

ASX Appendix 4E

Volpara Health Technologies Limited Preliminary Final Report for the year ending 31 March 2016

Results for announcement to the market

Details of Reporting Periods

Current:	1 April 2015 to 31 March 2016
Comparative:	1 April 2014 to 31 March 2015

Financial Results	March 2016 \$'000	March 2015 \$'000	Change
Total product revenue ("revenue from ordinary activities")	2,518	1,924	+30.8%
Net operating Profit/(loss) ("Profit/(loss) from ordinary activities after tax attributable to members")	(4,495)	(2,310)	94.5%
Total comprehensive Profit/(loss) for the period ("net profit/(loss) for the period attributable to members")	(30,359)	(3,022)	n/a

Brief Explanation of Revenue and Net Profit

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 for the previous four years.

Additional income from government grants was NZ\$96,000 (FY15 NZ\$485,000) taking total revenue to NZ\$2.6 million for FY16 and NZ\$2.4 million for FY15.

However, whilst the Operating Loss was as expected at \$4.5m, the total loss for the period was NZ\$30.3 million, due almost entirely to the accounting treatment of the Convertible Preference Shares (CPS) under NZ GAAP regulations, which characterise the CPS as debt, not equity. NZ GAAP accounting standards require that these debt instruments be "marked to market" and "fair valued" and whilst this was not possible at 31 December 2015, once the IPO was completed in March 2016 the standard called for that share value to be applied, which resulted in a revaluation loss of an additional \$24.6m and a corresponding liability was raised.

It should be noted that the \$24.6m is a non-cash loss and that following the IPO, the entire \$40.1m CPS liability on the balance sheet will be extinguished and converted to equity, thereby returning net equity to positive territory. Please see Note 17 in the attached Financial Report for further details on the accounting treatment of the CPS and Note 24 for a pro-forma Balance Sheet showing the net effect of the IPO and CPS conversion on the financial position at 31 March 2016.

Dividends	March 2016	March 2015
Interim Dividend	Nil	Nil
Final Dividend	Nil	Nil
It is not proposed to pay dividends.		

March 2016	March 2015
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Net tangible assets (net equity) per share	(\$1.33)	(\$1.09)
Net tangible assets (net equity) per share, after conversion of CPS and receipt of proceeds of IPO as per the pro-forma balance sheet set out in Note 24.	\$0.10	n/a

Audited Financial Report

This preliminary final report is based on the Financial Report for the year ended 31 March 2016 which has been audited and approved for release by the directors for lodgement with ASX today.