Volpara Health Technologies Limited

(NZ Company no. 2206998 / ARBN 609 946 867)

Annual Report for the Year Ended 31 March 2016

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1 CHAIRMAN'S LETTER

Dear Shareholders

It is my pleasure to present this first Annual Report for Volpara Health Technologies Limited ("Volpara") as a newly public company. Volpara successfully listed on the Australian Securities Exchange (ASX) on 27th April under the ticker code VHT, raising the full subscription amount of A$10 million from the underwritten Offer.

As you'll see in the accompanying financial report, Volpara's product sales revenues rose in FY2016 to over NZ$2.5 million, a 31% increase on the previous year, continuing the trend of product sales growth that Volpara has witnessed since the commencement of commercialisation.

However, you'll also note that while the Operating Loss was as expected at NZ$4.5 million, the After Tax Net Loss for FY2016 was NZ$30.3 million, due almost entirely to the treatment of the convertible preference shares (CPS), which were characterised by New Zealand Generally Accepted Accounting Practice (NZ GAAP) as debt not equity at the balance date of 31st March, even though these CPS were converted to ordinary shares at the IPO. This is a non-cash, one-off adjustment which came about because the NZ GAAP accounting standards require that these debt instruments be "marked to market" and "fair valued". Once the underwriting agreement was signed in March, it resulted in the loss of an additional NZ$24.6 million and the raising of a corresponding liability. None of this loss affects cash, and following the IPO on 27th April 2016 the entire liability on the balance sheet has been extinguished and converted to equity, thereby returning net equity to positive territory. Please see Note 17 for further details on the accounting treatment of the CPS and Note 24 for a Pro Forma Balance Sheet which represents the company as it is after the IPO.

Your investment in Volpara is the start of a new phase of growth for the Company, but the mission remains the same: the reduction of the mortality and cost of breast cancer, which kills some 500,000 women globally each year, including nearly 3,000 in Australia and over 600 in New Zealand, and over 40,000 in the United States.

Volpara's technology enables personalised, more effective screening by helping identify the women at highest risk of developing breast cancer, and those women who might benefit from additional screening, all through providing an objective measurement of breast density. Volpara has been successful in achieving regulatory clearance, clinical validation and growing its revenue year on year (mostly from the US), and we are now making the transition from a pure medical device company to a broader digital health company by launching Cloud-based analytics offerings expected to be significant growth drivers.

The US market has been, and will remain, the largest commercial opportunity—a total addressable market of A$1 billion—and one that has been Volpara's focus in product development and commercialisation strategy from the start. The growing awareness among American women and legislators of the risks of breast density contributes to this opportunity. To date, 28 states have passed notification laws so that women can be informed of their breast density at the time of breast cancer screening. Volpara's revenues reflect this social and political climate, with over 90% coming from the US from over 100 customers. We understand that to take advantage of the opportunity the US represents, one of the Company's key growth strategies must be the building up of its US and global sales and marketing team.

I am pleased to report that already we have made large strides in this area. Our first appointment was Julian Marshall as our Chief Marketing Officer on 1st March 2016. Julian has over 30 years' experience in the medical imaging industry and comes to us after nearly 10 years at Hologic, the world's most successful company in breast imaging equipment. Furthermore, careful planning around the fundraising has enabled us to bring on another five experienced salespeople in the US, all of whom will be online from 1st June 2016, and to appoint heads of sales and marketing in both Europe and Australia.

In tandem with the sales and marketing expansion, one of Volpara's key growth strategies for the coming year is the commercial launch of VolparaEnterprise. This is our Cloud-based analytics product that lets managers of breast imaging centres look at productivity, quality assurance, customer safety and comfort across the whole organisation. VolparaEnterprise provides a recurring revenue stream, enables Volpara to appeal directly to budget holders as well as clinicians, and provides greater competitive advantage by allowing the Company to offer integrated services. This product is currently in beta testing at several sites, including Perth-based Women's & Breast Imaging, which was also Australia's first clinical user to install VolparaDensity. This software version will be ready for a soft launch by 1st July, with a hard launch to follow in November 2016 at the Radiology Society of North America Annual Meeting, the largest and most significant of its kind in the world.

I want to take this opportunity to congratulate the founders of the Company for their vision and entrepreneurship in creating Volpara, and my fellow directors for their contribution to the Company to date. In particular, I would like to thank Sir John Hood, the Company's founding Chairman. There is a lot of work to do in global sales and marketing to build on the excellent science and engineering platform that has been created, launch new products and bring the benefits of early detection of breast cancer, and grow a scalable and commercially successful business for all our stakeholders.

Yours sincerely

Roger Allen.

Roger Allen AM
Chairman

2 CEO'S REPORT

Dear Shareholders

The 2016 financial year was big for Volpara in many ways. In addition to our successful ASX listing, we continued our year-on-year sales increases and strengthened our commercial position in the US, boosting product revenue to over NZ$2.5 million, a 31% increase over FY2015. We also accomplished a number of other significant achievements along the way:

- We released VolparaDensity 3.1, the only breast density assessment tool available for clinical use with breast tomosynthesis data sets from Hologic, GE Healthcare and Siemens systems;

- We received FDA 510(k) clearance for VolparaDensity 3.1 to cover tomosynthesis (a 3D form of x-ray) and to provide output using the American College of Radiology's Breast Imaging Reporting and Data System (BI-RADS) 5th Edition density assessment protocol;

- We saw a number of new clinical validation studies relating to risk of developing breast cancer, risk of missing cancer and comparison to radiologists, including studies from the Mayo Clinic and Brigham & Women's;

- We achieved significant growth and development of the Volpara IP portfolio, which now includes 123 national patent applications, 4 granted patents, registered trademarks in 93 countries, 6 unregistered trademarks, copyright works and trade secrets, with numerous further patent applications in various stages of examination or filing;

- We were named 2015 Cisco Hi-Tech Emerging Company of the Year at the NZ Hi-Tech Awards;

- We were awarded the Frost & Sullivan award for 2016 for Global Breast Density Assessment Solutions Competitive Strategy Innovation & Leadership;

- We saw a number of major sales to major medical institutes in the US, traction from some of our distributors and first sales to early adopters in several countries around the world;

- We recruited outstanding Chief Commercial and Chief Marketing Officers in our biggest market, the US; and

- We unveiled VolparaEnterprise, our enterprise-wide, Cloud-based analytics software, at the Radiology Society of North America (RSNA) Annual Meeting in November 2015 in front of 50,000 attendees.

Response to VolparaEnterprise at RSNA was very favourable, and that enthusiasm was also evident at another two major trade shows: the US Society of Breast Imaging's Symposium, held in Austin, Texas in early April 2016, and the National Consortium of Breast Centers' Annual Interdisciplinary Conference, held in Las Vegas, Nevada later that month. These industry events reinforced the interest in the objective measurements of quality that are embedded in VolparaEnterprise. As outlined in our ASX Prospectus, the upcoming release of VolparaEnterprise is one of our core growth strategies. We are now stress-testing the pricing and concluding beta testing at four sites, and are on track for a soft release of the product on 1st July 2016.

We are making excellent progress against another key growth strategy, the expansion of Volpara's sales presence in the US. Mark Koeniguer, Chief Commercial Officer, and Julian Marshall, Chief Marketing Officer, have assembled a top-notch stable of heavily commission-driven salespeople in the US underneath the leadership of our redoubtable VP Sales US, Dave Mezzoprete. Each of our five new hires brings a wealth of experience in the medical imaging industry, specifically breast imaging. One of our new team members will handle insides sales with the rest distributed across four key geographic regions: the Mid-Atlantic, the Midwest, Southern California and Northern California/Pacific Northwest. These talented newcomers to the team will allow Mr Mezzoprete to spend more time working with our major distributors in the US, GE Healthcare and Siemens Medical Solutions USA, Inc. More globally, we are close to recruiting outstanding VP Sales and Marketing in both Australia and Europe.

Financial Position

Volpara's total revenue for FY2016 was NZ$2.614 million—this is product sales revenue plus grants. In terms of product sales revenue, FY2016 was 31% up on FY2015. As a company we've taken the decision not to apply for grants for R&D in FY2016, as we are much more focussed on direct commercial success and do not want the distraction some grants can bring. Nonetheless, as a recent recipient of a three-year R&D Growth Grant from Callaghan Innovation, Volpara will be reimbursed 20% of next year's research and development expenditure. We do thank the NZ Government for their continuing support.

Volpara's gross margin for FY2016 was 76 percent, in line with the Company's historical performance. Volpara continues to enjoy large gross margins due to the software nature of the business and its mostly remote product installations and easy integrations.

