



2020 ANNUAL REPORT



CORPORATE DIRECTORY

DIRECTORS

Anthony Ho (Chairman)
Con Hickey
Christopher Horn
Christopher Lawrence

MANAGEMENT

Victoria Potarina – Chief Executive Officer
Edmond Capcelea – Chief Technology Officer
Guy Robertson – Chief Financial Officer

REGISTERED OFFICE

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Level 6, Equitable House
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NZX Code : TRU

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CHAIRMAN'S LETTER

Dear fellow Shareholders,

The 2020 financial year has continued to see further substantial progress in the development of the markets in which we operate and those that we target, and in the development of the TruScreen cervical cancer screening device.

TruScreen provides an accurate, real time screening solution, ideal for communities that cannot access conventional laboratory-enabled screening methods. Our purpose is to ensure that all women of screening age can have access to quality cervical cancer screening.

Our endeavours are supporting the developing global strategy of the World Health Organisation (WHO) to eliminate cervical cancer that kills more than 350,000 women globally per year. The incidence of cervical cancer in low-and-middle-income countries (LMICs), TruScreen's target market, is twice as high and death rate three times as high compared with high income countries. WHO modelling indicates that over the next twelve years the number of deaths from cervical cancer will increase to 400,000 annually.

Our major market, China, was the first to experience a COVID-19 shutdown that expectedly had an adverse impact on TruScreen's revenue for the last quarter of 2020. However, with a recommencement of business in April/May 2020 and an 18% increase in hospital coverage in these months (nine new hospitals) we are optimistic that we will make good progress in the year ahead.

The approval of the Ministry of Health of the Vietnam Government for the commercial rollout of the TruScreen cervical cancer screening device and receipt of the first order early in the new year is a further significant milestone for the Company. This is an endorsement of our device and technology following a trial covering 989 patients comparing TruScreen to Pap test.

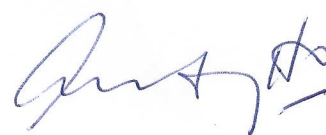
TruScreen will continue to support and develop our markets through distributors in Russia and Africa and look to develop when appropriate the significant opportunities in Eastern Europe, India and Latin America.

TruScreen made a further significant investment in research and development of the TruScreen product during the year. This has resulted in a more robust product suited to LMIC's. In addition, we have supported our distributors in establishing service centres in China, Russia and Vietnam.

The TruScreen team has been strengthened during the year with the appointment of Ms Victoria Potarina as Chief Executive Officer. Ms Potarina brings more than twenty years' commercial experience, previously working at Johnson & Johnson (J&J) in both the UK and across Europe. In addition, she has held positions at multiple multinational companies in the FMCG, over-the-counter, medical devices and healthcare sectors. The appointment of a Chief Technology Officer, Mr Edmond Capcelea, early in the new financial year will give further support in delivering an outstanding quality product and focussing on reducing our manufacturing costs. Mr Capcelea was previously head of Quality, Research & Development and Reliability at Cochlear Limited.

The capital raising initiatives early in the new financial year have received outstanding support from our shareholders and new investors. Three of the directors participated in the Share Purchase Plan and placement. In summary we raised \$5.243 million which will allow the Company to capitalise on its potential in the years ahead. A planned dual listing on the ASX later this calendar year will support Australian shareholders and provide greater liquidity for all.

To our shareholders, I thank you for your support as the TruScreen journey continues. I also thank my fellow directors, management and team for their ongoing commitment and dedication to achieving our vision through cervical cancer screening - 'A world without cervical cancer'.



Tony Ho
Chairman

FINANCIAL RESULTS

| NZ Dollars | FY 20 | FY19 | FY20 / FY19 |
|--|-------------|-------------|-------------|
| Sales | 1,288,242 | 1,862,949 | (31%) |
| Revenue | 2,554,282 | 3,104,151 | (18%) |
| Net Loss ¹ | (5,196,721) | (3,380,454) | 54% |
| Cash outflow from operating activities | (1,634,499) | (2,678,321) | (39%) |
| Cash and Cash Equivalents | 1,024,153 | 1,737,775 | (41%) |

¹ The 2020 financial year includes a one off non-cash impairment of intangible assets of \$2,380,000 and a non-cash expense for share based payments in the amount of \$306,000.

In an NZX announcement dated 9 April 2020 Truscreen provided an indicative net loss before impairment testing of the carrying value of Intangible assets of \$2.5m compared to an actual net loss of \$2.82m. The increase is attributable to the non cash of share based payments noted above.

DIRECTORS AND MANAGEMENT



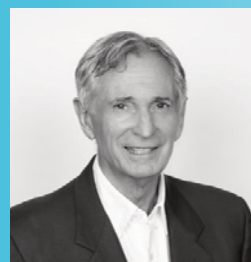
Tony Ho
Chairman



Con Hickey
Non-executive Director



Christopher Horn
Non-executive Director



Chris Lawrence
Non-executive Director



Victoria Potarina
Chief Executive Officer



Edmond Capcelea
Chief Technology Officer



Guy Robertson
Chief Financial Officer

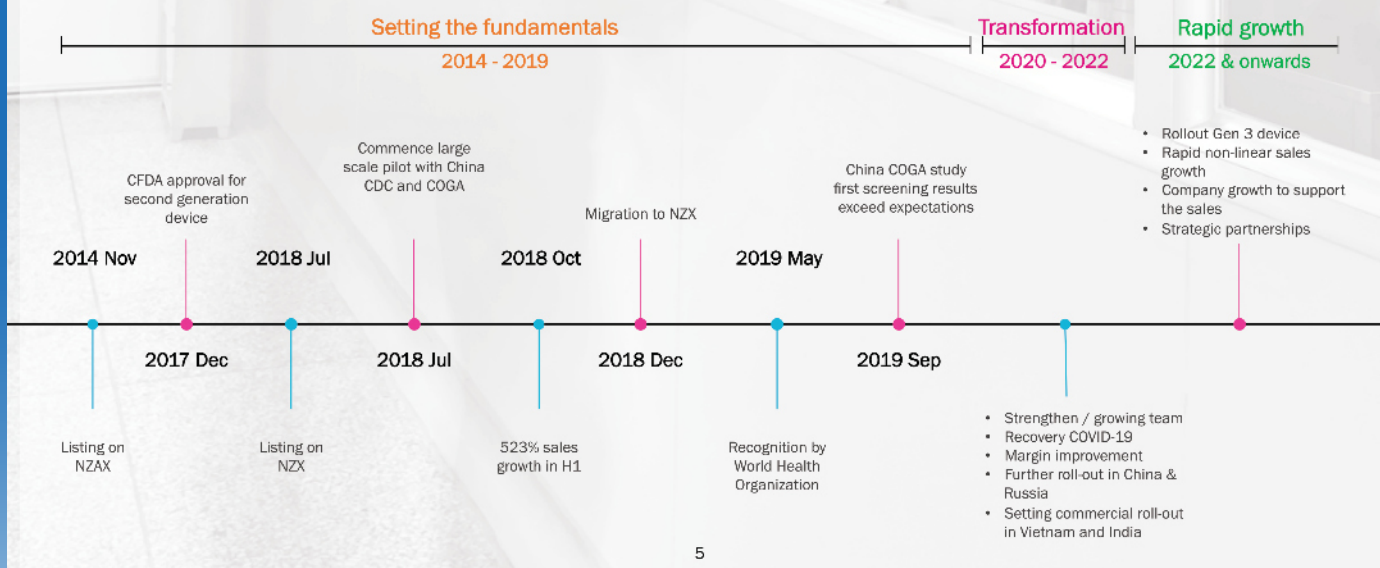
OPERATIONS REPORT

EXECUTIVE SUMMARY

2020 Highlights

- ▶ TruScreen's large-scale evaluation programme with China's Obstetrics and Gynaecology Association (COGA) is progressing well, with eight out of the 10 participating provinces already having launched the programme, and 66 hospitals actively screening women. COGA Hunan Province interim results of 2,065 women across 7 hospitals showed TruScreen has a Sensitivity of 89.29% (LBC 67.87%, HPV 92.86%) and a Specificity of 87.17% (LBC 90.07%, HPV 84.26%).
- ▶ Received approval from Vietnam Government Ministry of Health for commercial roll out of TruScreen cervical cancer screening device with initial order received.
- ▶ TruScreen cervical cancer screening device acknowledged in Unitaidd/WHO report on screening and treatment technologies and advantages of use in low and middle-income countries. Report presented at the 72nd World Health Assembly in May 2019, Geneva.
- ▶ TruScreen's real-time cervical cancer screening device has demonstrated improved sensitivity and specificity targeting pre-cancerous and cancerous cervical cells compared to a Pap test in a trial in India. The national All India Institute of Medical Sciences (AIIMS) conducted the trial involving 645 women at a tertiary referral centre in New Delhi and at a comprehensive rural health services centre at Ballabgarh, Haryana.

Our commercialisation journey



Executive Update

TruScreen successfully completed a capital raise of NZ\$1.1m, from a private placement in July 2019. These funds provided working capital for TruScreen to continue to meet the growing demand from countries where it has established distributorships. The funds also enabled TruScreen to continue to develop new markets for its product, with a focus on partnering with global non-government organisations.

China

TruScreen's General Manager Commercial, Dr Jerry Tan, travelled to China at the end of June, spending all of July working with our local distribution network. Dr Tan helped install devices, conducted clinical training, met key opinion leaders (KOLs), and attended conferences. This trip focussed on the continuation of device rollout and training for the COGA programme. It included meetings with KOLs and the new provincial distributor in Sichuan Province. Sichuan has 20 hospitals participating in the COGA programme.

Expanding TruScreen's distribution network to include Chengdu is an important milestone for us in the region. Sichuan has a population of over 87 million. Dr Tan conducted product training and attended the 4th Annual Tianfu Forum of Gynaecologic Oncology, a national conference attended by KOLs and China's leading professors. The conference included a TruScreen 2.5hr satellite meeting, which launched the COGA programme for Sichuan province.

Mr Ho, Truscreen Chairman, visited Beijing in early September as part of his first trip to China as TruScreen Chairman. In Beijing, Mr Ho met TruScreen distributor Siweixiangtai Tech (SWXT), KOLs, medical professionals and hospitals undertaking TruScreen trials and programmes.

Mr Ho received direct feedback from clinicians using TruScreen's non-invasive screening device. SWXT has laid solid foundations for the growth in sales of the TruScreen device in



September 2019, L to R Mr Wang Fuzhou (Vice GM of SWXT), Ms Su Siming (Managing Director of SWXT), Anthony Ho, Dr Jerry Tan (Truscreen), Ms Bao Lihui (TruScreen operator)

the region, gaining KOL endorsements and acceptance from doctors. SWXT has also established a distribution network covering most of the country and built up reference centres in major cities.

SWXT's major projects include the installation and planning for the rollout of TruScreen throughout the Xinjiang province; and support of the current COGA project, which has been launched in all 10 participating provinces of China and aims to screen 20,000 women by 2020. While in Beijing, Mr Ho visited the People's Liberation Army (PLA) General Hospital, one of the city's largest military teaching hospitals, where he met TruScreen operator Bao Lihui and SWXT's key account manager for the hospital. The PLA General Hospital is a main reference centre for TruScreen and has been a commercial user since 2017. Currently, there are two TruScreen operators at the hospital using TruScreen. Collectively, they do 40 exams per day, or 1,200 to 1,500 per month.

In other key meetings, Mr Ho spoke with KOLs at the Beijing Chaoyang Hospital. The hospital has been a main reference centre for TruScreen's clinical programmes since May 2015. The feedback on TruScreen has been positive, and the hospital is transitioning to using TruScreen commercially.

In September, Mr James Haindl, Truscreen biotechnologist and Dr. Zhenglin Wang, Truscreen production manager visited SWXT to train the technical team in Beijing and to set up a Truscreen technical support centre for SWXT.

Russia

TruScreen has established a technical centre for its distributor in Russia to ensure that it gets maximum benefit from the market's potential. In September, TruScreen biotechnologist James Haindl travelled to Russia to meet and train staff at distributor IMSystems (IMS).

Mr Haindl and IMS's lead engineer, Mr Alexander Trush, conducted a three-day technical training session in which Mr Haindl explained through how the TruScreen technology works and conducted demonstrations and training of hardware and software repairs. In a meeting with Dr Alexei Zotov, a Russian doctor and Commercial Development Director for IMS, Mr Haindl gained insights into IMS's marketing strategy for TruScreen.

Since being granted TruScreen distributor rights in early 2019, IMS has shown strong support for the TruScreen technology. IMS is promoting TruScreen as a primary screening tool, with patients requiring followup reviews to undergo further tissue sample testings.

OPERATIONS REPORT

continued

Mexico

A key strategic goal for TruScreen in FY2020 is continuing to build our connections and working relationships with global Non-Government Organisations (NGOs). Following the inclusion of TruScreen in the cervical cancer Technology Landscape, TruScreen arranged a meeting in Mexico between Unitaid strategy and programme managers, and the National Institute of Cancer (INCan). INCan is a decentralised organisation operating under Mexico's Ministry of Health, providing specialised medical care to cancer patients. INCan is considered to be the governing body of cancer treatment in Mexico.

Facilitated by our local distribution network, the meeting took place on 24 July 2019 at INCan. In attendance were Unitaid programme manager Smiljka De Lussigny, Unitaid technical strategy manager Dr Anna Laura Ross, INCan head of colposcopy Dr Salim Barquet, and INCan gynaecologist Dr Gonzales.

Discussions centred on Mexico's strategy for cervical cancer screening and the value of TruScreen in government-funded and other public health sector screening programmes.

Vietnam

In FY2020 TruScreen's distribution partner, Gorton Health Services, along with the Vietnam's Ministry of Health (MOH) commenced a TruScreen pilot study based at the Hanoi Obstetrics and Gynaecological Hospital (HOGH). The pilot programme's objective was to evaluate the TruScreen technology, prior to a national rollout of the TruScreen device as the primary screening method. TruScreen's Clinical Affairs and Training Manager, Dr. Carolina Velasquez visited Vietnam in late July 2019 to conduct an intensive clinical training course with doctors participating in the 1,000 patient pilot programme.

