

TruScreen Group Limited  
Annual Report  
**2022**



**A world  
without  
cervical  
cancer.**



truscreen<sup>®</sup>

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# Corporate Directory

## DIRECTORS

### Anthony Ho

Non-Executive, Independent Chairman

### Christopher Horn

Non-Executive Independent Director

### Juliet Hull

Executive Director, Interim Chief Executive Officer

### Dr Dexter Cheung

Non-Executive Independent Director

## MANAGEMENT

### Dr Jerry Tan

General Manager Commercial

### Edmond Capcelea

Chief Technology Officer

### Guy Robertson

Chief Financial Officer

### Hubert Chan

Marketing and Communications Manager

## REGISTERED OFFICE

C/- HLB Mann Judd Limited,  
Level 6, Equitable House  
57 Symonds Street, Grafton,  
Auckland, New Zealand

NZX Code : TRU

ASX Code : TRU

## AUDITOR

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New Zealand

## SHARE REGISTRAR

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# Chairman's Letter



**Dear fellow Shareholders,**

**TruScreen Group Limited has recorded strong sales growth in a further difficult COVID year, has enhanced the product, service capability, and quality processes, and expanded its market reach into new countries.**

TruScreen provides an AI opto-electrical technology-based real time, low cost and portable system for the detection of cancerous or pre-cancerous cells in cervical tissues. TruScreen's disruptive technology is non-invasive for women and provides objective and fast cervical cancer screening, thus providing an efficient alternative to conventional methods requiring specimen collections for laboratory analysis.

In November 2020 the World Health Organisation (WHO) set out a strategy approved by its member nations for eliminating cervical cancer by 2050. While mature countries strive to be the first nation to achieve this goal based on expensive infrastructure and delivery, TruScreen is focused on low-and-middle income countries, and other disadvantaged, minority, and indigenous populations.

TruScreen is continuing its drive to bring the TruScreen cervical cancer screening technology to new markets within its focus. After strengthening its marketing team with the appointment of Hubert Chan as Marketing and Communications Manager in January 2022 we are working on expanding our market presence in Eastern Europe, South America, and in Middle East North Africa (MENA). This activity is ably supported by an expanded International Experts Group, with medical experts from United States, United Kingdom, Hong Kong, Nigeria, and Mexico.

China, with the outstanding efforts of our major distributor Beijing Siweixiangtai Tech Ltd Co, was the major contributor to a 48% increase in Group revenue YOY, an increase in China revenue YOY of 39%, and an increase in device installations into 14 new hospitals in China. The China-based device manufacturing facility was commissioned during the year, and with domestic product registration, has enabled the opening of new sales channels and wider distribution in this market. The pull through consumption growth YOY of our SUS of 34% vindicated our strategy of getting TruScreen devices into the market and in use.

# Chairman's Letter

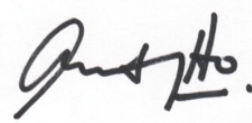
TruScreen completed verification and validation of a Firmware update during the year that is now progressively being released to TruScreen devices already in use in the market. The updated Firmware enhances the device's cyber security framework, allows TruScreen devices to interface with compatible hospitals' systems and incorporates a state-of-the-art optical calibration feature to reduce the need for the device to return to service centres for re-calibration. The Company has also completed a substantial body of work to meet the demanding new international Medical Device Reporting (MDR) requirements to be effective in 2024.

With increasing inflation and costs of doing business the Company has taken additional steps late in the financial year to review and reduce its cost base where appropriate. The Group continues to work with distributors to develop innovative solutions to get the TruScreen product to market despite challenges and continues to seek opportunities to expand its medical products range to provide our distributors with wider product access to their local markets.

Despite the progresses made during the year, the Company was not immune from the disruptions of our markets from the Ukraine conflict, and the lingering impacts of COVID, especially in China. To comply with NZ Accounting Standards and acknowledgment of the macro-environmental uncertainties, the directors resolved to provide for impairment of the Company's non-current assets of circa \$4.6 million. This provision is non-cash in nature and is non-recurring. When the uncertainties subside, and at future balance dates, the Company will review the carrying value of its non-current assets appropriately.