Outlook

When we started Volpara we knew we had something special. The ability to accurately, objectively assess the degree of dense breast tissue, in conjunction with advances in digital mammography, had the potential to revolutionise breast cancer screening and save women's lives. Seven years later, Volpara is realising that potential by developing market-leading products that contribute to high-quality, personalised breast cancer screening.

A large part of Volpara's success is attributable to its suite of breast density assessment products, in particular VolparaDensity, which has greater clinical validation than any competitor's product and independent commercial leadership as independently assessed by Frost & Sullivan. Density assessment, however, is only the beginning of the Company's journey into the growing digital health space. Products such as VolparaEnterprise generate actionable intelligence that helps breast imaging centres adhere to high standards of quality and provide a better, more consistent experience for women seeking to safeguard their health. With the global prevalence of breast cancer continuing to increase, a breast imaging manager's ability to improve her centre's performance will become more important than ever.

To accompany the release of this Annual Report, we have relaunched our website, at www.volparasolutions.com, which features an expanded section for investors. We encourage you to visit regularly for news and updates on our progress. Volpara is committed to enhancing the early detection of breast cancer, and to developing further applications of our intellectual property that improve the diagnosis of other health issues. We are very optimistic about the opportunities that lie ahead.

Yours sincerely

Ralph Highnam, PhD
CEO & Chief Scientist

3 DIRECTORS' REPORT

The directors present their report on the consolidated entity (referred to herein as the Group) consisting of Volpara Health Technologies Limited (Volpara) and its controlled entities for the financial year ended 31 March 2016.

The Directors are responsible for the preparation, in accordance with NZ equivalents to IFRS and generally accepted accounting practice in New Zealand, of the financial statements of Volpara Health Technologies Limited Group as at 31 March 2016.

The Directors consider that the financial statements of the Group have been prepared using accounting policies appropriate to the Group circumstances, consistently applied and supported by reasonable and prudent judgments and estimates, and that all applicable New Zealand Equivalents to International Financial Reporting Standards have been followed as appropriate for profit-oriented entities.

The Directors have responsibility for ensuring that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 1993.

The Directors have responsibility for the maintenance of a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of financial reporting. The Directors consider that adequate steps have been taken to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The information in the preceding CEO Report forms part of this directors' report for the financial year ended 31 March 2016 and is to be read in conjunction with the following information:

General Information

Directors

The following persons were directors of Volpara during or since the end of the financial year up to the date of this report:

Roger Allen AM – Non-Executive Director and Chairman

Dr Ralph Highnam – Executive Director, CEO

Professor Sir John Michael Brady – Non-Executive Director

John Pavlidis – Non-Executive Director

John Diddams – Non-Executive Director

Lyn Swinburne AM – Non-Executive Director

Particulars of each director's experience and qualifications are set out later in this report.

Significant Changes in State of Affairs

There was no significant change in the state of affairs of the Group during the financial year, other than the successful completion of an initial public offer (IPO) on 27 April 2016, which raised a total of $10.8 million (A$9.5m). See Note 24 for a pro-forma balance sheet including the IPO proceeds.

Dividends Paid or Recommended

No dividends have been paid or declared for payment during the financial year.

Indemnifying Officers

During or since the end of the financial year, the company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

– The company has entered into deeds of indemnify with each of the directors in accordance with the Constitution, under which the Company indemnifies each Director against (i) costs incurred by the Director in any proceeding that relates to liability for any act or omission made by the Director as an officer of the Company and in which judgment is given in the Director's favour or in which the Director is acquitted or which is discontinued; (ii) any liability to any third party for any act or omission by the Director as an officer of the Company; and (iii) any costs incurred by the Director in defending or settling any claim or proceeding to any Costs or liability of the nature referred to in (i) and (ii).

– The company has paid premiums to insure each of the directors against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct while acting in the capacity of directors of the company, other than conduct involving a wilful breach of duty in relation to the company.

Proceedings on Behalf of Company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Share Options

For details of options issued to directors and executives during the year, refer to Note 19 of the Financial Report.

Information Relating to Directors and Company Secretary

Roger Allen AM	–	***Non-Executive Director and Chairman***
Qualifications	–	BA (Hons), FACS University of Melbourne
Experience	–	Appointed Chair in 2015. Board member since 2009 Chair of Patagorang Investments. Early-stage technology investor and experienced company director. Former chair of several ASX-listed companies.
Interest in Shares and Options	–	20,467,848 ordinary shares in Volpara and options to acquire a further 300,00 ordinary shares
Special Responsibilities	–	Roger is a member of the Audit and Risk Committee
Directorships held in other listed entities during the three years prior to the current year	–	Nil
Dr Ralph Highnam	–	***Executive Director, CEO***
Qualifications	–	BSc (Hons) 1st Class Brunel University; MSc, PhD University of Oxford
Experience	–	Board member since 2009
Interest in Shares and Options	–	15,632,298 ordinary shares in Volpara and options to acquire a further 3,148,336 ordinary shares
Special Responsibilities	–	Chief Executive Officer
Directorships held in other listed entities during the three years prior to the current year	–	Nil
Sir John Michael Brady	–	***Non-Executive Director***
Qualifications	–	BSc, MSc The University of Manchester; PhD The Australian National University
Experience	–	Board member since 2009, Chair of Perspectum Diagnostics Ltd, colwiz, IRISS Medical Technologies Ltd, Acuitas Medical and Guidance Limited

Interest in Shares and Options	–	7,919,211 ordinary shares in Volpara and options to acquire a further 300,000 ordinary shares
Special Responsibilities	–	Member of Scientific Advisory Board
Directorships held in other listed entities during the three years prior to the current year	–	Nil
John Pavlidis	–	***Independent, Non-Executive Director***
Qualifications	–	BS Rensselaer Polytechnic Institute, MS Darthmouth College
Experience	–	Board member since 2015
Interest in Shares and Options	–	Options to acquire 451,872 ordinary shares in Volpara
Special Responsibilities	–	Nil
Directorships held in other listed entities during the three years prior to the current year	–	Nil
John Diddams	–	***Independent, Non-Executive Director & Company Secretary***
Qualifications	–	B Com (Hons) University of New South Wales
Experience	–	Board member since 2015
Interest in Shares and Options	–	253,014 ordinary shares in Volpara and options to acquire a further 1,320,000 ordinary shares
Special Responsibilities	–	John is Chair of the Audit and Risk Committee
Directorships held in other listed entities during the three years prior to the current year	–	Current director of Skydive the Beach Group Limited (since 2013)
Lyn Swinburne AM	–	***Independent, Non-Executive Director***
Qualifications	–	Hon Doctorate Swinburne University
Experience	–	Board member since 2015, Chair of Royal Women's Hospital
Interest in Shares and Options	–	Options to acquire 450,000 ordinary shares in Volpara
Special Responsibilities	–	Lyn is a member of the Audit and Risk Committee
Directorships held in other listed entities during the three years prior to the current year	–	Nil
Brian Leighs	–	***Company Secretary***
Qualifications	–	Bachelor of Commerce and Administration, Victoria University Wellington. Chartered Accountant (CAANZ)
Experience	–	Company Secretary since 2010. Worked in senior financial management roles with Hewlett Packard, Spark and No 8 Ventures Ltd, and has been an independent financial consultant

Meetings of Directors

During the financial year 8 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings		Audit Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Roger Allen AM	7	7	1	1
Dr Ralph Highnam	7	7	1	1
Sir John Michael Brady	7	5	1	1
John Pavlidis	7	6		
John Diddams	4	4		
Lyn Swinburne AM	3	2		
Sir John Hood (resigned 30 Oct 2015)	3	3		

Corporate Governance Statement

A copy of the Group's corporate governance statement can be found on the website www.volparasolutions.com/investors in accordance with ASX Listing Rule 4.10.3.

Events after the Reporting Period

On 27 April 2016, the Company completed an IPO of 20 million shares of its ordinary shares at a price of A$0.50 per share for an aggregate offering price of A$10 million and the Company's shares were listed on ASX. The company received approximately A$9.5 million in net proceeds from the IPO after the payment of fees and expenses of approximately A$0.5 million. The proceeds are being used for expansion of sales and marketing infrastructure, development, product innovation and working capital. See Note 24 for a pro forma balance sheet including the IPO proceeds.

This Directors' Report is signed in accordance with a resolution of the Board of Directors dated 26th May 2016.