TruScreen's Medical Advisory Committee Member for TruScreen, Professor Michael Campion, and, Dr Carolina Velasquez, visited



L to R Smiljka De Lussigny (programme manager Unitaid); Dr Anna Laura Ross, PhD (technical manager strategy Unitaid); Dr Gonzales (INCan-national Institute of Mexico)

Vietnam in October 2019 to host further TruScreen training courses in Hanoi and Ho Chi Minh City. In Hanoi, Professor Campion and Dr Velasquez presented a three-day Advanced Colposcopy course at HOGH. The objective of the course was to provide a high-level clinical overview of colposcopy and to show medical specialists how to successfully screen patients with the TruScreen device. More than 20 gynaecologists and registrars attended the course. The TruScreen team also worked with the lead personnel for the ongoing MOH pilot programme for TruScreen, based in HOGH. TruScreen also held a highly successful one-day Short Colposcopy course in Ho Chi Minh City, which attracted doctors from the University Medical Centre O&G department, gynaecologists from My Duc

Hospital and personnel from two other private hospitals.

India

The outstanding results from TruScreen's first cervical cancer screening trial in India were announced in January 2020. The trial, conducted by the All India Institute of Medical Sciences (AIIMS) in New Delhi and the town of Ballabgarh over the period January 2018 to February 2019, screened 645 women for cervical cancer. The results showed TruScreen's sensitivity (81.82%) & specificity (82.87%) to be superior to the traditional Pap test (72.73% & 79.81% respectively.)

The TruScreen device's ability to provide test results in real time without the need to access



October 2019, Ha Noi Vietnam: Dr. Carolina Velasquez, and Prof. Michael Campion with HOGH clinical trial team following 3 day TruScreen & Colposcopy course



pathology infrastructure is its distinguishing feature. In comparison, collected tissue samples from a Pap test must be processed at a pathology laboratory, where the typical turnaround time is two to six weeks. Faster test results enable patients to access follow-up reviews for medical treatment more quickly. TruScreen's ability to these mitigate standard barriers to screening makes it an ideal screening tool for regions such as India.

Results of the TruScreen trial have been submitted to the Journal of the Indian Medical Association for publication.

Other

A major achievement for TruScreen during the year was the recognition by WHO, Unitaaid and the Clinton Health Access Initiative of TruScreen as a technology for screening women in low- and middle-income countries. During the year TruScreen continued to focus on building relationships with NGOs to give a greater access to global cervical cancer screening programmes.

TruScreen again completed the quality accreditation audit of our London entity to meet compliance requirements under ISO 13485:2016 and the European Device Regulation. This ensures ongoing validity of the CE Mark for the TruScreen device and technology. These certifications form the prima facie evidence for TruScreen's global suite of regulatory approvals.

COVID-19 Pandemic

To ensure the safety and welfare of employees the Company activated a business continuity programme where team members are able to work remotely from home. This enabled TruScreen to remain operational and stay within the COVID-19 regulatory guidelines.

TruScreen is currently able to ship and meet customer demand as and when required.

COVID-19 has resulted in a temporary halt to the roll out of TruScreen cervical cancer screening devices in the countries within which we operate at various times. China has at the date of this report recommenced and it is expected that other countries will resume as they are able to control the spread of the virus. The Company used the hiatus to improve and strengthen supply chain and quality assurance processes.

Given the COVID-19 related slowdown, TruScreen took steps to reduce its cost base to conserve cash and has made application for Government support where appropriate. The Company has relocated its sales and administrative premises at Surry Hills, Sydney, and has consolidated its operations in one location at West Lindfield, in northern Sydney.

The Road Ahead

In the 2021 financial year Truscreen will continue with its strategy to become the cervical cancer screening method of choice in selected low & middle income countries (LMICs) where conventional laboratory-based methods are not a good fit for purpose.

► Efficient roll-out in established core markets.

China is our priority market and we target to double the number of hospitals where TruScreen system will be available for patients. Russia is another large market of focus where our distributor has been implementing best in class educational programmes reaching 2,000 doctors across

the country and has prepared a robust plan for further roll-out.

► Relentless focus on product quality and innovation.

Product quality remains an absolute priority. Recently implemented electronic systems of quality assurance control will provide significant efficiency in this area. We are aligned with our customers' (distributor) and our customers customer (the hundreds of doctors and nurses working with the TruScreenUltra) needs, and plan further improvements based on their feedback and requirements for a medical screening device.

► Focus on commercial efficiency.

As a growing company we need to invest to support a significant increase in product sales in 2021. While growing revenues, we will remain focused on improving gross margin through manufacturing efficiency and the benefits of increasing sales volumes.

► Expanding clinical support.

Truscreen and its distributors have invested heavily in clinical trials in a number of countries. Publication of the positive results achieved in these trials in respected medical journals is key to clinical advocacy of the TruScreen cervical cancer screening device. The publication of the study undertaken at the Royal Hospital of Women, Sydney, under our Medical Advisory Committee supervision expected in the 2021 FY will provide support for the accuracy and reliability of our system in a teaching hospital environment. To support our commercial roll-out framework TruScreen will be launching an on-line education program with certification for health care professionals, initially to be piloted in Vietnam. This approach will enable our team to manage complex commercial roll-outs with a need to educate simultaneously many doctors in different countries starting their journey with Truscreen.

► **Enhance team capabilities.**

Truscreen have a strong and capable team and will add talented professionals with expertise in medical devices & LMICs in line with projected business growth. Changes in management and Board are outlined below.

Management Changes

► **Ms Victoria Potarina
(Chief Executive Officer)**

Ms Potarina brings more than twenty years' commercial experience, previously working at Johnson & Johnson (J&J) in both the UK and across Europe. In addition, she has held positions at multiple multinational companies in the FMCG, over-the-counter, medical devices and healthcare sectors.

While at J&J UK, Ms Potarina was Business Unit Director of the UK and Ireland Diabetes Care Division which comprised of two

business units, including; LifeScan, a diagnostic systems manufacturer focusing on the diabetes market specifically blood glucose monitoring systems, and Animas, which specialises in making insulin pumps for diabetes.

Prior to this, she was LifeScan Marketing Director of Eastern Europe, a US\$200 million turnover business. During her time in this position, Ms Potarina successfully facilitated a market share turnaround in Russia and consistent year-on-year double-digit growth in Eastern Europe.

► **Mr Edmond Capcelea
(Chief Technology Officer)**

Mr Capcelea has a Masters Degree in Engineering Physics. Previous roles include Divisional Director Head of Implants and Design Development at Cochlear Limited where he held various positions over eighteen years, and Senior Vice President of Research and Development at Saluda Medical.

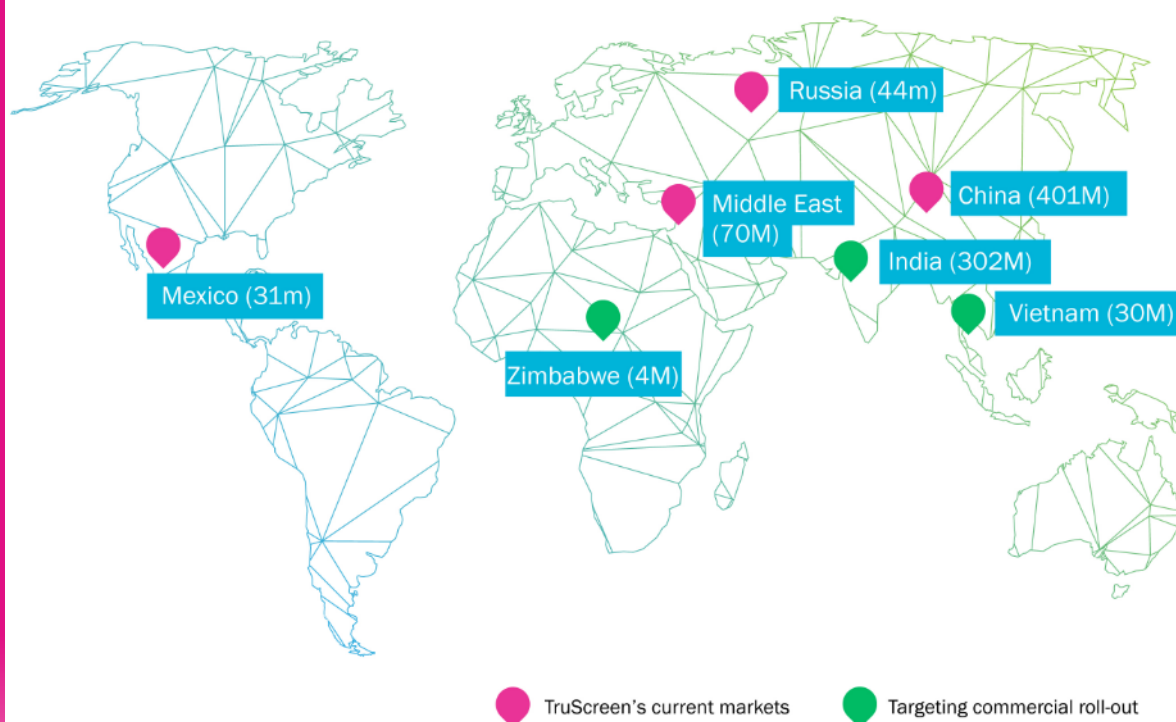
Mr Capcelea has extensive experience in leading complex R&D projects from concept to commercialisation and has led the end to end product development of a wide range of Medical Devices ranging from Class I to Class III.

Board Changes

Mr Robert Hunter and Professor Ron Jones resigned as Directors of the Company, during the year.

Mr William Hunter resigned as an alternate director during the year.

TRUSCREEN HAS CLOSE TO 1bIn WOMEN ELIGIBLE FOR SCREENING IN KEY MARKETS



DIRECTORS' REPORT

Your directors submit the annual financial report of the consolidated entity consisting of Truscreen Ltd (the “Company”) and the entities it controlled during the period (the “Group”) for the financial year ended 31 March 2020. The directors report as follows:

Directors

The names of directors who held office during or since the end of the year and to the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

| Name | Particulars |
|-------------------|----------------------------|
| Mr Anthony Ho | |
| Mr Chris Lawrence | |
| Mr Chris Horn | |
| Mr Con Hickey | |
| Dr Ron Jones | (resigned 31 March 2020) |
| Mr Robert Hunter | (resigned 1 November 2019) |
| Mr William Hunter | (resigned 1 November 2019) |

Names, qualifications, experience and special responsibilities

Mr Anthony Ho

Non-Executive Chairman and member of Remuneration and Nomination Committee and member of the Audit, Finance and Risk Committee and temporary Executive Chairman from January 2020 to February 2020

Appointed 27 September 2018

Qualifications: B.Com, CA, FAICD, FCIS, FGIA

Mr Ho is an experienced company director having held executive directorships and chief financial officer roles with a number of ASX listed companies. Tony was executive director of Arthur Yates & Co Limited, retiring from that position in April 2002. His corporate, general management and governance experience includes being chief financial officer/finance director of M.S. McLeod Holdings Limited, Galore Group Limited, the Edward H O'Brien group of companies.

Mr Ho is currently the chairman of ASX listed Greenland Minerals Limited (ASX:GGG), Bioxyn Limited (ASX:BXN) and Cannasouth Limited (NZX: CBD). He was previously chairman of Esperance Minerals Limited and Credit Intelligence Limited and a non-executive director Hastings Technology Metals Limited. Tony was the past non-executive chairman of St. George Community Housing Limited (November 2002 to December 2009) where he successfully grew the NGO to be one of New South Wales leading community housing companies.

Prior to joining commerce, Mr Ho was a partner of Cox Johnston & Co, Chartered Accountants, which has since merged with Ernst & Young. Mr Ho holds a Bachelor of Commerce degree from the University of New South Wales and is a member of the Institute of Chartered Accountants in Australia and New Zealand and a fellow of the Australian Institute of Company Directors, Institute of Chartered Secretaries and Administrators, and Governance Institute of Australia.

Mr Christopher Horn

Non-Executive Director and Chair of the Audit, Finance and Risk Committee.

Appointed November 2013

Qualifications: B.Com FCA

Mr Horn is an experienced business executive and has acted in a number of management roles including 20 years as a partner of KPMG and its predecessor firms. He is a director of a number of private companies across a broad range of business activities including corporate advisory, financial services and funds management.

Mr Horn is a Commerce graduate from the University of New South Wales and a Fellow of the Institute of Chartered Accountants in Australia and New Zealand.

Mr John (Chris) Lawrence
Non-Executive Director
 Appointed 21 December 2017

Qualifications:

Mr Lawrence is a successful New Zealand businessman and a significant investor in life science and biotechnology businesses including TruScreen. He has spent a substantial part of his career in small business where he has had proven success in leading market place disruption, and translating new business models into sustainable profitable businesses. In the latter part of his career, he has dedicated a large share of his time to governance and advisory roles.

Most recently Mr Lawrence's focus has been on high growth companies, with a particular focus on the biotech industry.

Mr Con Hickey
Non-Executive Director and member of the Audit, Finance and Risk Committee
 Appointed 20 August 2018

Qualifications:

Mr Hickey has more than 30 years experience in the Medical Device industry, including holding senior executive roles for multinational companies such as Welch Allyn, a leading global manufacturer in frontline diagnostic and screening equipment.

Currently the Managing Partner of CONX Partners, Mr Hickey's particular skillset includes strategic planning, channel management, talent development and business and market development. His geographic expertise has been focused on the high growth countries of the Asian Pacific region, including China and India, with extensive global industry connections.

Interests in the shares and options of the Company

The following relevant interests in shares and options of the Company or a related body corporate were held by the directors and key management personnel as at the date of this report. All shares are beneficially held.

| Shares | | |
|-----------------------|--|--|
| | Number of fully paid ordinary shares | Number of fully paid ordinary shares |
| Director | 2020 | 2019 |
| Anthony Ho | 3,500,000 | - |
| Christopher Horn | 2,050,000 | 1,550,000 |
| John (Chris) Lawrence | 22,400,000 | 20,000,000 |
| Con Hickey | - | - |

| Options | Number of options | Number of options |
|-----------------------|----------------------|----------------------|
| Director | 2020 | 2019 |
| Anthony Ho | 3,000,000 | - |
| Christopher Horn | 1,000,000 | - |
| John (Chris) Lawrence | 1,000,000 | - |
| Con Hickey | 1,000,000 | - |

Dividends

No dividends have been paid or declared since the start of the financial year and the directors do not recommend the payment of a dividend in respect of the financial year.

