



TruScreen

2016 Interim Report

KNOW NOW. NO DOUBTS.





The Board of Directors is pleased to present the TruScreen Limited Interim Report for the six months ended 30 September 2015.



Robert Hunter
Chairman

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KEY DATES FOR 2016

End Financial Year: **31 March**

Preliminary Results Released: **By 14 June**

Annual Report Released: **By end of July**



ABOUT TRUSCREEN

TruScreen offers the latest technology in cervical screening, providing real-time, accurate detection of pre-cancerous and cancerous cervical cells to help improve the health and wellbeing of women around the world. TruScreen (TRU) is listed on the NZAX, providing investors with an opportunity to invest in this leading edge health technology.



THE PRODUCT

The proprietary TruScreen technology consists of a pen-like wand containing a single use sensor, which touches various spots on the cervix to pick up electrical and optical signals from the cervical tissue. The TruScreen console collects this data and provides immediate results, enabling the physician to immediately plan appropriate patient care. The second generation TruScreen Ultra is currently undergoing certification in preparation for commercial launch.

CLINICAL PERFORMANCE

Cervical cancer is a major cause of morbidity and mortality worldwide, and the second largest cause of deaths due to cancer in women. TruScreen has been extensively evaluated in studies involving more than 10,000 women worldwide, and has been proven to be as, or more, sensitive than top quality conventional Pap tests.

TARGET MARKET

For many women in remote areas and developing countries, poor access to cervical screening in clinics means that precancerous cervical changes go undetected until it is too late. TruScreen is a cost-effective test that can be used outside existing laboratory infrastructure.

TruScreen has determined that the optimal commercialisation strategy is to first focus on those developing countries where there are no large scale cervical cancer screening programs and infrastructure in place. There are two main market segments for each country:

- a) population based screening; and
- b) general clinical use in hospitals and clinics.

EARLY STAGE COMMERCIALISATION

As a result of early stage marketing preparation activities, a distribution network has been established which covers China, South East Asia, Central Asia, Mexico, Russia and Eastern Europe.

The company's primary focus is on the \$1 billion per annum Chinese market.



SIX MONTH REVIEW

Key Events

April	CFDA approval to market TruScreen in China
May	China Doctors Association program signed, aimed at using TruScreen in 100 hospitals and screen up to 100,000 women by end-2016 Raised \$3.27 million in capital through private placement
June	Raised \$1.81 million in capital through Share Purchase Plan
July	Professor Ronald William Jones CNZM appointed to TruScreen Medical Advisory Board
August	Commenced three month Market Launch campaign in China
September	COFEPRIS approval to market TruScreen to Government hospitals and public entities in Mexico
Post-Period End	Commenced production of Ultra device in November 2015

Financial Results

	HY16	HY15
Revenue From Ordinary Activities	\$901,144	\$413,761
Sales	\$305,882	\$413,761
Other Income	\$861,358	\$36,545
Net Loss	\$352,068	\$490,570
Net Assets	\$15,018,525	\$10,765,532
Cash and Cash Equivalents	\$3,704,736	\$1,470,508

TruScreen reported a reduced Net Loss for the six month period of \$352,068, compared to a loss of \$490,570 for the corresponding period last year.

Revenue from Ordinary Activities was \$901,144, made up of sales of \$305,882 and other income, primarily from grants.

In addition the company had foreign exchange gains of \$255,748, which are not included in Revenue from Ordinary Activities. The company had cash and cash equivalents of \$3.7 million as at 30 September 2015, with net assets of \$15.0 million.

CHAIRMAN & CEO'S REVIEW

TruScreen remains in an early stage of commercialisation as we build awareness and acceptance of the TruScreen technology in our targeted markets, particularly the \$1 billion per annum Chinese market.

We are continuing to improve our technology and an important focus in the six month period was finalising the design of our second generation TruScreen Ultra device, establishment of a manufacturing capability and preparation for the CE Mark audit which is an important step in launching our new TruScreen Ultra device into China and other markets.

The new TruScreen Ultra represents a significant step forward for our Company. The second generation device is a major product upgrade and the result of an 18 month miniaturisation and mobilisation programme. The new device is smaller, wireless and capable of utilising the proprietary improved tissue differentiating algorithms which will keep TruScreen ahead of its competitors for many years to come.

The design and certification process has taken longer than originally expected, however, the final audit for CE Mark certification has now been completed and we are waiting for advice on the timeline for final approval.

We have commenced production of the Ultra device, and once regulatory approval is received and other required ancillary steps are completed, we will commence distribution and sales. As previously advised, the delay in completing the design, manufacture and regulatory approval process has created an "inventory gap" with stocks of the original TruScreen device substantially sold out. These factors impacted on sales in the first half of the financial year and there will be a flow on effect on full year sales which are now expected to be lower than FY15.