R P Highnam, Director

J F Diddams, Director

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF
VOLPARA HEALTH TECHNOLOGIES LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Volpara Health Technologies Limited and its subsidiaries ('the Group') on pages 13 to 38, which comprise the consolidated statement of financial position as at 31 March 2016, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the company's shareholders, as a body, in accordance with Section 207B of the Companies Act 1993. Our audit has been undertaken so that we might state to the company's shareholders those matters 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 the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Board of Directors' Responsibility for the Consolidated Financial Statements

The Board of Directors are responsible on behalf of the company for the preparation and fair presentation of these 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 Board of Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates, as well as the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other than in our capacity as auditor, the provision of taxation advice and corporate finance assistance, we have no relationship with or interests in Volpara Health Technologies Limited or any of its subsidiaries. These services have not impaired our independence as auditor of the Company and Group.

Deloitte.

Opinion

In our opinion, the consolidated financial statements on pages 13 to 38 present fairly, in all material respects, the financial position of Volpara Health Technologies Limited and its subsidiaries as at 31 March 2016, and their financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

Deloitte

Chartered Accountants
31 May 2016
Wellington, New Zealand

Volpara Health Technologies Ltd Group
Consolidated Statement of Comprehensive Income
for the year ended 31 March 2016

	Notes	2016 NZ$'000	2015 NZ$'000
Revenue			
Sales	3	2,518	1,924
Grants	4	96	485
		2,614	2,409
Expenses			
Cost of sales		(620)	(372)
Employee benefit expense		(3,454)	(2,741)
Legal expenses		(196)	(104)
Listing expenses		(483)	0
Share option expense	19	(486)	(162)
Other expenses	6	(1,870)	(1,340)
Operating loss		(4,495)	(2,310)
Net finance income/(expense)	8	(1,247)	(712)
Loss on fair value revaluation of convertible preference shares	17	(24,617)	0
Loss before income tax		(30,359)	(3,022)
Income tax expense	9	0	0
Loss after income tax attributable to shareholders		(30,359)	(3,022)
Other comprehensive income*			
Exchange difference on translation of international subsidiaries		(35)	(71)
Total comprehensive income attributable to shareholders		(30,394)	(3,093)
Earnings per share			
Basic (cents per share)	10	(1.08)	(0.11)
Diluted (cents per share)	10	(1.08)	(0.11)

*Items in other comprehensive income may be reclassified to the Income Statement.

The notes on pages 18 to 38 form part of and should be read in conjunction with these financial statements

Volpara Health Technologies Ltd Group
Consolidated Statement of Changes in Equity
for the year ended 31 March 2016

	Notes	Share capital NZ$'000	Share option reserve NZ$'000	Foreign currency translation reserve NZ$'000	Accumulated losses NZ$'000	Total NZ$'000
Balance at 1 April 2014		**344**	**1,279**	**20**	**(8,842)**	**(7,199)**
Loss for the year		0	0	0	(3,022)	(3,022)
Other comprehensive income, net of tax		0	0	(91)	20	(71)
Total comprehensive income for the year		0	0	(71)	(11,844)	(3,093)
Share options exercised	19	160	(160)	0	0	0
Recognition of share based remuneration	19	0	162	0	0	162
Balance at 31 March 2015		**504**	**1,281**	**(71)**	**(11,844)**	**(10,130)**
Loss for the year		0	0	0	(30,359)	(30,359)
Other comprehensive income, net of tax		0	0	(35)	0	(35)
Total comprehensive income for the year		0	0	(35)	(30,359)	(30,394)
Share options exercised	19	240	(233)	0	0	7
Recognition of share based remuneration	19	0	486	0	0	486
Balance at 31 March 2016		**744**	**1,534**	**(106)**	**(42,203)**	**(40,031)**

The notes on pages 18 to 38 form part of and should be read in conjunction with these financial statements

Volpara Health Technologies Ltd Group
Consolidated Statement of Financial Position
as at 31 March 2016

	Notes	2016 NZ$'000	2015 NZ$'000
Non-current assets			
Fixtures and equipment	13	49	43
Patents and trademarks	14	2	2
Total non-current assets		51	45
Current assets			
Cash and cash equivalents	11	277	3,719
Trade and other receivables	12	1,170	597
Total current assets		1,447	4,316
Total assets		**1,498**	**4,361**
Equity			
Ordinary shares	16	744	504
Share option reserve	19	1,534	1,281
Accumulated losses		(42,203)	(11,844)
Foreign currency translation reserve		(106)	(71)
Total net deficit		**(40,031)**	**(10,130)**
Non-current liabilities			
Convertible preference shares	17	0	14,105
Total non-current liabilities		0	14,105
Current liabilities			
Deferred revenue		144	0
Employee Benefits		110	121
Trade and other payables	15	1,164	265
Convertible preference shares	17	40,111	0
Total current liabilities		41,529	386
Total liabilities		**41,529**	**14,491**
Total equity and liabilities		**1,498**	**4,361**

The notes on pages 18 to 38 form part of and should be read in conjunction with these financial statements

Volpara Health Technologies Ltd Group
Consolidated Cash Flow Statement
for the year ended 31 March 2016

	Notes	2016 NZ$'000	2015 NZ$'000
Cash flows used in operating activities			
Receipts from customers		2,409	2,080
Interest received		65	79
Payments to suppliers and employees		(5,880)	(4,472)
Interest paid		(3)	(19)
Net taxes received/(paid)		(21)	(3)
Net cash used in operating activities		**(3,430)**	**(2,335)**
Cash flows used in investing activities			
Purchases of Property, Plant and Equipment		(24)	(33)
Net cash used in investing activities		**(24)**	**(33)**
Cash flows from financing activities			
Proceeds from issue of convertible preference shares		0	5,188
Insurance financing plan		5	0
Share options exercised		7	0
Net cash from financing activities		**12**	**5,188**
Net (decrease)/increase in cash and cash equivalents		(3,442)	2,820
Cash and cash equivalents as at 1 April		3,719	886
Effects of currency translation on cash and cash equivalents		0	13
Cash and cash equivalents at the end of the year	11	**277**	**3,719**

The notes on pages 18 to 38 form part of and should be read in conjunction with these financial statements

Volpara Health Technologies Ltd Group
Reconciliation of Net Operating Cash Flows to Loss
for the year ended 31 March 2016

	2016 NZ$'000	**2015 NZ$'000**
Net cash flows used in operating activities	(3,430)	(2,335)
Loss for the year	(30,359)	(3,022)
Adjustments for:		
Depreciation	18	16
Net foreign exchange (gain)/loss	(40)	(84)
Quasi dividend entitlement on convertible preference shares	1,389	908
Loss on fair value revaluation of convertible preference shares	24,617	0
Share based remuneration expense	486	162
Net Cash Deficit	(3,889)	(2,020)
Movement in working capital:		
(Increase) in trade and other receivables	(573)	(337)
Increase/(decrease) in employee benefits	(11)	54
Increase in deferred revenue	144	0
Increase/(decrease) in trade and other payables	899	(32)
Total cash used in operating activities	**(3,430)**	**(2,335)**

The notes on pages 18 to 38 form part of and should be read in conjunction with these financial statements

1. Reporting entity

Volpara Health Technologies Limited (the Company) is a limited liability company incorporated in New Zealand. Its principal place of business is Level 12, 86 Victoria St, Wellington 6011, New Zealand. Its registered office is Miller Dean CA Limited, Level 5, 203-209 Willis Street, Wellington 6142, New Zealand.

Volpara Health Technologies Limited (formerly Matakina Technology Limited) is a profit-oriented company incorporated under the Companies Act 1993 and domiciled in New Zealand. Since balance date it has listed its shares on the Australian Stock Exchange (ASX) (refer Note 24). The Company's principal sales and services are in the medical device software industry. The consolidated financial statements of the Group for the year ended 31 March 2016 comprise Volpara Health Technologies Ltd and its subsidiaries (the Group). The financial statements have been prepared in accordance with the requirements of the Companies Act 1993.

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP'), International Financial Reporting Standards ("IFRS"), New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS') and other applicable Financial Reporting Standards as appropriate for Tier 1 for-profit entities.

The financial statements were authorised for issue by the Directors on 31 May 2016.

2. Summary of accounting policies

Basis of preparation

Unless otherwise stated the measurement basis adopted is that of historical cost.
Unless otherwise stated the functional and presentation currency is New Zealand Dollars (NZ$).

The amounts presented in this report have been rounded to the nearest $1,000.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accounting policies set out below have been applied in preparing consolidated financial statements for the year ended 31 March 2016 and the comparative information presented in these financial statements for the year ended 31 March 2015. Where necessary comparative figures have been reclassified to correspond with current year classifications.