Indemnification and insurance of Directors and Officers

The consolidated entity has agreed to indemnify all the directors of the consolidated entity for any liabilities to another person (other than the consolidated entity or related body corporate) that may arise from their position as directors of the consolidated entity, except where the liability arises out of conduct involving a lack of good faith.

Directors' interests in entities

No other entries were made to the interest register during the year ended 31 March 2020.

Remuneration report

This report outlines the remuneration arrangements in place for key management personnel of TruScreen Limited for the financial year ended 31 March 2020.

Remuneration philosophy

The performance of the company depends upon the quality of the directors and executives. The philosophy of the company in determining remuneration levels is to:

- set competitive remuneration packages to attract and retain high calibre employees;
- link executive rewards to shareholder value creation; and
- establish appropriate, demanding performance hurdles for variable executive remuneration.

Remuneration Committee

The Remuneration Committee of the Board of Directors of the Group is responsible for determining and reviewing compensation arrangements for the directors and the senior management team.

The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of directors and senior executives on a periodic basis by reference to relevant employment market conditions with an overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct

Non-executive director remuneration

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The NZX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The latest determination was at the Annual General Meeting held on 27 August 2019 when shareholders approved an aggregate remuneration of up to \$300,000 per year.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external shareholders as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Each director receives a fee for being a director of the Company.

The remuneration of non-executive directors for the period ended 31 March 2020 is detailed in the remuneration of directors and named executives section of this report on page 13.

Remuneration of key management and personnel

Senior manager and executive director remuneration

Remuneration consists of fixed remuneration, there are no performance incentives at this time. In addition to Company employees and directors, the Company may contract key consultants on a contractual basis. These contracts stipulate the remuneration to be paid to the consultants.

Fixed Remuneration

Fixed remuneration is reviewed annually by the Remuneration Committee. The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices. The Committee has access to external, independent advice where necessary. Fixed remuneration is paid in the form of cash payments.

The fixed remuneration component of the key management personnel is detailed in Table 1.

Table 1: Key management personnel remuneration for the year ended 31 March 2020

| | Short-term employee benefits | Post-employment benefits | Share based Payments | Total |
|-------------------------|---------------------------------|-----------------------------|-------------------------|---------|
| | Salary & Fees \$ | Superannuation \$ | \$ | \$ |
| | 2020 | 2020 | 2020 | 2020 |
| Anthony Ho ¹ | 110,000 | - | 68,000 | 178,000 |
| Christopher Horn | 50,000 | - | 34,000 | 84,000 |
| John (Chris) Lawrence | 40,000 | - | 34,000 | 74,000 |
| Con Hickey | 40,000 | - | 34,000 | 74,000 |
| Victoria Potarina | 24,569 | 1,843 | - | 26,412 |
| Guy Robertson | 88,449 | - | 17,000 | 105,449 |
| Martin Dillon | 203,771 | 15,416 | 34,000 | 253,187 |
| Ronald Jones | 40,000 | - | 34,000 | 74,000 |
| Robert Hunter | 23,333 | - | 34,000 | 57,333 |
| | 620,122 | 17,259 | 289,000 | 926,381 |

¹Includes a fee of \$30,000 while acting as Executive Chairman from January 2020 to February 2020.

Table 2: Key management personnel remuneration for the year ended 31 March 2019

| | Short-term employee benefits | Post-employment benefits | Total |
|-----------------------|---------------------------------|-----------------------------|---------|
| | Salary & Fees \$ | Superannuation \$ | \$ |
| | 2019 | 2019 | 2019 |
| Anthony Ho | 33,564 | - | 33,564 |
| Christopher Horn | 40,000 | - | 40,000 |
| John (Chris) Lawrence | 40,000 | - | 40,000 |
| Con Hickey | 25,150 | - | 25,150 |
| Guy Robertson | 29,463 | - | 29,463 |
| Martin Dillon | 215,272 | 20,451 | 235,723 |
| Ronald Jones | 56,700 | - | 56,700 |
| Robert Hunter | 52,500 | - | 52,500 |
| | 492,649 | 20,451 | 513,100 |

Options held by Directors and Key Management Personnel

8,500,000 options were issued to directors and key management personnel. The options have an exercise price of 15 cents and an expiry date of 27 August 2022. As the options have fully vested the total valuation amount determined by the Black & Scholes model has been expensed in the current year. As at 31 March 2020 the options are out of the money and no options have been exercised.

Employees Remuneration

Five employees of the Group, not being directors, during the period ended 31 March 2020, received remuneration and other benefits in their capacity as employees, the value of which was or exceeded \$100,000 per annum.

The number of such employees or former employees in brackets of \$10,000 was:

| Employee remuneration | Number of employees |
|-----------------------|---------------------|
| 100,000 - 109,999 | 1 |
| 120,000 - 129,999 | 1 |
| 160,000 - 169,999 | 2 |
| 250,000 - 259,999 | 1 |

Related Party Transactions

Truscreen Ltd engaged Ure Lynam & Co, an accounting practice of which a director, Mr. Hunter, is a member, to provide accounting, taxation, secretarial, consulting and advisory services to the Group. This agreement terminated in November 2018.

The following fees were paid to Ure Lynam & Co:

| | 2020 \$ | 2019 \$ |
|---------------------|------------|------------|
| Accounting services | 2,938 | 264,396 |
| Serviced offices | - | 72,324 |
| | 2,938 | 336,720 |

Fees for accounting services in the amount of \$37,907 (2019 : \$8,035) were paid to a Company controlled by the Chief Financial Officer during the year.

Directors' Meetings

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director was as follows:

| Director | Director Meetings | | Audit Committee | | Remuneration Committee | |
|---------------------------------|-------------------|--------------------|-----------------|--------------------|------------------------|--------------------|
| | Attended | Eligible to Attend | Attended | Eligible to Attend | Attended | Eligible to Attend |
| Mr Anthony Ho | 12 | 12 | 2 | 2 | 2 | 2 |
| Mr Chris Lawrence | 12 | 12 | - | - | - | - |
| Mr Chris Horn | 12 | 12 | 2 | 2 | 2 | 2 |
| Mr. Con Hickey | 12 | 12 | 2 | 2 | - | - |
| Prof. Ron Jones ² | 10 | 12 | - | - | - | - |
| Mr. William Hunter ¹ | 1 | 3 | - | - | - | - |
| Mr Robert Hunter ¹ | 3 | 8 | - | - | - | - |

In addition, 5 circular resolutions were signed by the board during the period.

¹ Resigned 1 November 2019.

² Resigned 31 March 2020.

Remuneration of Auditors

The following amounts are payable to the Company's auditors for the year to 31 March 2020

Auditor's remuneration RSM Hayes Audit

| | Amount |
|--|----------|
| Fees for the audit of financial statements | \$80,000 |

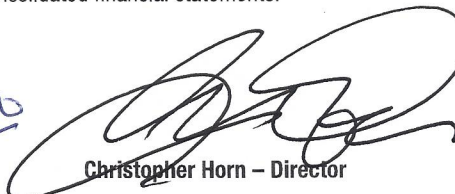
No other fees were payable to the company's auditor for other services.

Final fees payable to the previous auditors, BDO Auckland, for the audit of the financial statements for the year ended 31 March 2019 of \$25,767 were also incurred during the year to 31 March 2020, as detailed in Note 7 to the consolidated financial statements.

End of Directors' Report.

On behalf of the Board as at 26 June 2020


Anthony Ho – Chairman


Christopher Horn – Director

TRUSCREEN MEDICAL ADVISORY COMMITTEE

Associate Professor (Colonel) Michael J. Campion RAAMC, Hon MD(U.Syd), CSTJ, KM(Ob), KCHS, Chairman

Associate Professor (Colonel) Michael J. Campion is a Senior Staff Specialist and Head of the Pre Invasive Clinic at the Gynaecological Cancer Centre of the Royal Hospital for Women in Sydney. He is Conjoint Associate Professor, School of Women's and Children's Health, at the University of New South Wales. He has over 35 years' experience as a qualified medical practitioner and over 25 years of experience as an expert colposcopist.

Dr. Campion has written numerous peer reviewed papers and chapters on cervical cancer prevention, including papers on TruScreen. In addition, Dr. Campion is the Senior Health Advisor - Army and Chair of the Senior Health Advisory Panel, Joint Health Command, Australian Defence Force and Director, Health Services Army Reserve – NSW/ACT for the Royal Australian Army Medical Corps.

Professor Neville Hacker AM, Clinical Advisory, Professor of Gynaecology

Professor Neville Hacker AM has served on the TruScreen Medical Advisory Board for over 10 years. He is Conjoint Professor of Gynaecological Oncology and the University of New South Wales and recently retired from clinical practice after 32 years as the director of the Gynaecological Cancer Centre, Royal hospital for Women in Sydney, where he continues to serve as an Emeritus consultant.

He is also past President of the Society of Pelvic Surgeons. He is a past President of the International Gynaecological Cancer Society, former Chairman of the Oncology Committee (RANZCOG), and a former Chairman of Examiners for Gynaecologic Oncology Committee of RANZCOG.

Cervical cancer is a major public health issue

Fourth most common cancer, affecting women

- ▶ 570,000 new cases each year
- ▶ 311,000 deaths p.a.

Young women in low and middle income countries (LMIC) are most at risk

- ▶ Most diagnoses occur at age 35-44
- ▶ 85% of cases and 87% of deaths occur in LMICs

1BN+ women of screening age in LMICs – this is our focus



**Cervical cancer
can be prevented.**

In addition to vaccination, regular screening of women and treatment of pre-cancerous lesions, protects from cancer.



FINANCIAL STATEMENTS & AUDITOR'S REPORT

for the year ended 31 March 2020

| | |
|--|-----------|
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TRUSCREEN LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2020

| | Note | 2020 \$ | 2019 \$ |
|---|------|-------------|-------------|
| Revenue from the sale of goods | 6 | 1,288,242 | 1,862,949 |
| Other income | 6 | 1,266,040 | 1,241,202 |
| Changes in inventories | | 960 | 27,375 |
| Purchases of inventory | | (772,980) | (1,362,212) |
| Employee benefit expenses and directors' fees | 7 | (1,308,222) | (1,240,646) |
| Administration | | (494,438) | (570,368) |
| Research and development expenses | | (1,137,389) | (1,777,972) |
| Rent | | (47,225) | (104,366) |
| Travel | | (77,777) | (65,829) |
| Marketing & product approvals | | (430,656) | (290,246) |
| Insurance | | (87,410) | (99,268) |
| Shareholder relations & services | | (148,115) | (91,538) |
| Foreign exchange gain/(loss) | | 108,038 | (316,027) |
| Amortisation & depreciation | 7 | (597,830) | (565,781) |
| Impairment of non-current assets | 14 | (2,380,000) | - |
| Finance costs | | (71,959) | (27,727) |
| Share based payments | 20 | (306,000) | - |
| Loss before income tax | | (5,196,721) | (3,380,454) |
| Income tax expense | 8 | - | - |
| Loss for the period | | (5,196,721) | (3,380,454) |
| Other comprehensive income | | | |
| Item that may be reclassified subsequently to profit or loss | | | |
| Exchange differences on translating foreign subsidiary operations | | (259,903) | 102,179 |
| Other comprehensive (loss)/income for the period | | (259,903) | 102,179 |
| Total comprehensive loss for the period | | (5,456,624) | (3,278,275) |
| Basic and diluted losses per share (cents) | 19 | (2.32) | (1.56) |

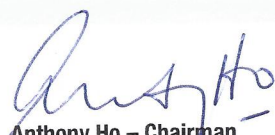
The accompanying notes form part of these financial statements.

TRUSCREEN LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 March 2020

| | Note | 2020 \$ | 2019 \$ |
|--------------------------------------|------|------------------|-------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 9 | 1,024,153 | 1,737,775 |
| Other receivables | 10 | 684,250 | 1,070,517 |
| Loan receivable | 10 | 75,000 | 75,000 |
| Trade receivables | 10 | 107,018 | 187,504 |
| Goods and services tax recoverable | | 17,510 | 30,335 |
| Inventories | 11 | 503,768 | 782,026 |
| Other current assets – prepayments | | 136,442 | 21,552 |
| TOTAL CURRENT ASSETS | | 2,548,141 | 3,904,709 |
| NON-CURRENT ASSETS | | | |
| Plant and equipment | 13 | 295,048 | 379,993 |
| Intangible assets | 14 | 5,230,821 | 8,261,063 |
| TOTAL NON-CURRENT ASSETS | | 5,525,869 | 8,641,056 |
| TOTAL ASSETS | | 8,074,010 | 12,545,765 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 15 | 293,141 | 437,031 |
| Borrowings | 16 | 410,280 | 626,501 |
| Provision for employee benefits | 17 | 83,149 | 109,925 |
| TOTAL CURRENT LIABILITIES | | 786,570 | 1,173,457 |
| NON-CURRENT LIABILITIES | | | |
| Provision for employee benefits | 17 | 46,373 | 51,499 |
| TOTAL NON-CURRENT LIABILITIES | | 46,373 | 51,499 |
| TOTAL LIABILITIES | | 832,943 | 1,224,956 |
| NET ASSETS | | 7,241,067 | 11,320,809 |
| EQUITY | | | |
| Issued capital | 18 | 27,492,050 | 26,421,168 |
| Share option reserve | 18 | 306,000 | - |
| Foreign currency translation reserve | 21 | (714,699) | (454,796) |
| Accumulated losses | | (19,842,284) | (14,645,563) |
| Total Equity | | 7,241,067 | 11,320,809 |

