

**TRUSCREEN LIMITED**

**Preliminary Consolidated Financial Statements**

**For the Year Ended 31 March 2018**

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**TRUSCREEN LIMITED**  
**PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2018**

	Note	For the year ended 31 March 2018	For the year ended 31 March 2017
		Unaudited	Audited
		\$	\$
<b>Revenue from the sale of goods</b>	3	804,062	585,388
Other income	3	1,070,058	810,202
Changes in inventories		(66,343)	408,944
Purchases of inventory		(741,607)	(881,746)
Employee benefit expenses and directors' fees		(1,419,333)	(1,174,222)
Administration		(578,497)	(470,394)
Research and development expenses		(1,905,710)	(1,190,910)
Rent		(97,471)	(95,625)
Travel		(97,901)	(156,900)
Marketing, & product approvals		(393,485)	(561,811)
Insurance		(73,048)	(87,424)
Shareholder relations & services		(95,675)	(91,999)
Foreign exchange loss		(342,388)	(68,502)
Amortisation & depreciation		(535,977)	(528,134)
Finance costs		-	(37,477)
<b>Loss before income tax</b>		<u>(4,473,315)</u>	<u>(3,540,610)</u>
Income tax expense		-	-
<b>Loss for the period</b>		<u>(4,473,315)</u>	<u>(3,540,610)</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		<u>(12,494)</u>	<u>(241,728)</u>
<b>Other comprehensive income for the period</b>		<u>(12,494)</u>	<u>(241,728)</u>
<b>Total comprehensive income for the period</b>		<u>(4,485,809)</u>	<u>(3,782,338)</u>
<b>Basic and diluted losses per share (cents)</b>		<u>(2.3)</u>	<u>(2.1)</u>

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

**TRUSCREEN LIMITED**  
**PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2018**

	Note	2018 Unaudited \$	2017 Audited \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		1,212,454	3,671,571
Trade receivables		-	217,397
Other receivables	3	1,015,110	791,791
Goods and services taxes recoverable		155,849	69,395
Loan receivable		75,000	-
Inventories		444,232	467,527
Other assets – prepayments		12,509	77,100
<b>TOTAL CURRENT ASSETS</b>		<u>2,915,154</u>	<u>5,294,781</u>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment		7,536	8,275
Intangible assets		8,944,813	9,738,424
<b>TOTAL NON-CURRENT ASSETS</b>		<u>8,952,349</u>	<u>9,746,699</u>
<b>TOTAL ASSETS</b>		<u>11,867,503</u>	<u>15,041,480</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		419,491	644,587
Provision for employee benefits		109,162	72,605
<b>TOTAL CURRENT LIABILITIES</b>		<u>528,653</u>	<u>717,192</u>
<b>NON-CURRENT LIABILITIES</b>			
Provision for employee benefits		22,314	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>22,314</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>		<u>550,967</u>	<u>717,192</u>
<b>NET ASSETS</b>		<u>11,316,536</u>	<u>14,324,288</u>
<b>EQUITY</b>			
Issued capital		23,082,236	21,800,585
Share subscribed, but not issued		196,408	-
Share option reserve		172,800	172,800
Foreign currency translation reserve		(551,798)	(539,304)
Accumulated losses		(11,583,110)	(7,109,793)
<b>TOTAL EQUITY</b>		<u>11,316,536</u>	<u>14,324,288</u>

*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 2018**

Note	Share Capital Audited \$	Accumulated Losses Audited \$	Foreign Currency Translation Reserve Audited \$	Option Reserve Audited \$	Total Audited \$
<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>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>
<b>Balance at 1 April 2017</b>	21,800,585	(7,109,793)	(539,304)	172,800	14,324,288
Loss for the period to 31 March 2018	-	(4,473,317)	-	-	(4,473,317)
Exchange differences on translating foreign subsidiary operations	-	-	(12,494)	-	(12,494)
<b>Total comprehensive income for the period</b>	-	(4,473,317)	(12,494)	-	(4,485,811)
<b>Transactions with owners, in their capacity as owners</b>					
Issue of ordinary shares	1,281,651	-	-	-	1,281,651
Share subscribed, but not issued	196,408	-	-	-	196,408
<b>Total transactions with owners</b>	1,478,059	-	-	-	1,478,059
<b>Balance at 31 March 2018</b>	<u>23,278,644</u>	<u>(11,583,110)</u>	<u>(551,798)</u>	<u>172,800</u>	<u>11,316,536</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 2018**

	Note	2018	2017
		Unaudited \$	Audited \$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash received from customers		1,019,183	754,043
Cash paid to suppliers and employees		(5,577,047)	(4,436,358)
Cash received from 45% refundable tax offset		808,167	1,126,610
Interest paid		-	(37,477)
Interest received		20,506	17,598
<b>Net cash from operating activities</b>	4	(3,729,191)	(2,575,584)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of intangible asset – development costs of upgraded cervical cancer console		-	(141,188)
Purchase of equipment		(3,110)	(6,355)
<b>Net cash from investing activities</b>		(3,110)	(147,543)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		1,151,776	4,090,000
Share subscriptions		121,408	-
Share issue costs		-	-
<b>Net cash from financing activities</b>		1,273,184	4,090,000
<b>Net increase/(decrease) in cash and cash equivalents</b>		(2,459,117)	1,366,873
Cash and cash equivalents at 31 March 2017		3,671,571	2,304,698
<b>Cash and cash equivalents at 31 March 2018</b>		1,212,454	3,671,571

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

**TRUSCREEN LIMITED**  
**NOTES TO THE PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

**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 2017.

**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	
			2018	2017
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 S. de R.L. de C.V.	Mexico	Non-operating	100%	100%

# TRUSCREEN LIMITED

## NOTES TO THE PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2018

#### 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 \$6,381,916 (\$2017 - \$6,955,894) and costs of development of the Truscreen Gen2 device net of amortisation charges of \$2,562,896 (\$2017 - \$2,782,530).

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.

	2018	2017
<b>NOTE 3. REVENUE</b>		
	\$	\$
Sales revenue - sale of goods	804,062	585,388
Other income	<u>1,049,552</u>	<u>792,604</u>
43.5% refundable tax offset	20,506	17,598
Interest received - on financial assets not at fair value through profit or loss	<u>1,070,058</u>	<u>810,202</u>
<b>Total other income</b>	<u><u>1,874,120</u></u>	<u><u>1,395,590</u></u>

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 2018**

<b>NOTE 4. CASH FLOW INFORMATION</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Reconciliation of cash flow from operations with loss after income tax</b>		
Loss for the period	(4,473,315)	(3,540,610)
Adjusted for:		
Share based expense payment – employment expenses	-	88
Depreciation and amortization	535,977	528,134
Assets written off	-	-
Exchange difference arising from translating loss items at the date of transaction and translating cash balances at year end rates	248,987	(83,591)
Operating cash flows before working capital changes	<u>(3,688,351)</u>	<u>(3,095,979)</u>
Decrease/(Increase) in trade and other receivables	(5,922)	547,601
Decrease/(Increase) in goods and services taxes recoverable	(86,454)	(6,789)
Decrease / (Increase) in prepayments	64,591	89,457
Decrease / (Increase) in inventory	23,295	(408,945)
(Decrease)/Increase in trade and other payables	(95,221)	303,453
(Decrease)/Increase in employee liabilities	58,871	(4,382)
<b>Net cash from operating activities</b>	<u><u>(3,729,191)</u></u>	<u><u>(2,575,584)</u></u>