Significant accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements:

a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group, being Volpara Health Technologies Limited and its subsidiaries Volpara Solutions Limited, Volpara Solutions, Inc. and Matakina UK Limited. Subsidiaries are entities which are controlled by the Company. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Consistent accounting policies are employed in the preparation and presentation of the Group financial statements.

b) Revenue recognition

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract, with deferred revenue recorded as a liability in the statement of financial position. The stage of completion of the contract is determined as follows:

- installation fees are recognised by reference to the stage of completion of the installation, determined as the proportion of the total time expected to install that has elapsed at the end of the reporting period; and
- servicing and maintenance fees are recognised by reference to the proportion of the contract that has been completed within the respective period.

Dividend income from investments is recognised when the right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is recognised using the effective interest method.

(c) Foreign currencies

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into NZ$ using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the rates of exchange prevailing at the dates of the transactions. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (Foreign Currency Translation Reserve).

All foreign currency transactions during the year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date.

Exchange differences are recognised in profit or loss in the period in which they arise.

d) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred are recognised in profit or loss in the period in which it becomes reasonably certain that the Group will comply with the conditions attached to them and that the grants will be received.

e) Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

f) Share-based payment arrangements

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 19.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

g) Fixtures and equipment

Fixtures and equipment are stated at cost less depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method or the diminishing value method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Regarding the calculation of depreciation, the useful life of 1.5 - 7 years is used for all fixtures and equipment. Depreciation of fixtures and equipment is calculated using diminishing value or straight line as to reflect the cost of the assets over their useful lives. The rates are as follows:
- Computers and computer equipment: straight line rates of 17.5% - 40% and diminishing value rates of 40% - 60%
- Furniture and equipment: straight line rates of 8.5% - 30% and diminishing value rates of 8% - 60%.

h) Intangible assets

Patents and trademarks are internally generated intangible assets.

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Costs that are directly associated with the development of software products owned by the Group are recognised as intangible assets where the following requirements have been met:

- it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- the directors intend to complete the intangible asset and use or sell it;
- there is an ability to use or sell the intangible asset;
- it can be demonstrated how the intangible asset will generate probable future economic benefits;
- there is availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- there is an ability to reliably measure the expenditure attributable to the intangible asset during its development.

Development costs that are directly attributable to the design and testing of an identifiable product are recognised as intangible assets if they meet the recognition criteria listed above. The recognition criteria for capitalising development costs are set on the commercial viability and success of the product being developed. Costs that are capitalised to intangible assets include directly attributable costs incurred on the intangible assets such as wages and subcontractor costs. Otherwise, the costs of development activities are expensed as incurred.

Development costs previously recognised as expenses are not recognised as assets in a subsequent period.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives for current and comparative periods are as follows:
- patents and trademarks: 3-20 years
- development costs: 2-5 years

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

i) Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount and an impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years and a reversal of an impairment loss is recognised immediately in profit or loss.

j) Provisions

Provisions are recognised when the Group has a present obligation (legal) as a result of a past event, where it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions for warranty costs are recognised at the date of sale of the relevant products, at the Directors' best estimate of the expenditure required to settle the Group's obligation.

k) Financial assets

Loans and receivables are measured at amortised cost using the effective interest method less any impairment.

Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate.

When a trade receivable is uncollectible, it is written off against the allowance account. A trade receivable is deemed to be uncollectible upon notification of insolvency of the debtor or upon receipt of similar evidence that the Group will be unable to collect the trade receivable.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed.

l) Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements.

Transaction costs relating to the issue of equity instruments are deducted from equity when the instrument is issued.

Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the issue of financial liabilities (other than financial liabilities at fair value through profit or loss) are deducted from the fair value of the financial liabilities on initial recognition. Transaction costs directly attributable to the issuance of financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Subsequent to initial recognition, financial liabilities are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit or loss over the period of the financial liability using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate, a shorter period, to the net carrying amount of the financial liability.

Where a financial liability is classified at fair value through profit or loss but cannot be reliably measured, it is recorded at cost.

Trade payables and other accounts payable are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services.

Interest expense is accounted for using the effective interest method.

m) Goods and Services Tax

All balances are presented net of Goods and Services Tax (GST), except for receivables and payables which are presented inclusive of GST.

n) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible on other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred taxes are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Quasi Dividend Entitlements (QDE) on convertible preference shares are considered to be non-deductible expenses in respect of taxable profit and losses.

o) Convertible Preference Shares

The Group has classified the convertible preference shares as a current liability due to the contractual arrangement with convertible preference shareholders.

The convertible preference shares are measured at fair market value. Refer to note 17 Convertible preference shares for further details on the convertible preference shares.

p) Going concern

The Group recorded an operating loss of $4,495,000 and a net loss of $30,359,000 for the year ended 31 March 2016 (31 March 2015: $3,022,000). At 31 March 2016, due to the $40,111,000 worth of Convertible Preference Shares (CPS) and Quasi Dividend Entitlements (QDE) being classified as debt, the Group had negative equity of $40,031,000 (31 March 2015: $10,130,000). Subsequent to balance date the convertible preference shares (CPS) have been converted to equity and a further $10,799,000 in equity has been raised upon the initial public offering (IPO) on 27 April 2016. The financial statements have been prepared using the going concern assumption.

The considered view of the Directors of Volpara Health Technologies Limited is that, after making due enquiry and after having regard to the circumstances which they consider reasonably likely to affect the Group during the period of one year from the date these financial statements are approved, and to circumstances which they believe will occur after that date which could affect the validity of the going concern assumption, the going concern assumption is valid.

The Group has prepared forecasts which indicate that cash on hand at the period end, combined with cash flow as a result of operations, as well as additional capital raised following listing the Group via an initial public offering (IPO) on the Australian Stock Exchange on 27 April 2016, will enable the Group to continue operating and satisfy its going concern requirements.

Refer to note 24 Events occurring after balance sheet date for an outline of the impact of the IPO on the pro-forma finacial statement as if it happened at 31 March 2016.

While the Directors believe in the Group's ability to continue as a going concern, as is common with early stage businesses there is uncertainty as to the extent of future profits, if any, and the time required to achieve a sustained profitability. The Group's ability to operate profitably in the future will depend in part on whether it is able to grow its own direct sales force and/or develop an international distribution network on appropriate terms. If the Group fails to penetrate, or further penetrate, the international markets for its products, the Group may never become profitable or achieve commercial sales levels within the timeframe set out in the Group's forecasts and thereby the cash flow required to operate as a going concern, prior to utilisation of current and any future available cash resources.

Notwithstanding the above, the Directors are confident that the Group remains a going concern and are confident of being able to raise further share capital, or raise further debt funding or reduce variable operating costs to a level which would enable the Group to continue operating and satisfy its going concern requirements.

If the Group was unable to continue as a going concern, and pay debts as, and when, they become due and payable, adjustments would have to be made to reflect the situation. In such circumstances, assets may need to be realised, and liabilities extinguished, other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the Consolidated Statement of Financial Position.

q) Segment reporting

An operating segment is a component of an entity that engages in business activities which earns revenue and incurs expenses, and for which the Chief Operating Decision Maker (CODM) reviews the operating results on a regular basis and makes decisions on resource allocation. The Group has determined its CODM to be the Group's Board of Directors on the basis that it is this group that determines the allocation of resources to segments and assesses their performance.

The reportable operating segments of the Group have been determined based on the components of the Group that the CODM monitors in making decisions about operating matters. Such components have been identified on the basis of internal reports that the CODM reviews regularly in order to allocate resources and to assess the performance of the entity.

r) Change in accounting policy

The Convertible Preference Shares (CPS) contained multiple embedded derivatives and were therefore classified as at fair value through profit or loss. They were previously classified at cost because it was not possible to reliably measure their fair value due to the variability in the range of estimates. During the current period, the fair value became reliably measurable due to the underwriting agreement which was entered into in preparation for the initial public offering of the ordinary shares. It's not possible to restate the opening balance for the prior period because they were not able to be reliably measured.

s) Critical judgements in applying accounting policies

In regards to sales and service revenue recognition, the Directors have considered the criteria for the recognition of revenue from the sale of goods set out in NZ IAS 18 and, in particular, whether the Group had transferred to the buyer the significant risks and rewards of ownership of the goods. In respect of service and support agreements, the directors are satisfied as to the stage of completion of the services and that recognition of the revenue in the current year is appropriate.