On behalf of the Board as at 26 June 2020


Anthony Ho – Chairman


Christopher Horn – Director

TRUSCREEN LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2020

| | Note | Share Capital \$ | Accumulated Losses \$ | Foreign Currency Translation Reserve \$ | Option Reserve \$ | Total \$ |
|---|------|---------------------|-----------------------------|---|----------------------|-------------|
| Balance at 1 April 2019 | | 26,421,168 | (14,645,563) | (454,796) | - | 11,320,809 |
| Loss for the year to 31 March 2020 | | - | (5,196,721) | - | - | (5,196,721) |
| Exchange differences on translating foreign subsidiary operations | 21 | - | - | (259,903) | - | (259,903) |
| Total comprehensive income for the year | | - | (5,196,721) | (259,903) | - | (5,456,624) |
| Transactions with owners, in their capacity as owners | | | | | | |
| Issue of shares | 18 | 1,131,800 | - | - | - | 1,131,800 |
| Share issue cost | 18 | (60,918) | - | - | - | (60,918) |
| Share based payments | 20 | - | - | - | 306,000 | 306,000 |
| Total transactions with owners | | 1,070,882 | - | - | 306,000 | 1,376,882 |
| Balance at 31 March 2020 | | 27,492,050 | (19,842,284) | (714,699) | 306,000 | 7,241,067 |

| | Note | 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 year to 31 March 2019 | | - | (3,380,454) | - | - | (3,380,454) |
| Exchange differences on translating foreign subsidiary operations | 21 | - | - | 102,179 | - | 102,179 |
| Total comprehensive income for the year | | - | (3,380,454) | 102,179 | - | (3,278,275) |
| Transactions with owners, in their capacity as owners | | | | | | |
| Issue of shares | 18 | 3,075,470 | - | - | (3,970) | 3,071,500 |
| Share issue cost | 18 | (88,298) | - | - | - | (88,298) |
| Total transactions with owners | | 2,987,172 | - | - | (3,970) | 2,983,202 |
| Balance at 31 March 2019 | | 26,421,168 | (14,645,563) | (454,796) | - | 11,320,809 |

TRUSCREEN LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2020

| | Note | 2020 \$ | 2019 \$ |
|---|------|--------------------|--------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Cash received from customers | | 1,309,080 | 1,675,445 |
| Cash paid to suppliers and employees including GST | | (4,415,470) | (5,705,969) |
| Cash received from research and development tax offset | 1(f) | 1,645,985 | 1,472,566 |
| Short-term lease payments not included in lease liability | | (111,002) | (104,366) |
| Interest paid | | (71,959) | (27,644) |
| Interest received | | 8,867 | 11,647 |
| Net cash from operating activities | 22 | (1,634,499) | (2,678,321) |
| CASH FLOW TO INVESTING ACTIVITIES | | | |
| Purchase of plant and equipment | | - | (410,031) |
| Net cash to investing activities | | - | (410,031) |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Proceeds from issue of shares | 18 | 1,131,800 | 3,075,470 |
| Share issue costs | 18 | (60,918) | (88,298) |
| Repayment of borrowings | 16 | (626,501) | - |
| Proceeds from borrowings | 16 | 410,280 | 626,501 |
| Net cash from financing activities | | 854,661 | 3,613,673 |
| Net (decrease)/increase in cash and cash equivalents | | (779,838) | 525,321 |
| Cash and cash equivalents at the beginning of the financial year | | 1,737,775 | 1,212,454 |
| Effects of exchange rate changes on cash and cash equivalents | | 66,216 | - |
| Cash and cash equivalents at the end of the financial year | 9 | 1,024,153 | 1,737,775 |

The accompanying notes form part of these financial statements.

TRUSCREEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Information

These consolidated financial statements and notes represent those of Truscreen Limited and its subsidiaries (the "Group"). References to "Truscreen" is used to refer to 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.

The financial statements were authorised for issue on 26 June 2020 by the Directors of the company.

Basis of Preparation

These financial statements have been prepared in accordance with and comply with Part 7 of the Financial Markets Conduct Act 2013 and the NZX Listing Rules.

For the purpose of complying with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP") the Group is a Tier 1 for-profit entity. These financial statements comply with NZ GAAP, the New Zealand equivalent to International Financial Reporting Standards ("NZ IFRS"), and International Financial Reporting Standards ("IFRS").

These financial statements have been prepared under the historical costs convention, modified by the revaluation of certain assets and liabilities as identified in specific accounting policies below.

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

The financial statements have been rounded to the nearest dollar.

a. Going Concern

The Group financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

As disclosed in the financial statements, the Group reports;

- a loss of \$5,196,721 (2019: \$3,380,454), however this is after the depreciation, impairment and amortisation of non-current assets of \$2,977,830 (2019: \$565,781).
- net cash outflows from operating and investing activities of \$1,634,499 (2019: \$3,088,352)
- cash at year end of \$1,024,153 (2019: \$1,737,775)

Subsequent to year end the Company raised additional capital of \$5,243,000. Of this amount \$2,000,000 was raised through a Share Purchase Plan, a further \$1,128,000 as a placement to shareholders being subscriptions in excess of the Share Purchase Plan, and a further \$2,115,000 million in a share placement.

The Directors have undertaken a detailed cash flow forecast for the twelve months following the date of approval of report, which shows that the business will be able to meet its debts as and when they fall due.

In addition, the Board consider the cash flow forecasts to be achievable and recent capital raises will provide sufficient cash to cover any operating deficit and capital expenditure. The Board consider managing cash flow and working capital critical in successfully executing the strategies to achieve the business model of the Group.

b. Principles of Consolidation

Truscreen Pty Limited is the wholly owned subsidiary of Truscreen Limited which was specifically incorporated for the purposes of acquiring the Truscreen Pty Limited business (the "Transaction"). Truscreen Limited is the legal acquirer, and legal parent of the Group.

For financial reporting purposes, aspects of "reverse acquisition" accounting are relevant. Specifically, the rules require that Truscreen Pty Limited be treated as the accounting acquirer of Truscreen Limited due to the fact that the owners of Truscreen Pty Limited owned the largest single minority voting interest in the resulting Group, post Transaction which occurred in 2014.

The Transaction has been accounted for as a continuation of the financial statements of Truscreen Pty Limited, together with a deemed issue of shares, equivalent to the shares held by the former shareholders of Truscreen Limited. This deemed issue of the shares is, in effect, a share-based payment transaction whereby Truscreen Pty Limited is deemed to have received the net assets of Truscreen Limited.

As such, the consolidated financial statements are issued in the name of the legal Parent, Truscreen Limited, but are a continuation of the financial statements of the legal subsidiary Truscreen Pty Limited.

The Group financial statements also include:

- Truscreen Ltd (UK) which was incorporated on 6 November 2013
- TruScreen S. de R.L de C.V which was incorporated on 17 August 2017

Subsidiaries

Subsidiaries are all entities over which the Company has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

c. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Truscreen Limited Group Board. To date the operations have been reported as one segment. Accordingly:

- the segment results are as reported in the Statement of Profit or Loss and Other Comprehensive Income.
- the segment assets and liabilities are as in the Statement of Financial Position.

d. Foreign Currency Translation

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the "functional currency"). The financial statements are presented in New Zealand dollars, which is Truscreen Limited's functional currency.

The functional currencies of the subsidiaries are:

| Subsidiary | Country of Incorporation | Functional Currency |
|------------------------------|--------------------------|---------------------|
| Truscreen Pty Limited | Australia | Australian dollar |
| Truscreen Ltd (UK) | UK | Great Britain Pound |
| TruScreen S. de R.L. de C.V. | Mexico | Mexican peso |

Transactions and balances

For each entity in the Group, transactions in currencies other than the functional currency are translated at the foreign exchange rate ruling at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at reporting date exchange rates are recognised as part of the loss for the period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction.

Translation of group companies' functional currency to presentation currency

Assets and liabilities of all of the Group companies that have a functional currency that differs from New Zealand dollars are translated to the presentation currency at foreign exchange rates ruling at the reporting date of the Statement of Financial Position. Income and expenses are translated using the rate approximating the date of the transaction. All differences arising from the translation of foreign operations are recognised in the foreign currency translation reserve through other comprehensive income. Exchange difference on monetary items forming part of the net investment in foreign operations are recognised through other comprehensive income.

e. Revenue Recognition

The Group's revenue is derived from selling goods with revenue recognised at a point in time when control of the goods has transferred to the customer. This is generally when the goods are dispatched from the Group's warehouse. There is limited judgement needed in identifying the point control passes: once physical delivery of the products to the agreed location has occurred, the group no longer has physical possession, usually will have a present right to payment (as a single payment on delivery) and retains none of the significant risks and rewards of the goods in question. In limited circumstances the Group will offer credit.

The Group provides warranties on products sold which require the Group to either replace or mend a defective product during the warranty period if the goods fail to comply with agreed-upon specifications. In accordance with NZ IFRS 15, such warranties are not accounted for as separate performance obligations and hence no revenue is allocated to them.

Revenue is stated net of the amount of goods and services tax.

Revenue is derived from device sales and consumable single use sensors in the geographic regions outlined in Note 6.

f. Other Income

The Research and Development tax offset is receivable from the Commonwealth Government of Australia. Under the 43.5% refundable tax offset programme, 43.5% of eligible research and development spending incurred by the Group is refundable by the Commonwealth Government.

R&D Grants are recognised at their fair value where there is reasonable assurance that the grant will be received. The offset does not have to be repaid to the Commonwealth Government and is treated as income in accordance with NZ IAS 20 – "Accounting for Government Grants and Disclosure of Government Assistance" and recognised in the same period as the related research and development expenditure. This is disclosed as other income in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

The expenditure for which an offset is claimed is non-deductible and accordingly reduces tax losses that otherwise would be available to be carried forward.

g. Income Tax

Income tax expense comprises current and deferred tax where applicable. Income tax expense is recognised in profit and loss except to the extent that it relates to a business combination or items recognised directly in equity or in other comprehensive income, in which case the tax is recognised in the same manner as the underlying transaction.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not

recognised for the following temporary differences:

- the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividends is recognised.

h. Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location on a first-in-first out (FIFO) basis.

i. Goods and Services Tax (GST)

The profit and loss has been prepared so that all components are stated exclusive of GST. All items in the statement of financial position are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

j. Statement of Cash Flows

The following is the definition of the terms used in the Statement of Cash Flows:

- (i) Investing activities are those relating to acquisition of subsidiaries, the addition, acquisition and disposal of property, plant and equipment and intangibles;
- (ii) Financing activities are those activities which result in changes in the size and composition of the capital structure of the Group;
- (iii) Operating activities include all transactions and other events that are not investing or financing activities.

k. Financial Instruments

Financial assets

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Group's accounting policy for each category is as follows:

Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for current trade receivables are recognised based on an individual analysis of the collectability of each account. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within administration costs in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from loans to related parties are recognised following a review of each receivable every six months.

From time to time, the Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the consolidated statement of comprehensive income (operating profit) as part of the impairment expense.

The Group's financial assets measured at amortised cost comprise trade receivables, cash and cash equivalents and related party loans in the consolidated statement of financial position.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less.

Financial liabilities

The Company/Group classifies all financial liabilities as measured at amortised cost based on the purpose for which the liability was acquired. The Company/Group's accounting policy is as follows:

Other financial liabilities

Other financial liabilities include the following items:

Trade payables and borrowings, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

l. Plant and Equipment

Plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Depreciation

The depreciable amount of all plant and equipment is depreciated over the asset's useful life to the Group commencing from the time the asset is held ready for use.

The depreciation rates used for depreciable assets plant and equipment range between:

- Office Equipment – 16.67% and 50% diminishing value; and
- Manufacturing Plant – 20% straight line.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in the profit or loss.

m. Impairment - Non-Financial Assets

The carrying amounts of the Group's non-financial assets, other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash generating unit ("CGU") is the greater of its value in use and its fair value less costs to sell. When determining value in use, estimated future cash flows will be discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets.

All intangibles have been treated as one cash generating unit. Cash inflows cannot be identified to particular intangible assets or particular groups of intangible assets. This is as the cash flows arising from the cancer detection business requires utilisation of all the particular intangibles.

Impairment losses are recognised in the profit and loss and is a non-cash expense. Impairment losses recognised in respect of CGU's reduce the carrying amounts of the assets in the CGU on a pro-rata basis.

n. Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets with finite useful lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intellectual Property of the Group is stated at cost less any impairment losses and are amortised on a straight-line basis over the estimated economic life of 20 years.

Research & Development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the profit and loss as incurred.

Development costs are capitalised where future benefits are expected to exceed those costs, otherwise such costs are recognised in the profit and loss in the period in which they are incurred. Development activities involve a plan or design for the production, and the development or enhancement of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically, or commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs.

o. Share Capital

Ordinary shares are classified as capital. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

p. Employee Benefits

An accrual is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period.

Employee benefits that are expected to be settled wholly within one year have been measured at the amounts expected to be paid when the liability is settled on an undiscounted basis. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds (of the country where the employment contract exists) with terms to maturity that match the expected timing of cash flows.

q. Share Based Incentive Plan

The Group operates a share-based incentive plan under which the entity receives services from employees and consultants as consideration for equity instruments of the Group. The fair value of the employee services received in exchange for the grant of the instruments is recognised as an expense over the vesting period.

The total amount to be expensed is determined by reference to the fair value of the awards granted. At the end of each reporting period, the Group revises its estimates of the number of awards that are expected to vest based on the service conditions. It recognises the impact of the revision to original estimates, if any, in the profit or loss, with a corresponding adjustment to equity.

NOTE 2. ADOPTION OF NEW AND REVISED STANDARDS

NZ IFRS 16: LEASES

General impact of adoption of NZ IFRS 16
NZ IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. NZ IFRS 16 supersedes the previous lease guidance

including NZ IAS 17 Leases and the related interpretations when it became effective for accounting periods beginning on or after 1 January 2019.

The date of initial application of NZ IFRS 16 for the Group was 1 April 2019. The Group has chosen not to adopt the full retrospective application of NZ IFRS 16 in accordance with NZ IFRS 16:C5(a), as the Group only has short term leases.

For short-term leases (lease term of 12 months or less), the Group has opted to recognise a lease expense on a straight-line basis as permitted by NZ IFRS 16. This expense is presented within administrative expenses in the consolidated income statement. As a result there have been no changes to the opening equity required upon initial adoption of NZ IFRS 16.

Standards not yet adopted

No standards on currently issue that are yet to be adopted are expected to significantly impact the presentation, measurement or recognition of reportable items relevant to the Group.

NOTE 3. 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:

- *Going Concern*
Refer note 1 “a”
- *Revenue from Contracts with Customers*
The application of NZ IFRS 15: Revenue from contracts with customers (NZ IFRS 15) requires the Directors to apply judgement in determining whether revenue can be recognised in advance of the receipt of cash.

The significant judgements adopted by the Group in applying NZ IFRS 15 criteria include:

- Determining if a contract with the customer exists;
- Determining if the entity can identify the payment terms for the services; and
- Determining whether it is probable that the entity will collect the consideration to which it is entitled.