The \$1 billion Chinese market remains our primary opportunity. We received CFDA approval to market TruScreen in China in April 2015, and signed a program with the China Doctors Association program in May 2015, with the aim to use TruScreen in 100 hospitals and screen up to 100,000 women by end-2016.

In August 2015, as part of our marketing activity in China, we presented the TruScreen technology to the annual congress of the Chinese Obstetricians & Gynecologists Association, with hundreds of the attending gynecologists registering their interest with our distribution partners.

We have also entered into two significant screening programmes in China, which have now commenced and which aim to screen up to 230,000 women over the next 15 months.

Our Chinese distributor has been continuing to place consoles in hospitals, which then allows clinicians to be trained in the use of the TruScreen technology and to become familiar with it in their own clinical settings before bringing the devices into full commercial use.

We have determined that the optimal commercialisation strategy for our technology is to first focus on those developing countries where there are no large scale cervical cancer screening programs and infrastructure in place.

CHAIRMAN & CEO'S REVIEW continued

In addition to China, we have identified opportunities in a number of other markets, including Mexico which is strategically significant for our growth plans in the broader Latin American region. In September 2015, we received COFEPRIS approval to market TruScreen to Government hospitals and public entities in Mexico.

Interim results from a clinical trial being conducted in Mexico report TruScreen performing significantly better than the traditional pap smear test in identifying pre-cancerous cervical abnormalities in Mexican women, with a sensitivity of 78% compared to 31% for the pap smear.

TruScreen engages the services of a number of medical specialists to advise management and directors on clinical, scientific and medical matters. We were delighted that Professor Ronald Jones accepted our invitation to join TruScreen's Medical Advisory Board in July 2015.

Professor Jones is a highly respected medical specialist and was a Visiting Consultant Obstetrician & Gynaecologist at National Women's Hospital in Auckland for 38 years and latterly a Clinical Professor at the University of Auckland. He is the only individual to twice be awarded the gold medal of the Asia & Oceania Federation of Obstetrics & Gynaecology.

OUTLOOK

Our primary focus for the second half of the year is to progress with the commercial release of our new Ultra device. We are currently waiting for final CE Mark certification, which along with other ancillary steps, is a key factor in the preparation to launch this upgraded device into China and other markets.

We would like to thank shareholders who supported our capital raising in May and June last year, with \$5.08 million raised through private placement and a Share Purchase Plan. TruScreen remains in a stable financial position, with appropriate funding in place to continue with the rollout of the company's growth strategy. We look forward to reporting on our full year activities and results in June 2016.



Robert Hunter
Chairman



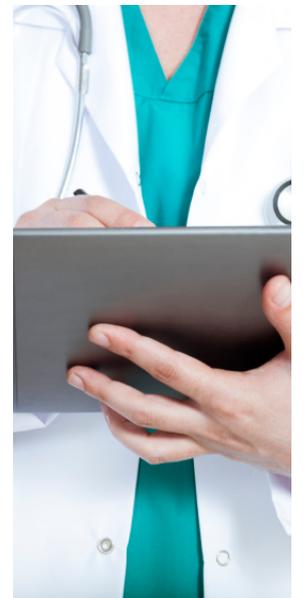
Martin Dillon
Chief Executive Officer



Interim Financial Statements

For the six months ended 30 September 2015

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Consolidated Statement of Profit or Loss and other Comprehensive Income

For the six months ended 30 September 2015

	Note	Unaudited for the six months ended 30 September 2015	Unaudited for the six months ended 30 September 2014	Audited for the period from 1 April 2014 to 31 March 2015
		\$	\$	\$
Revenue from the sale of goods		305,882	413,761	1,574,585
Other income	3	861,358	36,545	645,982
Change in inventories		(26,622)	(114,120)	(835,439)
Purchase of inventory		(102,973)	(178,302)	(286,268)
Employee benefit expenses and directors fees		(444,839)	(358,968)	(731,548)
Administration and other operating expenses	4	(637,740)	(276,916)	(725,689)
Research expenses		(65,366)	(1,160)	(142,850)
Foreign exchange loss	3	-	-	(108,997)
Amortisation & depreciation	3	(216,620)	(1,240)	(64,225)
Finance costs		(25,148)	(10,170)	(17,628)
Loss before income tax		(352,068)	(490,570)	(692,077)
Income tax expense		-	-	-
Loss for the period		(352,068)	(490,570)	(692,077)
Other comprehensive income				
Item that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign controlled entities operations		566,734	416,054	(305,219)
Other comprehensive income / (loss) for the period		566,734	416,054	(305,219)
Total comprehensive income / (loss) for the period		214,666	(74,516)	(997,296)
Basic (loss) per share (cents)		(0.2)	(0.4)	(0.5)
Diluted (loss) per share (cents)		(0.2)	(0.3)	(0.5)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

