

**TRUSCREEN LIMITED**

**Interim Unaudited Financial Statements**

**For the six months ended 30 September 2016**

# TRUSCREEN LIMITED

## Table of contents

	<b>Page</b>
Consolidated statement of profit or loss and other comprehensive income	1
Consolidated statement of financial position	2
Consolidated statement of changes in equity	3
Consolidated statement of cash flows	4
Notes to the financial statements	5

**TRUSCREEN LIMITED**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**AND OTHER COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016**

		Unaudited for the six months ended 30 September 2016	Unaudited for the six months ended 30 September 2015	Audited for the year ended 31 March 2016
	Note	\$	\$	\$
<b>Revenue from the sale of goods</b>		361,443	305,882	472,104
Other income	3	461,707	861,358	1,370,317
Changes in inventories		209,121	(26,622)	(48,405)
Purchases of inventory		(459,448)	(102,973)	(204,530)
Employee benefit expenses and directors' fees		(576,427)	(444,839)	(946,914)
Administration		(152,739)	(169,687)	(365,721)
Research expenses	3	(564,377)	(131,104)	(171,959)
Stock for demonstration		-	-	(292,493)
Rent		(47,907)	(49,029)	(97,826)
Travel		(75,931)	(71,363)	(127,883)
Marketing & product approvals		(146,092)	(174,250)	(291,164)
Insurance		(37,724)	(41,706)	(74,106)
Shareholder relations & services		(11,196)	(65,967)	(93,309)
Foreign exchange loss	3	(381,432)	-	-
Amortisation & depreciation	3	(263,131)	(216,620)	(400,800)
Finance costs		-	(25,148)	(24,240)
<b>Loss before income tax</b>		(1,684,133)	(352,068)	(1,296,929)
Income tax expense		-	-	-
<b>Loss for the period</b>		(1,684,133)	(352,068)	(1,296,929)
<b>Other comprehensive income</b>				
<b>Item that may be reclassified subsequently to profit or loss</b>				
Exchange differences on translating foreign subsidiary operations		(369,400)	566,734	640,217
<b>Other comprehensive (loss) / income for the period</b>		(369,400)	566,734	640,217
<b>Total comprehensive (loss) / income for the period</b>		(2,053,533)	214,666	(656,712)
<b>Basic (losses) / earnings (cents per share)</b>		(1.0)	(0.2)	(0.8)
<b>Diluted (losses) / earnings (cents per share)</b>		(1.0)	(0.2)	(0.8)

*The accompanying notes form part of these interim financial statements.*

**TRUSCREEN LIMITED**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**AS AT 30 SEPTEMBER 2016**

	Unaudited 30 September 2016	Unaudited 30 September 2015	Audited 31 March 2016
Note	\$	\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	1,410,327	3,704,736	2,304,698
Trade receivables	372,879	1,114,119	386,052
Other receivables	448,246	588,164	1,170,737
Goods and services taxes recoverable	72,059	98,947	62,606
Inventories	267,704	80,366	58,582
Other assets – prepayments	220,701	143,023	166,557
<b>TOTAL CURRENT ASSETS</b>	<u>2,791,916</u>	<u>5,729,355</u>	<u>4,149,232</u>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment	10,510	11,327	6,951
Intangible assets	9,583,430	9,802,302	10,419,664
<b>TOTAL NON-CURRENT ASSETS</b>	<u>9,593,940</u>	<u>9,813,629</u>	<u>10,426,615</u>
<b>TOTAL ASSETS</b>	<u>12,385,856</u>	<u>15,542,984</u>	<u>14,575,847</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	198,440	472,282	352,447
Employee benefits	80,142	52,177	76,987
<b>TOTAL CURRENT LIABILITIES</b>	<u>278,582</u>	<u>524,459</u>	<u>429,434</u>
<b>NET ASSETS</b>	<u>12,107,274</u>	<u>15,018,525</u>	<u>14,146,413</u>
<b>EQUITY</b>			
Issued capital	6 17,840,460	17,853,557	17,840,460
Share Option Reserve	187,106	160,349	172,712
Foreign currency translation reserve	(666,976)	(371,059)	(297,576)
Accumulated losses	(5,253,316)	(2,624,322)	(3,569,183)
<b>Total Equity</b>	<u>12,107,274</u>	<u>15,018,525</u>	<u>14,146,413</u>

