; paper published	87.15%	75.00%	88.80%	92.50%
2009	Beijing	Peking University People's Hospital	504	completed; paper published	76.47%	76.47%	85.49%	91.25%
2009	Beijing	Qinghua Yuquan Hospital	200	Completed	82.16%	79.00%	86.28%	91.60%
2009	Jinan	Jinan Qianfoshan Hospital	500	Completed	83.25%	76.80%	83.80%	90.50%

2009	Wuhan	Hubei Women and Children's Hospital	200	completed; paper published internally	77.30%	71.60%	78.60%	93.70%
2010	Guangzhou	Guangdong Women and Children's Hospital	720	completed; paper published	78.80%	42.20%	74.40%	86.30%
		Total	**4,889**	**Average**	**79.60%**	**68.15%**	**78.16%**	**92.12%**

B) Rest of the World

					Sensitivity		**Specificity**	
Year	**Country**	**Investigator**	**No. of patients**	**Status**	**TruScreen**	**Pap**	**TruScreen**	**Pap**
2003	UK/Australia	Prof A. Singer	651	paper published	70.00%	69.00%	81.00%	95.00%
2004	Australia	Dr D. Itzkovic	456	paper published	69.23%			30.77%
2008	Poland	Dr Pruski	234	paper published	85.00%		82.00%	
2009	Korea	Dr J. L. Sung	249	paper published	77.30%		85.10%	
2009	Russia	Dr Sukhikh	102	paper published	80.00%		62.50%	
		Total	**1,692**	**Average**	**76.31%**	**69.00%**	**77.65%**	**62.88%**

APPENDIX 3

Market Conditions, target markets

Country	Incidence Rate (ASR/100,000) 50	Rural Population (% of total)	Health Expenditure Growth, (CAGR[51], %)
China	13.8	49.5%	25.0%
India	35.2	68.7%	14.0%
Indonesia	16.1	49.3%	16.5%
Russia	18.7	26.2%	17.0%
Pakistan	25.8	63.8%	8.5%
Philippines	16.9	51.1%	16.8%
Turkey	5.2	28.7%	10.8%
Malaysia	22.4	27.3%	10.3%
Sri Lanka	13.4	84.9%	11.9%
Bulgaria	31.9	26.9%	11.2%
Average	19.9	48.0%	14.2%

Source: World Bank (2011)

[50] ASR = Age Standardised Rate

[51] CAGR = **Compound annual growth rate** (CAGR) is a business and investing specific term for the geometric progression ratio that provides a constant rate of return over the time period. CAGR is not an accounting term, but it is often used to describe some element of the business, for example revenue, units delivered, registered users, etc. In this instance it is the rate of growth of health expenditure.

Appendix 3……. continued
Secondary Target Markets

Country	Health expenditure, per capita (current US$)	Health expenditure (US$, billions)	Screening population (millions): Females, Age 25-64
AFRICA			
Angola	186.3	3.6	4.1
South Africa	689.3	34.8	13.2
South East Asia			
Thailand	201.8	14.0	20.7
Vietnam	94.8	8.4	24.9
Eastern Europe			
Azerbaijan	356.9	3.3	2.7
Belarus	307.1	2.9	2.8
Czech Republic	1,506.9	15.9	3.1
Hungary	1,084.8	10.8	2.9
Romania	499.7	10.7	6.4
Poland	899.0	34.6	11.7
Serbia	622.1	4.5	2.2
Ukraine	263.0	11.9	13.6
Latin America			
Argentina	891.8	36.4	10.9
Bolivia	118.1	1.2	2.5
Brazil	1,120.6	220.4	55.8
Chile	1,074.5	18.6	4.9
Colombia	432.0	20.3	12.8
Ecuador	331.5	4.9	3.9
Peru	289.0	8.5	7.7
Venezuela, RB	555.1	16.3	7.9
Total	**576.2**	**482.0**	**214.8**

APPENDIX 4

Published Papers

A real time optoelectronic device as an adjunct to the Pap smear for cervical screening: A multicentre evaluation

A Singer & Associates Department of Gynaecology, The Whittington Hospital London – Published in the International Journal of Gynaecological Cancer 2003.
Abstract: We report on the results from a multicentre trial for a real time optoelectronic device as an adjunct to the Pap smear for cervical screening. TruScreen (PLT, Sydney, Australia) is an automated device which measures the response to optical and electrical stimulation of the cervix and returns a screening result in real time. Analysis was performed on a group of 651 subjects recruited at 10 centres. Cytology and histology analyses were performed by centralized laboratories, with the cytology classification performed according to the Bethesda 2001 system. The sensitivities for histologically confirmed CIN 2/3 lesions by TruScreen, Pap, and TruScreen /Pap combined were 70% (95% CI: 67—74), 69% (CI: 65—72), and 93% (CI: 91—95), respectively. For histologically reported CIN 1, the sensitivities of the TruScreen, Pap, and combined test were 67% (CI: 63—70), 45% (CI: 41—49), and 87% (CI: 84—89). The improvement in sensitivity for the combined test compared to the Pap smear alone was significant (P¼0.002). Because TruScreen and cytology detect partly different but overlapping groups of CIN cases; the adjunctive combination provides very high CIN detection rates

Evaluation of a real-time, optoelectronic device 'TruScreen' as a primary screening tool for cervical cancer

ZHANG Wei & Associates, Centre of early diagnosis and early treatment for Cervical Carcinoma, Shenzhen Hospital of Beijing University, Shenzhen 518036, China – 2007
Conclusion: The study indicates that the performance of TruScreen is similar to that of the traditional methods, liquid-based cytology and Hybrid Capture 2/high risk HPV DNA. Due to the time and logistical issues associated with the LCT and HPV testing process, TruScreen offers an improved screening solution for cervical cancer

The evaluation of a real-time optoelectronic method for the detection of Cervical Intraepithelial Neoplasia ("CIN')

Pruski D. & Associates, Gynaecological Oncology Division, Department of Gynaecology, Obstetrics & Gynaecological Oncology, Poznan University of Medical Sciences, Poland 2008
Conclusion: The advantage of the optoelectronic device over cytology and colposcopy is its ability to generate an immediate and objective result automatically at the end of the examination and its ease of use. TruScreen is an effective tool for the detection of cervical neoplastic changes and is potentially an important improvement to the traditional cervical screening process.

A real-time optoelectronic device in screening of cervical intraepithelial neoplasia

Sung Jong Lee, MD & associates Department of Obstetrics and Gynaecology, School of Medicine, Catholic University, Seoul, Korea – Published in the Journal of Women's Medicine, Korean Society of Obstetrics and Gynaecology March, 2009
Conclusion: The present study suggests that the TruScreen is an excellent device as an adjunct test for the detection of CIN. The instantaneous result of the TruScreen in women with ASCUS or LSIL can provide rapid and reliable information.

Opto-electric Scanner TruScreen in Diagnostics of Cervical Squamous Intraepithelial Lesions

Sukhikh G.T. & Associates, Federal State Scientific Centre of obstetrics, gynaecology and perinatology after academician V.I. Kulakov, Moscow, Russia
Conclusion: Real-time optoelectronic scanner TruScreen demonstrated good efficacy in detection of cervical squamous intraepithelial lesions in comparison with traditional diagnostic methods.

The Australian Experience – Itzkowic, D & Cromer, D. Gynaecologist, Bondi Junction, NSW Australia

Published the Australasian Journal of General Practice 2005 (5) 2
Conclusion: As an adjunct to Pap testing, TruScreen is a significant improvement in the decision of CIN lesions compared to use of Pap smear alone. Patients are very accepting of the combined TruScreen and Pap testing approach.

TruScreen – a new ally for cervical cancer screening

Zannardi C, Camerini T, Bucolo C. – Published Ginecorama 2001; 26: 23-4
Conclusion: Our experience suggests that TruScreen holds the potential to both detect lesions that might be missed by cytology alone and clarify unsatisfactory or ASCUS cytology results.

Optoelectronic method for detection of cervical intraepithelial neoplasia and cervical cancer

D. Pruski and associates. Karol Marcinkowski University of Medical Sciences, Poland – Published Opto-Electron.Rev.19, no. 4, 2011
Conclusion: Optoelectronic method is highly useful in detecting cervical intraepithelial neoplasia arising within paraepidermal epithelial and squamous cell carcinoma of the cervix. The sensitivity of the optoelectronic method for LGSIL was estimated at 65.79%, while for a HGSIL and squamous cell carcinoma at 90.38%. The specificity of the optoelectronic method used to confirm the absence of cervical pathology was estimated at 78.89%. The pNOR border number equal to 0.5 allows us to obtain optimal sensitivity and specificity parameters of optoelectronic methods for detecting changes HGSIL and cervical squamous cell carcinoma.

An optoelectronic cervical cancer screening system for screening cervical cancer: comparison with cervical cytology

HE Xiu-kui and associates, Guangdong Provincial Women and Children's Hospital, Guangzhou China – Published (J South Med Univ, China) 2010; 30(10)
Conclusion: As a new modality for the early screening of cervical cancer, TruScreen offers a means for real-time cancer detection with better diagnostic efficacy than Pap and HPV and equivalent efficacy to TCT. The combination of TruScreen and cytological tests can further enhance the diagnostic accuracy.

Comparing Study of cervical cancer screening System and liquid-based cytology test in the screening of cervical lesions

Lu Siji and associates, East Hospital, Tongji University, Shanghai- Published Obstet Gynecol,Feb,2009,Vol.18,No.2 (China)
Conclusion: The value of TruScreen in diagnosis of cervical lesions is better than LCT in this research. As a new cervical lesions screening technology, TruScreen may be more effective in China.

APPENDIX 5

Key Opinion Leaders

Region	Country	Name	Qualification	Hospital and Department	Address
East Asia	China	Prof CAO Zeyi	MD, PhD	2nd Affiliated Hospital of Tsinghua University Obstetrics and Gynaecology	Shijingshan Road, Shijingshan District Beijing 100049
		Prof WEI Lihui	MD, PhD	People's Hospital Peking University Obstetrics and Gynaecology	11 Xizhimen South Street, Beijing PRC 100044
		Prof TONG Xiaowen	MD, PhD	Oriental Hospital Shanghai Obstetrics and Gynaecology	389 Xinchun Road, Shanghai PRC 200065
		Prof WU Ruifang	MD, PhD	Peking University Hospital, Shenzhen Obstetrics and Gynaecology	1120 Lianhua Road, Shenzhen PRC 518036
		Prof MENG Yuanguang	MD, PhD	China Army General Hospital Obstetrics and Gynaecology	28 Fuxing Road, Haidian District, Beijing PRC 100853
	Korea	Prof JS Park	MD	Kangnam University Hospital, Seoul Obstetrics and Gynaecology	505 Banpo-dong, Seocho-gu, Seoul 137-040, Korea
	Indonesia	Prof Junita Indarti	MD	Cipto Mangunkusumo National Hospital, Jakarta Obstetrics and Gynaecology	Cipto Mangunkusumo National Hospital, Salemba, Jakarta 10430, Indonesia
South Asia	India	Dr S.K. Das	MBBS, MD, FICOG, FIAMS, FIC MCH	Balaji Action Hospital, Delhi Obstetrics and Gynaecology	A-4, Paschim Vihar, New Delhi, DL 110063, India
		Dr. Uma Devi	M.D, FRCOG(LONDON) MNAMS MBA DGO PGDMLE PGDHM	Tamara Hospital, Bangalore Obstetrics and Gynaecology	34/3 10th Cross 1st N Block ,Rajajinagar, Bangalore, Karnataka (West) - 560010
Europe	UK	Prof Albert Singer	PhD (Syd) FRCOG Dphil (Oxon)	Whittington Hospital, London Obstetrics and Gynaecology (Retired)	The Whittington Hospital, London N19 5NF, UK
	Russia	Prof Sukhikh G. T	MD, PhD	Federal State Scientific Centre of obstetrics, gynaecology and perinatology after academician V.I. Kulakov, Moscow Obstetrics and Gynaecology	4, acad. Oparina st., Moscow, 117815 Тел.
	Poland	Prof D. Pruski	MD, PhD	Karol Marcinkowski University of Medical	Collegium Maius, Fredry 10, 61-701 Poznań,

