

**TRUSCREEN LIMITED**

**Preliminary Consolidated Financial Statements**

**For the Year Ended 31 March 2017**

**Contents**

	<b>Page</b>
Statement of Profit or Loss and Other Comprehensive Income	2
Statement of Financial Position	3
Statement of Changes in Equity	4
Statement of Cash Flows	5
Notes to the Financial Statements	6

**TRUSCREEN LIMITED**  
**PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2017**

	Note	For the year ended 31 March 2017	For the year ended 31 March 2016
		Unaudited	Audited
		\$	\$
<b>Revenue from the sale of goods</b>	3	585,388	472,104
Other income	3	810,202	1,370,317
Changes in inventories		408,944	(48,405)
Purchases of inventory		(881,746)	(204,530)
Employee benefit expenses and directors' fees		(1,174,222)	(946,914)
Administration		(470,394)	(359,382)
Research expenses		(1,190,910)	(171,959)
Marketing and demonstration material		-	(292,493)
Rent		(95,625)	(97,826)
Travel		(156,900)	(127,883)
Marketing, & product approvals		(561,811)	(291,164)
Insurance		(87,424)	(74,106)
Shareholder relations & services		(91,999)	(93,309)
Foreign exchange loss		(68,502)	-
Amortisation & depreciation		(528,134)	(407,139)
Finance costs		(37,477)	(24,240)
<b>Loss before income tax</b>		<u>(3,540,610)</u>	<u>(1,296,929)</u>
Income tax expense		-	-
<b>Loss for the period</b>		<u>(3,540,610)</u>	<u>(1,296,929)</u>
<b>Other comprehensive income</b>			
<b>Item that may be reclassified subsequently to profit or loss</b>			
Exchange differences on translating foreign subsidiary operations		(241,728)	640,217
<b>Other comprehensive income for the period</b>		<u>(241,728)</u>	<u>640,217</u>
<b>Total comprehensive income for the period</b>		<u>(3,782,338)</u>	<u>(656,712)</u>
<b>Basic (losses) / earnings (cents per share)</b>		(2.1)	(0.8)
<b>Diluted (losses) / earnings (cents per share)</b>		<u>(2.1)</u>	<u>(0.8)</u>

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

**TRUSCREEN LIMITED**  
**PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2017**

	Note	2017 Unaudited \$	2016 Audited \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		3,671,571	2,304,698
Trade receivables		217,397	386,052
Other receivables	3	791,791	1,170,737
Goods and services taxes recoverable		69,395	62,606
Inventories		467,527	58,582
Other assets – prepayments		77,100	166,557
<b>TOTAL CURRENT ASSETS</b>		<b>5,294,781</b>	<b>4,149,232</b>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment		8,275	6,951
Intangible assets		9,738,424	10,419,664
<b>TOTAL NON-CURRENT ASSETS</b>		<b>9,746,699</b>	<b>10,426,615</b>
<b>TOTAL ASSETS</b>		<b>15,041,480</b>	<b>14,575,847</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		644,587	352,447
Provision for employee benefits		72,605	76,987
<b>TOTAL CURRENT LIABILITIES</b>		<b>717,192</b>	<b>429,434</b>
<b>NET ASSETS</b>		<b>14,324,288</b>	<b>14,146,413</b>
<b>EQUITY</b>			
Issued capital		21,800,585	17,840,460
Share option reserve		172,800	172,712
Foreign currency translation reserve		(539,304)	(297,576)
Accumulated losses		(7,109,793)	(3,569,183)
<b>TOTAL EQUITY</b>		<b>14,324,288</b>	<b>14,146,413</b>

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

**TRUSCREEN LIMITED**  
**PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 2017**

Note	Share Capital Audited \$	Accumulated Losses Audited \$	Foreign Currency Translation Reserve Audited \$	Option Reserve Audited \$	Total Audited \$
<b>Balance at 1 April 2015</b>	12,921,275	(2,272,254)	(937,793)	145,955	9,857,183
Loss for the period to 31 March 2016	-	(1,296,929)	-	-	(1,296,929)
Exchange differences on translating foreign subsidiary operations	-	-	640,217	-	640,217
<b>Total comprehensive income for the period</b>	-	(1,296,929)	640,217	-	(656,712)
<b>Transactions with owners, in their capacity as owners</b>					
Issue of ordinary shares	4,919,185	-	-	-	4,919,185
Share based payment	-	-	-	26,757	26,757
<b>Total transactions with owners</b>	4,919,185	-	-	26,757	4,945,942
<b>Balance at 31 March 2016</b>	<u>17,840,460</u>	<u>(3,569,183)</u>	<u>(297,576)</u>	<u>172,712</u>	<u>14,146,413</u>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>
<b>Balance at 1 April 2016</b>	17,840,460	(3,569,183)	(297,576)	172,712	14,146,413
Loss for the period to 31 March 2017	-	(3,540,610)	-	-	(3,540,610)
Exchange differences on translating foreign subsidiary operations	-	-	(241,728)	-	(241,728)
<b>Total comprehensive income for the period</b>	-	(3,540,610)	(241,728)	-	(3,782,338)
<b>Transactions with owners, in their capacity as owners</b>					
Issue of ordinary shares	3,960,125	-	-	-	3,960,125
Share based payment	-	-	-	88	88
<b>Total transactions with owners</b>	3,960,125	-	-	88	3,960,213
<b>Balance at 31 March 2017</b>	<u>21,800,585</u>	<u>(7,109,793)</u>	<u>(539,304)</u>	<u>172,800</u>	<u>14,324,288</u>