• *Intangibles*

The carrying value of intangibles include acquired intellectual property and development costs capitalised in accordance with the accounting policy for research and development.

The Directors tested the intangibles for impairment, at the reporting date, by having management prepare a series of cash flows of the Group (the cash-generating unit), based on the expectations about possible variations in the amount or timing of those cash flow, and the choice of a suitable discount rate to calculate the present value of those cash flows. Note 14 provides detailed information about the valuation techniques, inputs and key assumptions used in the testing for impairment.

- *Recognition of deferred taxation assets*
The benefit of deferred tax arising from tax losses and temporary differences has not been recognised as disclosed in Note 8.
- *Estimate of the Research and Development tax offset*
The Group receives a research and development tax offset based on 43.5% of research and development expenditure incurred. The amount is received following filing of the Group income tax returns. The Group estimates the amount of the offset assisted by external consultants, accounting for the amount as a receivable at year end.
- *Share based payments*
The Directors valued share options issued to Directors and consultants during the year using the Black & Scholes method based on the assumptions and details in note 20. As the share options have fully vested the value of the share options have, as required by the accounting standards, been fully expensed, notwithstanding that

there is no cost to the Group and no benefit to the option holders during the year. This is a non-cash expense and has no impact on the Group's cash flow.

NOTE 4. FINANCIAL RISK MANAGEMENT

In the normal course of business, the Group is exposed to a variety of financial risks including foreign currency, interest rate, credit and liquidity risks. The Group's overall risk management strategy focuses on minimising the potential negative economic impact of unpredictable events on the Group's financial well-being.

Details of the significant accounting policies and methods adopted, including criteria for recognition and the basis of measurement are disclosed in Note 1 Summary of Significant Accounting Policies.

The Group to date has not entered into any derivative financial instrument contracts.

The totals for each category of financial instrument are as follows:

Financial instruments by category

| | Note | 2020 \$ | 2019 \$ |
|--|------|------------------|------------------|
| Financial assets (held at amortised cost) | | | |
| Cash and cash equivalents | 9 | 1,024,153 | 1,737,775 |
| Trade and other receivables | | | |
| Loan receivable | 10 | 75,000 | 75,000 |
| Trade receivables subject to credit risk | 10 | 107,018 | 187,504 |
| Total trade and other receivables | | 182,018 | 262,504 |
| Total financial assets at amortised cost | | 1,206,171 | 2,000,279 |

Financial liabilities (held at amortised cost)

| | | | |
|--|----|----------------|------------------|
| Trade and other payables | 15 | 293,141 | 437,031 |
| Borrowings | 16 | 410,280 | 626,501 |
| Total financial liabilities at amortised cost | | 703,421 | 1,063,532 |

Market Risk

Foreign currency risk

Foreign currency risk is the risk that price changes from fluctuating exchange rates will reduce the carrying amount of financial assets or increase the carrying amount of financial liabilities. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, but principally Australian and United States Dollars. Foreign exchange risk arises on certain cash and cash equivalents, receivables and liabilities denominated in foreign currencies.

This risk is managed by placing contracts for supply of product in the same currency as the sales of those products occur wherever possible.

The carrying amounts of the Group's financial assets and liabilities denominated in currencies other than the functional currencies expressed in \$NZ at the reporting date are as follows:

| | Assets | | Liabilities | |
|-----|------------|------------|-------------|------------|
| | 2020 \$ | 2019 \$ | 2020 \$ | 2019 \$ |
| USD | 405,577 | 847,843 | - | - |
| GBP | - | 19,716 | - | - |

Sensitivity analysis

The following table details the Group's sensitivity to a 10% increase or decrease in NZD against the relevant foreign currencies. 10% represents management's assessment of a reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit where NZD weakens 10% against the relevant currency. For a 10% strengthening of NZD against the relevant currency, there would be an equal and opposite impact on the profit, and the balances below would be negative.

Effect on profit after tax and equity: 10% weakening in NZD

| | 2020 \$ | 2019 \$ |
|-----|------------|------------|
| USD | 40,558 | 84,784 |
| GBP | - | 1,972 |

Interest rate risk

Interest rate risk arises on financial assets and financial liabilities recognised at the end of a financial period whereby a future change in interest rates will affect future cash flows. The Group's policy is to deposit cash at floating rates or at fixed rates for periods of time of less than 6 months, to minimise exposure to interest rate risk.

The Group is exposed to interest rate risk on cash flows through cash at bank which is earning interest at a floating rate of:

- 0.55% of NZ\$511,544 (2019: 1.50% of NZ\$877,732) on cash held in AUD.
- Nil of NZ\$176,206 (2019: 1.15% of NZ\$117,791) on cash held in NZD.
- 0.50% of NZ\$24,506 (2019: 0.50% of NZ\$19,716) on cash held in GBP.
- Nil of NZ\$309,978 (2019: Nil of NZ\$720,580) on cash held in USD.

The interest rate risk on bank balances is minimal as the fluctuation of the prevailing market interest rate is insignificant.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge its obligations and as a result the Group will suffer financial loss.

With respect to credit risk arising from cash and cash equivalents there is limited credit risk. The credit rating of cash at bank and term deposits are:

Credit rating – Standard and Poor's

| Cash at bank | Note | 2020 \$ | 2019 \$ |
|----------------------------|------|------------|------------|
| S&P short term rating A-1+ | | 997,727 | 1,716,104 |
| S&P short term rating A-2 | | 24,506 | 19,716 |
| | 9 | 1,022,233 | 1,735,820 |

Details of the exposure to credit quality of receivables, the age of receivables that are past due and any impairment are disclosed in Note 10 to the financial statements.

In relation to customer credit risk the Company will deal with established distributors, government or aid agencies sponsored by government.

With respect to credit risk arising from accounts receivable, it is the Group's policy to only enter into agreements with parties who the Group assesses to be creditworthy. Accounts receivables balances are monitored on an ongoing basis and overdue accounts are followed up rigorously.

The maximum exposure to credit risk from trade receivables subject to credit risk as at 31 March 2020 amounted to \$161,759 (2019: \$187,504) refer to Note 10.

Minimal credit risk arises from the other receivable – research and development grant being due from the Australian Government.

The loan receivable of \$75,000 is subject to credit risk but is secured against 750,000 Truscreen Limited shares, and relates to the previous CEO – refer to note 10 & 23, and is due for settlement by 31 December 2020.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The table below shows the maturity analysis for the contractual undiscounted cash flows for financial liabilities:

| Financial Liabilities | Carrying amount | Total contractual cash flows | Not later than three months | Later than 3 months and not later than 1 year |
|--------------------------|-----------------|------------------------------|-----------------------------|---|
| Group 2020 | \$ | \$ | \$ | \$ |
| Trade and other payables | 293,141 | 293,141 | 293,141 | - |
| Borrowings | 410,280 | 441,051 | 15,386 | 425,665 |

| Financial Liabilities | Carrying amount | Total contractual cash flows | Not later than three months | Later than 3 months and not later than 1 year |
|--------------------------|-----------------|------------------------------|-----------------------------|---|
| Group 2019 | \$ | \$ | \$ | \$ |
| Trade and other payables | 437,031 | 437,031 | 410,263 | 26,768 |
| Borrowings | 626,501 | 680,994 | 23,493 | 657,501 |

The Company and Group manage liquidity risk by undertaking a rolling twelve month cash flow forecast monthly, and holding adequate cash and cash equivalent assets.

(a) Fair value

The fair value of trade receivables, trade payables, loan receivable other receivables and cash and cash equivalents approximate their carrying value due to the short term nature of these balances, and/or the balances being subject to market interest rates and regular impairment tests.

(b) Capital risk management

There are no external capital requirements.

The Group and the Company's objectives when managing capital are to safeguard their ability to meet their liabilities as they fall due.

There were no changes in the Group's approach to capital management during the year.

NOTE 5. SEGMENT INFORMATION

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.

Revenues have been obtained from external customers (distributors) as follows:

| | 2020 \$ | 2019 \$ |
|--|------------|------------|
| Information about products and services | | |
| Total Revenues from external customers | 1,288,242 | 1,862,949 |
| Information about geographical areas | | |
| Foreign country: | | |
| Mexico | 140,425 | 130,409 |
| China | 766,755 | 1,018,658 |
| Russia | 5,236 | 374,868 |
| Zimbabwe | 274,436 | 145,107 |
| Papua New Guinea | - | 170,306 |
| Others | 101,390 | 23,601 |
| | 1,288,242 | 1,862,949 |

The basis for attributing revenues from external customers to individual countries is the location of the customer.

| | Note | 2020 \$ | 2019 \$ |
|---|------|------------------|------------------|
| Non-current assets other than financial assets by country in which the entity holds those assets | | | |
| Foreign country – Australia | | | |
| Plant and equipment | 13 | 295,048 | 379,993 |
| Intangible assets | 14 | 5,230,821 | 8,261,063 |
| Total non-current non-financial assets | | 5,525,869 | 8,641,056 |

The following customers contributed more than 10% of the Group's revenue for the year ended 31 March 2020 and or 31 March 2019:

| Domicile of Customer | 2020 | | 2019 | |
|----------------------|---------|----|-----------|----|
| | \$ | % | \$ | % |
| China | 766,755 | 60 | 1,018,658 | 55 |
| Russia | 5,236 | - | 374,868 | 20 |
| Zimbabwe | 274,436 | 21 | 145,107 | 8 |
| Mexico | 140,425 | 11 | 130,409 | 7 |

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

NOTE 6. REVENUE

| | 2020 \$ | 2019 \$ |
|--|------------|------------|
| Sales revenue - sale of goods ¹ | | |
| Wholesalers/distributors | 1,013,806 | 1,717,842 |
| Direct to customer ² | 274,436 | 145,107 |
| | 1,288,242 | 1,862,949 |
| Other income | | |
| Research and development tax offset ³ | | |
| - Current year | 684,250 | 1,036,445 |
| - Prior year adjustment | 572,923 | 192,676 |
| | 1,257,173 | 1,229,121 |
| Interest received | 8,867 | 11,854 |
| Other | - | 227 |
| | 1,266,040 | 1,241,202 |

¹ For a geographical breakdown of revenues see Note 5. Ownership of goods transfers to the distributor/customer on leaving Truscreen's premises or that of the outsourced manufacturer when shipped directly to customers.

² The 2020 revenue related to goods shipped in 2019 where the revenue was previously not recognised, due to the customer in Zimbabwe where political unrest resulted in short term difficulties in remitting foreign exchange.

³ For further detail with regard to the research and development tax offset, refer to note 1(f).

NOTE 7. EXPENSES

| | Note | 2020 \$ | 2019 \$ |
|---|------|------------|------------|
| Loss before income tax includes the following specific expenses: | | | |
| Employee benefits expense | | | |
| Wages and salaries | | 878,758 | 857,180 |
| Staff superannuation – defined contribution plan | | 82,769 | 93,302 |
| Provision for annual leave | | 16,008 | 2,941 |
| Provision for long service leave | | (4,437) | 30,479 |
| Directors fees | 26 | 303,333 | 231,213 |
| Payroll tax | | 1,342 | 15,616 |
| Other employee related | | 30,449 | 9,915 |
| | | 1,308,222 | 1,240,646 |
| Administration and other operating expenses include: | | | |
| Fees for audit of financial statements for the year ended 31 March 2019 – BDO Auckland | | - | 87,000 |
| Under-provision in 2019 – BDO Auckland | | 25,767 | 39,278 |
| Fees for audit of financial statements for the year ended 31 March 2020 – RSM Hayes Audit | | 80,000 | - |
| Total remuneration of auditors | | 105,767 | 126,278 |
| Amortisation of intangible assets | 14 | 517,527 | 528,207 |
| Depreciation of Plant and Equipment | 13 | 80,303 | 37,574 |
| Total amortisation & depreciation | | 597,830 | 565,781 |

Truscreen Pty Limited is required, under Australian employment laws, to pay a prescribed portion of each employee's salary into a superannuation scheme.

NOTE 8. INCOME TAX EXPENSE

| | 2020 \$ | 2019 \$ |
|---|-------------|-------------|
| Loss for the year | (5,196,721) | (3,380,454) |
| Prima facie income tax saving using the applicable country's tax rate 28% (2019 :28%) | 1,455,082 | 946,527 |
| Impact of variation in foreign tax rates (27.50% for Aus.; 19% for UK) (2019 : 27.50% for Aus.; 19% for UK) | (25,032) | (16,637) |
| Expenses not deductible for tax in the current period: | (263,370) | (165,685) |
| Not recognised as a deferred tax asset | (1,166,680) | (764,205) |
| Income tax expense | - | - |

The amount of deductible temporary differences and unused tax losses for which no deferred tax asset is recognised is as follows. These amounts have no expiry date.

| | 2020 \$ | 2019 \$ |
|----------------------------------|------------|------------|
| Deductible temporary difference: | | |
| Foreign exchange losses | 602,029 | 612,868 |
| Other timing differences | 288,460 | 478,066 |
| | 890,489 | 1,090,934 |
| Unused tax losses | 10,978,534 | 8,500,874 |
| Total | 11,869,023 | 9,591,808 |

The deferred tax asset has not been recognised as the “probable” test that future assessable income against which those losses can be offset in the countries where those losses have been incurred cannot be satisfied.

NOTE 9. CASH AND CASH EQUIVALENTS

| | 2020 \$ | 2019 \$ |
|--------------|------------|------------|
| Cash on hand | 1,920 | 1,955 |
| Cash at bank | 1,022,233 | 1,735,820 |
| | 1,024,153 | 1,737,775 |

Cash at bank is earning interest at a floating rate at the reporting date it ranged from 0% to 0.55% (2019: 0% to 1.50%). Cash at bank is at call.

NOTE 10. TRADE AND OTHER RECEIVABLES

| | 2020 \$ | 2019 \$ |
|--|------------|------------|
| CURRENT | | |
| Research and development tax offset | 684,250 | 1,070,517 |
| Loan receivable | 75,000 | 75,000 |
| | 759,250 | 1,145,517 |
| Trade receivables subject to credit risk | 161,759 | 187,504 |
| Less provision for uncollectible amounts | (54,741) | - |
| | 107,018 | 187,504 |
| | 866,268 | 1,333,021 |

No interest is charged on trade receivables. Refer to Note 6 regarding income from the research and development tax offset.

