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TRUSCREEN INTERIM RESULTS TO 30 SEPTEMBER 2016

- Focus during the period was on the launch of the new Gen II TruScreen device, building TruScreen's international footprint, supporting and encouraging trials of the TruScreen technology and driving sales
- Primary focus has been establishing sales of Gen II TruScreen following its launch earlier in 2016, with TruScreen making inroads into multiple international markets
- China continues to be a long term focus for the company and the CFDA model upgrade approval for the Gen II TruScreen is progressing well
- TruScreen has reported a Net Loss for the six months ended September 30, 2016, of $1,684,133 (Previous corresponding period: $352,068)

Cervical cancer technology company, TruScreen Limited (NZAX:TRU) has released its 2017 interim results for the six months to 30 September 2016.

Total revenue was $823,150 made up of sales of $361,443 (HY16: $305,882) and other income of $461,707, primarily from grants. Sales were up 18% on the prior comparative first period, and pleasingly, were up 177% on the FY16 second half period. This reflects the CE Mark certification and transition to volume production of the Gen II TruScreen device in April 2016, followed by initial sales into a number of global markets including Mexico, Hong Kong, Vietnam, Turkey, Ukraine, Jordan, Kazakhstan and Poland.

Expenses have increased year on year in line with TruScreen's growth strategy and the commencement of production of the Gen II TruScreen device. Inventory costs increased by $356,475 and investment was made into a strengthened commercial team, resulting in a lift in employee expenses.

The increase in research and development costs of $433,273 was primarily due to a change in the accounting treatment of development costs for the new Gen II TruScreen device which are no longer capitalised as the product is now commercially available. In addition, further work was been done on the development and testing of the Algorithm and improvements were made to both the Gen II TruScreen device and software following beta testing. A drop in the Australian dollar compared to the New Zealand dollar of approximately 5.54% in the six month period resulted in an unrealised non-cash foreign exchange loss on the intercompany loan accounts of $(381,432) for the period. The above, along with costs associated with the increasing production capacity, resulted in a Net Loss of $1,684,133 compared to a loss of $352,068 for the corresponding period last year.

Net cashflow for the period was $(894,371). In the prior comparative period (30 September 2015), net cash flow was $3,170,451 due to the capital raising that occurred in July 2015. As at 30 September 2016, the company had working capital of $2,513,334 (31 March 2016: $3,719,798). Management is currently reviewing global growth projections and once this has been completed, the Board will consider its future funding requirements.

Operational Review

TruScreen received CE mark certification and commenced production of the new Gen II TruScreen device in April this year, with several other country-specific regulatory approvals received in subsequent

months. This has opened up a number of new global markets for our technology including the European Union, the Middle East, Central Asia and Latin America.

China remains a significant long term opportunity for the company and our current focus is on building our customer and reference base, and in particular, encouraging the selection of TruScreen technology for large screening programs, as well as increasing adoption in large provincial hospitals. The CFDA model upgrade approval process for the Gen II TruScreen device is progressing well and, we are continuing to promote the original TruScreen technology and devices which are being used in several large scale screening programs in China, with over 40,000 women being screened so far in the three main programs underway conducted by the All China Federation of Trade Unions, the China Doctors Association and the Shengli Oilfields programs. Continuation of all three of these programs has been confirmed for 2017 with an acceleration of screening planned once the new Gen II TruScreen device is introduced.

In total, 86 hospitals in China are in the process of procuring TruScreen devices and another 57 hospitals have TruScreen installed either for trial or acting as reference centres. Twenty-four hospitals are now commercially using our technology.

The company has initiated sales of its Gen II TruScreen device to Mexico, Hong Kong, Vietnam, Turkey, Kazakhstan and Poland during the six month period, with sales to Jordan, the Philippines and Russia since September.

We have also progressed our plans to enter the European market and have identified several suitable and interested distributors in various countries.

We have continued our Algorithm Improvement Programme and now have three new algorithm pathways at the evaluation stage, demonstrating a minimum increase in accuracy of 20% in performance over the existing algorithm. The first of these algorithms has been prepared for clinical evaluation at the Royal Hospital for Women in Sydney, as well as hospitals in China and Mexico.

Outlook

TruScreen has made significant commercial progress in the further development of its product and market and we expect this to be translated to commercial progress in 2017. We are pleased with the interest we are receiving from a number of international markets and our focus is on building our international footprint, supporting and encouraging trials of the TruScreen technology and generating sales.

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For more information visit www.truscreen.com or contact Martin Dillon, TruScreen Chief Executive Officer, eMail: martindillon@truscreen.com

About TruScreen:

TruScreen's real time cervical cancer technology utilises a digital wand which is placed on the surface of the cervix to measure electrical and optical signals from the surrounding tissue. A sophisticated proprietary algorithm framework distinguishes between normal and abnormal (cancerous and precancerous) tissue to identify precancerous change, or cervical intraepithelial neoplasia (CIN). A Single Use Sensor (SUS) is used for each patient to protect against cross-infection.