				Sciences Obstetrics and Gynaecology	Poland
Australia	Australia	Dr Elvira Bardon	FRACGP	GP on Ebley Medical Centre, Sydney General Practice	108 Ebley St 2022 Bondi Junction, New South Wales
		Prof Neville Hacker	MBBS (Hons 1) (Qld), MD (UNSW), CGO, FRANZCOG, FRCOG, FACOG, FACS	Royal Hospital for Women, Sydney Gynaecological Oncology	Barker St, Randwick NSW 2031

Appendix 6

Appraisal of value of intangible assets

Identifiable Intangible Assets

1. The Board of TruScreen's considered determination of fair value to establish cost of the intangibles is detailed below.
2. The Board consider the intangible assets complementary and have not been separately identified. They are not in use.
3. As the intangible assets are not yet in use, the Board have assessed for impairment as required by NZ IAS 36 - *Impairment of Assets*. This has been performed in reference to the capital raise which is a recent arm's length transaction and a review of discounted cash flow forecasts (DCF) prepared by management. The result of this assessment was that the intangible assets were not considered to be impaired. Sufficient headroom existed within the DCF such that even if the key assumptions were flexed, the intangible assets would not be impaired. The practical assumptions used to support the recoverable amount of the intangible assets using a DCF were as follows:

    - WACC of 15%
    - Growth rates in gross profit of 341.5% for 2014/2015; 10% for 2015/2016; 5% for 2016/2017; and 3% for 2018/2019

4. No research costs or costs associated with the research phase of a project have been capitalised.
5. All capitalised intangible costs are recorded at cost less accumulated amortisation and any accumulated impairment losses.

Cost of Intangibles and Stock Acquired by TruScreen Pty Limited

Intangibles: AUD $7,129,414

Stock: AUD $ 883,995

Introduction

1. The following outlines the Board's position as to the appropriateness of the cost attributed to intangible assets and stock (the "assets") acquired by TruScreen Pty Limited on 6 November 2013 (The "Transaction").
2. The Board referred to IFRS 3 Business Combinations ("*IFRS 3")* paragraph B10 for guidance as to whether the transaction whereby the assets and stock were acquired was a business combination.
3. The Board notes the transaction did not involve a business for the following reasons:

    (a) TruScreen Pty Limited was a newly formed company with no assets, no employees and no income generating activity.
    (b) The Vendor was not using the intangible assets and stock in a business as:
        (i) Principle activities had not begun:

        - Except for supplying existing stock on request from interested parties, no sales activities were taking place. 10 sales occurred in the year to 31 August, 2013.
        - No manufacturing was taking place.

- No purchasing of product was taking place.

(ii) There were 2 employees and intellectual property. Except for activities to maintain the intellectual property and the procurement of regulatory approvals, no processes were taking place.
(iii) Due to lack of capital there was no plan to produce outputs.
(iv) Due to a lack of capital customers could not be accessed

4. As no business was being undertaken at the time of the transaction the board determined that IFRS3 does not apply.
5. Accordingly the assets were recorded at cost. The Board agreed to adopt fair value as the cost for the acquisition of the assets. The following is the consideration as to how fair value was determined in accordance with IFRS13"Fair Value Measurement" (IFRS 13).

Background

6. TruScreen Pty Limited acquired the assets on 6 November 2013 from the Vendor via a sale of assets agreement which included:

(a) All intellectual property rights in the cancer detection system and devices known as TruScreen ("TruScreen "), including scientific and technical knowledge, designs, copyright, plans, computer software, financial modelling, patents, copyright, formulae, processes, methods, inventions, eligible layout rights, market knowledge and all other intellectual property rights.
(b) All stock on hand.
(c) Shares in TruScreen Limited (UK).

7. The Vendor was an entity controlled by Mr Hunter.
8. Prior to the sale, TruScreen Pty Ltd was a shell company with no liabilities and assets of AUD $2. The company was established by CNL.
9. The consideration for the assets was AUD $8,013,409 by way of 100 fully paid shares in TruScreen Pty. Limited issued as a result of a corporate reconstruction.
10. CNL is an entity controlled by Mr Hunter.
11. The consideration was not split between intangible assets and stock in the Sale of Assets agreement. However, the Directors determined the stock price based upon historical knowledge of the costing of stock supported by recent sales history. The value of stock was established at AUD $883,995.
12. On 6 November, 2013, TruScreen Limited acquired the 100 fully paid shares in TruScreen Pty Limited via a Purchase and Sale of Shares Deed.
13. The purchase price for the sale of $9,278,000 was settled via:

(a) 57,780,000 new ordinary fully paid shares in TruScreen Limited at an issue price of 10cents per share which after the issue represented 72% of the issued capital of TruScreen Limited.

(b) A convertible note of $3.5 million which was fully secured over the assets of TruScreen Limited.

14. The post completion obligations of TruScreen Limited (clause 5.4 of the Sale Deed) were to:

(a) Raise not less than $5,500,000 new issued capital at an issue price of no less than $0.10 per share.
(b) Redeem at least $2,750,000 of the convertible note.

15. Should TruScreen Limited not meet its above post completion obligations the Sale Deed would effectively be undone and of no effect (Clause 5.4 of the Sale Deed).
16. As at 15 February, TruScreen Limited had met its minimum post completion obligations. Consequently the interest held by the Vendor was 42.98% of the issued capital of TruScreen Limited.
17. Re origin of the stock and intangibles.

    (a) The intangibles were originally developed by PLT, which went into administration circa July 2009 and was subsequently wound up. The accumulated costs incurred by PLT during the research and development stage that produced the technology was circa A$90 million. (refer PLT half yearly accounts dated 31 December 2008.)
    (b) PLT was placed into administration because a contracted capital injection failed to complete at the due date. As a consequence of the global financial crisis, further replacement capital could not be raised at the time.

    The intangible assets were developed further in subsequent years, in that further work was done to obtain regulatory approvals.

Unit of Account

18. The unit of account is "the level at which an asset is aggregated for recognition purposes". (NZIFRS 13).
19. There are 2 units of account acquired through the sale of assets agreement:

    (a) Intangible assets - Separate cash flows from particular intangible assets have not been separately identified as the Directors consider it impractical to do so while the assets are still not in use. The cancer detection business arising from putting into use the technologies and other intangible assets is one cash flow. The Directors view is that a particular cash flow can't be attributed to a patent, a manufacturing technique or any other particular intangible assets. Accordingly the Board has treated the intangible assets as one unit of account.
    (b) Further to paragraph "a' above the intangible assets are considered by the Directors as complementary and having similar useful lives.
    (c) Consequent to the above, the Directors have not considered it possible to split the intangible assets and In accordance with paragraph 37 of NZIAS 38 "*Intangible Assets*" have treated the intangibles as one asset.
    (d) Stock – stock consists of consoles and hand pieces. These can be separately identified by serial number. These are considered one unit of account as:

        (i) Separate cash flows can be attributed to the sale of inventories.
        (ii) Each console is identical to each other console and each handpiece is identical to each other handpiece.

Value Premise

20. In accordance with NZIFRS13 the assets will be valued at their *"Highest and best use*".

    "27 A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use."

21. The Board considers the intended use of TruScreen -- to distribute the product throughout countries where the benefits of TruScreen, such as real time cancer screening results versus referral of samples for pathology, are most needed - to be the highest and best use for the assets.

Observable Market for the assets

22. The Board noted the requirement of NZIFRS 13 paragraph 2:

    "*Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value measurement in both cases is the same – to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (i.e. an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability).*

23. The Board notes that limited volumes of stock have been sold at arm's length and will have regard to this in determining the value of stock.

24. Except for the market observed for stock, the Board is unaware of any observable market for the assets. Accordingly the Board has used other data to estimate the fair value having regard to the valuation techniques and general principles in NZIFRS 13.

25. Valuation techniques re NZIFRS 13:

    "61 An entity shall use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs."

26. General principles re NZIFRS 13:

    "67 Valuation techniques used to measure fair value shall maximise the use of relevant observable inputs and minimise the use of unobservable inputs."

Determination of assets values

General

27. The Board noted there are no quoted prices in active markets for identical assets i.e. – there are no Level One inputs as defined in NZIFRS 13 para 76.

28. The Board noted that there are no Level 2 inputs ("as *defined in NZIFRS 13 para 76*") for the assets.

29. In forming the view in the above paragraph, the Board noted that an entity, Guided Therapeutics Inc. which is listed in the US had a market capitalisation of NZD$44,297,761 at 6 November, 2013.

30. The Board considers Truscreen to be more advanced in its commercialisation than the Guided Therapeutics Inc. product.

31. The Board considered, however, that any biotechnology company, even with similar products, is difficult to be considered alike for the purposes of a valuation.

32. The Board considers that the Level 3 inputs, unobservable inputs, described below to better determine the "fair value" of the assets.

Valuation of Stock

33. The value of stock of AUD$883,995 was determined at fair value. Fair value was based on historical knowledge of the cost and net realisable value. Net realisable value on the basis of the advice from distributors, distributor agreements albeit unsigned, those sales that occurred before the purchase of the stock by Truscreen Pty Limited and those sales that have occurred subsequent to 31 March, 2014. Ninety Six (96) per cent of stock are consoles (275) and are being sold at circa A$5,000 per unit which is greater than the fair value attributed to each console of A$3,101.74.

Valuation of Intangible assets

34. The consideration paid in total was the 100 fully paid 10c shares in Truscreen Pty Limited. These shares were deemed to have a fair value of AUD$8,013,409.They were on sold for a consideration of:

    a. NZD$3,500,000 of secured convertible notes of which:NZD$2,750,000 was redeemed before 31 March 2014; and

    b. 57,780,000 issued shares. These were valued at 10 cents each in line with what sophisticated investors paid for 55,000,000 shares issued on 12 February, 2014.

35. The Transaction occurred as part of a capital raising involving independent, third party high net worth investors who invested in the Truscreen assets based on an information memorandum made available to them. This capital raising was on the basis that the investors provide NZD$5,500,000 in cash in return for 55,000,000 shares on an issue value of 10c per share. The transaction would not occur without a successful capital raising. 55,000,000 shares represented 40.9% of the legal parents issued shares. The Directors consider this to effectively place a valuation of NZD$13,446,667 on the Group (based on $5.5m for 40.9%). The Directors have assessed this valuation and after allowing:

    a. Cash injected by the capital raising of NZD$(5,500,000).
    b. Existing assets of Truscreen Limited of NZD$(10,000).
    c. Share issue costs of $214,707
    d. Premium paid by the investors for a shareholder spread required for a compliance listing of NZD$962,240
    e. Other - NZD$63,447.
    f. The stock at NZD ($1,012,363) being AUD$883,995

    The Directors have determined that the fair value of the intangibles assets acquired in the Transaction is NZD$8,164,698 (AUD $7,129,414).

36. The NZD$8,166,304 (AUD$7,729,414) balance of the purchase price, i.e.by deducting the value of stock from the total consideration ($AUD8,013,409 - AUD$883,995 = AUD$7,129,414) was attributed to the intangible assets.

37. This was considered to be the most observable determination of value by the Board.

38. The Board noted that discounted cash flows prepared by management (key assumptions noted in the representation letter) determined a discounted cash flow value of the business of NZD$22,965,000. The Board considered the subjectivity necessarily involved in discounted cash

flows and sales forecasts and determined the value based on the arm's length payment to be more observable.

39. The independent auditor, BDO have signed off on the financial statements for the period ending Mar 31, 2014, which include the intangibles at valuation, with an unqualified audit opinion.

