

TRUSCREEN LIMITED

Preliminary Financial Statements

For the Year Ended 31 March 2019

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TRUSCREEN LIMITED
PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019	2018
		\$	\$
Revenue from the sale of goods	3	2,142,949	804,062
Other income	3	976,202	1,374,581
Changes in inventories		27,375	(66,343)
Purchases of inventory		(1,362,212)	(741,607)
Employee benefit expenses and directors' fees		(1,240,646)	(1,419,333)
Administration		(570,368)	(578,497)
Research and development expenses		(1,777,972)	(1,905,710)
Rent		(104,366)	(97,471)
Travel		(65,829)	(97,901)
Marketing & product approvals		(427,246)	(393,485)
Insurance		(99,268)	(73,048)
Shareholder relations & services		(91,538)	(95,675)
Foreign exchange loss		(316,027)	(342,388)
Amortisation & depreciation		(565,781)	(535,977)
Finance costs		(27,727)	-
Loss before income tax		<u>(3,502,454)</u>	<u>(4,168,792)</u>
Income tax expense		-	-
Loss for the period		<u>(3,502,454)</u>	<u>(4,168,792)</u>
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign subsidiary operations		102,179	(17,671)
Other comprehensive (loss)/income for the period		102,179	(17,671)
Total comprehensive loss for the period		<u>(3,400,275)</u>	<u>(4,186,463)</u>
Basic and diluted losses per share (cents)		<u>(1.67)</u>	<u>(2.1)</u>

TRUSCREEN LIMITED
PRELIMINARY CONSOLIDATE FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	Note	2019 \$	2018 \$
CURRENT ASSETS			
Cash and cash equivalents		1,737,775	1,212,454
Other receivables	3	805,517	1,314,456
Loan receivable		75,000	75,000
Trade receivables		467,504	-
Goods and services tax recoverable		30,335	155,849
Inventories		782,026	401,185
Other assets – prepayments		21,552	55,556
TOTAL CURRENT ASSETS		<u>3,919,709</u>	<u>3,214,500</u>
NON-CURRENT ASSETS			
Plant and equipment		379,993	7,536
Intangible assets		8,261,063	8,944,813
TOTAL NON-CURRENT ASSETS		<u>8,641,056</u>	<u>8,952,349</u>
TOTAL ASSETS		<u>12,560,765</u>	<u>12,166,849</u>
CURRENT LIABILITIES			
Trade and other payables		574,031	419,491
Borrowings		626,501	-
Provision for employee benefits		109,925	109,162
TOTAL CURRENT LIABILITIES		<u>1,310,457</u>	<u>528,653</u>
NON-CURRENT LIABILITIES			
Provision for employee benefits		51,499	22,314
TOTAL NON-CURRENT LIABILITIES		<u>51,499</u>	<u>22,314</u>
TOTAL LIABILITIES		<u>1,361,956</u>	<u>550,967</u>
NET ASSETS		<u>11,198,809</u>	<u>11,615,882</u>
EQUITY			
Issued capital		26,421,168	23,433,996
Share option reserve		-	3,970
Foreign currency translation reserve		(454,796)	(556,975)
Accumulated losses		(14,767,563)	(11,265,109)
Total Equity		<u>11,198,809</u>	<u>11,615,882</u>

TRUSCREEN LIMITED
PREMININARY CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019

	Share Capital \$	Accumulated Losses \$	Foreign Currency Translation Reserve \$	Option Reserve \$	Total \$
Balance at 1 April 2018	23,433,996	(11,265,109)	(556,975)	3,970	11,615,882
Loss for the period to 31 March 2019	-	(3,502,454)	-	-	(3,502,454)
Exchange differences on translating foreign subsidiary operations	-	-	102,179	-	102,179
Total comprehensive income for the period	-	(3,502,454)	102,179	-	(3,400,275)
Transactions with owners, in their capacity as owners					
Issue of shares	3,075,470	-	-	(3,970)	3,071,500
Share issue cost	(88,298)	-	-	-	(88,298)
Total transactions with owners	2,987,172	-	-	(3,970)	2,983,202
Balance at 31 March 2019	26,421,168	(14,767,563)	(454,796)	-	11,198,809
Balance at 1 April 2017	21,800,585	(7,109,793)	(539,304)	172,800	14,324,288
Loss for the period to 31 March 2018	-	(4,168,792)	-	-	(4,168,792)
Exchange differences on translating foreign subsidiary operations	-	-	(17,671)	-	(17,671)
Total comprehensive income for the period	-	(4,168,792)	(17,671)	-	(4,186,463)
Transactions with owners, in their capacity as owners					
Issue of shares re share placement plan	897,500	-	-	-	897,500
Share issue cost	(40,849)				(40,849)
Issue of or subscription for ordinary shares on exercise of option	776,760	-	-	(155,354)	621,406
Lapse of share option	-	13,476	-	(13,476)	-
Total transactions with owners	1,633,411	13,476	-	(168,830)	1,478,057
Balance at 31 March 2018	23,433,996	(11,265,109)	(556,975)	3,970	11,615,882

