TRUSCREEN®

NEWSLETTER

EXECUTIVE UPDATE: JUNE 2018

We are heading into a new financial year after 12 months of significant progress that has seen increased uptake of our technology in China and other established markets.

Pleasingly, we are now seeing our efforts translating into commercial progress and recent sales indicate that we have reached a major turning point for the company.

The FY18 preliminary results will be released shortly and whilst commercial sales were a modest increase on FY17, sales for the months since year-end have shown month on month growth. This is mainly as a result of gaining CFDA approval for our TruScreen2 device in China, as well as growing recognition and validation for the benefits our technology brings.

While the increasing sales of the TruScreen device provides welcome and valuable sales revenue, it is important to remember that a growing portion of our future revenue will come from the sale of the TruScreen Single Use Sensor (SUS). These consumable sales provide an annuity income stream and will become an increasingly large proportion of our revenue as we grow the number of devices in use.

IN THIS NEWSLETTER:

Technically, each device has a useful life of up to 10 years and can conduct up to 1,000 tests per month in a mass screening environment. However, we expect an average of 150 tests per month per device in a clinical hospital environment once users are properly trained and fully operational. We are pleased to note that TruScreen's current average for devices currently deployed in China is slightly in excess of this figure.

In this newsletter, we have provided an update on our various markets, especially China, which is our primary focus. Other key markets are Mexico and India, which are in early commercialisation stage, but are of great interest and potential commercial value.

We also provide an update on the establishment of our own optical front-end manufacturing and assembly facility in Sydney, which will allow us to meet the expected future demand for our TruScreen device. This facility is expected to be commissioned within the coming months.

We are pleased to announce a further revitalisation and continued improvement to the skill set of the board with the recent appointment of Ms Marie Ficarra as our first female director. You can read more about Ms Ficarra's impressive skill set in this newsletter.

Our staff and advisers have worked tirelessly over recent years to bring the company to the cusp of commercial reality. With shareholders' ongoing support, we are confident that we can deliver value to all those involved.

TRUSCREEN'S COMPETITIVE ADVANTAGE

Recognition of the advantages of the TruScreen cervical cancer screening solution in developing countries is emerging. These are:

FEATURE	BENEFIT
Real-time results	Immediate feedback to patient and operator – no patient follow up required to deliver results.
Objective result	Accurate, reproducible results.
No laboratory facility needed	Allows greater access to women in remote communities and easy to use.
High sensitivity	Assured level of performance, providing a high standard of cervical screening.
Automated device and error-checking during examination	Clinical confidence in the accuracy and consistency of results
No collection of tissue samples	No pain or discomfort to the patient, leading to higher screening participation rates.

CHINA PROGRESS

With 400 million women of screening age, China remains our primary market opportunity and we are making solid progress.

Our goal is to have TruScreen added to various National Cervical Screening guidelines and procurement lists. Inclusion in the guidelines is a long term strategy. It is an important step in accessing Government screening programmes, and when successful it is expected to lead to significant yearly test opportunities.

Clinical validation is key and we are proposing two major trials:

Women's and Children's Healthcare Division of the Centre for Disease Control (CDC): Over 10,000 women are expected to be involved in this trial. Successful completion will further our relationship with the Women and Children's Healthcare Division and facilitate potential access to their 3,000 centres.

Chinese Obstetrics and Gynaecology Association (COGA): A 10,000 patient trial to evaluate clinical use across 15 hospitals and which has commenced in six hospitals.

As we work towards our goal, we are identifying early adopter provinces, such as Xinjiang which is currently evaluating the TruScreen cervical cancer screening solution. In addition, TruScreen is commercially active in a further 16 provinces. Achieving CFDA approval of TruScreen2 in late December 2017 was a major milestone for our company and will help us encourage adoption in other provinces throughout China.

INDIAN EVALUATION UNDERWAY

India has the second largest population of women in the world, with approximately 300 million women of screening age. It accounts for nearly one third of global deaths from cervical cancer and lack of access to cervical screening is a major factor in this abnormally high mortality rate.

TruScreen, which needs no laboratory infrastructure, is an ideal solution to the need to roll out a screening programme across the nation, particularly in rural and regional India. There are estimated to be more than 30,000 Primary and Community Health Centres in India and TruScreen is targeting possible installation in these centres.

The India Prime Minister has instructed both the central government (GOI) Ministry of Health and Family Welfare and the states to create programmes to screen every woman over 30 in India. This represents a significant opportunity for our company.

Recently, TruScreen commenced a research collaboration with All India Institute of Medical Science (AIIMS), to validate our unique real-time opto electric technology for the screening of Indian women, and to have this highly reputable medical science institution recommend TruScreen to the Government of India's (GOI) Ministry of Health and Family Welfare for use in nationally funded screening programs.

We have identified three other key areas of opportunity which have a much shorter timeline to yield sales:

1. To have TruScreen included in screening programs run by the state Ministries of Health (there are 29 States in India);
2. To have TruScreen adopted for use in hospitals run by major public institutions, such as the Army, Air Force, Railways and Employees Insurance; and
3. To have TruScreen adopted by major private and public hospital groups.

We have commenced presentations to Army and State owned hospitals and expect that these efforts will convert to sales in FY19 and that India will emerge to become one of the top three markets for TruScreen in the world.

These are strategies which have been successfully pursued in our roll out in China.