Appendix 7

TruScreen Limited Financial Statement

9 August 2013 - Mar 31, 2014.

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TRUSCREEN LIMITED

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE PERIOD 9 AUGUST 2013 TO 31 MARCH 2014

	Note	Group	Parent
		$	$
Revenue from the sale of goods	5	19,333	-
Cost of sales		(12,601)	-
Gross profit		6,732	-
Other income	5	1,845	-
Expenditure			
Employee benefit expenses and directors fees	6	(236,656)	(154,025)
Administration and other operating expenses	6	(1,339,646)	(183,687)
Loan due from subsidiary – interest imputed	12	-	(84,252)
Finance costs – interest expense on convertible note at amortised cost		(12,452)	(12,452)
Loss before income tax		(1,580,177)	(434,416)
Income tax expense	7	-	-
Loss for the period attributable to owners of the Parent		(1,580,177)	(434,416)
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign controlled entities operations	20	(632,574)	-
Other comprehensive (loss) / income for the period		(632,574)	-
Total comprehensive (loss) / income for the period attributable to the owners of the Parent		(2,212,751)	(434,416)
Basic (losses) / earnings (cents per share)	8	(1.9)	
Diluted (losses) / earnings (cents per share)		(1.8)	

The accompanying notes form part of these financial statements.

TRUSCREEN LIMITED

STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2014

	Note	Group $	Parent $
CURRENT ASSETS			
Cash and cash equivalents	11	2,840,216	2,486,655
Trade and other receivables	12	29,989	10,000
Goods and services taxes recoverable		31,078	16,760
Inventories	13	942,427	-
Other assets – prepayments		9,257	-
TOTAL CURRENT ASSETS		3,852,967	2,513,415
NON-CURRENT ASSETS			
Trade and other receivables	12	-	529,915
Plant and equipment	16	4,445	-
Intangible assets	15	7,642,652	-
Investments in subsidiaries	14	-	9,278,000
TOTAL NON-CURRENT ASSETS		7,647,097	9,807,915
TOTAL ASSETS		11,500,064	12,321,330
CURRENT LIABILITIES			
Trade and other payables	17	326,932	229,977
Provision for employee benefits	18	8,814	-
Borrowings	19	762,452	762,452
TOTAL CURRENT LIABILITIES		1,098,198	992,429
NET ASSETS		10,401,866	11,328,901
EQUITY			
Issued capital	9	12,495,593	11,644,293
Reserves	20	(513,550)	119,024
Accumulated losses		(1,580,177)	(434,416)
Total Equity		10,401,866	11,328,901

On behalf of the Board

Robert Hunter
Chairman

Christopher Horn
Director

The accompanying notes form part of these financial statements.

TRUSCREEN LIMITED

STATEMENTS OF CHANGES IN EQUITY

FOR THE PERIOD 9 AUGUST 2013 TO 31 MARCH 2014

	Note	Share Capital	Accumulated Losses	Foreign Currency Translation Reserve	Option Reserve	Total
		$	$	$		$
GROUP						
Balance at 9 August 2013		-	-	-	-	-
Loss for the period to 31 March 2014		-	(1,580,177)	-	-	(1,580,177)
Other comprehensive (loss) /income for the period	20	-		(632,574)	-	(632,574)
Total comprehensive income for the period		-	(1,580,177)	(632,574)	-	(2,212,751)
Transactions with owners						
Issue of ordinary shares	9	12,495,593	-	-	-	12,495,593
Share based payment	21	-	-	-	119,024	119,024
Balance at 31 March 2014		**12,495,593**	**(1,580,177)**	**(632,574)**	**119,024**	**10,401,866**
PARENT						
Balance at 9 August 2013		-	-	-	-	-
Loss for the period to 31 March 2014		-	(434,416)	-	-	(434,416)
Total comprehensive income for the period		-	(434,416)	-		(434,416)
Transactions with owners						
Issue of ordinary shares	9	11,644,293	-	-	-	11,644,293
Share based payment	21	-	-	-	119,024	119,024
Balance at 31 March 2014		**11,644,293**	**(434,416)**	**-**	**119,024**	**11,328,901**

The accompanying notes form part of these financial statements.

TRUSCREEN LIMITED
STATEMENTS OF CASH FLOWS
FOR THE PERIOD 9 AUGUST 2013 TO 31 MARCH 2014

	Note	Group	Parent
		$	$
CASH FLOW FROM OPERATING ACTIVITIES			
Cash paid to suppliers and employees		(256,737)	(5,228)
Interest received		1,845	-
Net cash from operating activities	22	(254,892)	(5,228)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of intellectual property	15	(41,984)	-
Purchase of equipment		(4,791)	-
Loan to related party	12	-	(650,000)
Net cash from investing activities		(46,775)	(650,000)
CASH FLOW FROM FINANCING ACTIVITIES			
Cash was provided from:			
Proceeds from issue of shares	9	6,071,000	6,071,000
Cash was applied to:			
Repayment of convertible notes	19	(2,750,000)	(2,750,000)
Share issue costs	9	(179,117)	(179,117)
Net cash from financing activities		3,141,883	3,141,883
Net increase in cash and cash equivalents		2,840,216	2,486,655
Cash and cash equivalents at 9 August 2013		-	-
Cash and cash equivalents at 31 March 2014	11	2,840,216	2,486,655

The accompanying notes form part of these financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

GENERAL INFORMATION

These financial statements and notes represent those of Truscreen Limited and its subsidiaries (the Group) and the parent entity Truscreen Limited, (the Company). References to “Truscreen” are used when Group and Company are similarly affected.

The parent company, Truscreen Limited is the ultimate legal parent company of the Group and is a limited liability company incorporated and domiciled in New Zealand and registered under the Companies Act 1993.

The Company is an issuer under the Financial Reporting Act 1993 and its financial statements and the group financial statements are prepared in accordance with the Financial Reporting Act 1993.

The financial statements were authorised for issue on 31 July 2014 by the Directors of the company.

The registered office of the Company is Suite 107 Geyser Building, Parnell Road, Parnell, Auckland, 1052 New Zealand.

The Group is engaged in the business of the development and manufacture of cancer detection devices and systems.

These financial statements are general purpose financial statements that have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (“NZ GAAP”). NZ GAAP consists of New Zealand equivalents to International Financial Reporting Standards (“NZ IFRS”) and other applicable Financial Reporting Standards as appropriate to profit-oriented entities. These financial statements comply with NZ IFRS and International Financial Reporting Standards (“IFRS”). Truscreen is a profit-oriented entity.

Basis of Measurement

The financial statements, except for the cashflow information, have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes.

Items included in the financial statements of each of the Group's operations are measured using the currency of the primary economic environment in which it operates (“the functional currency").

The functional currency of Truscreen Pty Ltd has been determined as Australian Dollars.

The functional currency of Truscreen Ltd has been determined as New Zealand Dollars as it is domiciled in New Zealand and raises capital in New Zealand.

The financial statements are presented in New Zealand Dollars, which is the legal Parent’s presentation currency. The financial statements are presented in New Zealand dollars, which is the Company and the Group's presentation currency. The Group’s functional currency will be reviewed once the Group commences trading.

The amounts presented in the financial statements have been rounded to the nearest dollar.

Reporting Period

The company was incorporated on 9 August 2013. Truscreen Pty Limited was incorporated on 26 August 2013.
Accordingly there are no comparative amounts.

No trading occurred in any entity in the Group until after 1 January 2014.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Period (Continued)

The Group's results for the period are from 26 August 2013 to 31 March 2014. The Group's financial statements comprise the results of Truscreen Pty Limited for the whole period and the results of Truscreen Limited from the date of the acquisition of shares in Truscreen Limited on 6 November 2013.

The financial statements of the legal parent are for the period commencing 9 August 2013 and ending 31 March 2014. See note "a" below for further details.

Basis of Preparation

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

a. Principles of Consolidation

The financial statements of the Group detailed below, have been prepared using the principles of reverse acquisition accounting.

Truscreen Limited was acquired by Truscreen Pty Limited on 6 November 2013 as the former shareholders of Truscreen Pty Limited held 42.98% of the combined entity immediately after the acquisition. This was the largest minority voting interest in the combined entity at the time. The consolidated financial statements are issued in the name of the legal Parent, Truscreen Limited, but are a continuation of the financial statements of the legal subsidiary Truscreen Pty Limited, who is the accounting acquirer. The Group financial statements also include Truscreen Ltd (UK) which was acquired by Truscreen Pty Limited on 6 November 2013 for $2.

Subsidiaries

Subsidiaries are all those entities over which the Company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between subsidiary companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

Continuation accounting
On 6 November 2013 Truscreen Pty Limited's original shareholders obtained a 72.73% interest in Truscreen Limited. This transaction was contingent on the Company raising additional share capital of at least $5,500,000. After the additional $5,500,000 was raised the interest in the consolidated group of the original shareholders in Truscreen Pty Limited was reduced to 42.98% representing the largest voting interest in the combined entity. This would normally be accounted for as a reverse acquisition in accordance with NZ IFRS 3 "*Business Combinations*", however Truscreen Limited, the legal acquirer was not a continuing business. The transaction thus has been accounted for in the consolidated financial statements in according with NZ IFRS 2 "*Share-based Payments*". It has been accounted for as a continuation of the financial statements of Truscreen Pty Limited, together with a deemed issue of shares, equivalent to the shares held by the former shareholders of Truscreen Limited. This deemed issue of the

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Principles of Consolidation (Continued)

Continuation accounting (continued)
shares is, in effect, a share-based payment transaction whereby Truscreen Pty Limited is deemed to have received the net assets of Truscreen Limited. The overall accounting effect is very similar to that of a reverse acquisition. This accounting treatment applies only to the transactions at the acquisition date and applies only to the consolidated financial statements.

As the consolidated financial statements represent a continuation of the financial statements of Truscreen Pty Limited, the principles and guidance on the preparation and presentation of the consolidated financial statements in a reverse acquisition set out in NZ IFRS 3 have been applied:

- fair value adjustments arising at transaction date were made to Truscreen Limited's assets and liabilities, not those of Truscreen Pty Limited;
- the cost of the transaction is based on the notional amount of shares that Truscreen Pty Limited would need to issue to acquire the majority interest of Truscreen Limited's shares that the shareholders did not own after the acquisition, multiplied by the fair value of Truscreen Limited shares at acquisition date;
- Convertible Notes issued (19) were treated as a distribution to the major shareholder as outlined in Note 9.
- equity balances in the consolidated financial statement at the date of transaction are the equity balances of Truscreen Pty Limited immediately before the transaction;
- a share-based payment transaction arises whereby Truscreen Pty Limited is deemed to have issued shares in exchange for the net assets of Truscreen Limited;
- the amount recognised as issued equity instruments in the consolidated financial statements has been determined by adding the share based payment to the issued equity of Truscreen Limited immediately before the business combination;
- the equity structure in the consolidated financial statements (the number and type of equity instruments issued) at the date of the transaction reflects the equity structure of Truscreen Limited, including the equity instruments issued by Truscreen Limited to effect the transaction; and
- the results of the period comprise the results of Truscreen Pty Limited, and the results of Truscreen Limited subsequent to the acquisition.

b. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Truscreen Limited Group Board. To date the operations have been reported as one segment. Accordingly:

- the segment results are as reported in the Statement of Profit or Loss and Other Comprehensive Income.
- the segment assets and liabilities are as in the Statement of Financial Position.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Foreign Currency Translation

Functional and presentation currency

Items included in the financial statements of each of the Group's operations are measured using the currency of the primary economic environment in which it operates (the “functional currency”).

Foreign Operations

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the "functional currency").

The assets and liabilities of all of the Group companies (none of which has a currency of hyper-inflationary economy) that have a functional currency that differs from the presentation currency, including fair value adjustments arising on consolidation, are translated to the presentation currency at foreign exchange rates ruling at the reporting date. All exchange differences arising from the translation of foreign operations are recognised in the foreign currency translation reserve.
Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether the foreign currency movements are in a net gain or net loss position.