as at 30 September 2015

	Note	Unaudited for the six months ended 30 September 2015	Unaudited for the six months ended 30 September 2014	Audited for the period from 1 April 2014 to 31 March 2015
		\$	\$	\$
Current assets				
Cash and cash equivalents		3,704,736	1,470,508	534,285
Trade and other receivables		1,702,283	284,398	1,901,063
Goods and services taxes recoverable		98,947	44,037	33,976
Inventories		80,366	873,569	106,988
Other assets – prepayments		143,023	20,683	-
Total current assets		5,729,355	2,693,195	2,576,312
NON-CURRENT ASSETS				
Plant and equipment		11,327	3,503	2,126
Intangible assets		9,802,302	8,329,676	8,065,957
Total non-current assets		9,813,629	8,333,179	8,068,083
Total assets		15,542,984	11,026,374	10,644,395
Current liabilities				
Trade and other payables		472,282	236,344	351,008
Employee benefits		52,177	24,498	28,404
Borrowings		-	-	407,800
Total current liabilities		524,459	260,842	787,212
Net assets		15,018,525	10,765,532	9,857,183
Equity				
Issued capital	6	17,853,557	12,921,275	12,921,275
Reserves		(210,710)	(84,996)	(791,838)
Accumulated losses		(2,624,322)	(2,070,747)	(2,272,254)
Total equity		15,018,525	10,765,532	9,857,183

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the six months ended 30 September 2015

	Note	Share Capital	Accumulated Losses	Foreign Currency Translation Reserve	Option Reserve	Total
		\$	\$	\$	\$	\$
Balance at 31 March 2014		12,495,593	(1,580,177)	(632,574)	119,024	10,401,866
Loss for the period to 30 September 2014		-	(490,570)	-	-	(490,570)
Other comprehensive income for the period		-	-	416,054	-	416,054
Total comprehensive income / (loss) for the period		-	(490,570)	416,054	-	(74,516)
Transactions with owners						
Issue of ordinary shares	6	425,682	-	-	-	425,682
Share based payment		-	-	-	12,500	12,500
Total transactions with owners		425,682	-	-	12,500	438,182
Balance at 30 September 2014 (Unaudited)		12,921,275	(2,070,747)	(216,520)	131,524	10,765,532
Balance at 1 April 2015 (Audited)		12,921,275	(2,272,254)	(937,793)	145,955	9,857,183
Loss for the period ended 30 September 2015		-	(352,068)	-	-	(352,068)
Other comprehensive income for the period		-	-	566,734	-	566,734
Total comprehensive income / (loss) for the period		-	(352,068)	566,734	-	214,666
Transactions with owners						
Issue of ordinary shares	6	4,932,282	-	-	-	4,932,282
Share based payment		-	-	-	14,394	14,394
Total transactions with owners		4,932,282	-	-	14,394	4,946,676
Unaudited Balance at 30 September 2015		17,853,557	(2,624,322)	(371,059)	160,349	15,018,525

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the six months ended 30 September 2015

	Note	Unaudited for the six months ended 30 September 2015	Unaudited for the six months ended 30 September 2014	Audited for the period from 1 April 2014 to 31 March 2015
		\$	\$	\$
CASH FLOW FROM OPERATING ACTIVITIES				
Cash receipts from customers		1,324,142	149,352	337,415
Cash paid to suppliers and employees		(1,697,866)	(797,640)	(1,846,658)
Interest paid		(25,148)	-	(22,562)
Interest received		10,348	2,926	5,008
Net cash provided by / (used in) operating activities	7	(388,524)	(645,362)	(1,526,797)
CASH FLOW FROM INVESTING ACTIVITIES				
Investments in upgraded cervical cancer console "Ultra"		(957,080)	(338,316)	(862,616)
Net cash used in investing activities		(957,080)	(338,316)	(862,616)
CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of shares	6	5,080,000	439,000	429,000
Repayment of convertible notes		-	(772,622)	(750,000)
(Repayment) / Proceeds of borrowing		(439,920)	-	407,800
Share issue costs		(147,718)	(52,408)	(3,318)
Net cash provided by / (used in) financing activities		4,492,362	(386,030)	83,482
Net (decrease) / increase in cash and cash equivalents		3,146,758	(1,369,708)	(2,305,931)
Cash and cash equivalents at beginning of period		534,285	2,840,216	2,840,216
Effects of exchange rate changes on cash and cash equivalents		23,693	-	-
Cash and cash equivalents at end of period		3,704,736	1,470,508	534,285

The accompanying notes form part of these financial statements.