TRUSCREEN LIMITED
PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019	2018
		\$	\$
CASH FLOW FROM OPERATING ACTIVITIES			
Cash received from customers		1,675,445	1,019,183
Cash paid to suppliers and employees including GST		(5,810,337)	(5,577,047)
Cash received 43.5% refundable tax offset		1,472,566	808,167
Interest paid		(27,644)	-
Interest received		11,647	20,506
Net cash from operating activities	4	<u>(2,678,323)</u>	<u>(3,729,191)</u>
CASH FLOW TO INVESTING ACTIVITIES			
Purchase of plant and equipment		<u>(410,031)</u>	<u>(3,110)</u>
Net cash to investing activities		<u>(410,031)</u>	<u>(3,110)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		3,075,470	1,443,908
Share issue costs		(88,296)	(170,724)
Proceeds from borrowings		<u>626,501</u>	<u>-</u>
Net cash from financing activities		<u>3,613,675</u>	<u>1,273,184</u>
Net increase/(decrease) in cash and cash equivalents		525,321	(2,459,117)
Cash and cash equivalents at the beginning of the financial year		<u>1,212,454</u>	<u>3,671,571</u>
Cash and cash equivalents at the end of the financial year		<u>1,737,775</u>	<u>1,212,454</u>

TRUSCREEN LIMITED
NOTES TO THE PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

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”). References to “Truscreen” are used to refer both to the Group and Truscreen Limited (the “Company”).

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 registered under the Companies Act 1993. Truscreen is listed on the NZX. Truscreen is a FMC reporting entity under Part 7 of the Financial Markets Conduct Act 2013.

The registered office of the Company is Level 6 Equitable House, 57 Symonds St, Grafton, Auckland 1010, New Zealand. The Group is engaged in the business of the development, manufacture and sale of cancer detection devices and systems.

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.

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 statement for the year ended 31 March 2018, with the exception of new accounting standards for Revenue Recognition NZ IFRS 15 and Financial Instruments NZ IFRS 9.

Basis of Consolidation

The following entities and the basis for 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	
			2019	2018
Truscreen Pty Ltd	Australia	Owens the rights to the Truscreen Cervical Cancer screening system. Principal operations centre.	100%	100%
Truscreen Ltd (UK)	United Kingdom	Holds European Community Compliance (CE Mark). Trades to the extent necessary to satisfy requirement for VAT registration 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 2019

NOTE 2. SIGNIFICANT 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 Intangible Assets

Intangible assets include assets acquired at cost, net of amortisation charges, of \$5,884,530 (2018 - \$6,381,916) and costs of development of the Truscreen Gen2 device, net of amortisation charges, of \$2,376,533 (2018 - \$2,562,897).

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 development phase are somewhat uncertain.

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NOTE 3. REVENUE

	2019	2018
	\$	\$
Sales revenue - sale of goods	<u>2,142,949</u>	<u>804,062</u>
Other income		
Research and development tax offset ¹	964,121	1,354,075
Interest received	11,854	20,506
Other	<u>227</u>	<u>-</u>
	<u><u>976,202</u></u>	<u><u>1,374,581</u></u>

¹Of the research and development tax offset, \$805,517 is a ‘other receivable’ balance at reporting date.

TRUSCREEN LIMITED
NOTES TO THE PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

NOTE 4. CASH FLOW INFORMATION

	2019	2018
	\$	\$
Reconciliation of cash flow from operations with loss after income tax		
Loss for the period	(3,502,454)	(4,168,792)
Adjusted for:		
Depreciation and amortization	565,782	535,977
Unrealised exchange difference arising from translating loss items at the date of transaction and translating cash balances at year end rates	<u>253,750</u>	<u>243,810</u>
Operating cash flows before working capital changes	(2,682,922)	(3,389,005)
Decrease/(increase) in trade and other receivables	41,434	(305,268)
Decrease/(Increase) in goods and services taxes recoverable	125,514	(86,454)
Decrease in prepayments	34,004	64,591
(Increase)/Decrease in inventory	(380,841)	23,295
Increase/(Decrease) in trade and other payables	154,541	(95,221)
Increase in employee liabilities	<u>29,947</u>	<u>58,871</u>
Net cash to operating activities	<u>(2,678,323)</u>	<u>(3,729,191)</u>