Transactions and balances

Transactions in currencies other than the presentation currency are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in currencies other than the presentation currency at the reporting date are translated to the presentation currency at the foreign exchange rate ruling at that date, with foreign exchange differences arising on translation being recognised in the profit and loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a currency other than the functional currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities that are stated at fair value in a currency other than the presentation currency are translated using the exchange rate ruling at the date the fair value was determined.

d. Revenue Recognition

Trading revenue will relate to sale of goods. Revenue is recognised at the point of delivery. This corresponds to the point of transfer of the significant risks and rewards of ownership of the goods.
Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised. For sales of goods, transfer occurs upon delivery to the customer.
Revenue is stated net of the amount of goods and services tax.

Interest revenue is recognised using the effective interest rate method.

e. Income Tax

Income tax expense comprises current and deferred tax where applicable. Income tax expense is recognised in profit and loss except to the extent that it relates to a business combination or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences:

- the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividends is recognised.

f. Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

First-In-First-Out (FIFO) method is used to determine the cost of ordinarily interchangeable items.

g. Goods and Services Tax (GST)

The profit and loss has been prepared so that all components are stated exclusive of GST. All items in the statement of financial position are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

h. Statement of Cash Flows

The following is the definition of the terms used in the Statement of Cash Flows:

(i) Cash and cash equivalents means cash held at banks, and term deposits that can be liquidated in less than 90 days in which the Group has invested in as part of its day to day cash management

i. Statement of Cash Flows (Continued)

(ii) Investing activities are those relating to acquisition of subsidiaries, the addition, acquisition and disposal of property, plant and equipment and intangibles.

(iii) Financing activities are those activities which result in changes in the size and composition of the capital structure of the Group.

(iv) Operating activities include all transactions and other events that are not investing or financing activities.

j. Financial Instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, trade and other payables, and borrowings. Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured at amortised cost using the effective interest rate method, less any impairment losses. Receivable and payables of short-term duration are not discounted as the effect of discounting is not considered to be material.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments bank term deposits of less than 90 days duration and form an integral part of the group's cash management.

Trade and Other Receivables

Trade and other receivables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost, less allowance for impairment. Trade receivables are due for settlement no more than one month from the date of recognition.

Allowances have been made for accounts estimated to be doubtfully recoverable. Such amounts have been deducted from the respective accounts. When amounts are considered uncollectible they are written off against this provision.

Trade and Other Payables

Trade and other payables amounts represent liabilities for goods and services provided to the Group prior to the end of the financial period which are unpaid. Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost. The amounts are unsecured and are usually paid within a month of recognition.

Borrowings

Borrowings are recognised initially at fair value, plus directly attributable transaction costs. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the profit and loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Investments

Investments in subsidiaries in the parent financial statements are valued at cost, less impairment losses, if any.

i. Financial Instruments (Continued)

Convertible note with embedded derivative liability

The Company has issued a convertible loan that can be converted to share capital at the option of the holder. Since the number of shares which may be issued on conversion is not fixed this loan is considered to contain an embedded derivative, which is required to be separated out and measured separately from the host loan contract. The derivative is measured initially and subsequently at fair value through profit or loss.

The value of the host liability is calculated as the difference between the value of an option at the fixed conversion rate in the Company and the value of the variable option as described above. The variable option has been valued using the Black-Scholes model. Any directly attributable transaction costs are allocated to the embedded derivative and liability in proportion to their initial carrying amounts. Any directly attributable transaction costs are expensed immediately in respect of the derivative.

Subsequent to initial recognition, the host liability is measured at amortised cost using the effective interest method.

Interest and gains and losses related to the host liability are recognised in profit or loss. If the convertible note is converted to share capital the financial liability is reclassified to equity and no gain or loss will be recognised on conversion.

j. Impairment - Financial Assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The amount of the allowance is recognised in the profit and loss.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the profit and loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. The reversal is recognised in the profit and loss.

k. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair value is disclosed in the notes specific to that asset or liability.

Intangible assets

The fair value of intangible assets has been determined based on the Directors assessment of Level 3 unobservable market inputs in the fair value framework.

Evidence in this determination include comparison and reference to:

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Determination of fair values (Continued)

Intangible assets (continued)

- a capital raising involving independent third party investors in an arm's length transaction which was conterminous with the initial acquisition of the intangible assets;
- the market capitalisation of a NASDAQ listed competitor;
- forecast cash flows discounted to their present value using a pre-tax discount rate equal to the Group's weighted average costs of capital.

Trade and other receivables

Short-term receivables are not discounted as their carrying amounts are expected to be recovered in full at their carrying amounts. Accordingly, their carrying value is considered to fairly approximate the fair value. The fair value of any term trade and other receivables is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes or when acquired in a business combination.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flow, discounted at the market rate of interest at the reporting date.

Non-financial liabilities for settlement in the short term, periods of less than one year, such as trade and other payables are not discounted as their present value equates to their initial recorded value.

l. Plant and equipment

Plant and equipment are measured at cost less accumulated depreciation and impairment losses.
Depreciation
The depreciable amount of all plant and equipment is depreciated over the asset's useful life to the Company commencing from the time the asset is held ready for use.
The depreciation rates used for depreciable assets are:
– Computer hardware at 33.3% straight line.
The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at the end of each reporting period.
An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.
Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in the profit or loss. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

m. Impairment - Non-Financial Assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. Impairment - Non-Financial Assets (Continued)

Additionally intangible assets not available for use are tested annually, irrespective of whether there is any indication of impairment by comparing its carrying amount with its recoverable amount. Intangible assets acquired during the current financial period are tested for impairment before the end of the current financial period.

The recoverable amount of an asset or cash generating unit *("CGU")* is the greater of its value in use and its fair value less costs to sell. In assessing value in use in the current period, the Directors use a recent arm's length capital transaction to test for impairment. In the future, as the Group establishes a history of cashflows and in the absence of such transactions, estimated future cash flows will be discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets.

All intangibles have been treated as one cash generating unit. Cash inflows cannot be identified to particular intangible assets or particular groups of intangible assets. This is as the cash flows arising from the cancer detection business requires utilisation of all the particular intangibles.

Impairment losses are recognised in the profit and loss. Impairment losses recognised in respect of CGU's reduce the carrying amounts of the assets in the CGU (group of CGU's) on a pro-rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

n. Research & Development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the profit and loss as incurred.

Development costs are capitalised where future benefits are expected to exceed those costs; otherwise such costs are recognised in the profit and loss in the period in which they are incurred. Development activities involve a plan or design for the production, development or enhancement of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically or commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs.

Capitalised development costs are amortised over 25 years in relation to expected future revenue in each period. Unamortised costs are reviewed at each reporting date to determine the amount (if any) that is no longer recoverable, and any amount so identified is written off.

As there are no intangible assets yet available for use, they are currently not being amortised.

o. Share Capital

Ordinary shares are classified as capital. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

p. Employee Benefits

Accrual is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. 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 on an undiscounted basis. 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. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cashflows are discounted using market yields on national government bonds (of the country where the employment contract exists) with terms to maturity that match the expected timing of cash flows.

q. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets, until such time that the assets are ready for their intended use or sale. Finance costs comprise interest expense on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

r. Accounting Standards Issued but not yet Effective

At the date of these financial statements, the following accounting standards have been issued which are not yet effective which could have a material financial impact on the financial statements of the Company. Whilst there may be some disclosure changes the impacts of these standards is not considered to be significant for the Group.

NZ IAS 32 – *Financial Instruments Presentation*

The amended NZ IAS 32 will be adopted by the Company for the first time for its annual financial reporting period ended 31 March 2015. The amendment simply clarifies:

- The meaning of 'currently has a legally enforceable right of set-off'; and
- That some gross settlement systems may be considered equivalent to net settlement.

NZ IAS 36 – *Impairment of Assets*

The amendment to NZ IAS 36 requires the disclosure of the recoverable amount of an asset (or CGU) only in periods in which impairment has been recorded or reversed in respect of that asset (or CGU) and requires expansion and clarification of the disclosure requirements when an assets (CGUs) recoverable amount has been determined on the basis of fair value less disposal. The amended NZ IAS 36 will be adopted by the Company for the first time for its annual financial reporting period ended 31 March 2015.

NZ IFRS 9 – *Financial Instruments*

The adoption of NZ IFRS 9 will be adopted by the Company for the first time for its financial reporting period ended 31 March 2018. The adoption of NZ IFRS 9 will result in certain financial assets currently being accounted for at amortised cost to have to be reclassified as at fair value through profit or loss. All financial instruments currently classified as available-for-sale will potentially have to be reclassified at fair value through profit or loss except where the Company is able to designate the financial assets as fair value through other comprehensive income.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

r. Accounting Standards Issued but not yet Effective (Continued)

The adoption of NZ IFRS 9 will not affect the current classification and measurement requirements of financial liabilities. NZ IFRS 9 retains the current eligibility conditions for irrevocably designating a financial liability (at initial recognition) as measured at fair value through profit or loss, with gains and losses included in profit or loss. However, there is an exception for financial liabilities other than loan commitments and financial guarantee contracts, where the changes in fair value attributable to changes in the credit risk of the liability must presented in other comprehensive income, with the remaining gain or loss then taken to profit or loss.

The adoption of NZ IFRS 9 will also eliminate the exception from the fair value measurement requirement in relation to derivative liabilities that are linked to and must be settled by delivery of an unquoted equity instrument that is not reliably measureable – previously an entity was able to simply account for these at cost.

NOTE 2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company makes estimates and assumptions concerning the future that affects the amounts reported in the financial statements. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Intangibles

Intangible assets were acquired on 27 August 2013 by Truscreen Pty Limited and have been included in the financial statements at cost. The Directors elected to determine cost based on fair value in line with the accounting policy of the Group. These assets are not yet available for use.

The Directors have tested the intangible assets for impairment at reporting date and have determined that there is no impairment of those assets at the reporting date. The Directors have drawn their conclusion having considered the likely recoverable amount, being fair value less costs of disposal. The fair value has been determined using a significant recent third party transaction in which 40.9% of the Company's share capital was sold to knowledgeable willing buyers. To further support this determination a discounted cashflow analysis was performed on the underlying net cashflows likely to be generated by those assets in the ordinary course of business prepared by management. Details regarding the Directors' assessment are disclosed in Note 15.

Investment in Subsidiary

The directors have considered the carrying value of the investment by the Truscreen Pty Limited. Based on the discounted cashflow forecast used in the assessment of impairment of that company's assets no impairment was considered necessary. Details are disclosed in Note 15.

Loan to subsidiary

The loan by the company is interest free and payable on demand. As the Company is not to call for the loan to be repaid for at least 2 years unless working capital allows, it was adjusted to fair value, the present value of the principal, on initial recognition. Details are disclosed in Note 12.

NOTE 2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

Recognition of *Deferred Taxation Assets*

The benefit of deferred tax arising from tax losses and temporary differences has not been recognised as disclosed in Note 7.

Principal business risks

The future operational and financial performance of Truscreen and its Shares may be affected by a number of risk factors which are set out below. Although the Directors have in place risk management strategies to counter most of these risks where possible, the Directors cannot give any guarantee or assurance that the strategies in place will fully mitigate or remove the risks.

The following should be considered when evaluating critical accounting estimates and judgments.

Early stage and speculative nature of the Truscreen Business

The Truscreen business is an early stage business. The Truscreen business is not the subject of any fixed term contractual arrangement at this time and there are no guaranteed recurring regular income streams for the Truscreen business. Because no historical information is available on our revenue trends and operations for our cancer detection programs it is difficult to evaluate our business. Our prospects must be considered in light of the substantial risks, expenses, uncertainties and difficulties encountered by entrants into the medical device industry, which is characterised by increasing intense competition and a high failure rate. As a new business we have no history of sales and therefore we currently operate at a loss. Our operating losses may continue as we continue to expend substantial resources to obtain and maintain regulatory clearances or approvals, and build our marketing, sales, manufacturing and finance organisations, and conduct further research and development. The further development and commercialisation of our products will require substantial development, regulatory, sales and marketing, manufacturing and other expenditures.