In regards to valuing share options, these are priced using a Black-Scholes pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations. Expected volatility is based on the historical share price volatility of NASDAQ listed companies in the biomedical field over the past 5 years.

t) Key sources of estimation uncertainty

There are currently no sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

u) Leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Operating leases relate to leases of property with lease terms of between 3 and 5 years where the Group does not have an option to purchase the lease land at the expiry of the lease periods.
The Group doesn't have any finance leases.

v) Standards issued but not yet effective

NZ IFRS 9 Financial Instruments replaces the existing guidance in NZ IAS 39 Financial Instruments: Recognition and Measurement. It includes a framework for classification and measurement of financial instruments and an expected loss impairment model.

This standard is effective for annual reporting periods beginning on or after 1 January 2018. It is not expected to have a significant impact on the financial statements.

NZ IFRS 15 Revenue from Contracts with Customers established a comprehensive five-step model to be applied to all contracts with customers. The five steps in the model are as follows:

- identify the contract with the customer;
- identify the performance obligations in the contract;
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract; and
- recognise revenue when (or as) the entity satisfies a performance obligation.

This standard, which becomes effective for annual periods commencing on or after 1 January 2018, is not expected to have a significant impact on the financial statements.

NZ IFRS 16 Leases establishes a single lease accounting model for lessees whereby most leases are recognised on balance sheet.
NZ IFRS 16 is effective for annual reporting periods beginning on or after 1 January 2019, and is not expected to have a significant impact on the financial statements.

w) Transition to NZ IFRS

The Group has fully transitioned to NZ IFRS from New Zealand Equivalents to International Financial Reporting Standards with Differential Reporting Recognition, Measurement and Disclosure Concessions as at 31 March 2016. This transition has had no material impact on the disclosures or on the amounts recognised in the consolidated financial statements, with the exception that a consolidated cash flow statement is now presented, deferred tax balances are now accounted for in accordance with NZ IAS 12: Income Taxes, earning per share has been calculated and accounting policies have been updated. In addition to this a related party disclosure has also been made in accordance with NZ IAS 24 (refer Note 23).

As part of the transition to NZ IFRS, previously available exemptions from New Zealand equivalent to International Accounting Standard 38: Intangible Assets (NZ IAS 38) to expense all research and development costs are no longer available. However, no internally generated intangible assets have been recognised as the Directors consider that the recognition criteria of NZ IAS 38 were not fully met at the date the expenditure were incurred.

3. Sales

	2016 NZ$'000	2015 NZ$'000
Product hardware revenue	15	2
Product installation and training fees	100	19
Product software revenue	2,304	1,771
Support/service revenue	99	132
	2,518	1,924

4. Grants

	2016 NZ$'000	2015 NZ$'000
Callaghan Innovation (R&D Careers grant)	30	151
European Commission (ASSURE project)	66	334
Total income	96	485

For Government grants received from Callaghan Innovation, there is a restriction that the research and development centre of the Group remains domiciled in New Zealand, which has been the case throughout the year and to date. EU grants have no restrictions.

5. Segment information

The Group operates in a single segment, the sale of a single suite of medical device software products. Revenues were derived from external customers in the following principal geographic areas:

	2016 NZ$'000	2015 NZ$'000
America and South America	2,311	1,606
Europe	88	168
Asia and Middle East	112	150
Australia and New Zealand	7	0
	2,518	1,924

In the year ended 31 March 2016 one customer accounted for more than 10% of revenue, totalling $542,484 (March 2015, one customer accounted for more than 10% of revenue, totalling $662,004). All non-current assets are based in New Zealand.

6. Other expenses

Material other expenses from the Consolidated Statement of Comprehensive Income comprise:

	Note	2016 NZ$'000	2015 NZ$'000
Audit and review of financial statements - Deloitte	7	76	19
Defined contribution plans		156	95
Depreciation	13	18	16
Donations		10	3
Marketing and sales		826	656
Operating lease expense	21 b	92	61
Research and development costs		421	299

7. Auditor remuneration

	2016 NZ$'000	2015 NZ$'000
Audit and review of financial statements - Deloitte	76	19
Services in relation to initial public offering and raising of additional capital	28	0
Other non-audit services	4	3
Total fees paid to auditor	108	22

8. Net finance income/(expense)

	2016 NZ$'000	2015 NZ$'000
Interest income	65	79
Interest expense	(3)	(19)
Foreign exchange gain	80	136
QDEs on convertible preference shares	(1,389)	(908)
	(1,247)	(712)

Subsequently, the QDE has been settled through the issue of additional ordinary shares.

9. Income tax expense

	2016 NZ$'000	2015 NZ$'000
Current tax		
Income tax payable/(refundable)	7	7
Reconciliation of effective tax rate		
Loss before income tax	(30,359)	(3,022)
Prima facie taxation at 28% (2015: 28%)	(8,501)	(846)
less tax effect		
permanent differences	7,282	254
	(1,219)	(592)
Deferred tax not recognised	1,219	592
Tax expense	0	0
Represented by		
Current tax	0	0
Deferred tax	0	0
Income tax expense	0	0
Accumulated tax losses		
Balance at beginning of period	8,244	6,337
Tax loss for period	3,731	1,907
Balance at end of period	11,975	8,244

The availability of unrecognised tax losses to apply against future income is contingent upon future profitability and maintaining a minimum level of shareholder continuity and is therefore uncertain.

	2016 NZ$'000	2015 NZ$'000
Imputation credits		
Imputation credit account balances	7	7
	7	7

10. Earnings per share

Basic earnings per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential ordinary shares. The Group has potential ordinary shares in the form of share options and convertible preference shares, however as these are anti-dilutive the earnings per share and diluted earnings per share are the same.

	2016	2015 (adjusted)
Loss after Income tax attributable to shareholders	(30,359,000)	(3,022,000)
Ordinary number of shares	30,056,265	27,756,156
Weighted average number of shares on issue	28,197,273	26,436,136
Basic earnings/(loss) per share	(1.08)	(0.11)
Diluted earnings/(loss) per share	(1.08)	(0.11)

Adjustments to the 2015 shares have been made to ensure comparability with the 3:1 share split completed during the year ended 31 March 2016.
On 25 February 2016, it was resolved by the Directors that all convertible preference shares on issue (including all Quasi-Dividend Entitlements) would automatically convert to fully paid ordinary shares in the Company on a one-for-one basis on the allotment date under the IPO.

11. Cash and cash equivalents

	2016 NZ$'000	2015 NZ$'000
Cash at bank and on hand	273	410
Short term deposits	4	3,309
	277	3,719

Short term deposits require a 90 day notice period to access.

12. Trade and other receivables

	2016 NZ$'000	2015 NZ$'000
Trade receivables	952	592
Allowance for doubtful debts	(6)	0
Net trade receivables	946	592
Prepaid expenses	224	5
	1,170	597

13. Fixtures and equipment

	2016 NZ$'000	2015 NZ$'000
Cost		
Opening balance	114	81
Additions	24	33
Closing balance	138	114
Depreciation and impairment		
Opening balance	71	55
Depreciation	18	16
Closing balance	89	71
Net book value	49	43

14. Patents and trademarks

	2016 NZ$'000	2015 NZ$'000
Gross carrying amount	2	2
Accumulated amortisation and impairment	0	0
Net carrying amount	2	2

15. Trade and other payables

	2016 NZ$'000	2015 NZ$'000
Trade payables	856	148
Accrued expenses	308	117
	1,164	265

The average credit period on purchases is 60 days. No interest is charged on the trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

16. Issued capital

Ordinary shares value:	2016 NZ$'000	2015 NZ$'000
In issue at 1 April 2015	504	344
Exercise of share options	240	160
In issue at 31 March – fully paid	744	504

Ordinary shares number:	2016	2015
In issue at 1 April 2015	9,252,052	8,795,795
Exercise of share options	766,703	456,257
Effect of 3:1 share split	20,037,510	0
In issue at 31 March – fully paid	30,056,265	9,252,052

The shares have no par value and each share has equal rank in voting power and any dividends distributed. All ordinary shares rank equally with regard to the Company's residual assets.

On 25 February 2016, the Directors resolved to reconstruct the capital of the Group by way of a 3:1 share split with the effect that all ordinary and Convertible Preference Share (CPS) holders will hold 3 times the number of shares they held previously at that date.

766,703 ordinary shares were issued as a result of the exercise of options - 594,879 of which were exercised at $0.01 and 171,824 of which were exercised at a combination of $0.01 and $0.001 per option (2015: 456,257 shares at $0.001).