The loan receivable is on commercial terms to assist the previous CEO in exercising options to purchase ordinary shares, interest is charged at 5.25% per annum. The loan agreement has been varied and is repayable on 31 December 2020. The loan is secured by 750,000 Truscreen ordinary shares with a value of \$52,500 at balance date.

The Group normally requires cash on delivery. In exceptional circumstances the Company has extended credit.

The aging analysis of trade receivables past due is as follows:

Consolidated

Group

| | Days Overdue | | | Total past due | Within terms |
|---|--------------|---------------|---------------|----------------|--------------|
| | 1 – 60 days | 90 – 180 days | Over 180 days | | |
| 2020 | \$ | \$ | \$ | \$ | \$ |
| Trade receivables subject to credit risk (prior to provision) | - | - | 161,759 | 161,759 | - |
| Loan receivable | - | - | - | - | 75,000 |
| | - | - | 161,759 | 161,759 | 75,000 |
| 2019 | \$ | \$ | \$ | \$ | \$ |
| Trade receivables subject to credit risk | - | - | - | 187,504 | - |
| Loan receivable | - | - | - | - | 75,000 |
| | - | - | - | 187,504 | 75,000 |

As of 31 March 2020, trade receivables of \$54,741 were considered impaired and have been provided for. The remaining balances are being closely monitored by management and are expected to be collected prior to 31 December 2020.

No collateral is held over trade receivables.

NOTE 11. INVENTORIES

| | 2020 \$ | 2019 \$ |
|------------------------|------------|------------|
| Finished goods at cost | 164,373 | 136,978 |
| Work in progress | 339,395 | 645,048 |
| | 503,768 | 782,026 |

During the year \$266,647 was recognised as an expense within research and development costs from the disposal of prototype electrical optical devices.

NOTE 12. INTERESTS IN SUBSIDIARIES

Subsidiaries are:

| Name of Subsidiary | Principal Place of Business | Ownership Interest held by the group | |
|------------------------------|-----------------------------|--------------------------------------|------|
| | | 2020 | 2019 |
| Truscreen Pty Limited | Australia | 100% | 100% |
| Truscreen Ltd (UK) | UK | 100% | 100% |
| TruScreen S. de R.L. de C.V. | Mexico | 100% | 100% |

Principal Activities

Truscreen Pty Limited 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.

Truscreen Ltd (UK) holds the CE mark of quality compliance 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. In 2020 TruScreen Ltd (UK) made no sales.

TruScreen S. de R.L. de C.V. is non-operating.

NOTE 13. PLANT AND EQUIPMENT

| | Note | 2020 \$ | 2019 \$ |
|--|------|------------|------------|
| Plant and equipment at cost | | 421,876 | 430,794 |
| Accumulated depreciation | | (126,828) | (50,801) |
| | | 295,048 | 379,993 |
| Movements in the carrying amount for each class of plant and equipment are as follows: | | | |
| Opening net book value | | 379,993 | 7,536 |
| Additions | | - | 410,031 |
| Depreciation charge | 7 | (80,303) | (37,574) |
| Foreign currency reserve movement | | (4,642) | - |
| Closing net book value | | 295,048 | 379,993 |

NOTE 14. INTANGIBLE ASSETS

| | Note | Intellectual Property \$ | Development cost \$ | Total \$ |
|--|------|--------------------------------|---------------------------|-------------|
| Cost | | | | |
| Opening balance as at 31 March 2018 | | 7,589,972 | 2,847,664 | 10,437,636 |
| Net exchange differences arising on the translation of the financial statements into the presentation currency | | (135,666) | (48,527) | (184,193) |
| Balance as at 31 March 2019 | | 7,454,306 | 2,799,137 | 10,253,443 |
| Net exchange differences arising on the translation of the financial statements into the presentation currency | | (140,567) | (55,525) | (196,092) |
| Balance as at 31 March 2020 | | 7,313,739 | 2,743,612 | 10,057,351 |
| Accumulated Amortisation | | | | |
| Balance as at 31 March 2018 | | (1,208,056) | (284,767) | (1,492,823) |
| Amortisation recognised during the period | | (384,905) | (143,302) | (528,207) |
| Net exchange differences arising on the translation of the financial statements into the presentation currency | | 23,185 | 5,465 | 28,650 |
| Balance as at 31 March 2019 | | (1,569,776) | (422,604) | (1,992,380) |
| Amortisation recognised during the period | 7 | (376,704) | (140,823) | (517,527) |
| Net exchange differences arising on the translation of the financial statements into the presentation currency | | 48,670 | 14,707 | 63,377 |
| Balance 31 March 2020 | | (1,897,810) | (548,720) | (2,446,530) |
| Impairment | | | | |
| Impairment charge during the period | | (1,693,629) | (686,371) | (2,380,000) |
| Balance impairment 31 March 2020 | | (1,693,629) | (686,371) | (2,380,000) |
| Carrying amounts | | | | |
| Balance as at 31 March 2018 | | 6,381,916 | 2,562,897 | 8,944,813 |
| Balance as at 31 March 2019 | | 5,884,530 | 2,376,533 | 8,261,063 |
| Balance as at 31 March 2020 | | 3,722,300 | 1,508,521 | 5,230,821 |

Nature of intangible assets

Intellectual property acquired is carried at cost less accumulated amortisation and impairment losses.

Intellectual property includes all intellectual property rights in the Truscreen product, including scientific and technical knowledge, designs, copyright, plans, computer software, financial modelling, patents, copyright, formulae, processes, methods, inventions, eligible layout rights, market knowledge and all other intellectual property rights.

At reporting date 14 years and 8 months useful life remained on in use intangible intellectual property assets.

Development costs consist mainly of costs incurred to produce a new console for Truscreen. The new console was available for use on 1 April 2016. Amortisation commenced from that date. At reporting date 16 years useful life remained on capitalised development costs.

Impairment during 2020 year

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 Impairment ('IAS 36') and its detailed specifications with the assistance of an independent consultant.

The cash flow projections adopted for the Review reflect the Director's considered view of performance achievability and their recognition that the cash flows of the Group while in the development and commercialisation phase are inherently uncertain and subject to a number of risks.

In particular the Directors have assessed the risk of not meeting the projected device sales and roll out in China and other countries as a result of COVID-19 pandemic. These risks have been taken into account in determining the budget for 2021 and the impact on sales revenue in subsequent years.

The projections relate to the markets in which Truscreen is in the process of establishing its business: principally China, Russia and Vietnam. Achievement of projected results will be impacted by timing and market scaling aspects and the risks referred to above. These factors have been catered for by applying appropriate achievement probabilities to the projections.

Key elements of the Review

- In compliance with NZ IAS 36 requirements, the measurement of the recoverable amount for the Truscreen cash generating unit ("CGU") has been based on using a discounted free cash flow approach ("DFCF") to assess the value in use.
- The Directors have adopted the DFCF approach and the sensitivity analysis is based on the DFCF approach.

Discounted free cash flow ("DFCF") approach

Overview

- The DFCF approach forecasts future cash flows explicitly for 5 years and assesses a terminal value of the business at year 5. Gross amounts are firstly reduced to recognise achievement probabilities given the uncertainties disclosed above and the net cashflow generated are discounted to present values.

Key Inputs and Variables

- Cash flow projections over a 5 year period;
- Terminal growth rate of 2% (2019: 2%), based on long term economic growth prospects;
- The year 2021 is based on budget, with revenue growth in subsequent years at the rate of 35% per annum for devices, and SUS growth based on average monthly usage for devices in use at the start of each year plus 50% of devices sold in the year.
- A range of WACC rates was estimated between 20% to 25% to account for time value of money and associated risks. This is based on current market rates adjusted for business and specific risks. In the final determination a post tax rate of 22.5% (27.3% pre tax) was used.

DFCF Approach Result

- Having applied the above inputs and variables, the Directors have estimated the value in use of the Truscreen CGU at \$6.4m (2019: \$19.2m). The carrying value of the CGU was \$8.78m prior to impairment (2019: \$9.46m), including the carrying value of the Intangible Assets of \$7.66m (2019: \$8.9m).
- Hence, the impairment on the value in use estimate is \$2.38m (2019: headroom \$9.7m).
- The value in use estimate is dependent on the achievement of projected results in the planned time period. Achievement of projections could be impacted by various factors such as technology changes, market conditions, commercial factors, regulations etc. and could have a material impact on the estimated value in use. Should the forecast cash flows and underlying assumptions of the Group not be achieved, actual cash flows would vary from those forecasted resulting in the potential further impairment of the Intangible Assets.

Sensitivity Analysis

The following outlines the sensitivity of the impairment amount to changes in key assumptions applied, with all other items held constant.

\$

Revenue Assumption for 2021 financial year

| | |
|-----------------|-----------|
| Reduced by 5% | 861,000 |
| Increased by 5% | (861,000) |

Device growth rate assumption for 2022-2025

| | |
|-----------------|-------------|
| Reduced by 5% | 1,237,000 |
| Increased by 5% | (1,326,000) |

Post tax discount rate assumption

| | |
|-------------------|-----------|
| Increased by 2.5% | 726,000 |
| Decreased by 2.5% | (967,000) |

Review Conclusion

- The Directors have carefully considered various sensitivities and conclude that the level of impairment recorded is appropriate.
- The impairment recorded of \$2.38m results in a carrying value of intangibles at 31 March 2020 of \$5.23m (2019: \$8.26m).

NOTE 15. TRADE & OTHER PAYABLES

| | 2020 \$ | 2019 \$ |
|-----------------------------|------------|------------|
| CURRENT | | |
| Other payables and accruals | 293,141 | 437,031 |

Other payables and accruals are interest free and payable generally on credit terms of 30 days from receipt of goods or services.

NOTE 16. BORROWINGS

| | 2020 \$ | 2019 \$ |
|------------|------------|------------|
| CURRENT | | |
| Borrowings | 410,280 | 626,501 |

The Group has financed a portion of the expected Research and Development tax offset in the amount of Australian dollars \$400,000. The loan will be repaid on the earlier of the group receiving the 2020 research and development tax offset to be received from the Australian Taxation Office or 30 September 2020 (See Note 10 for research and development tax offset receivable).

The Group has granted the lender a primary security interest, and the loan carries an interest rate of 1.25% per month on amounts drawn.

Cash flows arising from this facility included a financing cashflow receipt of \$410,280 (2019: \$626,501). The 2019 outstanding balance was settled net for \$626,501 and is recognised in financing cashflows.

NOTE 17. EMPLOYEE LIABILITIES

| | 2020 \$ | 2019 \$ |
|----------------------|------------|------------|
| CURRENT | | |
| Employee liabilities | 83,149 | 109,925 |
| NON-CURRENT | | |
| Employee liabilities | 46,373 | 51,499 |
| | 129,522 | 161,424 |

The current portion of employee liabilities represents accrued annual leave entitlements of employees. As the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement they are classified as current liabilities.

The non-current portion of employee liabilities represents amounts accrued for long service leave entitlements that have not yet vested as the employees have not yet completed the required period of service.

NOTE 18. ISSUED CAPITAL

a) Ordinary Shares

| Group | 2020 Number | 2020 \$ | 2019 Number | 2019 \$ |
|--|----------------|------------|----------------|------------|
| Balance at beginning of the year of fully paid ordinary shares | 216,857,441 | 26,421,168 | 202,152,621 | 23,433,996 |
| Ordinary shares issued | | | | |
| Share purchase plan | - | - | 7,411,964 | 1,556,500 |
| Exercise of options – note 20 | - | - | 150,000 | 18,970 |
| Shares issued via private placement | 10,677,363 | 1,131,800 | 7,142,856 | 1,500,000 |
| Share issue costs | - | (60,918) | - | (88,298) |
| Balance at 31 March | 227,534,804 | 27,492,050 | 216,857,441 | 26,421,168 |

No particular number of shares are authorised. There is no par value of shares.

All issued ordinary shares carry equal rights in respect of voting and the receipt of dividends, and upon winding up rank equally with regard to the Company's residual assets.

Shares were issued during the:

- a. current period:
 - i. via a share placement to professional and sophisticated investors (10,677,363 ordinary shares at 10.6 cents each)
- b. prior period:
 - i. via a share placement plan to professional and sophisticated investors (7,142,856 ordinary shares at 21 cents per share)
 - ii. via a share purchase plan to eligible shareholders (7,411,964 ordinary shares issued at 21 cents per share).

Subsequent to year end the Company raised \$5.243 million through the issue of 104,860,021 new shares at \$0.05 per share. The shares were issued pursuant to a Share Purchase Plan, 40,000,000, and a share placement 64,860,021.

b) Share Options

| Group | 2020 Number | 2020 \$ | Weighted Average Exercise Price | 2019 Number | 2019 \$ | Weighted Average Exercise Price |
|----------------------------------|----------------|------------|--|----------------|------------|--|
| Balance at beginning of the year | - | - | - | 150,000 | 3,970 | 10c |
| Options issued ¹ | 10,677,363 | - | 13c | - | - | - |
| Options issued ² | 9,000,000 | 306,000 | 15c | - | - | - |
| Options exercised | - | - | - | (150,000) | (3,970) | 10c |
| Balance at end of year | 19,677,363 | 306,000 | 13.9c | - | - | - |

¹Options issued on 12 July 2019 and 3 September 2019 as free attaching options on the basis of one option per new share with exercise price of 13 cents per share and expiry date 12 July 2021.

²As approved by shareholders on 27 August 2019, options issued on 25 September 2019 to Directors and senior managers with exercise price of 15 cents per share and expiry date 27 August 2022 (Note 20). The options were valued at \$306,000 using the Black & Scholes method (see Note 20).

NOTE 19. EARNINGS PER SHARE

Basic and Diluted loss per share:

| | 2020 \$ | 2019 \$ |
|--|-------------|-------------|
| Net loss attributable to shareholders | (5,196,721) | (3,380,454) |
| Weighted average number of ordinary shares on issue | 224,416,746 | 209,777,821 |
| Basic loss per share (cents) (based on weighted average number of shares on issue) | (2.32) | (1.56) |

NOTE 20 SHARE BASED PAYMENTS

a) Options

A summary of the movements in share options issued to Directors, employees and consultants are as follows:

| | 2020 # | 2019 \$ | 2019 # | 2019 \$ |
|---|-----------|------------|-----------|------------|
| Options premium on issue at start of period | - | | 150,000 | 3,970 |
| Cost of options exercised, shares issued – note 18 | | | (150,000) | (3,970) |
| Options issued ¹ | 9,000,000 | 306,000 | - | - |
| Options on issue and exercisable at the end of the period | 9,000,000 | 306,000 | - | - |

All options had vested and were exercisable at 31 March 2020.