Cash flow

There is a risk that Truscreen may not have the funding to implement its business plan if planned sales do not eventuate as forecasted or there are significant costs over runs incurred by Truscreen in respect of the execution of its business plan.

We may require substantial additional capital to develop our products, including completing new product testing and clinical trials, obtaining all required regulatory approvals and clearances, beginning and scaling up manufacturing, and marketing our products into particular jurisdictions. We have currently financed our operations through the issue of new capital. We believe funds on hand as of date of this document, along with funds from government contracts and grants, and collaborative arrangements with new partners, will be sufficient to support planned operations through to the end of Quarter 2, 2016, but may not be sufficient to fund our planned operations to the point of commercial introduction of a future miniaturized Truscreen cervical cancer detection device or other applications of that device. Any failure to achieve adequate funding in a timely fashion would delay our development programs and could lead to abandonment of one or more of our development initiatives.

NOTE 2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

Principal business risks (continued)

Cash flow (continued)

To the extent we cannot obtain additional funding, our ability to continue to develop and introduce products to market will be limited. Further, financing our operations through the public or private sale of debt or equity may involve restrictive covenants or other provisions that could limit how we conduct our business or financing our operations. Financing our operations through collaborative arrangements generally means that the obligations of the collaborative partner to fund our expenditures are largely discretionary and depend on a number of factors, including our ability to meet specified milestones in the development and testing of the relevant product. We may not be able to meet these milestones, or the collaborative partner may not continue to fund our expenditures.

Competition

Truscreen competes with numerous other developers and suppliers of similar product offerings and services, and the barriers to entry for more competition are not prohibitive. Competition from other service providers is significant and changes in the composition and extent of competitors has the potential to present opportunities, and or impact on Truscreen's market share and profitability.

Truscreen is susceptible to being overtaken by other more established and larger organisations if they aggressively expand and integrate new technologies.

Furthermore, our competitors may succeed in developing, either before or after the development and commercialisation of our products, devices and technologies that permit more efficient, less expensive non-invasive and less invasive cancer detection. It is also possible that one or more pharmaceutical or other health care companies will develop therapeutic drugs, treatments or other products that will substantially reduce the prevalence of cancers or otherwise render our products obsolete.

Unsuccessful Marketing

We may not be able to generate sufficient sales revenues to sustain our growth and strategy plans.

Truscreen sets annual growth targets which are reviewed regularly in the light of prevailing market conditions. Despite the best endeavours of Truscreen and its distributors it is possible, that Truscreen's initiatives to market its offerings could fail or not produce the projected levels, which may have an adverse impact on the financial position and performance of Truscreen.

Our cervical cancer diagnostic activities have been financed to date through direct investment. Bringing this product to market is the main focus of our business. In order to complete future product development and prepare for marketing of the cervical cancer detection product, additional capital may be required. We need to complete the regulatory filing processes for our cervical cancer diagnostic product and obtain capital investment for future product development and launch.

Because our products, which use different technology or apply technology in different ways than other medical devices, are or will be new to the market, we may not be successful in launching our products and our operations and growth would be adversely affected.

Our products are based on new methods of cancer detection. If our products do not achieve significant market acceptance, our sales will be limited and our financial condition may suffer. Physicians and individuals may not recommend or use our products unless they determine that these products are an attractive alternative to current tests that have a long history of safe and effective use.

NOTE 2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

Principal business risks (continued)

Unsuccessful Marketing (continued)

To date, our products have been used by only a limited number of people, and few independent studies regarding our products have been published. The lack of recent independent studies limits the ability of doctors or consumers to compare our products to conventional products.

If we are unable to compete effectively in the highly competitive medical device industry, our future growth and operating results will suffer. The medical device industry in general and the markets in which we expect to offer products in particular, are intensely competitive. Many of our competitors have substantially greater financial, research, technical, manufacturing, marketing, and distribution resources than we do and have greater name recognition and lengthier operating histories in the healthcare industry. We may not be able to effectively compete against these and other competitors. A number of competitors are currently marketing traditional laboratory-based tests for cervical cancer screening and diagnosis. These tests are widely accepted in the health care industry and have a long history of accurate and effective use.

Further, if our products are not available at competitive prices, health care administrators who are subject to increasing pressures to reduce costs may not elect to purchase them. Also, a number of companies have announced that they are developing, or have introduced, products that permit non-invasive and less invasive cancer detection. Accordingly, competition in this area is expected to increase.

Delayed Regulatory Approvals

The design, manufacturing, labelling, distribution and marketing of medical device products are subject to extensive and rigorous government regulation, which can be expensive and uncertain and can cause lengthy delays before we can begin selling our products.

Truscreen has forecast regulatory approvals based upon its own knowledge of the regulatory approval systems and the information provided by its distributors and intended distributor. However, if the regulatory approvals are delayed due to unforeseen circumstances that may have an adverse impact on the financial position and performance of Truscreen.

For example, in China, the CFDA's actions could delay or prevent our ability to sell our products, which would adversely affect our growth and strategy plans. We cannot be sure that:

- we or any collaborative partner will make timely filings with the CFDA;
- the CFDA will act favourably or quickly on these submissions;
- we will not be required to submit additional information or perform additional clinical studies; or other significant difficulties and costs will not be encountered to obtain CFDA clearance or approval.

The CFDA may impose strict labelling or other requirements as a condition of its clearance or approval, any of which could limit our ability to market our products. Further, if we wish to modify a product after CFDA approval including changes in indications or other modifications that could affect safety and efficacy, additional clearances or approvals will be required from the CFDA.

Any request by the CFDA for additional data, or any requirement by the CFDA that we conduct additional clinical studies, could result in a significant delay in bringing our products to market and substantial additional research and other expenditures. Similarly, any labelling or other conditions or restrictions imposed by the CFDA could hinder our ability to effectively market our products.

Delayed Regulatory Approvals(continued)

Any of the above actions by the CFDA could delay or prevent altogether our ability to market and distribute our products. Further, there may be new CFDA policies or changes in CFDA policies that could be adverse to us.

In other foreign countries, including European countries, we are also subject to government regulation, which could delay or prevent our ability to sell our products in those jurisdictions. In order for us to market our products in some other international jurisdictions, we and our distributors and agents must obtain required regulatory registrations or approvals. We must also comply with extensive regulations regarding safety, efficacy and quality in those jurisdictions. We may not be able to obtain the required regulatory registrations or approvals, or we may be required to incur significant costs in obtaining or maintaining any regulatory registrations or approvals we receive.

Delays in obtaining any registrations or approvals required for marketing our products, failure to receive these registrations or approvals, or future loss of previously obtained registrations or approvals would limit our ability to sell our products internationally. For example, international regulatory bodies have adopted various regulations governing product standards, packaging requirements, labelling requirements, import restrictions, tariff regulations, duties and tax requirements. These regulations vary from country to country. In order to sell our products in Europe, we must obtain and maintain ISO 13485:2003 certification and CE mark certification, which is an international symbol of quality and compliance with applicable European medical device directives. Failure to maintain ISO 13485:2003 certification or CE mark certification or other international regulatory approvals would prevent us from selling in some countries.

Even if we obtain clearance or approval to sell our products, we are subject to ongoing requirements and inspections that could lead to the restriction, suspension or revocation of our clearance.

We, as well as any potential collaborative partners, will be required to adhere to applicable regulations regarding good manufacturing practice, which include testing, control, and documentation requirements.

Ongoing compliance with good manufacturing practice and other applicable regulatory requirements will be strictly enforced in many foreign countries through periodic inspections by state and federal agencies, including the CFDA, and in other international jurisdictions by comparable agencies. Failure to comply with these regulatory requirements could result in, amongst other things, warning letters, fines, injunctions, civil penalties, recall or seizure of products, total or partial suspension of production, failure to obtain premarket clearance or premarket approval for devices, withdrawal of approvals previously obtained, and criminal prosecution. The restriction, suspension or revocation of regulatory approvals or any other failure to comply with regulatory requirements would limit our ability to operate and could increase our costs.

Third-Party Reimbursement

In many countries, sales of medical products are dependent, in part, on the ability of consumers of these products to obtain reimbursement for all or a portion of their cost from third-party entities, such as government and private insurance plans.

NOTE 2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

Principal business risks (continued)

Third-Party Reimbursement (continued)

Reimbursement and healthcare payment systems in international markets vary significantly by country and include both government-sponsored health care and private insurance.

We may not be able to obtain approvals for reimbursement from these international third-party entities in a timely manner, if at all. Any failure to receive international reimbursement approvals could have an adverse effect on market acceptance of our products in the international markets in which approvals are sought.

Any inability of patients, hospitals, physicians and other users of our products to obtain sufficient reimbursement from third-party entities for our products, or adverse changes in relevant governmental policies or the policies of private third-party entities regarding reimbursement for these products, could limit our ability to sell our products on a competitive basis.

We are unable to predict what changes will be made in the reimbursement methods used by third-party entities. Moreover, third-party entities are increasingly challenging the prices charged for medical products and services, and some healthcare providers are gradually adopting a managed care system in which the providers contract to provide comprehensive healthcare services for a fixed cost per person.

Patients, hospitals and physicians may not be able to justify the use of our products by the attendant cost savings and clinical benefits that we believe will be derived from the use of our products, and therefore may not be able to obtain third-party reimbursement.

Intellectual Property

Our success depends in large part upon our ability to establish and maintain the proprietary nature of our technology through the patent process, as well as our ability to license from others patents and patent applications necessary to develop our products. If any of our patents are successfully challenged, invalidated or circumvented, or our right or ability to manufacture our products was to be limited, our ability to continue to manufacture and market our products could be adversely affected. In addition to patents, we rely on trade secrets and proprietary know-how, which we seek to protect, in part, through confidentiality and proprietary information agreements. The other parties to these agreements may breach these provisions, and we may not have adequate remedies for any breach. Additionally, our trade secrets could otherwise become known to or be independently developed by competitors.

As of the date of this document, we have been issued, or have rights to 4 key patents and patents pending. One or more of the patents we hold for our cervical cancer detection products may be successfully challenged, invalidated or circumvented, or we may otherwise be unable to rely on these patents. These risks are also present for the process we use or will use for manufacturing our products. In addition, our competitors, many of whom have substantial resources and have made substantial investments in competing technologies, may apply for and obtain patents that prevent, limit or interfere with our ability to make, use and sell our products.

The medical device industry has been characterised by extensive litigation regarding patents and other intellectual property rights.

NOTE 2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

Principal business risks (continued)

Intellectual Property (Continued)

The defence and prosecution of intellectual property suits and related legal and administrative proceedings are both costly and time consuming. Moreover, we may need to litigate to enforce our patents, to protect our trade secrets or know-how, or to determine the enforceability, scope and validity of the proprietary rights of others. Any litigation or interference proceedings involving us may require us to incur substantial legal and other fees and expenses and may require some of our employees to devote all or a substantial portion of their time to the proceedings.

An adverse determination in the proceedings could subject us to significant liabilities to third parties, require us to seek licenses from third parties or prevent us from selling our products in some or all markets. We may not be able to reach a satisfactory settlement of any dispute by licensing necessary patents or other intellectual property. Even if we reached a settlement, the settlement process may be expensive and time consuming, and the terms of the settlement may require us to pay substantial royalties.

An adverse determination in a judicial or administrative proceeding or the failure to obtain a necessary license could prevent us from manufacturing and selling our products.

Manufacturing Risk

We do not have the in house manufacturing experience that would enable us to make products in the volumes that would be necessary for us to achieve significant commercial sales, and we rely upon our suppliers. In addition, we may not be able to establish and maintain reliable, efficient, full scale manufacturing at commercially reasonable costs in a timely fashion.

Difficulties we encounter in manufacturing scale-up, or our failure to implement and maintain our manufacturing facilities in accordance with good manufacturing practice regulations, international quality standards or other regulatory requirements could result in a delay or termination of production. Companies often encounter difficulties in scaling up production, including problems involving production yield, quality control and assurance, and shortages of qualified personnel.

Since the Group relies on sole source suppliers for several of our products, any failure of those suppliers to perform would hurt its operations.