17. Convertible preference shares

Convertible Preference Shares Value:	2016 NZ$'000	2015 NZ$'000
Opening Convertible Preference Shares	14,105	8,009
Issue of Convertible Preference Shares	0	5,188
Quasi dividend entitlement (QDE)	1,389	908
Loss on fair value revaluation	24,617	0
	40,111	14,105

Convertible Preference Shares Number:	2016	2015
Opening Convertible Preference Shares	17,491,438	13,598,731
Issue of Convertible Preference Shares	6,645,634	3,892,707
Effect of 3:1 share split	48,274,144	0
	72,411,216	17,491,438

The terms and conditions of the Convertible Preference share deed state that Convertible Preference Shareholders are entitled to a QDE calculated on the amount invested multiplied by 8% per annum (compounding monthly). If converted, the QDE is settled through the issue of additional ordinary shares. If redeemed, the QDE is paid in cash based on the original amount invested plus 8% per annum (compounding monthly). These amounts have been accrued as a finance expense in the Consolidated Statement of Comprehensive Income.

The Convertible Preference Shares are convertible into ordinary shares at any time at the option of the holder or automatically on the occurrence of an initial public offering (IPO) of shares in the Company. These have subsequently been converted on 27 April 2016. The conversion rate was variable.

The Convertible Preference Shares are also redeemable for cash if there is an Exit Event (e.g. trade sale or a sale of 100% of the shares on issue) or at 6 years from the first issue of the Convertible Preference Shares (with the redemption at June 2016).

On 25 February 2016, the Directors resolved to reconstruct the capital of the Group by way of converting all accrued QDE's, at a variable rate, according to the original agreement as at 31 March 2016 and then by performing a 3:1 share split with the effect that all ordinary and CPS holders will hold 3 times the number of shares they held previously at that date.

The CPS's were previously carried at cost because it was not possible to reliably measure their fair value due to the variability in the range of estimates. During the current period, the fair value became reliably measurable due to the underwriting agreement which was entered into in preparation for the initial public offering of the ordinary shares.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction, regardless of whether that price is directly observable or estimated using another valuation technique.

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - fair value measurements are those defined from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3 - fair value measurements are those derived from valuation techniques that include inputs from the asset or liability that are not based on observable market data (unobservable inputs).

The CPS's, a financial liability, are measured at fair value at the end of each reporting period. The fair value of the CPS's was determined using the following significant inputs:

- Number of CPS's outstanding at year-end: 72,411,216
- Fully underwritten share price per the prospectus dated 24 March 2016: AU$0.50 translating to NZ$0.56.

There were no other significant inputs.

The CPS's are classified as Level 2 financial instruments as the share price was not quoted on an active market at 31 March 2016 but was observable. The prospectus was issued on 24 March 2016 and contained reference to the underwriting agreement.

18. Subsidiaries

Name of entity	2016 Ownership%	2015 Ownership%
Volpara Health Technologies Ltd (parent entity in NZ)	N/A	N/A
Volpara Solutions Ltd (NZ)	100%	100%
Matakina UK Ltd	100%	100%
Volpara Solutions, Inc. (USA)	100%	100%

The entities in the Group all have a balance date of 31 March, except for Volpara Solutions, Inc. (formerly Matakina USA, Inc.) which has a balance date of 31 December. This is to align the financial year of Volpara Solutions, Inc. with the tax year in the USA. However, for the purposes of the Group's consolidated financial statements the accounts from the period of 1 April 2015 to 31 March 2016 are used.
Volpara Health Technologies Ltd (the Company) is the parent entity of the Group. The principal activities of the subsidiaries are as follows; Volpara Solutions Ltd and Volpara Solutions, Inc. are distributors of Volpara products and Matakina UK Ltd is a non-trading company.

19. Share based remuneration

Legacy Options
The Group has an ownership-based compensation scheme for senior employees of the Company and its subsidiaries. In accordance with the terms of the plan, as approved by shareholders at a previous annual general meeting, executives and senior employees may be granted options to purchase ordinary shares at exercise prices ranging from $0.0003 to $0.47 per ordinary share.

Each employee share option converts into one ordinary share of Volpara Health Technologies Limited on exercise. The options carry neither rights to dividends nor voting rights. Options can either be exercised 30 days prior to expiry or at the time of an exit event, or after a listing of shares on a public stock exchange. Options vest upon satisfying the condition of continued employment with Volpara Health Technologies Limited Group for the service period specified in the contract (range from 1 to 3 years) or in some cases on the completion of a successful initial public offering.

The options granted expire within 5-10 years of their issue or on termination of employment within the vesting period, whichever occurs first.

On 25 February 2016, the Directors resolved to reconstruct the capital of the Group by way of a 3:1 share split with the effect that all share option holders will hold 3 times the number of options they held previously at that date.

The key terms and conditions related to the grants under these programs are as follows; all options are to be settled by the issue of ordinary shares

Grant date/employees entitled	Number of instruments	Vesting conditions	Contractual life of options
Options granted to directors			
2015	451,872	Monthly over a period of 20 months' service from grant date	10 years
2016	720,000	Upon IPO	10 years
2016	600,000	Annually over a period of 2 years' service from grant date	10 years
2016	450,000	Annually over a period of 3 years' service from grant date	5 years
Options granted to key management personnel			
2010	374,400	Quarterly over a period of 1 year's service from grant date	10 years
2010	249,600	1 year's service from grant date	10 years
2011	1,483,368	Monthly over a period of 1 year's service from grant date	10 years
2012	1,064,967	Monthly over a period of 1 year's service from grant date	10 years
2012	450,000	Monthly over a period of 1 years' service from grant date	10 years
2013	97,500	Monthly over a period of 6 months' service from grant date	10 years
2013	95,740	Annually over a period of 2 years' service form grant date	10 years
2014	130,000	Monthly over a period of 8 months' service from grant date	10 years
2015	48,750	No vesting period	10 years
2015	390,000	1 year's service from grant date	10 years
2016	1,350,000	Annually over a period of 3 years' service from grant date	5 years
Options granted to senior employees			
2010	249,600	1 year's service from grant date	10 years
2010	499,200	Quarterly over a period of 1 year's service from grant date	10 years
2013	806,803	Annually over a period of 2 years' service from grant date	10 years
2014	225,000	Annually over a period of 2 years' service from grant date	10 years

Options granted to senior contractors

2010	99,840	Monthly over a period of 5 months' service from grant date	10 years
2011	95,996	1 year's service from grant date	10 years
2011	446,430	Vesting annually over a period of 5 years' service from grant date	10 years
2012	55,670	No vesting period	10 years
2014	192,000	Quarterly over a period of 1 year's service from grant date	10 years
Total share options	**10,626,736**		

The expense recognised for the year ended 31 March 2016 for the share options was $461,000 (March 2015: $162,000).

The share option reserve arises on recognition of the share-based payment expense. Amounts are transferred out of the reserve and into issued capital when the options are exercised.

The number and weighted-average exercise prices of share options under the share option programmes were as follows.

	Number of options 2016	**Weighted-average exercise price 2016**	**Number of options 2015**	**Weighted-average exercise price 2015**
Outstanding at 1 April	10,586,845	0.11	10,373,046	0.05
Granted during the year	3,120,000	0.27	1,670,622	0.45
Exercised during the year	(2,300,109)	0.01	(1,368,771)	0.0003
Forfeited during the year	(780,000)	0.47	(88,052)	0.16
Outstanding balance at year end	10,626,736	0.23	10,586,845	0.11
Vested at 31 March	7,203,043		8,889,981	

The options outstanding at 31 March 2016 had an exercise price in the range of $0.0003 to $0.47 (2015: $0.003 to $0.47) and a weighted-average contractual life of 6.3 years (2015: 6.85 years). Adjustments to share options were made to ensure comparability with the 3:1 share split completed on 25th February 2016.

The share option reserve in the prior year has been restated through a transfer from the share option reserve to share capital in line with the accounting policy.

The following share-based payment arrangements were in existence during the current and previous years.

Grant Year (Financial Year)	Number of options granted	$ Exercise Price	Expire Date	$ Fair value at grant date
2010**	3,353,274	0.003	2020	0.08
2011	3,090,873	0.003	2021	0.12
2011*	892,860	0.08	2021	0.10
2012	1,251,066	0.003	2022	0.15
2012*	577,659	0.16	2022	0.12
2013	166,805	0.003	2023	0.31
2013*	670,206	0.16	2023	0.21
2013	360,000	0.31	2023	0.15
2014	207,006	0.0003	2024	0.34
2014	372,000	0.31	2024	0.16
2014	45,000	0.33	2024	0.15
2015	48,750	0.0003	2025	0.47
2015***	1,170,000	0.46	2025	0.20
2015	451,872	0.47	2025	0.20
2016	1,320,000	0.0003	2026	0.47
2016	1,800,000	0.47	2021	0.06
Total	**15,777,371**			
Less forfeited and exercised	**(5,150,635)**			
Total share options	**10,626,736**			

Adjustments to share options were made to ensure comparability with the 3:1 share split completed on 25th February 2016.