PURCHASING APPROVALS ON WAY IN MEXICO

In Mexico, we are seeking registration from the Cuadro Basico Committee and inclusion in the Mexican Government's purchasing catalogue of preferred medical devices for public health. This will enable participation in Federal government tenders for supply to the public sector. This registration process has taken over 12 months, with a decision expected shortly. We would then expect sales growth to accelerate over the next two years as the public sector adopts the technology.

EXPANDING OUR GLOBAL FOOTPRINT

Indonesia is a new market opportunity for TruScreen, with an estimated 66 million women of screening age. There are no formal screening programmes or guidelines in the country, and it lacks any significant health infrastructure, making TruScreen the ideal solution. We have partnered with a medical products distributor which is currently assisting with our product registration.

The Pacific Islands is also a new opportunity for us. We are collaborating with experts in Public Health from the University of New South Wales to have TruScreen evaluated by women's health officials in Fiji as a solution for government cervical cancer screening in the Pacific region.

South Africa: Cervical cancer is the second most common cancer among South African women, with a high prevalence of HIV/AIDS increasing the rates of pre-invasive and invasive cervical cancer. TruScreen recently exhibited at the Gauteng Department of Health Innovation and R&D Summit with a positive and encouraging reception.

We are now working to gain acceptance by the Gauteng Health Department, the most populous province (population 12.3 million) and the highest funded regional authority in South Africa. We are gearing up to launch a program within this health department as a test scenario. If successful, this will set the benchmark for the rest of the country.

Zimbabwe: TruScreen has been selected for evaluation by the Zimbabwe Ministry of Health for use as a government solution to its need for a cervical cancer screening technology. This evaluation is being conducted in association with Zimbabwe's National Aids Council, who seek to address the high rate of cervical cancer among HIV positive women.

NEW MANUFACTURING FACILITY TO BOOST PRODUCTION

The TruScreen device is a sophisticated and highly engineered medical device. The manufacturing, assembly and quality control process is time-consuming with considerable lead times.

Historically, TruScreen outsourced the majority of its device production, and was limited to a maximum manufacturing capacity of 50 devices per month.

In January this year, we commenced the establishment of our own manufacturing facility to meet the expected increase in demand for our TruScreen devices.

This new facility has an initial maximum capacity of 100 devices per month but is scalable up to 200 devices per month. It is located within the Commonwealth Scientific and Industrial Research (CSIRO) in outer Sydney and co-locates TruScreen with a number of other emerging technology companies that interface with CSIRO facilities, technology know-how and experience.

The new production line is currently being commissioned and is expected to commence full operation shortly.

CANCER MARKETING EXECUTIVE JOINS TRUSCREEN BOARD

As TruScreen's commercial journey has evolved, we have looked to broaden the Board's skill set to be more relevant. We were pleased to recently announce the appointment of Ms Marie Ficarra to the board.

Marie has a detailed knowledge of cervical cancer and various cancer screening options, having specialised in the sales and marketing of medical products and diagnostics primarily associated with cervical cancer. Her background in government provides an insight into health regulatory processes including the introduction of new cancer screening techniques, and she has the highest level of political, government and corporate health connections worldwide

Marie has had a highly successful corporate health career, having served in senior corporate roles with large diagnostic organisations. During her time at Cytec, she was responsible for the market introduction of the Thin Prep Pap Test (liquid based cytology for the detection of abnormal cervical cells). In addition, she has held a senior advisory role to Merck Sharp and Dohme (Australia) for the introduction and reimbursement of the cervical cancer vaccine program and served on NSW Parliamentary Committees responsible for Health and Medical Research.

Marie will provide an all-important female perspective on the board as an independent member and will be a major asset as we enter the full-scale commercialisation of our unique real-time cancer detection device.

BUILDING GLOBAL AWARENESS OF TRUSCREEN

An important focus for TruScreen's partners and management team is building awareness of the TruScreen technology in markets around the world. Expos, conferences and association meetings are important opportunities to present our product to key decision makers and clinicians. Recently, TruScreen has been represented at the following events:

In China, TruScreen was presented at the Annual Meeting of the Cervical Disease and Cytology Division of COGA in March and attended the International Medical Equipment Fair in April. In May TruScreen will be featured at the Annual Conference of the Chinese Society for Colposcopy and Cervical Pathology.

Cervical cancer expert and member of the TruScreen Medical Advisory Board Colonel (Dr.) Michael J. Campion visited Vietnam in March, to present TruScreen to senior health officials, and to the Obstetrics and Gynaecology department at Hung Vuong Hospital in Ho Chi Minh City. Following this visit, a delegate from Vietnam proposes to visit TruScreen in Sydney to evaluate TruScreen for use in government cervical cancer screening in Vietnam.

In South Africa, TruScreen's trainer conducted demonstrations and presentations to several hospitals and organisations. This has helped to create awareness of TruScreen and initiate new relationships for our distributor. In addition, TruScreen was presented to 300 attendees at the Gauteng Department of Health Innovation and R&D Summit in South Africa.

In Mexico, TruScreen was represented at the National Colposcopy Conference in February and at the Innovation Olympics.

We have a further series of target events and conferences lined up throughout the rest of 2018.

STAY IN TOUCH

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KEY DATES

End FY18 Financial Year: 31 March 2018

2018 Results Announcement: June 2018

2018 Annual Report: By end-July 2018

This Shareholder Newsletter has been provided to keep our shareholders informed of our progress and complements our formal communications such as our shareholder reports, results announcements and annual meeting. Further information on our products and on cervical cancer can be found on our website www.truscreen.com.