Several of the components used in our products or planned products, are available from only one supplier, and substitutes for these components could not be obtained easily or would require substantial modifications to our products. Any significant problem experienced by one of our sole source suppliers may result in a delay or interruption in the supply of components to us until that supplier cures the problem or an alternative source of the component is located and qualified. Any delay or interruption would likely lead to a delay or interruption in our manufacturing operations. For our products that require pre-market approval, the inclusion of substitute components could require us to qualify the new supplier with the appropriate government regulatory authorities. Alternatively for our products that qualify for regulatory approval, the substitute components must meet our product specifications.

NOTE 2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

Principal business risks (continued)

Loss of Key Personnel

The Board of Truscreen believes that it has assembled a quality executive team for the current stage the business is at. Truscreen has spent considerable time and effort in bringing together individuals who have the skills, experience and ability to work together effectively to achieve superior results and will continue to do so as the needs of the business grows. In the normal course of business, Truscreen faces the risk of the loss of one or more of those individuals for a variety of reasons. We face intense competition for such qualified personnel, many of whom are often subject to competing employment offers. We may not be able to attract and retain key employees when necessary, which would limit our operations and growth.

This risk is mitigated by the depth of experience of the Board of Directors and executive team, and by having a team structure to reduce exposure to any one individual.

Operational Risks

To continue its success Truscreen needs to have effective management and to retain key staff, as leadership is an important building block in Truscreen's plans for expansion.

The recruitment of effective people is also an important factor for Truscreen. The proposed expansion will require management to ensure all new staff recruited by Truscreen are capable of delivering to Truscreen's existing standards. Inability to recruit suitably qualified staff may adversely impact on the successful implementation of Truscreen's strategic objectives.

Liability

In the event that there are defects in the products supplied by Truscreen, then Truscreen may be potentially liable for claims from those who may have been adversely affected by such defects in the products. Such an occurrence may adversely impact upon the financial position and performance of Truscreen.

Because we operate in an industry with significant product liability risk, and we have not specifically insured against this risk, we may be subject to substantial claims against our products.

The development, manufacture and sale of medical products entail significant risks of product liability claims. We currently have no product liability insurance coverage beyond that provided by our general liability insurance. Accordingly, we may not be adequately protected from any liabilities, including any adverse judgments or settlements, we might incur in connection with the development, clinical testing, manufacture and sale of our products. A successful product liability claim or series of claims brought against us that result in an adverse judgment against or settlement by us in excess of any insurance coverage could seriously harm our financial condition or reputation. In addition, product liability insurance is expensive and may not be available to us on acceptable terms, if at all.

Exchange Rates

As Truscreen's international revenue increases with the deployment of its international operations, Truscreen's exposure to shifts in foreign currency cross rates to the Australian dollar will also increase. Consequently, in the event, for example, that the Australian dollar appreciates against the foreign currencies of the jurisdiction in which Truscreen trades, then this will impact adversely on the Australia dollar financial performance of the Company.

NOTE 2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

Principal business risks (continued)

General Economic Conditions

The trading and financial performance of Truscreen is influenced by a wide variety of business and economic conditions which affect the economy internationally including interest rates, exchange rates, inflation, commodity prices, government monetary, fiscal and regulatory policies, consumer spending patterns and the changes in business and consumer confidence.

Factors such as inflation, currency fluctuation, interest rates and the availability of capital, supply and demand and industrial disruption could impact on operating costs, Truscreen's future possible profitability and the market price of its quoted securities. These factors may be beyond the control of Truscreen.

NOTE 3. FINANCIAL RISK MANAGEMENT

In the normal course of business the Group is exposed to a variety of financial risks including foreign currency, interest rate, credit and liquidity risks. The Group's overall risk management strategy focuses on minimising the potential negative economic impact of unpredictable events on the Group's financial well-being.

Details of the significant accounting policies and methods adopted, including criteria for recognition and the basis of measurement are disclosed in Note 1 Statement of Accounting Policies.

The Group's financial instruments consist mainly of cash, accounts receivable and payable, convertible notes and loan to subsidiary (legal parent entity only).

The Group to date has not entered into any derivative financial instrument contract. The Group does not enter into derivative financial instruments for trading or speculative purposes.

The totals for each category of financial instrument are as follows:

	Note	Group	Parent
		$	$
Financial Assets			
Cash and cash equivalents	11	2,840,216	2,486,655
Loans and receivables	12	29,989	539,915
Total financial assets		2,870,205	3,026,570
Financial Liabilities			
Financial liabilities at amortised cost:			
Trade and other payables	17	326,932	229,977
Borrowings	19	762,452	762,452
Total financial liabilities at amortised cost		1,089,384	992,429

NOTE 3. FINANCIAL RISK MANAGEMENT (Continued)

Market risk

Foreign currency risk

The Group operates internationally and will be exposed to foreign exchange risk arising from various currency exposures. In the future the risk will arise in a number of other foreign currencies as well as the Australian dollar but mainly with respect to the United States dollar through trading in China. Foreign exchange risk arises when future commercial transactions are in currencies other than local currency and on recognised assets or liabilities and net investments in foreign operations.

This risk will be managed by placing contracts for supply of product in the same currency as the sales of those products occur. Contracts of forward cover will be taken out as appropriate.

The Parent holds a loan to subsidiary Truscreen Pty Ltd, however, this is denoted in NZD (the Parent's functional and presentation currency), therefore poses no foreign currency risk to the Parent.

Interest rate risk

Interest rate risk arises on financial assets and financial liabilities recognised at the end of a financial period whereby a future change in interest rates will affect future cash flows or the fair value of a fixed rate financial instrument. The Group's policy is to deposit cash at floating rates or at fixed rates for periods of time of less than 6 months.

The Group is exposed to interest rate risk on cash flows through cash at bank which is earning interest at a floating rate of 2.5 per cent of $353,561 (held in the subsidiary).

The Group and Parent are exposed to interest rate risk that may affect the fair value of a fixed rate financial instrument on the convertible notes outstanding at 31 March 2014 of $750,000 which earn interest at a fixed rate of 6 per cent per annum.

Sensitivity analysis

The sensitivity impact on Group to a reasonably possible change in interest rates, of a 50 basis point increase or decrease, with all other variables held constant would be +/-$1,768 to both profit and loss and equity.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge its obligations and as a result the Group will suffer financial loss.

With respect to credit risk arising from cash and cash equivalents there is limited credit risk as**:**

- Cash at bank is with National Australia Bank which has AA- credit rating (Standard and Poors).

- Cash at solicitors trust account is required to be held in accordance with particular legislation designed to keep monies safely.

Details of the exposure to credit quality of receivables, the age of receivables that are past due and any impairment are disclosed in Note 12 to the financial statements.

With respect to credit risk arising from accounts receivable, it is the Group's policy to only enter into agreements with parties who the Group assesses to be creditworthy. Accounts receivables balances are monitored on an ongoing basis and overdue accounts are followed up on rigorously.

A credit risk also arises in the Parent from a loan to its subsidiary – refer to Note 12 for details.

NOTE 3. FINANCIAL RISK MANAGEMENT (Continued)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The table below shows the maturity analysis for the contractual undiscounted cash flows for financial liabilities.

Financial Liability	Fair value	Carrying amount	Total contractual cash flows	Not later than three months	Later than 3 months and not later than 1 year
Group	$	$	$	$	$
Sundry creditors	326,932	326,932	326,932	326,932	-
Borrowings	762,452	762,452	795,000	-	795,000
	1,089,384	1,089,384	1,121,932	326,932	795,000

Financial Liability	Fair value	Carrying amount	Total contractual cash flows	Not later than three months	Later than 3 months and not later than 1 year
Parent	$	$	$	$	$
Sundry creditors	229,977	229,977	229,977	229,977	-
Borrowings	762,452	762,452	795,000	-	795,000
	992,429	992,429	1,024,977	229,977	795,000

The Company and Group manage liquidity risk by holding significant cash and cash equivalent assets.

(a) Fair value

Except as disclosed in Note 12, the fair value of trade receivables, trade payables, and cash and cash equivalents, are determined to be equivalent to their carrying value due to the short term nature of these balances.

(b) Capital risk management

There are no external capital requirements.

The Group and the Company's objectives when managing capital are to safeguard their ability to meet their liabilities as they fall due. It is intended to mainly rely upon capital to fund the business, rather than borrowings, until the business develops a reliable sales history.

There were no changes in the Group's approach to capital management during the period.

NOTE 4. SEGMENT INFORMATION

The Group operates in one operating segment. It owns the rights to the Truscreen Cervical Cancer screening system. The system comprises a medical device and process designed to detect the presence in real time of precancerous and cancerous tissue on the cervix.

Those operations are currently confined geographically to Australia and New Zealand.

	Note	Foreign country $	Country of domicile $
Revenues		21,178	-
Non-current assets other than financial assets			
Plant and equipment	16	4,445	-
Intangible assets	15	7,642,652	-
Investments in subsidiaries	14	-	9,278,000
Total non-current non-financial assets		7,647,097	9,278,000

All revenue noted in the statement of profit and loss is from sales of equipment related to the Truscreen cancer detection. These sales took place in a foreign country.

NOTE 5. REVENUE	Note	Group $	Parent $
Sales revenue - sale of goods		19,333	-
Interest received - other persons on financial assets not at fair value through profit or loss		1,845	-
		21,178	-

NOTE 6. EXPENSES	Note	Group	Parent
		$	$
Profit before income tax includes the following specific expenses.			
Employee benefits expense			
Wages and salaries	a	67,546	-
Staff superannuation		6,212	-
Provision for annual leave		8,873	-
Directors fees	25	35,001	35,001
Share based payments - options	21	119,024	119,024
		236,656	154,025
Administration and other operating expenses include:			
Fees for audit of financial statements for the interim period ended 15 February 2014		69,784	59,000
Fees for audit of financial statements for the period ended 31 March 2014		20,000	20,000
Total audit fees		89,784	79,000
Depreciation equipment		346	-
Share based payments – listing	10	962,420	-
Research and development		11,695	-

a. Truscreen Pty Limited is required, under Australian employment laws, to pay a prescribed portion of each employee's salary into a superannuation scheme.

NOTE 7. INCOME TAX EXPENSE	Note	Group	Parent
		$	$
Loss for the period		(1,580,177)	(434,416)
Prima facie income tax saving using the applicable country's tax rate (28% for NZ and 30% for Aus.)		467,050	121,636
Expenses not deductible for tax		(318,999)	(56,917)
Not recognised as a deferred tax asset		(148,051)	(64,719)
Income tax expense		-	-

Deferred tax assets of $148,051 for the Group and $64,719 for the Parent due to income losses have not been brought to account as deferred tax assets as the "probable" test that future assessable income against which those losses can be offset in the countries where those losses have been incurred cannot be satisfied.

NOTE 8. EARNINGS PER SHARE	Group
Basic loss per share:	
Net loss attributable to shareholders	$(1,580,177)
Weighted average number of ordinary shares on issue	82,789,799
Basic loss per share (cents) (based on weighted average number of shares on issue)	$(0.019)
Diluted loss per share:	
Earnings used to calculate diluted loss per share	$(1,567,725)
Weighted average number of diluted shares on issue	85,321,850
Diluted loss per share (cents) (based on weighted average number of shares on issue)	$(0.018)

Note that due to group being in loss making position the options are anti-dilutive and they reduce the loss per share instead of dilute the earnings.