*The 2011 options granted at $0.08 include 446,430 options that were forfeited in the 2011 financial year and the 2012 options granted at $0.16 include 31,914 options that were forfeited in the 2013 financial year and 127,659 options that were forfeited in the 2014 financial year. These options were forfeited due to continued employment conditions not being met.
**The 2010 options include the 1,368,771 options that were exercised in 2015 and 2,300,109 options that were exercised in the 2016 financial year.
***The 2015 options granted at $0.46 include 780,000 options that were forfeited in the 2016 financial year.

The weighted average fair value of the share options granted during the year ended 31 March 2016 is: $0.47. Options were valued using a Black-Scholes options model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations. Expected volatility is based on the historical share price volatility of NASDAQ listed companies in the biomedical field over the past 5 years.

Option series	2016	2015
Grant date share price	$0.40 - $0.47	$0.47
Exercise price	$0.0003-$0.47	$0.0003-$0.47
Expected volatility	50%	50%
Option life	5 - 10 years	10 year
Dividend yield	0%	0%
Risk-free interest rate	2.17% - 3%	3.29%
Expected life	4 years from grant date	3 years from grant date

New Employee Share Option Plan (ESOP)

On 16 March 2016, the Directors resolved to issue share options to employees under a new Employee Share Option Plan (ESOP) at an exercise price of AUD $0.50.

Each employee share option converts into one ordinary share of Volpara Health Technologies Limited on exercise. The options carry neither rights to dividends nor voting rights. Options can either be exercised either 30 days prior to expiry or at the time of an exit event. Options vest upon satisfying the condition of continued employment with Volpara Health Technologies Limited Group for the service period specified in the contract (range from 1 to 3 years).

The options granted expire on 7 years of their issue or on termination of employment within the vesting period, whichever occurs first.

Grant Year (Financial Year)	Number of options granted	$ Exercise Price AUD$	Expire Date	$ Fair value at grant date AUD$
2016*	5,236,000	0.50	2023	0.27

* None of the Employee Share Options granted in 2016 have vested.

Option series	2016 AUD$	2015 AUD$
Grant date share price	$0.50	N/A
Exercise price	$0.50	N/A
Expected volatility	50%	N/A
Option life	5 - 10 years	N/A
Dividend yield	0%	N/A
Risk-free interest rate	2.48%	N/A
Expected life	7 years from grant date	N/A

	Number of options 2016	Weighted-average exercise price 2016 AUD$	Number of options 2015	Weighted-average exercise price 2015 AUD$
Outstanding at 1 April	0	0	N/A	N/A
Granted during the year	5,236,000	0.50	N/A	N/A
Exercised during the year	0	0	N/A	N/A
Forfeited during the year	0	0	N/A	N/A
Outstanding balance at year end	5,236,000	0.50	N/A	N/A

The key terms and conditions related to the grants under these programs are as follows; all options are to be settled by the issue of ordinary shares.

Grant date/employees entitled	Number of instruments	Vesting conditions	Contractual life of options
Employee share Options granted to directors			
2016	600,000	Annually over a period of 5 years' service starting 2 years from grant date	7 years
Employee Share Options granted to management			
2016	2,440,000	Annually over a period of 5 years' service starting 2 years from grant date	7 years
Employee Share Options granted to employees			
2016	2,196,000	Annually over a period of 5 years' service starting 2 years from grant date	7 years
Total share options	**5,236,000**		

The expense recognised for the year ended 31 March 2016 for the Employee Share Option Plan was $25,000.

20. Dividends

No Dividends have been declared or paid for the year ended 31 March 2016 (2015: Nil).

21. Commitments and contingencies

The following details commitments associated with the Group

a) Capital commitments

The Group has no capital expenditure commitments at balance date (2015: Nil).

b) Obligations under operating leases

The Group has the following obligations remaining on a commercial property lease:

	2016 NZ$'000	2015 NZ$'000
Less than one year	92	92
Between one and five years	49	141
More than five years	0	0

The obligation consists of a property lease agreement for the office space at Level 12, 86 Victoria Street, in Wellington, New Zealand. The lease agreement is for a term of 3 years and 2 months starting from 1 August 2014 and the Group has a right to renewal once this term is complete. An expense of $91,630 was recognised for this lease in the year ended 31 March 2016 (2015: $61,087).

c) Contingent liabilities

The directors are unaware of the existence of any claim or other contingencies that would have a material impact on the Company (2015: Nil).

22. Financial instruments

a) Capital management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, so that the Company can achieve its objectives of developing digital health solutions to enable personalised breast cancer screening software applications. In order to maintain or adjust the capital structure the Company has issued new shares.

The capital structure of the Group consists of convertible preference shares, cash and cash equivalents, and equity, comprising issued capital, share option reserve and retained earnings as disclosed in notes 16 and 17, in addition to the Statement of Changes in Equity.

The Directors review the capital structure on a semi-annual basis. As part of this review the Directors consider the cost of capital and the risks associated with each class of capital. The Directors will balance the overall capital structure through the payment of dividends and new share issues. The Group's overall strategy remains unchanged from 2015.

b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities.
The carrying amount of financial assets represents the maximum credit exposure.

The Company monitors the credit quality of its major financial institutions that are counter-parties to its financial statements and does not anticipate non-performance by the counter-parties. All financial institutions have a minimum credit rating of BBB+. The Company has not provided any guarantees or collateral and has no securities registered against its assets.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate. Further details of concentration of revenue are included in Note 5.

At 31 March 2016, the ageing of trade and other receivables that were not impaired was as follows:

	2016 NZ$'000	2015 NZ$'000
Neither past due nor impaired	752	564
Past due 60–90 days	117	28
Past due 91–120 days	83	0
	952	592

The average credit period on sales of goods and services is 60 days. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the consolidated statement of comprehensive income.

c) Concentrations of credit risk

The Company does not have any significant concentrations of credit risk apart from its deposits with large and reputable banks and as outlined in Note 5.

d) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Directors, which has established an appropriate liquidity risk management framework for the management of the Group's short-, medium- and long-term funding and liquidity requirements. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

All financial liabilities are due for payment in less than 12 months, except for the Convertible Preference Shares in the prior year that were due in more than 12 months. Refer to Note 17 for further details regarding the Convertible Preference Shares.

e) Interest rate risk

There is interest rate risk on interest received on cash and none on the Convertible Preference Shares which accrue QDE's at a fixed rate of 8% per annum (compounded monthly).

f) Foreign exchange risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Group trades to a significant extent in US$, and as a result exposures to exchange rate fluctuations arise. It is the projected policy of the Group to enter into forward foreign exchange contracts to cover US$ currency payments and receipts within 70% to 80% of the exposure generated. Currently the Group does not enter into hedging arrangements.

The following table details the Group's sensitivity to a 10% increase and decrease in the NZ dollar against the US dollar. There are no other currencies in which the Group holds material assets or liabilities.

10% is the rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of a reasonably possible change in foreign currency rates.

The amount below indicates an increase in profit or equity where the US dollar strengthens by 10% against the NZ dollar and a decrease in profit or equity where the US dollar weakens by 10% against the NZ dollar.

	Currency Impact	
	2016	**2015**
	NZ$'000	**NZ$'000**
Profit and loss impact	38	36

g) Fair values

The estimated fair values of the financial instruments do not differ materially from the carrying values. (Refer Note 17)

23. Related party disclosures

The remuneration of Directors and other members of key management personnel, during the period was as below. The key management personnel includes Directors, Chief Executive Officer (CEO) and those executives that report directly to the CEO.

	2016	**2015**
	NZ$'000	**NZ$'000**
Salaries and other short term benefits	743	540
Defined contribution plans	31	15
Directors' fees paid	118	14
Directors' fees for IPO due diligence	32	0
Share based remuneration	476	92
	1,400	661

Compensation of the Group's key management personnel includes salaries, non-cash benefits and contributions to a post-employment benefit plan (these items are included in the salaries and other short term benefits). There are no outstanding amounts payable to Directors or key management personnel as at 31 March 2016.

During the year, group entities did not enter into any trading transactions with related parties that are not members of the Group.