¹As approved by shareholders on 27 August 2019, the options were issued to Directors and senior managers. Options have been valued using Black & Scholes model using the following variables: share price at date of issue 10.5 cents, exercise price 15 cents, risk free government bond rate 0.85% and option period of 2.92 years and a share price volatility of 64.4% based on observed historical volatility.

The estimated value of the options at grant date was \$306,000. In accordance with accounting standard NZ IFRS 2 the total value of the options has been expensed as a non-cash share-based payment, notwithstanding that there is no cost to the company or intrinsic value to the option holders in the year to 31 March 2020.

b) Performance Rights

Subsequent to year end Truscreen has conditionally agreed to issue 3 million performance rights to the Chief Executive Officer, who commenced employment on 2 March 2020. This is dependent on a compliance listing on the Australia Securities Exchange and subject to the shareholders' approval for establishment of a Performance Rights Plan for participation of the employees.

NOTE 21. RESERVES

The foreign currency translation reserve records exchange differences arising on translation of Truscreen Pty Ltd from AUD functional currency and Truscreen Ltd (UK) from GBP functional currency to the presentation currency of the Group (NZD).

The share option reserve records items recognised as expenses on valuation of share options issued to employees and directors but not yet exercised or lapsed.

NOTE 22. CASH FLOW INFORMATION

| | 2020 \$ | 2019 \$ |
|---|-------------|-------------|
| Reconciliation of cash flow from operations with loss after income tax | | |
| Loss for the period | (5,196,721) | (3,380,454) |
| Adjusted for: | | |
| Depreciation and amortisation | 597,830 | 565,782 |
| Impairment of non-current assets | 2,380,000 | - |
| Share based payment expense | 306,000 | - |
| Unrealised exchange difference arising from translating loss items at the date of transaction | (188,764) | 253,750 |
| Operating cash flows before working capital changes | (2,101,655) | (2,560,922) |
| Decrease/(increase) in trade and other receivables | 80,486 | (185,228) |
| Decrease in goods and services taxes recoverable | 12,826 | 125,514 |
| (Increase)/decrease in prepayments | (114,890) | 34,004 |
| Decrease/(increase) in inventory | 278,258 | (380,841) |
| Decrease in research and development tax offset | 386,267 | 241,662 |
| (Decrease)/increase in trade and other payables | (143,889) | 17,543 |
| (Decrease)/increase in employee liabilities | (31,902) | 29,947 |
| Net cash to operating activities | (1,634,499) | (2,678,321) |

NOTE 23. RELATED PARTY TRANSACTIONS

a. The Group's main related parties are as follows:

(i) *Key management personnel:*

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity, are considered key management personnel.

For details of disclosures relating to key management personnel, refer to Note 26 - Key Management Personnel Compensation.

(ii) *Other related parties:*

Other related parties include entities over which key management personnel have joint control.

b. Transactions with related parties:

The following transactions occurred with related parties:

(i) *Key management personnel:*

A loan on commercial terms of \$75,000 was made to the previous CEO, Mr Martin Dillon, in the year ended 31 March 2018 – refer to note 10. The loan is due for repayment by 31 December 2020.

(ii) *Other related parties*

Professor Jones is a member of the medical advisory committee. Professor Jones was paid \$12,000 (2019: \$16,700) for his services as a member of the medical advisory committee.

Truscreen Ltd engaged Ure Lynam & Co, an accounting practice of which a former director, Mr. Robert Hunter, is a member, to provide accounting, taxation, secretarial, consulting and advisory services to the Group. This agreement terminated in November 2018.

The following fees were paid to Ure Lynam & Co:

| Nature of fees | 2020 \$ | 2019 \$ |
|---------------------|------------|------------|
| Accounting services | 2,938 | 264,396 |
| Serviced offices | - | 72,324 |
| | 2,938 | 336,720 |

All fees were payable on normal credit terms – 30 days from invoice.

Mr Kevin Ho, a related party to Chairman, Mr Anthony Ho, was paid a capital raising commission of \$18,983 in respect of the share placement in July 2019. The payment was on usual commercial terms.

NOTE 24. CONTINGENT LIABILITIES

Truscreen systems are warranted to be free from defects and to conform to product descriptions and specifications for a period of one year from the date of original delivery of the Truscreen unit by the dealer or agent to the customer. It is possible that outflows in settlement could result from the warranty provided.

As no significant claims have been received to date, no provision has been made in these financial statements, and any future settlement is expected to be immaterial.

NOTE 25. EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to the year end the Company raised \$5.243m from the issue of approximately 104.86 million new Shares at \$0.05 per share. Of this amount \$2m, 40 million shares, was raised through a Share Purchase Plan and \$3.243 million through a share placement of 64.86 million shares.

The Company updated the market (see NZX announcement 9 April 2020) of the impact to its operations resulting from the COVID-19 pandemic.

Except for the 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 2020.

NOTE 26. KEY MANAGEMENT PERSONNEL COMPENSATION

The totals of remuneration paid to key management personnel (KMP) of the Group during the period are as follows:

| | 2020 \$ | 2019 \$ |
|--|----------------|----------------|
| Short-term employment benefits – Directors fees | 303,333 | 231,213 |
| Directors share based payments | 238,000 | - |
| Chief Executive Officer (CEO) | | |
| Short-term employee benefits - Salary | 228,340 | 215,272 |
| Post-employment benefits – Superannuation | 17,259 | 20,451 |
| Total employment benefits | 245,599 | 235,723 |
| Company Secretary/Chief Financial Officer (CFO) ¹ | 88,449 | 29,463 |
| Share based payments CEO and CFO | 51,000 | - |
| Total | 926,381 | 496,399 |

The CEO and Company Secretary employment benefits were paid by Truscreen Pty Limited, a subsidiary. Directors fees were paid by Truscreen Limited.

¹A further \$37,907 (2019: \$8,035) was paid to a company controlled by the Company Secretary, for accounting services.

The above was paid as directors' fees to the directors of the parent entity as follows:

| Director | 2020 \$ | 2019 \$ |
|--|----------------|----------------|
| Anthony Ho ¹ | 110,000 | 33,563 |
| Christopher Horn | 50,000 | 40,000 |
| Christopher Lawrence | 40,000 | 40,000 |
| Ronald Jones – (resigned 31 March 2020) | 40,000 | 40,000 |
| Con Hickey | 40,000 | 25,150 |
| Robert Hunter – (resigned 1 November 2019) | 23,333 | 52,500 |
| | 303,333 | 231,213 |

Dr Ronald Jones was paid a further \$12,000 as a member of the medical advisory committee.

¹Anthony Ho, included \$30,000 for being the Executive Chairman from January 2020 to February 2020

NOTE 27. LEASE COMMITMENTS

The Group has lease commitments in the amount of \$45,942 for a premises lease which expires on 20 December 2020. However, this arrangement may be cancelled by either party with three months' notice.

INDEPENDENT AUDITOR'S REPORT



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Independent Auditor's Report

To the shareholders of
Truscreen Limited

Opinion

We have audited the consolidated financial statements of Truscreen Limited and its subsidiaries (the group), which comprise:

- the consolidated statement of financial position as at 31 March 2020;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies.

In our opinion, the consolidated financial statements on pages 19 to 45 present fairly, in all material respects, the financial position of the group as at 31 March 2020, and of its financial performance and its cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We are independent of the group in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the group.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. The key audit matters identified on the subsequent pages were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM Hayes Audit is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

INDEPENDENT AUDITOR'S REPORT

continued



Carrying value of intangible assets

Why we considered this to be a key audit matter

Intangible assets have a significant carrying value relative to the financial position of the group, with a carrying value of \$5,230,821. Details of these are disclosed in Note 14 to the consolidated financial statements. An impairment charge of \$2,380,000 was recognised during the 2020 financial year.

The carrying value of intangible assets is considered to be a key audit matter due to the judgements involved in assessing the recoverable amount for the purposes of impairment testing as required by NZ IAS 36 *Impairment of Assets*.

During the year to 31 March 2020, forecast revenues were not achieved; and the continuing uncertain global economic environment arising from the COVID-19 pandemic and related containment measures heightens the risk of further failure to achieve forecast revenue.

The Group's forecasts assume a significant increase in revenue. The heightened risks around the timing and quantum of future revenue and cash flow generation, combined with the loss for the financial year, created an indicator of impairment.

Management performed a review of the carrying value of the intangible assets as detailed in Note 14.

This review included assessment of risks around the ability of the Group to achieve forecast revenue growth and selection of assumptions in order to determine an estimate of recoverable amount.

How our audit addressed this key audit matter

To assess the appropriateness of the amount of impairment recognised and the resulting carrying value of the group's intangible assets:

- We conducted a detailed evaluation of the Group's cash flow forecast and impairment testing model;
- We obtained management's budget and 5 year forecasts, and gained an understanding of the key value drivers and key assumptions;
- We discussed the future business plans and key assumptions with management and the directors to ensure it is in line with the cash flow forecasts used in the impairment testing model;
- Assessed the likelihood and timing of achieving forecast revenue growth;
- We evaluated and challenged how the impairment testing model accounted for risks in relation to the extent and timing of revenue growth given the current trading conditions, including assessment of further potential implications of COVID-19 pandemic and related containment measures;
- We evaluated other key inputs used in the impairment testing model, including the discount rate and the terminal growth rate; and
- We utilised expertise from corporate finance specialists to critique the discount rate range used by management.

We also evaluated the disclosures provided around intangible assets and the impairment testing contained in note 14 to the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

continued



Research and development tax offset receivable

Why we considered this to be a key audit matter

The group obtains research and development tax offset payments from the Australian Taxation Office (ATO) in respect of eligible expenditure incurred towards research and development.

The balance sheet includes a material receivable of \$684,250 at 31 March 2020 for the year's research and development tax offset based on expenses incurred during the financial year, as detailed in note 10.

This receivable is based on an estimated calculation for the year to 31 March 2020. The group engages an expert to prepare the claim and related documentation, based on information provided by management and derived from the underlying accounting records.

As the group is yet to submit its claim for the 31 March 2020 period, this amount remains outstanding at the date of this report, and there is a risk that the balance may not be approved for payment in full by the ATO.

Judgement is required in assessing the appropriate amount of tax offset payments that are expected to be received, given the complexity of the rules and regulations surrounding the tax incentive payments. Given the significance of this balance, we consider this to be a key audit matter.

How our audit addressed this key audit matter

Our procedures included the following:

- We obtained evidence to support the overall eligibility for the research and development (R&D) activities related expenditure to be claimed, including the detailed calculations that support the amount recognised as a receivable. We also assessed the Group's history in lodging and receiving successful claims in previous years.
- We considered this calculation for compliance with the requirements of the Australian R&D tax incentive legislation and regulation. This included comparison to the related employee time records and testing a sample of supporting documentation of the claimed costs relating to eligible R&D activities.
- We utilised R&D tax incentive expertise from our Australian network firm to assist our review of the basis of R&D tax offset calculation prepared by management and management's external R&D tax advisor. We also evaluated the competencies and objectivity of management's external R&D tax advisor.

Other matter

The consolidated financial statements of Truscreen Limited and its subsidiaries for the year ended 31 March 2019 were audited by another auditor who expressed an unmodified opinion on those statements on 28 June 2019.

Other information

The directors are responsible for the other information included in the annual report. The other information comprises the reports and information on pages 4 to 16 and pages 50 to 54 (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

continued



Responsibilities of the directors for the consolidated financial statements

The directors are responsible, on behalf of the group, for the preparation and fair presentation of the consolidated financial statements in accordance with New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, the directors are responsible on behalf of the group for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless those charged with governance either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements. A further description of the auditor's responsibilities for the audit of the consolidated financial statements is located at the XRB's website at:

<https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-1/>

Who we report to

This report is made solely to Truscreen Limited's shareholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Truscreen Limited and Truscreen Limited's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Jason Stinchcombe.

A handwritten signature in blue ink that reads 'RSM'.

RSM Hayes Audit
Auckland

26 June 2020

GOVERNANCE

The Board and Executive of the Company are committed to conducting TruScreen's business ethically and in accordance with high standards of corporate governance.

The Board has agreed to regularly review the Company's governance structures and processes to ensure they are consistent both in form, and in substance, with best practice and meet the requirements of being a listed company of the New Zealand Stock Exchange.

The primary objective of the Board is to build long-term shareholder value with due regard to other stakeholder interests. It does this by guiding strategic direction and context and focusing on issues critical for its successful execution.

TruScreen's Board Charter sets out the governance principles, authority, responsibilities and membership and operation of the Board of Directors. This governance statement outlines the main corporate governance practices as at 31 March 2020.

COMPLIANCE

The company seeks to follow the best-practice recommendations for listed companies to the extent that it is appropriate to the size and nature of TruScreen's operations.

The best practice principles which the Company considers in its governance approach are the New Zealand Exchange (NZX) Listing Rules relating to corporate governance, the New Zealand Exchange (NZX) Corporate Governance Best Practice Code, and the Financial Market Authority's Corporate Governance Principles and Guidelines (collectively the "Principles").

The structure of this section of the Annual Report reflects the requirements of the FMA's Guidelines. The Board's view is that the Company's corporate governance principles, policies, and practices do not materially differ from best practice 'Principles'.

The Company's constitution, the Board and Committee Charters, codes and policies referred to in this section are available on request or can be viewed on our website at www.truscreen.com.

GOVERNANCE PRINCIPLES AND GUIDELINES

PRINCIPLE 1 – CODE OF ETHICAL BEHAVIOUR

Directors observe and foster high ethical standards.

The Company expects its Directors, Officers, and Employees to act legally, to maintain high ethical standards, and to act with integrity consistent with TruScreen's policies, guiding principles and values. A Code of Ethics sets out these standards for Directors.

The Company has adopted policies to ensure it maintains high standards of performance and behaviour when dealing with the Company's customers, suppliers, shareholders and staff. Specific policies are in place relating to the environment, Privacy Act requirements, confidentiality of company information, conflicts of interest, complaints from stakeholders and trading in company securities.