Reconciliation of net loss attributable to shareholders to earnings used in calculating the diluted loss per share	
Net loss attributable to shareholders	$(1,580,177)
Interest on $750,000 of convertible notes	$12,452
Earnings used to calculate diluted loss per share	$(1,567,725)

Reconciliation of weighted average number of shares used in calculating basis loss per share to the weighted average number of ordinary shares used in calculating diluted loss per share	**No.**
Weighted average number of ordinary shares on issue	82,789,799
Adjustment for $750,000 of convertible notes	2,532,051
Weighted average number of diluted shares on issue used in calculating diluted loss per share	85,321,850

NOTE 9. ISSUED CAPITAL	Group	Parent
	$	$
Fully paid ordinary shares	12,495,593	11,644,293

NOTE 9. ISSUED CAPITAL (Continued)

Movements in issued capital are as follows:

a. Group	Note	No.	$:
Fully paid ordinary shares issued		1	1
Fully paid ordinary share redeemed		(1)	(1)
Fully paid ordinary shares issued		100	9,177,060
Continuation accounting share issue of fully paid ordinary share		57,780,000	962,240
Replacement of subsidiary shares by parent		21,666,566	-
Convertible notes issued to owners on acquisition	23b	-	(3,500,000)
Share issue costs		-	(214,707)
Fully paid ordinary shares issued		60,710,000	6,071,000
		140,156,666	12,495,593

b. Parent	No.	$:
Fully paid ordinary shares issued	21,666,666	10,000
Fully paid ordinary shares issued	57,780,000	5,778,000
Share issue costs	-	(214,707)
Fully paid ordinary shares issued	60,710,000	6,071,000
	140,156,666	11,644,293

NOTE 10. SHARE BASED PAYMENT EXPENSE - LISTING

The cost to obtain the capital structure required for listing, based on the notional amount of the shares Truscreen Pty Ltd needed to issue to affect the transaction, at fair value amounted to $962,240. This has been expensed as a share based payment cost in profit and loss.

NOTE 11. CASH AND CASH EQUIVALENTS	Group	Parent
	$	$
Cash at bank	353,561	-
Cash in solicitors trust account	2,486,655	2,486,655
	2,840,216	2,486,655

Cash at bank is earning interest at a floating rate at reporting date of 2.5%. Cash at bank is at call. Cash in the solicitors trust account earns no interest and is at call. These funds are only temporarily being held in trust until a bank account in the Parent is established. The carrying amount for cash and cash equivalents equals the fair value.

NOTE 12. TRADE AND OTHER RECEIVABLES

	Group	Parent
	$	$
CURRENT		
Trade receivables	19,354	-
Other debtors – related party – refer Note 23	10,000	10,000
Other debtor	635	-
	29,989	10,000

No receivable is past the due date for payment.
The amount owing by a related party is not considered to have a credit risk as it could be offset if necessary against amounts owing.

	Group	Parent
	$	$
NON-CURRENT		
Loan due from subsidiary – Truscreen Pty Limited	-	529,915
	-	529,915

The fair value of current trade and other receivables approximates their carrying value, less any impairment losses if applicable. No interest is charged on receivables. No receivables have been impaired.

The loan due from the subsidiary is payable on demand but at the date of this report there is no intention to call upon the loan to be repaid for at least 2 years. The loan is interest free. Accordingly the loan was adjusted to fair value at inception being the present value of the principle being repaid in 2.25 years discounted at the Company's borrowing cost of 6%, and subsequently measured at amortised cost less any accumulated impairment.

Financial assets classified as loans and other receivables are:

	Group	Parent
	$	$
Total current	29,989	10,000
Total non-current	-	529,915
Financial assets classified as loans and other receivables	29,989	539,915

NOTE 13. INVENTORIES

	Group	Parent
	$	$
Finished goods at cost	942,427	-

There have been no impairment losses.

NOTE 14. INVESTMENT IN SUBSIDIARIES

Principal Subsidiaries:

Name of Entity

Truscreen Pty Limited

Truscreen Ltd (UK)

Activity

Truscreen Pty Limited owns the rights to the Truscreen Cervical Cancer screening system. The system comprises a medical device and process designed to detect the presence in real time of precancerous and cancerous tissue on the cervix.

Truscreen Ltd (UK) holds the CE mark of quality compliance and will only trade to the extent necessary to satisfy the minimum requirement for value added tax registration in the United Kingdom and CE certification. No trading occurred to 31 March 2014.

Investments	**Parent**
	$
Shares in subsidiary – (Australia)	9,278,000

The Parent's investment in subsidiaries comprises shares at cost less impairment losses. The cost price represents the fair value assigned to the issue of the Truscreen Limited shares on initial recognition.

NOTE 15. INTANGIBLE ASSETS	**Group**	**Parent**
	$	$
Other intangible assets at cost	7,600,668	-
Development costs capitalised	41,984	-
	7,642,652	-
Movement in other intangible assets at cost	-	-
Opening balance	-	-
Additions at cost	7,600,688	-
Closing balance	7,600,688	-
Movement in development costs capitalised		
Opening balance	-	-
Regulatory approval costs at cost	41,984	-
Closing balance	41,984	-

The Group's "other intangible assets" additions shown at cost consist of all the intellectual property rights acquired on 27 September 2013 through a sale of assets agreement with a related party as detailed in Note 23.

NOTE 15. INTANGIBLE ASSETS (Continued)

This includes all intellectual property rights in the Truscreen product, including scientific and technical knowledge, designs, copyright, plans, computer software, financial modelling, patents, copyright, formulae, processes, methods, inventions, eligible layout rights, market knowledge and all other intellectual property rights. The cost of these assets has been determined based on the Directors assessment of fair value in line with the accounting policies of the Group.

In addition, the costs of obtaining regulatory approvals necessary for the sale of the Truscreen product have been capitalised.

At 31 March 2014, the Group was in the process of making arrangements with suppliers and customers so that the intellectual property could be put into operation. Once the Group commences operations and so begins to utilise the intellectual property, useful lives will be assessed and amortisation of the intellectual property will commence.

In accordance with NZ IAS 36 - "*Impairment of Assets*", as the intangible assets are not yet in use an impairment test is mandatory.

The recoverable amount of the total intangibles is determined based on the higher of fair value less costs to sell and value in use. The recoverable amount is based on the fair value less costs to sell.

The Directors have considered a recent arms-length transaction in which independent third party investors paid $5,500,000 for 40.9% of the share capital of Group in assessing fair value for the purposes of impairment testing. The Directors consider this transaction implies a fair value less costs to sell of the intangible assets in excess of the carrying value and accordingly that the intangible assets are not impaired. Smaller subsequent investments further support this value.

As further support for this assessment the Group prepared a discounted cashflow calculation in which the estimated cash flows have been discounted to their present value using a pre-tax discount rate equal to the weighted average costs of capital of the Group. The Group prepares five year forecasts for its operations which are used in the above fair value less costs to sell calculation, and the Directors have calculated a weighted average cost of capital by reference to other biotechnology entities in the start-up phase. This also indicated no impairment of the intangible assets. The Directors note that the cashflows of the Group while in start-up phase are inherently uncertain and subject to number of risks as outlined in Note 2 Critical Accounting Judgments and Estimates. Should the forecast cashflows and underlying assumptions of the Group not be achieved events are likely to vary from that forecast resulting in the possible impairment of the intangible assets. The financial statements do not include any adjustments that might be required should the assets be impaired.

NOTE 16. PROPERTY, PLANT AND EQUIPMENT	**Group**	**Parent**
	$	**$**
Computer equipment at cost - additions during the period	4,791	-
Accumulated depreciation	(346)	-
	4,445	-

NOTE 17. TRADE & OTHER PAYABLES	Group	Parent
	$	$
Sundry creditors	277,842	180,887
Stamp duty payable	49,090	49,090
	326,932	229,977

Financial liabilities at amortised cost classified as trade and other payables

Financial liabilities as trade and other payables	326,932	229,977

Sundry creditors are interest free and payable generally on credit terms of 30 days from receipt of goods or services.

NOTE 18. PROVISION FOR EMPLOYEE LIABILITIES	Group	Parent
	$	$
Employee liabilities - annual leave	8,814	-

The provision for employee benefits represents accrued annual leave entitlements of employees. As the group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement they are classified as current liabilities although the Group does not expect these benefits to be paid within the next year.

NOTE 19. BORROWINGS	Group	Parent
	$	$
CURRENT		
Convertible notes issued to a related party – secured	762,452	762,452
The convertible note comprises the following components:		
Loan at amortised cost	679,952	679,952
Embedded derivative	82,500	82,500
	762,452	762,452

Convertible notes are issued to a trustee company CNL of which Mr Hunter is sole director. Interest is payable at 6% per annum from 21 December 2013 on these notes. The notes are redeemable at the option of CNL but no later than 20 December 2014 - refer to Note 23 for further details.
The notes are convertible into fully paid ordinary shares at the election of the holder at a cost per share of 10 cents and are secured by a first ranking charge over all the property of the Company which will be released on settlement of the convertible note. Interest of 6% is incurred.

The convertible notes contain an embedded derivative liability as it is convertible at the option of the holder at a conversion rate which is fixed except if the ordinary shares are consolidated, subdivided or altered the conversion formulae will be adjusted to preserve the right attaching to the convertible notes

NOTE 19. BORROWINGS (Continued)

relative to the rights and entitlements of the holders of ordinary shares or notes immediately prior to the date of consolidation, subdivision or altered. The fair value of the convertible loan is allocated between the value of the embedded derivative and a host loan carried at amortised cost.

The value of the embedded derivative has been calculated as the difference between the value of an option with a fixed conversion factor in the Company and the value of the variable option as described above.

The variable option has been valued using the Black-Scholes model. The assumptions used are:

- Interest rate of 2.5%;
- Volatility of 27%. Volatility was based on call options of listed securities in a biotechnology company.

The movement between 20 December 2013 and reporting date has been determined to be immaterial.

As the Group is loss making these convertible notes are anti-dilutive.

NOTE 20. RESERVES	**Note**	**Group**	**Parent**
		$	**$**
Foreign currency translation reserve		(632,574)	-
Share option reserve		119,024	119,024
		(513,550)	119,024

The foreign currency translation reserve records exchange differences arising on translation of Truscreen Pty Ltd from AUD functional currency to the presentation currency of the Group.

The share option reserve records items recognised as expenses on valuation of share options issued to employees and directors.

NOTE 21. SHARE BASED PAYMENTS – OPTIONS

On 27 March 2014 the Company issued 6,750,000 options to acquire shares in the Company to a number of senior executives and non-executive directors of the Group ("Options"). The Directors considered that it was beneficial for the Company to issue Options to encourage a high level of commitment, retain key personnel, and align the interests of the recipients of the Options with those of the shareholders in the Company.

The principal terms of the Options are as follows:

- Each Option enables the holder to acquire one ordinary fully paid share in the Company upon the exercise of the Option and the payment of the strike price for the Options;
- Options are issued at a strike price of 10 cents per Option, such that the holder may exercise the Option to subscribe for one ordinary share in the Company at an issue price of 10 cents;
- In general, the Options may only be exercised in the period commencing from the date of issue of the Options and ending on that date 48 calendar months from the date of their issue;

NOTE 21. SHARE BASED PAYMENTS – OPTIONS (Continued)

- The Options vest in the recipients of the Options as follows:
    - The 3,750,000 options issued to non-executive directors vested immediately upon the date of their issue.
    - The 3,000,000 options issued to senior executives vest:
        - one third immediately on issue;
        - one third 12 months after the date of their issue; and
        - one third 24 months after the date of their issue.
- Any Options that have not vested in a participant as at the date of the participant's cessation of employment/service arrangement shall lapse immediately;
- If a participant leaves the employment of the Group, any vested Options must be exercised within 90 days of the holder's departure from the Company. If the Options are not exercised within that time they shall lapse.
- Any Options that have not vested in a participant as at the date of the participant's cessation of employment/service arrangement shall lapse immediately;
- If a participant leaves the employment of the Group, any vested Options must be exercised within 90 days of the holder's departure from the Company. If the Options are not exercised within that time they shall lapse.

A summary of the movements in share options issued is as follows:

Outstanding at the beginning of the period	-
Granted during the period	6,750,000
Outstanding at the end of the period	6,750,000

The fair value of services received in return for the share options granted of $119,024 is based on the fair value of share options granted using the Black-Scholes model. The assumptions used are:

- Estimated fair value per share at grant date - 10 cents;
- Option life from grant date - 4 years;
- Risk free interest rate of 2.5%;
- Volatility of 27%. Volatility was based on the observable volatility of listed securities in a comparable biotechnology company at a similar stage of start-up.