*The accompanying notes form part of these interim financial statements.*

**TRUSCREEN LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016**

	Share Capital	Accumulated Losses	Foreign Currency Translation Reserve	Option Reserve	Total
Note	\$	\$	\$	\$	\$
<b>Balance at 31 March 2015</b>	<b>12,921,275</b>	<b>(2,272,254)</b>	<b>(937,793)</b>	<b>145,955</b>	<b>9,857,183</b>
Loss for the period to 30 September 2015	-	(352,068)	-	-	(352,068)
Other comprehensive income for the period	-	-	566,734	-	566,734
<b>Total comprehensive income / (loss) for the period</b>	<b>-</b>	<b>(352,068)</b>	<b>566,734</b>	<b>-</b>	<b>214,666</b>
<b>Transactions with owners</b>					
Issue of ordinary shares	6 4,932,282	-	-	-	4,932,282
Share based payment	-	-	-	14,394	14,394
<b>Total transactions with owners</b>	<b>4,932,282</b>	<b>-</b>	<b>-</b>	<b>14,394</b>	<b>4,946,676</b>
<b>Balance at 30 September 2015 (Unaudited)</b>	<b>17,853,557</b>	<b>(2,624,322)</b>	<b>(371,059)</b>	<b>160,349</b>	<b>15,018,525</b>
<b>Balance at 31 March 2016 (Audited)</b>	<b>17,840,460</b>	<b>(3,569,183)</b>	<b>(297,576)</b>	<b>172,712</b>	<b>14,146,413</b>
Loss for the period ended 30 September 2016	-	(1,684,133)	-	-	(1,684,133)
Other comprehensive (loss) / income for the period	-	-	(369,400)	-	(369,400)
<b>Total comprehensive income / (loss) for the period</b>	<b>-</b>	<b>(1,684,133)</b>	<b>(369,400)</b>	<b>-</b>	<b>(2,053,533)</b>
<b>Transactions with owners</b>					
Share based payment	-	-	-	14,394	14,394
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,394</b>	<b>14,394</b>
<b>Balance at 30 September 2016 (Unaudited)</b>	<b>17,840,460</b>	<b>(5,253,316)</b>	<b>(666,976)</b>	<b>187,106</b>	<b>12,107,274</b>

*The accompanying notes form part of these interim financial statements.*

**TRUSCREEN LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016**

	Note	Unaudited for the six months ended 30 September 2016 \$	Unaudited for the six months ended 30 September 2015 \$	Audited for the year ended 31 March 2016 \$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Cash receipts from customers		374,616	1,324,142	1,050,083
Cash paid to suppliers and employees		(2,305,914)	(1,697,866)	(2,386,515)
Cash received from 45% refundable tax offset		1,172,039	-	679,855
Interest paid		-	(25,148)	(24,240)
Interest received		12,159	10,348	18,713
<b>Net cash provided by / (used in) operating activities</b>	7	<u>(747,100)</u>	<u>(388,524)</u>	<u>(662,104)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Development of intangible asset – development costs of upgraded cervical cancer console		(141,188)	(957,080)	(2,071,893)
Purchase of plant and equipment		(6,083)	-	(6,975)
<b>Net cash used in investing activities</b>		<u>(147,271)</u>	<u>(957,080)</u>	<u>(2,078,868)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from issue of shares	6	-	5,080,000	5,080,000
(Repayment) / Proceeds of borrowing		-	(439,920)	(407,800)
Share issue costs		-	(147,718)	(160,815)
<b>Net cash provided by / (used in) financing activities</b>		<u>-</u>	<u>4,492,362</u>	<u>4,511,385</u>
<b>Net (decrease) / increase in cash and cash equivalents</b>		(894,371)	3,146,758	1,770,413
Cash and cash equivalents at beginning of period		2,304,698	534,285	534,285
Effects of exchange rate changes on cash and cash equivalents		-	23,693	-
<b>Cash and cash equivalents at end of period</b>		<u>1,410,327</u>	<u>3,704,736</u>	<u>2,304,698</u>

*The accompanying notes form part of these interim financial statements.*

**TRUSCREEN LIMITED**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016**

**1. REPORTING ENTITY**

Truscreen Limited (the “Company”) is a Tier 1 for-profit listed incorporated public company and is an issuer on the New Zealand Stock Exchange Alternative Market (“NZAX”). The Company is a limited liability company incorporated and domiciled in New Zealand and registered under the Companies Act 1993.

Truscreen is a FMC reporting entity for the purposes of the Financial Reporting Act 2013 and the Financial Markets Conduct Act 2013.

The Group’s principal activity relates to the development and manufacture of cancer detection devices and systems.

The consolidated interim financial statements presented for the six months ended 30 September 2016 are those of Truscreen Limited and its subsidiaries (the “Group”). References to “Truscreen” are used to refer both to the Group and Truscreen Limited (the “Company”).

These interim financial statements were authorised for issue by the Board of Directors on the 12 December 2016.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF PREPARATION**

These financial statements are unaudited and have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (“NZ GAAP”) and are in compliance with NZIAS 34: Interim Financial Reporting.

The consolidated interim financial statements have been prepared in New Zealand dollars, which is the functional currency. These financial statements do not include all the information required for full financial statements and consequently should be read in conjunction with the Group’s financial statements for the year ended 31 March 2016.

The same accounting policies have been followed in these financial statements as were applied in the preparation of the Group’s audited financial statements for the year ended 31 March 2016.

**CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

When preparing the interim financial statements, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on experience and other factors that are believed to be reasonable under the circumstances. Actual results may differ from the estimates, judgements and assumptions made by management. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements can be found in the previous annual report.

**SEASONALITY**

Operations are not subject to seasonal influences.