In yet another challenging year, and on behalf of the board, I thank our team for their resilience and dedication during the year. I also look forward to the ongoing support of our stakeholders and commitment of my fellow directors and the TruScreen team as we continue to strive for

“**A world without cervical cancer.**”



**Anthony Ho**  
Chairman

# Financial Results

NZ Dollars	FY22	FY21	FY22/FY21
Sales	1,678,465	1,132,641	48%
Revenue	2,652,379	1,975,915	34%
Net Loss <sup>1</sup>	(7,892,672) <sup>1</sup>	(3,490,010)	(126%)
Cash outflow from operating activities	(2,531,697)	(2,189,331)	(16%)
Cash and Cash Equivalents	2,797,004	5,255,074	(47%)

<sup>1</sup> The 2022 financial year includes a non-cash impairment of non-current assets of \$4,622,134 and a non-cash expense for share based payments in the amount of \$144,813.

## Directors and Management



**Anthony Ho**  
Non-Executive  
Independent  
Chairman



**Christopher Horn**  
Non-Executive  
Independent Director



**Juliet Hull**  
Executive Director  
Interim Chief  
Executive Officer



**Dr. Dexter Cheung**  
Non-Executive  
Independent Director



**Dr. Jerry Tan**  
General Manager  
Commercial



**Edmond Capcelea**  
Chief Technology  
Officer



**Hubert Chan**  
Marketing and  
Communications  
Manager



**Guy Robertson**  
Chief Financial  
Officer

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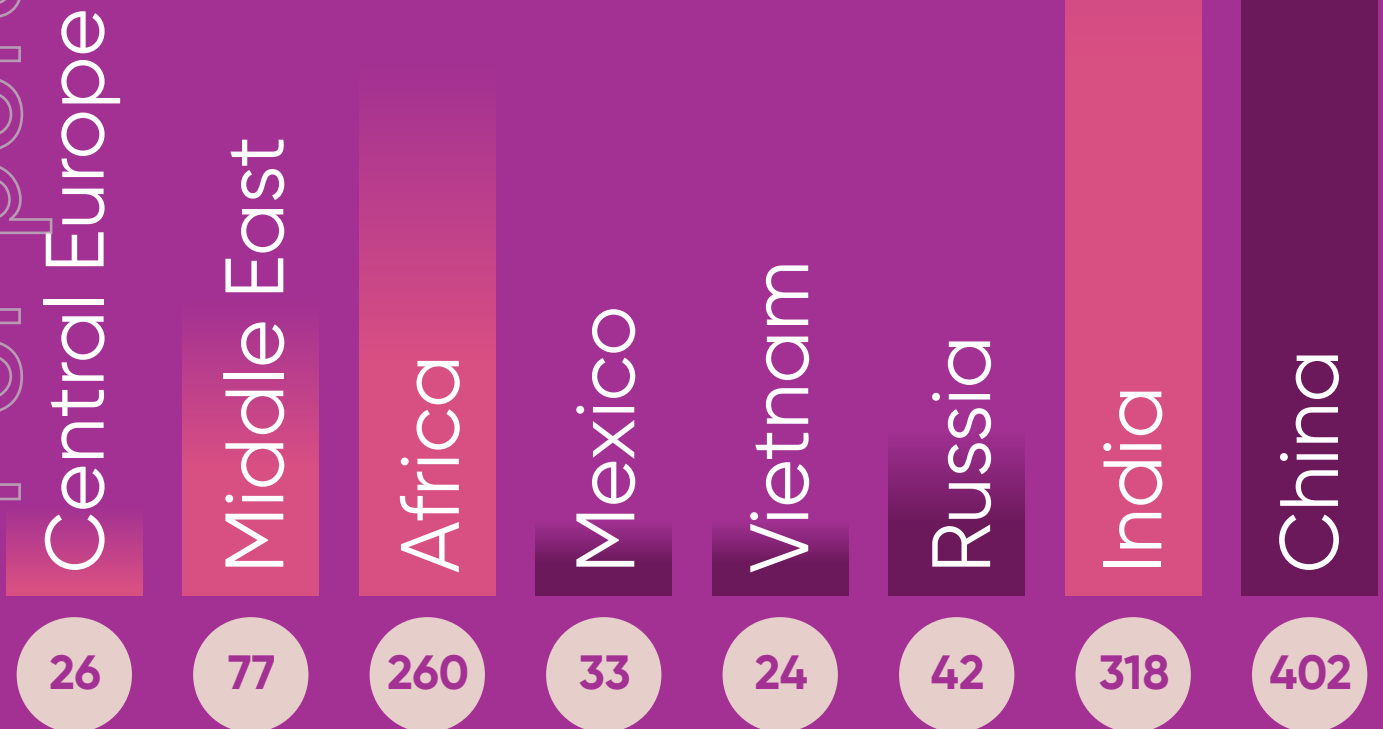
# TruScreen's solution is ideal for LMICs