Directors	
Roger Allen	Director (non-executive)
Ralph Highnam	Executive director and CEO
Sir John Michael Brady	Director (non-executive)
John Pavlidis	Director (non-executive)
John Diddams	Director (non-executive)
Lyn Swinburne	Director (non-executive)

24. Events occurring after balance sheet date

On 27 April 2016, Volpara Health Technologies Limited completed an IPO (Initial Public Offering) of 20 million shares of its ordinary stock at a price of AUD$0.50 per share for an aggregate offering price of AUD$10 million. The company received approximately AUD$9.6 million in net proceeds from the IPO after the payment of fees and expenses of approximately AUD$0.4 million. The proceeds are being used for expansion of sales and marketing infrastructure, development , product innovation and working capital.

The IPO by the Company, the receipt of proceeds and the use of proceeds received by the Company are not reflected in the Company's financial statements as of 31 March 2016. Presented below is the unaudited pro forma condensed consolidated statement of financial position as at 31 March 2016, as if the IPO had occurred at that date.

Volpara Health Technologies Ltd Group
Proforma Consolidated Statement of Financial Position
as at 31 March 2016

	Notes	2016 NZ$'000	2016 NZ$'000 Pro-forma adjustments	2016 NZ$'000 Pro-forma
Non-current assets				
Fixtures and equipment		49	0	49
Patents and trademarks		2	0	2
Total non-current assets		51	0	51
Current assets				
Cash and bank equivalents	1	277	10,799	11,076
Trade and other receivables		1,170	0	1,170
Total current assets		1,447	10,799	12,246
Total assets		**1,498**	**10,799**	**12,297**
Equity				
Foreign currency translation reserve		(106)	0	(106)
Ordinary shares	2, 4	744	50,910	51,654
Accumulated losses	3	(42,203)	(448)	(42,651)
Share option reserve		1,534	0	1,534
Total Equity		**(40,031)**	**50,462**	**10,431**
Non-current liabilities				
Convertible preference shares	4	0	0	0
Total non-current liabilities		0	0	0
Current liabilities				
Deferred revenue		144	0	144
Employee benefits		110	0	110
Trade and other payables		1,164	448	1,612
Convertible preference shares		40,111	(40,111)	0
Total current liabilities		41,529	(39,663)	1,866
Total liabilities		**41,529**	**(39,663)**	**1,866**
Total equity and liabilities		**1,498**	**10,799**	**12,297**

Notes:

1. Cash and bank equivalents

Increase in cash from the offer of $10.79m through the issue to raise $10.8m (AUD$10m) less offer transaction costs.

2. Ordinary shares

Increase in contributed equity of $10.79m through the issue of shares by the company and the conversion of all CPS.

3. Accumulated losses

Increase due to the expensing of offer and listing costs which are not set off against issued capital.

4. Convertible Preference Shares

Conversion of all CPS: all outstanding CPS ($40.1m) were converted to ordinary shares in accordance with the terms of the CPS deed.

Share capital reconciliation

	Number of shares
Ordinary shares number	30,056,265
Convertible Preference Shares Number	72,411,216
Total share capital on issue prior to offer	102,467,481
Shares issued under offer	20,000,000
Total share capital after the offer	122,467,481

Companies Act 1993 Disclosures
for the year ended 31 March 2016

Entries recorded in the interest register

The Company maintains an Interest Register in accordance with the Companies Act 1993. The following are particulars of entries made in the Interest Register for the period 1 April 2015 to 31 March 2016

Director	Date	Interest
John Diddams	7/12/2015	**ASX Listed Companies:**
		Skydive the Beach Group Limited ACN 167 320 470 (ASX: SKB) - Non-executive Director and Shareholder
		Unlisted Public Companies:
		Economics Group Limited ACN 139 974 851 - Non-executive Director and Shareholder
		WYZA Limited ACN 074 775 572 - Non-executive Director and Shareholder
		Private Companies:
		Didross Investments Pty Ltd CAN 600 269 556 - Director and Shareholder
		Ecoholdco Pty Ltd CAN 154 706 868 - Director and Shareholder
		Galdarn Pty Ltd CAN 002 844 966 - Sole Director and Shareholder
		Out of Home Media Pty Ltd CAN 125 631 469 - Director and Shareholder
		The Sustainability Card Pty Ltd CAN 140 001 083 - Director and Shareholder
		Whitfield Investments Pty Ltd CAN 002 653 796 - Sole Director and Shareholder
		NFP Companies:
		House with No Steps ACN 001 813 403 - Non-executive Director (Deputy Chair)
		Sydney Ski Club ACN 000 265 430 - Non-executive Director (Hon Treasurer)
Lyn Swinburne		The Royal Women's Hospital Melbourne (Chair of the Board)

Employee remuneration

Remuneration and other benefits of $100,000 per annum or more received by employees (excluding company directors) in their capacity as employees during the period were as follows:

Range:	Number of employees
$120,001.00 to $130,000.00	1
$130,001.00 to $140,000.00	-
$140,001.00 to $150,000.00	1
$150,001.00 to $160,000.00	-
$160,001.00 to $170,000.00	-
$170,001.00 to $180,000.00	-
$180,001.00 to $190,000.00	-
$190,001.00 to $200,000.00	2
$200,001.00 to $210,000.00	1
$210,001.00 to $220,000.00	-
$220,001.00 to $230,000.00	-
$230,001.00 to $240,000.00	-
$240,001.00 to $250,000.00	2

Analysis of Shareholding at 25 May 2016

Holding distribution

Range	Securities	%	No. of holders	%
100,001 and over	113,097,870	92.35%	58	9.3%
10,001 to 100,00	7,160,745	5.85%	216	34.7%
5,001 to 10,000	1,698,501	1.39%	201	32.3%
1,001 to 5000	504,015	0.41%	140	22.5%
1 to 1000	6,371	0.005%	7	1.1%
Total	122,467,502	1	622	1

Twenty largest shareholders at 25 May 2016

Rank	Name	31-May-16	%IC
1	Patagorang Pty Ltd	20,467,848	16.713%
2	Dr Ralph Highnam	15,632,298	12.764%
3	Ms Tina Jennings	10,832,892	8.846%
4	Prof Sir Michael Brady	7,419,075	6.058%
5	Mr Marcus Sarner	5,980,404	4.883%
6	K One W One Ltd	5,579,673	4.556%
7	Prof Martin Yaffe	4,097,832	3.346%
8	Prof Nico Karssemeijer	3,556,806	2.904%
9	Custodial Services Ltd	3,290,337	2.687%
10	Mr David Kingston & Mr Christopher Darlow <Hood Family A/c>	3,255,606	2.658%
11	Sir Martin Francis Wood	2,551,530	2.083%
12	Lady Kathleen Audrey Wood	2,551,530	2.083%
13	Berne No 132 Nominees Pty Ltd	2,268,249	1.852%
14	Sir Martin Smith	1,966,641	1.606%
15	Mr Jeremy Palmer	1,966,317	1.606%
16	Hendry Nominees Ltd	1,908,795	1.559%
17	Custodial Services Ltd <Beneficiaries Holding A/c>	1,752,000	1.431%
18	Citicorp Nominees Pty Ltd	1,558,946	1.273%
19	J P Morgan Nominees Australia Ltd	1,467,261	1.198%
20	Tea Custodian (Milford) Ltd	1,199,271	0.979%
	Total	99,303,311	81.085%
	Balance of register	23,164,191	
	Grand total	122,467,502	

Restricted securities

In accordance with ASX requirements a summary of the shares on issue and escrowed shares subject to ASX trading restrictions from 27 April 2016 is as follows:

Fully paid ordinary shares (no ASX restriction)	24,901,196
Escrowed shares (12 month escrow)	11,864,514
Escrowed shares (24 month escrow)	52,009,914
Voluntary escrowed shares (12 month escrow)	33,691,878
Total shares on issue	122,467,502

6 CORPORATE DIRECTORY

Volpara Health Technologies Limited

Level 12, 86 Victoria Street
Wellington 6011
New Zealand

Registered office

Level 6, 22 Panama Street
Wellington 6011
New Zealand

Board of Directors

Roger Allen AM, Chairman
Dr Ralph Highnam, Executive Director, CEO
Professor Sir John Michael Brady, Non-Executive Director
John Pavlidis, Non-Executive Director
John Diddams, Non-Executive Director
Lyn Swinburne AM, Non-Executive Director

New Zealand Legal Adviser

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Te Aro, Wellington 6011

Australian Legal Adviser

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Auditor
Deloitte
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Boardroom Pty Limited
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ASX Code: VHT