Conflicts of Interest

Directors are expected both individually and collectively to act in accordance with TruScreen's Directors' Code of Ethics and to restrict involvement in other businesses that would likely lead to conflicts of interest. The Board maintains an Interest Register.

Where conflicts of interest arise, the Board policy is for the conflicted Director(s) to advise the Board and to absent themselves from the relevant discussions and related voting.

Trading in TruScreen Securities

On a continuing basis, the Board considers whether any matters under consideration are likely to materially influence the present or future market expectations of the Company, including the share value. It then determines whether or not there continues to be an 'open window' for share trading by Directors or Officers of the Company. The policy is for a specific declaration in respect of this matter to be made as appropriate. All proposed transactions need to be approved in line with the company's Security Trading Policy.

PRINCIPLE 2 - BOARD COMPOSITION AND PERFORMANCE

The Board has a written charter which sets out the roles and responsibilities of the Board. There is a balance of independence, skills, knowledge, experience and perspective among Directors that allows the Board to work effectively.

Board Size and Composition

The Board is comprised of Directors with a mix of qualifications, skills and experience appropriate to the Company's current business. As at 31 March 2020 there were 4 Directors on the board. All Directors act in a non-executive role. The Constitution provides for the Directors annually to elect one of their number as Chairperson of the Board.

A biography of each Board member is set out separately in the Directors Report section of the annual report and on the website.

The board also regularly reviews its composition to ensure it has the right skill set and composition to maximise the company's performance, opportunities and strategic direction. The board has a procedure for assessing director performance annually.

Independence of Directors

For a Director to be considered to be independent the fundamental consideration in the opinion of the Board is that the Director be independent of the Executive and not have any relationship that could, or could be perceived, to interfere materially with the Director's exercise of his/her unfettered and independent judgment.

The matters that the Board considers in determining Director independence are specified in the Board Charter. Having considered these matters and the composition of the Board, the Company considers the Directors hold an appropriate mix of skills, expertise and independence.

The TruScreen Board has reviewed which of its Directors are deemed to be independent in terms of NZX Listing Rules and has determined as follows:

Independent Directors: Anthony Ho, Chris Horn, formerly Ronald Jones, and Con Hickey;

Non-Independent Directors because of disqualifying relationships: Chris Lawrence.

The Board has a majority of independent directors. Further, the Chairman and the Chairs of the Audit, Finance & Risk Committee and the Remuneration & Nomination Committee are independent directors.

In terms of the NZX listing rules, both Chris Lawrence, Con Hickey and formerly Ronald Jones are ordinarily resident in New Zealand.

Responsibilities of the Board and Executive

The business and affairs of the Company are managed under the direction of the Board of Directors on behalf of shareholders. The Board's responsibilities include:

- appointment of the Chief Executive Officer and monitoring his/her performance;
- approval of the Company's objectives and values;
- active engagement in strategic direction formulation and review;

- approval of appropriate Company strategies and transactions involving merger, acquisition or divestment or other transactions of a material nature;
- review and approval of the Company's budgets and business plans and monitoring of progress;
- review of key risk identification processes and systems and monitoring the management of risks;
- approval and review of the overall policy framework within which the business of the Company is conducted including remuneration, financial reporting, compliance, effective internal controls, treasury management, insider trading, and market disclosure;
- monitor Management's performance with respect to these matters; and
- communicating and reporting to shareholders.

Responsibility for the day-to-day operations and administration is delegated by the Board to the Chief Executive Officer and the Senior Executive team. These delegations have been reviewed in the last three months.

Appointment and Retirement of Directors

The Board has a procedure for the nomination and appointment of Directors to the Board. All Directors have a letter of appointment establishing the terms of their engagement.

At each annual meeting at least one third of the Directors (or the nearest whole number – which at the current time is one director) retire by rotation and are eligible to apply for re-election at the annual general meeting, along with any appointments made since the previous annual meeting.

The company does not pay retirement benefits to any Director on retirement.

Board Processes

The Board has a regular meeting schedule complemented by regular electronic and telephone communication. The Board meetings and circular resolutions taken by the board are set out in the Directors Report.

Diversity Policy

Due to its small size the Company does not have a diversity policy. However, given the Company is in the business of women's health the Board is conscious of the need to address gender diversity.

PRINCIPLE 3 – BOARD COMMITTEES

The Board uses committees where this enhances the effectiveness in key areas while retaining board responsibility.

The Board operates 2 Committees to assist in the execution of the Board's duties – the Remuneration and Nomination Committee and the Audit, Finance & Risk Committee. Each Committee has a specific Charter. Committee members are appointed from members of the Board and membership is reviewed on an annual basis. All matters determined by committees are submitted to the full Board as recommendations for Board decision.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee comprises of Chris Horn and Anthony Ho. The Committee recommends the remuneration policies and packages, including performance incentives for the Chief Executive Officer and the Senior Executive team. Independent advice is obtained as appropriate in regard to remuneration levels and packages. Additionally, the Committee reviews: the performance of the Chief Executive Officer; succession planning for the Senior Executive team; succession planning for the Board; risk and compliance monitoring in relation to the human resources function of the Company; and the Company's performance in respect of responsible governance.

This Committee is also responsible for establishing and monitoring remuneration policies and guidelines for Directors which enable the Company to attract, retain and motivate Directors to contribute to the successful governing of the Company and create value for shareholders. External advice is considered in setting the Directors' fees which in aggregate are approved by shareholders.

GOVERNANCE

continued

The committee is also responsible for reviewing and ensuring compliance to all Health & Safety policies within the company to make sure all employees, contractors and visitors are operating in a safe environment.

This Committee met twice during the 12 months to 31 March 2020.

The Committee is satisfied that the Company, and the CEO, has implemented and continued to enforce a culture of Health and Safety compliance with all regulations in the countries in which the Company operates.

Audit, Finance & Risk Committee

The Audit, Finance & Risk Committee comprises of Chris Horn, Con Hickey and Anthony Ho. The role of the Committee is to review the annual audit process, the financial and operational information provided to the stakeholders and others, to monitor the management of business risk to the organisation, and review the framework of internal control and governance which the Executive and the Board have established. The Chief Executive Officer and Chief Financial Officer are invited to attend meetings as appropriate. The Audit, Finance & Risk Committee met twice during the 12 months to 31 March 2020.

The Audit, Finance & Risk Committee also communicate with the Company's external auditors as and when deemed necessary by the Committee.

PRINCIPLE 4 – REPORTING AND DISCLOSURE

The Board demands integrity both in financial reporting and in the timeliness and balance of disclosure on entity affairs.

The Company is committed to ensuring integrity and timeliness in its financial reporting and in providing information to the market and shareholders which reflects a considered view on the present and future prospects of the Company.

Financial Reporting

The Audit, Finance & Risk Committee oversees the quality and integrity of external financial reporting including the accuracy, completeness and timeliness of financial statements.

It reviews half-yearly and annual financial statements and makes recommendations to the Board concerning accounting policies, areas of judgment, compliance with accounting standards, NZX and legal requirements, and the results of the external audit.

Management accountability for the integrity of the Company's financial reporting is reinforced by the certification from the Chief Executive Officer and Chief Financial Officer in writing that the Company's financial report presents a true and fair view in all material aspects.

Timely and Balanced Disclosure

Continuous disclosure obligations of NZX require all listed companies to advise the market about any material events and developments as soon as the Company becomes aware of them. The Company has policies and a monitoring program in place to ensure that it complies with these obligations on an on-going basis and ensures timely communication of material items to shareholders through NZX or directly as appropriate.

The Company makes available its governance policies and announcements on its website.

PRINCIPLE 5 – REMUNERATION

The remuneration of Directors and Senior Executives is transparent, fair, and reasonable.

Making sure team members get the rewards they deserve is the responsibility of the Remuneration and Nomination Committee, a committee of the Board. The Committee makes recommendations to the Board on salaries and incentive programs and more widely on human resource and people management issues.

Non-Executive Directors' Remuneration

The fees payable to the Non-Executive Directors are determined by the Board within the aggregate amount approved by shareholders.

The Board considers the advice of independent remuneration consultants when setting remuneration levels. As at 31 March 2020 the current Non-Executive Directors' fee pool limit is NZ\$300,000. Director remuneration is disclosed in the Annual Report.

Senior Executive Remuneration

The objective of the Senior Executive remuneration approach is to provide competitive remuneration aimed at: aligning executives' rewards with shareholders' value; achieving business plans and corporate strategies; rewarding performance improvement; and retaining key skills and competencies.

Senior Executives' remuneration is made up of: Salaries and Options as approved by the Board plus industry standard leave entitlements. Key executive remuneration is disclosed in the Annual Report.

Staff Remuneration

All staff other than Senior Executives are remunerated by salary plus industry standard leave entitlements. Currently no staff qualify to participate in a long term executive share scheme plan.

PRINCIPLE 6 – RISK MANAGEMENT

The Board regularly verifies that the entity has appropriate processes that identify and manage potential and relevant risks.

Business Risks

The Company has in place a risk management register to identify and address areas of significant business risk. The Company maintains insurance policies that it considers adequate to meet the insurable risks of the Company and Group. Exposure to any foreign exchange risk is managed in accordance with policies laid down by the Directors.

The Chief Executive Officer and Senior Executive team are required to identify the major risks affecting the business and to develop strategies to mitigate these risks. Where significant risks are identified, the policy is for the Board to be advised and to discuss, and for the Senior Executive to undertake prompt corrective action

to mitigate and monitor the risk in line with established policies.

Health and Safety

The CEO acts as the Health and Safety Co-ordinator and reports to the Remuneration and Nomination Committee on Health and Safety issues. The Committee works with the CEO to identify workplace hazards and monitor and review compliance with the Company's documented occupational health and safety policies and procedures. Health and Safety reviews are routinely dealt with by the Board.

Chief Executive and Chief Financial Officer Assurance

The Chief Executive Officer and Chief Financial Officer have provided the Board with written confirmation that the Company's financial statements are founded on a sound system of risk management and internal compliance and control; and that all such systems are operating efficiently and effectively in all material respects.

Risk Monitoring

The Audit, Finance & Risk Committee reviews the Company's risk management policies and processes and the Senior Executive provides an updated risk assessment profile to each meeting of the Audit, Finance & Risk Committee. The Remuneration and Nomination Committee reviews human resource management risks.

PRINCIPLE 7 – AUDITORS

The Board ensures the quality and independence of the external audit process

Independence

To ensure the independence of the Company's external auditor is maintained, the Board has agreed the external auditor should not provide any services not permitted under International Federation of Accountants regulations. This is monitored by the Audit & Risk Committee.

External Auditor

TruScreen's external auditor is RSM Hayes Audit. RSM was appointed on 17 February 2020 and ratification of their appointment by the shareholders will be sought at the next Annual

General Meeting in accordance with the provisions of the Companies Act 1993 (Act).

RSM will be invited to attend this year's annual meeting and will be available to answer questions about the audit process, TruScreen's accounting policies and the independence of the auditor.

PRINCIPLE 8 – SHAREHOLDER RIGHTS & RELATIONS

The Board fosters constructive relationships with shareholders that encourage them to engage with the company.

The Board aims to ensure that all shareholders are informed of all information necessary to assess the Company's strategic direction and performance. They do this through a communication strategy which includes:

- periodic and continuous disclosure to NZX;
- information provided to media and briefings to major shareholders;
- half yearly and annual reports;
- regular investor updates;
- the annual shareholders meeting which is conducted in a very open manner in which a range of questions are considered;
- the Company's website.

The Company ensures timely circulation of notices on annual or general meetings.

An updated view of the Company's strategic direction is a key presentation at the annual meeting to encourage shareholder understanding of, and support of, the Company's strategies and goals.

The Company ensures that its shareholders are considered when seeking additional equity capital.

SHAREHOLDER INFORMATION

TOP TWENTY SHAREHOLDERS

| Investor Name | Total Units | % Issued Capital |
|---|-------------|------------------|
| New Zealand Depository Nominee | 31,706,600 | 9.54 |
| Consolidated Nominees Pty Ltd | 29,539,900 | 8.89 |
| Browns Island Holdings Limited | 22,400,000 | 6.74 |
| Waitara Trustees Limited | 16,622,222 | 5.00 |
| Masfen Securities Limited | 13,499,645 | 4.06 |
| Accident Compensation Corporation | 11,339,591 | 3.41 |
| Albert Nominees Limited | 11,000,000 | 3.31 |
| Citibank Nominees (Nz) Ltd | 10,151,552 | 3.05 |
| Consolidated Nominees Pty Ltd | 10,062,500 | 3.03 |
| Idl Trustee Limited | 9,850,000 | 2.96 |
| Forsyth Barr Custodians Limited | 6,254,039 | 1.88 |
| Custodian Nominee Company Limited | 4,276,619 | 1.29 |
| David Russell Stewart & Adrienne Ruth Stewart | 4,100,000 | 1.23 |
| Melda Super Pty Limited | 3,500,000 | 1.05 |
| Caroline Robyn Ball & Christopher John Thomson Bush | 2,838,299 | 0.85 |
| Ryan Peter Parkin | 2,838,189 | 0.85 |
| Michael Jeremy Thomas Stokes | 2,500,000 | 0.75 |
| Anthony Peng Ho & Chui Hoong Ho | 2,400,000 | 0.72 |
| Mark David John Williams | 2,321,429 | 0.70 |
| Qsp Limited | 2,173,578 | 0.65 |

ISSUED CAPITAL AS AT 10 JUNE 2020

| | |
|-----------------|-------------|
| TRU (NZL) | 332,394,825 |
| Current Holders | 1,074 |

INVESTOR DOMICILE AT 10 JUNE 2020

Holdings

| | |
|---------------|------|
| New Zealand | 1023 |
| Rest of World | 51 |

Issued Capital

| | |
|---------------|-------------|
| New Zealand | 267,208,717 |
| Rest of World | 65,186,108 |

INVESTOR RANGES TRU (NZL) AS AT 10 JUNE 2020

| | Holders | Number | % |
|------------------|---------|-------------|-------|
| 1-1,000 | 14 | 7,529 | 0 |
| 1,001-5,000 | 173 | 611,193 | 0.18 |
| 5,001-10,000 | 125 | 1,032,314 | 0.31 |
| 10,001-50,000 | 345 | 9,184,904 | 2.76 |
| 50,001-100,000 | 142 | 11,026,922 | 3.32 |
| 100,001-and over | 275 | 310,531,963 | 93.42 |



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