NOTE 22. CASH FLOW INFORMATION

		Group	Parent
		$	$
a. Reconciliation of cash flow from operations with loss after income tax			
Loss for the period		(1,580,177)	(434,416)
Non-cash flows in loss:			
Share based expense payment - listing expense	10	962,240	-
Share based expense payment – employment expenses	21	119,024	119,024
Loan due from subsidiary – fair value adjustment		-	84,252
Depreciation		346	-
Exchange difference arising from translating loss items at the date of transaction and translating cash balances at year end rates		1,391	-
Changes in assets and liabilities			
Increase in trade and other receivables		(29,989)	-
Increase in goods and services taxes recoverable		(17,578)	(3,260)
Increase in prepayments		(9,257)	-
Repayment of loan to subsidiary by the subsidiary paying the parent's creditors		-	35,833
Increase in trade and other payables		277,842	180,887
Increase in provisions		8,814	-
Increase in borrowings due to interest earned but not currently payable on the convertible note		12,452	12,452
Net cash from operating activities		(254,892)	(5,228)

NOTE 23. RELATED PARTY TRANSACTIONS

a. The Group's main related parties are as follows:

(i) *Entities exercising control over the Group*

Any persons or entities possessing control over the operating decisions of the Group.

(ii) *Key management personnel*:

Any person(s) 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.
For details of disclosures relating to key management personnel, refer to Note 25 - Key Management Personnel Compensation.

(iii) *Entities subject to significant influence by the Group*:

An entity that has the power to participate in the financial and operating policy decisions of any entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

(iv) *Other related parties*:

Other related parties include entities controlled by the ultimate parent entity and entities over which key management personnel have joint control.

b. Transactions with related parties:

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties otherwise stated. The following transactions occurred with related parties:

(i) Entities exercising control over the Group

Purchase of Assets

On the 27th of August 2013, Truscreen Pty Ltd purchased assets comprising inventory, intellectual property and shares in Truscreen Ltd. (UK), from Ure Lynam Financial Services Pty Ltd ('ULFS') for AUD$8,013,409. These assets have been recognised at cost, using fair value as the basis for this determination in line with the Groups accounting policy. ULFS is 100% owned and controlled by Robert Hunter, a Director of the Group. At the time of the transaction Truscreen Pty Ltd was 100% owned by Robert Hunter. Consideration for the purchase price was the issue of 100 shares in Truscreen Pty Ltd to CNL, an entity 100% owned by Robert Hunter.

Purchase of Shares

On the 6th of November 2013, the Company purchased the entire share capital of Truscreen Pty Ltd for the purchase price of $9,278,000 from CNL, an entity 100% owned by Robert Hunter. Consideration received by CNL for the sale of shares comprised:

- the issue of 57,780,000 new shares in the Company;
- the issue of a $3,500,000 convertible note as detailed in Note 19; and
- the payment in cash of $2,750,000 in relation to above convertible note.

NOTE 23. RELATED PARTY TRANSACTIONS (Continued)

(ii) Key Management Personnel:

In addition to the transactions with Robert Hunter noted in (i), the following transactions with key management personnel took place during the period.

Purchase of goods and services:
Truscreen Ltd, engaged Corporate Counsel Ltd, of which a Director, Mr Joyce, is principal to provide professional services in relation to various matters including but not limited to:

(i) Matters in connection with the listing of the company on the New Zealand stock exchange.

(ii) Preparation of employee share ownership plan (ESOP) including authorising resolutions, allocation deed and rules establishing the ESOP programme.

(iii) Drafting various notices and resolution including notices of Special Meeting of Shareholders, resolutions authorising share issue etc.

(iv) Various matters involving maintaining the NZ Companies Office records.

The total fees paid to Mr Joyce by the Group and the Parent were $100,000.

Truscreen Pty Ltd engaged a Director, Mr Christopher Horn to negotiate distributorship agreements which involved numerous trips overseas. The total fees paid to Mr Horn by the Group were $10,785. In addition Directors fees were paid as disclosed in Note 25.

(iii) Entities subject to significant influence by the Group

An unsecured loan of $650,000 was made by the ultimate parent company Truscreen Ltd to its 100% subsidiary Truscreen Pty Ltd on a non-arm's length basis. The loan is repayable on demand and interest free. Subsequent to making this loan Truscreen Pty Ltd made payments on behalf of Truscreen Ltd of $35,833 reducing the loan to $614,167.

Refer to Note 12.

(iv) Other related parties

Truscreen Ltd engaged ULFS to provide services in relation to the listing of the company on the New Zealand stock exchange. Total fees paid by the Parent and Group related to these services were $75,617.
Truscreen Ltd engaged Ure Lynam & Co, an accounting practice of which Mr Hunter is a member, to provide accounting services to the Group including preparation of financial statements for the period to 15 February 2014 and the Annual Report for the period to 31 March 2014. Total fees paid by the Parent and Group related to these services were $92,500.
Ure Lynam & Co, provides Truscreen Pty. Limited a fully serviced office including reception services at a monthly charge of A$7,500. Total fees paid by the Group related to these services were $32,354.

Issue of Shares

Mr Sean Joyce is a director of Excalibur Capital Nominee Company Limited and Excalibur Capital Partners Limited, which hold 33,700,000 and 21,666,666 shares, respectively, in Truscreen Limited on behalf of other parties. Mr Joyce has no beneficial interest in these shares.

Mr Joyce also holds subscription monies of $10,000 in trust for the benefit of Truscreen Limited in relation to the initial issue of 21,666,666 shares in Truscreen Ltd as disclosed in Note 12.

NOTE 24. EVENTS SUBSEQUENT TO REPORTING DATE

Shares

Subsequent to 31 March 2014, and prior to the date of the issue of these financial statements, the Company issued 2,210,000 ordinary fully paid shares at an issue price of 10 cents per share.

Borrowing

The convertible note of $750,000, and interest accruing thereon, referred to in note 19 was redeemed after 31 March 2014.

Other

There have been no events subsequent to reporting date which would have a material effect on the Company's financial statements at 31 March 2014.

NOTE 25. KEY MANAGEMENT PERSONNEL COMPENSATION

The totals of remuneration paid to key management personnel (KMP) of the Group during the period are as follows:

	Group
	$
Short-term employment benefits – Directors fees	35,001
Share based payment – refer to Note 21	93,750
	128,751

No remuneration was paid by subsidiary entities.

The above was paid as directors fees to the directors of the parent entities as follows:

	Share based payment	Directors fees	Total
	$	$	$
Christopher Horn	31,250	11,667	42,917
Robert Hunter	-	11,667	11,667
Sean Joyce	31,250	11,667	42,917
Tim Preston	31,250	-	31,250

Directors and officers insurance cover is also provided by the Group.

Appendix 8

TruScreen Limited Independent Auditors Report

BDO AUCKLAND

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Truscreen Limited

Report on the Financial Statements
We have audited the financial statements of Truscreen Limited ("The Company") and Group on pages 106 to 145, which comprise the consolidated and separate statements of financial position of Truscreen Limited as at 31 March 2014, the consolidated and separate statements of changes in equity, the consolidated and separate statements of comprehensive income, the consolidated and separate statements of cashflows for the period then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the Company's shareholders, as a body, in accordance with Section 205(1) of the Companies Act 1993. Our audit has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinion we have formed.

Directors' Responsibility for the Financial Statements
The directors are responsible for the preparation of these financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view of the matters to which they relate 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

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

Other than in our capacity as auditor we have no other relationship with or interests in Truscreen Limited.

Opinion
In our opinion, the financial statements on pages 106 to 145:

- comply with generally accepted accounting practice in New Zealand;
- comply with International Financial Reporting Standards; and
- give a true and fair view of the financial position of Truscreen Limited and Group as at 31 March 2014, its financial performance and its cash flows for the period ended on that date.

Emphasis of Matter - Critical accounting estimates and judgements

Without modifying our opinion we draw attention to Note 2 in the financial statements in respect of:

- *Other intangible assets*
  The note discloses other intangible assets of $7,600,668. This note includes the basis on which other intangible assets have been valued assessed and tested for impairment.
- *Principle business risks*
  This note details a number of risk factors which affect the future operational and financial performance of the Group.

Report on Other Legal and Regulatory Requirements

In accordance with the Financial Reporting Act 1993 we report that:

- We have obtained all the information and explanations that we have required.
- In our opinion, proper accounting records have been kept by Truscreen Limited as far as appears from our examination of those records.

BDO Auckland

BDO AUCKLAND
31 July 2014
Auckland

Appendix 9

PLT Limited Balance Sheet and Income Statement 2007/2008 [52]

Balance Sheets

As at 30 June 2008

	Note	Consolidated 2008 $	Consolidated 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Current assets					
Cash and cash equivalents	6	3,771,983	1,846,259	3,437,060	1,846,259
Trade and other receivables	7	1,344,185	511,885	2,270,739	598,237
Inventories	8	675,903	1,352,148	675,903	1,352,148
TOTAL CURRENT ASSETS		**5,792,071**	**3,710,292**	**6,383,702**	**3,796,644**
Non-current assets					
Other financial assets	9	-	-	-	681
Property, plant and equipment	10	801,350	344,574	801,350	344,574
TOTAL NON-CURRENT ASSETS		**801,350**	**344,574**	**801,350**	**345,255**
TOTAL ASSETS		**6,593,421**	**4,054,866**	**7,185,052**	**4,141,899**
Current liabilities					
Trade and other payables	11	685,884	1,889,405	565,039	1,859,482
Borrowings	12	10,342	-	10,342	-
Employee benefits	13	284,693	211,437	229,940	211,437
Other liabilities	14	61,637	91,417	7,421	91,417
TOTAL CURRENT LIABILITIES		**1,042,556**	**2,192,259**	**812,742**	**2,162,336**
Non-current liabilities					
Borrowings	12	31,404	-	31,404	-
Employee benefits	13	21,953	64,926	21,953	64,926
TOTAL NON-CURRENT LIABILITIES		**53,357**	**64,926**	**53,357**	**64,926**
TOTAL LIABILITIES		**1,095,913**	**2,257,185**	**866,099**	**2,227,262**
NET ASSETS		**5,497,508**	**1,797,681**	**6,318,953**	**1,914,637**
Equity					
Contributed equity	15	90,592,223	77,874,048	90,592,223	77,874,048
Reserves	16	(30,561)	-	-	-
Accumulated losses	17	(85,064,154)	(76,076,367)	(84,273,270)	(75,959,411)
TOTAL EQUITY		**5,497,508**	**1,797,681**	**6,318,953**	**1,914,637**

[52] This financial information has been extracted from the audited financial statements for PLT for the financial years ended 30 June 2007 and 30 June 2008

Income Statements

For the year ended 30 June 2008

	Note	Consolidated 2008 $	Consolidated 2007 $	Parent Entity 2008 $	Parent Entity 2007 $
Revenue from continuing operations	2	**1,938,739**	**3,702,379**	**1,501,075**	**3,060,101**
Production		(4,320,628)	(3,791,386)	(3,600,410)	(3,791,386)
Sales and marketing		(1,863,340)	(2,210,508)	(1,858,585)	(2,210,508)
Corporate services		(2,592,371)	(2,421,853)	(2,209,147)	(2,434,801)
Office services		(1,365,904)	(1,317,030)	(1,363,867)	(1,317,030)
Research and development		(784,283)	(1,749,707)	(782,925)	(1,749,707)
Loss before income tax		**(8,987,787)**	**(7,788,105)**	**(8,313,859)**	**(8,443,331)**
Income tax expense	4(a)	-	-	-	-
Loss attributable to members of Polartechnics Limited	17	**(8,987,787)**	**(7,788,105)**	**(8,313,859)**	**(8,443,331)**
Basic earnings per share (cents per share)	26	(5.20)	(6.89)		
Diluted earnings per share (cents per share)	26	(5.20)	(6.89)		