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

**TRUSCREEN LIMITED**  
**PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

	Note	2017	2016
		Unaudited \$	Audited \$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash received from customers		754,043	1,050,083
Cash paid to suppliers and employees		(4,436,358)	(2,386,515)
Cash received from 45% refundable tax offset		1,126,610	679,855
Interest paid		(37,477)	(24,240)
Interest received		17,598	18,713
<b>Net cash from operating activities</b>	4	(2,575,584)	(662,104)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of intangible asset – development costs of upgraded cervical cancer console		(141,188)	(2,071,893)
Purchase of equipment		(6,355)	(6,975)
<b>Net cash from investing activities</b>		(147,543)	(2,078,868)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		4,090,000	5,080,000
(Repayment)/Proceeds of new borrowing		-	(407,800)
Share issue costs		-	(160,815)
<b>Net cash from financing activities</b>		4,090,000	4,511,385
<b>Net increase/(decrease) in cash and cash equivalents</b>		1,366,873	1,770,413
Cash and cash equivalents at 31 March 2016		2,304,698	534,285
<b>Cash and cash equivalents at 31 March 2017</b>		3,671,571	2,304,698

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

# TRUSCREEN LIMITED

## NOTES TO THE PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2017

#### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### General Information

These unaudited Preliminary Consolidated Financial Statements and notes represent those of Truscreen Limited and its subsidiaries (the “Group”). 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. It is a registered under the Companies Act 1993. Truscreen is a FMC reporting entity under Part 7 of the Financial Markets Conduct Act 2013. The Group is engaged in the business of the development and manufacture of cancer detection devices and systems. Truscreen is a profit-oriented entity.

##### Basis of Preparation

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

The financial statements are presented in New Zealand Dollars. The amounts presented in the financial statements have been rounded to the nearest dollar.

The same accounting policies and methods of computation are followed in these financial statements as were applied in the preparation of the Company’s financial statements for the year ended 31 March 2016.

##### Basis of Consolidation

The following entities and the basis of their inclusion for consolidation in these Financial Statements are as follows:

Name of Subsidiary	Principal Place of Business	Principal Activity	Ownership Interest held by the group	
			2017	2016
Truscreen Pty Limited	Australia	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.	100%	100%
Truscreen Ltd (UK)	UK	Holds the European Community Compliance (CE Mark) 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.	100%	100%

# TRUSCREEN LIMITED

## NOTES TO THE PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2017

#### 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:

#### Valuation of Intangibles Assets

Intangible assets include assets acquired at cost net of amortisation charges of \$6,955,894 (\$2016 - \$7,450,563) and costs of development of the Truscreen Gen2 device net of amortisation charges of \$2,782,530 (\$2016 - \$2,969,101).

The acquired intangible assets became available for use in February 2015 when sales commenced. Amortisation of acquired intangibles commenced February 2015 and is based on a 20-year life. The development cost of TruScreen2 became available for use in April 2016. Amortisation commenced on 1 April 2016 and is based on a 20-year life.

The Directors have undertaken a comprehensive Impairment Review (“Review”) of the intangible assets belonging to the Company at the reporting date. This Review has been undertaken in compliance with NZ IAS 36 (‘IAS 36’) and its detailed specifications with the assistance of an independent consultant. The impairment review is based upon projections of performance which while Truscreen is in startup phase are inherently uncertain.

#### NOTE 3. REVENUE

	2017	2016
	\$	\$
Sales revenue - sale of goods	585,388	472,104
Other income		
43.5% refundable tax offset	792,604	1,170,737
Foreign currency gain	-	180,867
Interest received - other persons on financial assets not at fair value through profit or loss	17,598	18,713
<b>Total other income</b>	<b>810,202</b>	<b>1,370,317</b>
	<b>1,395,590</b>	<b>1,842,421</b>

The 43.5% tax offset is an ‘other receivable’ balance at reporting date.

**TRUSCREEN LIMITED**  
**NOTES TO THE PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

<b>NOTE 4. CASH FLOW INFORMATION</b>	<b>2017</b>	<b>2016</b>
<b>a.</b>	<b>\$</b>	<b>\$</b>
<b>b. Reconciliation of cash flow from operations with loss after income tax</b>		
Loss for the period	(3,540,610)	(1,296,929)
Adjusted for:		
Share based expense payment – employment expenses	88	26,757
Depreciation and amortization	528,134	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	(83,591)	(72,152)
Operating cash flows before working capital changes	<u>(3,095,979)</u>	<u>(935,185)</u>
Decrease/(Increase) in trade and other receivables	547,601	344,274
Decrease/(Increase) in goods and services taxes recoverable	(6,789)	(28,630)
Decrease / (Increase) in prepayments	89,457	(166,557)
Decrease in inventory	(408,945)	35,465
Increase in trade and other payables	303,453	39,946
(Decrease)/Increase in employee liabilities	(4,382)	48,583
<b>Net cash from operating activities</b>	<u><u>(2,575,584)</u></u>	<u><u>(662,104)</u></u>

**NOTE 5. EVENTS SUBSEQUENT TO REPORTING DATE**

**Sales**

A commercial agreement was entered into with Khandelwal Laboratories Pty Limited in Mumbai, India. Khandelwal Laboratories is a reputable and well-established pharmaceutical and device supply company with a strong emphasis on sales and the supply of oncology products to private and public sectors. The agreements with Khandelwal Laboratories cover the distribution of Truscreen into the public and private sectors and also the likely establishment of in-country manufacturing facilities to supply the Indian Government.

India has a population of 1.3 billion people, of which 300 million women are of screening age.

**Other**

In May 2017, Truscreen raised \$897,500 via a share purchase plan. These funds will be used to strengthen Truscreen's balance sheet, fund sales and marketing initiatives, expand manufacturing capabilities and continue improvement to the devices performance.

Except for the events described above there have been no events subsequent to reporting date which would have a material effect on the Company's financial statements at 31 March 2017.