Notes to the Interim Financial Statements

For the six months ended 30 September 2015

1. REPORTING ENTITY

Truscreen Limited (the "Company") is a Tier 1 for-profit listed 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 2015 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 14 December 2015.

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 and International Accounting Standard IAS 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 period from 1 April 2014 to 31 March 2015.

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 period from 1 April 2014 to 31 March 2015.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of NZ IFRS, 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.

Notes to the Interim Financial Statements

For the six months ended 30 September 2015

3. SIGNIFICANT TRANSACTIONS AFFECTING NET PROFIT / LOSS

Significant transaction affecting net profit / loss

The following significant items affecting net income are unusual because of their size or in the case of amortisation of intangibles which commenced on 1 February 2015:

	Unaudited for the six months ended 30 September 2015	Unaudited for the six months ended 30 September 2014	Audited for the period from 1 April 2014 to 31 March 2015
	\$	\$	\$
Other income			
45% refundable tax offset	595,262	-	640,974
Foreign exchange gain	255,748	33,619	-
Expense			
Amortisation of intangible assets	212,868	-	61,906
Foreign exchange (loss)	-	-	(108,997)

4. ADMINISTRATIVE AND OTHER OPERATING EXPENSES

Administrative expenses increased in the six months ended 30 September 2015 compared to the six months ended 30 September 2014 largely due to:

- Costs associated with compliance, marketing and travel necessary to commence operations in various regions including China and Europe; and
- Cost associated with being a listed entity (Truscreen was listed in NZAX in November 2014).

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 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.

Three major customers each contributed more than 10% of the Group's revenue in the six months to 30 September 2015 (2014: two customers):

- One customer provided revenue of \$170,163 (56%);
- One customer provided revenue of \$58,276 (19%);
- One customer provided revenue of \$30,618 (10%).

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

Notes to the Interim Financial Statements

For the six months ended 30 September 2015

6. SHARE CAPITAL

	No.	\$
Balance as at 1 April 2014	140,156,666	12,495,593
Fully paid ordinary shares issued	4,290,000	429,000
Share issue costs	-	(3,318)
Balance as at 30 September 2014	144,446,666	12,921,275
Balance as at 31 March 2015	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)
Balance as at 30 September 2015	164,766,666	17,853,557

The Company raised new capital of:

- \$3,270,000 by issuing 13,080,000 new ordinary fully paid shares on 2 June 2015 at an issue price of 25 cents per share via private placement to institutional and eligible investors.
- \$1,810,000 by issuing a total of 7,240,000 new ordinary fully paid shares (including 6,244,000 shares for \$1,561,000 on 1 July 2015 and 996,000 shares for \$249,000 on 13 July 2015) at an issue price of 25 cents per share via a share purchase plan.

Notes to the Interim Financial Statements

For the six months ended 30 September 2015

7. RECONCILIATION OF CASH FLOW FROM OPERATING ACTIVITIES

	Unaudited for the six months ended 30 September 2015	Unaudited for the six months ended 30 September 2014	Audited for the period from 1 April 2014 to 31 March 2015
	\$	\$	\$
Reconciliation of cash flow from operations with loss after income tax			
Loss for the period	(352,068)	(490,570)	(692,077)
Adjusted for:			
Share based expense payment – employment expenses	14,394	12,500	26,931
Amortisation and depreciation	216,620	1,240	64,225
Exchange difference arising from translating loss items at the date of transaction and translating cash balances at year end rates	(47,694)	116,308	72,186
Increase / (Decrease) in borrowings due to interest earned but not currently payable / (paid) on the convertible note	-	-	(12,452)
Operating cash flows before working capital changes	(168,748)	(360,522)	(541,187)
(Increase) / Decrease in trade and other receivables	198,780	(254,409)	(1,871,074)
(Increase) / Decrease in goods and services taxes recoverable	(64,971)	(12,959)	(2,898)
(Increase) / Decrease in prepayments	(143,023)	(11,426)	9,257
Decrease in inventory	14,492	68,858	835,439
Increase / (Decrease) in trade and other payables	(248,827)	(90,588)	24,076
Increase in provisions	23,773	15,684	19,590
Net cash from operating activities	(388,524)	(645,362)	(1,526,797)

Notes to the Interim Financial Statements

For the six months ended 30 September 2015

8. NET TANGIBLE ASSETS PER SHARE

	Unaudited 30 September 2015	Unaudited 30 September 2014	Audited 31 March 2015
Net tangible assets	5,216,223	2,435,856	9,857,183
Shares on issue at the end of period	164,766,666	144,446,666	144,446,666
Net tangible assets per share (cents per share)	3.17	1.69	1.24

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 at 30 September 2015.

Corporate Directory

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