**TRUSCREEN LIMITED**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016**

**3. SIGNIFICANT TRANSACTIONS AFFECTING NET PROFIT / (LOSS)**

*Significant transactions affecting net profit / loss*

The following significant items affecting the loss for the period are highlighted below because of their size:

	<b>Unaudited for the six months ended 30 September 2016</b>	<b>Unaudited for the six months ended 30 September 2015</b>	<b>Audited for the year ended 31 March 2016</b>
	\$	\$	\$
<b>Other income</b>			
Research and development grant	449,548	595,262	1,170,737
Foreign exchange gain / unrealised	-	255,748	180,867
<b>Expense</b>			
Amortisation of intangible assets	260,961	212,868	392,176
Foreign exchange loss / unrealised	381,432	-	-
Research & development costs	564,377	131,104	171,959

Research & development costs increased in the six months ended 30 September 2016 compared to the six months ended 30 September 2015 largely due to:

- Further work on developing and testing the algorithm;
- Software & firmware improvements incorporated from feedback on prototypes;
- Ongoing regulatory and verification processes; and
- Changes and improvements to the Ultra console following beta testing.

Amortisation of intangibles commenced on 1 February 2015 and 1 April 2016 as the product to which the particular intangibles related to became available for use. Accordingly, amortisation expense was more significant in the current period than in prior periods.

**4. ADMINISTRATIVE AND OTHER OPERATING EXPENSES**

Administrative expenses increased in the six months ended 30 September 2016 compared to the six months ended 30 September 2015 largely due to costs associated with compliance, marketing and travel necessary for expansion and ongoing operations in various regions including China, Mexico and Europe.



**TRUSCREEN LIMITED**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016**

**5. OPERATING SEGMENTS**

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.

The Group is in the process of obtaining further regulatory approvals. On the granting of these approvals the Group anticipates the ability to increase distribution and revenue. It is anticipated revenues will be obtained largely from Asia, Europe, Central and South America. The limited revenues to date have been obtained in anticipation of these approvals. These revenues have been obtained from distributors.

Two major customers each contributed more than 10% of the Group's revenue in the six months to 30 September 2016 (2015: three customers):

- One customer provided revenue of \$147,111 (41%);
- One customer provided revenue of \$75,886 (21%);

No additional disclosure is required in the interim financial statements as the Group has one reportable segment.

**6. SHARE CAPITAL**

	<b>No.</b>	<b>\$</b>
<b>Balance as at 31 March 2015</b>	144,446,666	12,921,275
Private share placement	13,080,000	3,270,000
Share purchase plan	7,240,000	1,810,000
Share issue costs	-	(147,718)
<b>Balance as at 30 September 2015</b>	<u>164,766,666</u>	<u>17,853,557</u>
<b>Balance as at 31 March 2016</b>	164,766,666	17,840,460
Private share placement	-	-
Share purchase plan	-	-
Share issue costs	-	-
<b>Balance as at 30 September 2016</b>	<u>164,766,666</u>	<u>17,840,460</u>

**TRUSCREEN LIMITED**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016**

**7. RECONCILIATION OF CASH FLOW FROM OPERATING ACTIVITIES**

	<b>Unaudited for the six months ended 30 September 2016</b>	<b>Unaudited for the six months ended 30 September 2015</b>	<b>Audited for the year ended 31 March 2016</b>
	\$	\$	\$
<b>Reconciliation of cash flow from operations with loss after income tax</b>			
(Loss) for the period	(1,684,133)	(352,068)	(1,296,929)
Adjusted for:			
Share based expense payment – employment expenses	14,394	14,394	26,757
Amortisation and depreciation	263,131	216,620	400,800
Assets written off	-	-	6,339
Exchange difference arising from translating loss items at the date of transaction and translating cash balances at year end rates	206,227	(47,694)	(72,152)
Operating cash flows before working capital changes	(1,200,381)	(168,748)	(935,185)
(Increase) / Decrease in trade receivables	13,173	405,251	870,470
(Increase) / Decrease in other receivables	722,491	(206,471)	(526,196)
(Increase) / Decrease in goods and services taxes recoverable	(9,453)	(64,971)	(28,630)
(Increase) / Decrease in prepayments	(54,144)	(143,023)	(166,557)
(Increase) / Decrease in inventory	(209,122)	14,492	35,465
Increase / (Decrease) in trade and other payables	(12,819)	(248,827)	39,946
Increase / (Decrease) in provisions	3,155	23,773	48,583
<b>Net cash from operating activities</b>	<b>(747,100)</b>	<b>(388,524)</b>	<b>(662,104)</b>

**TRUSCREEN LIMITED**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016**

**8. NET TANGIBLE ASSETS PER SHARE**

	<b>Unaudited 30 September 2016</b>	<b>Unaudited 30 September 2015</b>	<b>Audited 31 March 2016</b>
Net tangible assets	2,523,844	5,216,223	3,726,749
Shares on issue at the end of period	164,766,666	164,766,666	164,766,666
Net tangible assets per share (cents per share)	<u>1.53</u>	<u>3.17</u>	<u>2.26</u>

**9. EVENTS SUBSEQUENT TO END OF THE INTERIM PERIOD**

There have been no events since the end of the interim period which would have a material effect on the Group's interim financial statements for the 6 months ended 30 September 2016.