## 1bn+

Women eligible for screening in key markets

TruScreen's current markets

Targeting commercial roll-out



\*Screening population data base on U.S Central Intelligence Agency (CIA) World Factbook, numbers in millions, women aged 25-64

# Operations Report

## Executive Summary

### 2022 HIGHLIGHTS

#### Product revenues up 48%

over prior year in a difficult COVID environment

#### Strengthening of International Experts Group

with representatives now in United States, United Kingdom, Hong Kong and Nigeria

#### Large scale Chinese Obstetricians & Gynaecologists (COGA) trial completed

with positive results presented at ASCCP and Eurogin congress. Further positive Chinese study published in the European Journal of Obstetrics and Gynaecology and Reproductive Biology.

#### Commercial installations up 24% to 193

#### China device manufacturing facility commissioned during the year

and domestic product registration is showing promise in opening new sales channels and widening TruScreen distribution throughout the country including the growing Health Check sector

Innovative marketing by distributors in Mexico, Vietnam and Russia should provide

#### new opportunities for new sales in the year ahead

#### First sales in Eastern Europe

and completion of registration and ability to sell in eight countries in this region

#### Completion of verification and validation of a Firmware update enhancing the device's cybersecurity framework

, allowing efficient interface with compatible hospital systems, and introducing remote optical recalibration reducing service downtime

# OPERATIONS REPORT

## CHINA

TruScreen's major distributor, Siweixiangtai Tech Ltd Co. (SWXT), performed strongly during the year expanding TruScreen's presence in the Chinese market. The Company's commercial installation base grew by 17% YOY and expanded to 95 hospitals. The SUS usage pull-through enjoyed sustained sales growth and reached a high of 10,000 per month, an increase of 34% YOY.

Following the recognition of TruScreen by Key Opinion Leaders (KOLs) and top-level hospitals, SWXT accelerated its efforts, engaging with a government-backed Association, to access the rapidly growing health check-up sector. The first stage was to introduce TruScreen to 100 health check departments within big public hospitals. The number of screenings conducted in these check-up centres is twice that of the OBGYN department in the same hospital. The pilot evaluation to conduct 1,000 TruScreen exams in 10 centres has commenced and is expected to complete in the second half of FY 2023.

TruScreen's clinical performance was further validated with papers published in international and domestic journals during the year. This included a new study undertaken in a well-known hospital in Shanghai with 458 women, published in the European Journal of Obstetrics and Gynaecology and Reproductive Biology. It concluded that **TruScreen's cervical cancer screening technology meets or exceeds the effectiveness of alternative cervical cancer screening methods.**

TruScreen continued to increase its presence at international conferences. The positive results from Stage 1 of a multicentre clinical trial in Hunan province were presented at the 34th international Papillomavirus Conference (IPVC 2021) in November 2021 by a top KOL in the province. Stage 2 of the trial is continuing with completion in October 2022. The final results of the significant COGA (Chinese Obstetrics and

Gynaecology Association) evaluation project were presented at ASCCP (American Society of Colposcopy and Cervical Pathology) annual congress in March 2022, and published in EUROGIN (European Research Organisation on Genital Infection and Neoplasia) in April 2022.

The significant COGA trial took three years to complete in July 2021. 64 hospitals across 9 provinces participated in the trial, with 15,661 women included in the data analysis. The trial highlighted the superiority of TruScreen screening method. TruScreen's sensitivity was well above that for liquid-based cytology (LBC) (87.5% v's 66.5%) and its specificity (88.4%) was higher than both LBC (86.3%) and hrHPV testing (78.3%). The sensitivity of TruScreen-hrHPV co-testing was higher than that of LBC-hrHPV co-testing (98.4% vs 95.9%).

**COGA concluded that TruScreen was a simple, effective and rapid real-time cervical cancer screening method that is an appropriate primary cervical cancer screening tool in regions with high morbidity and mortality to cervical cancer.**

The year also saw the commencement of device production to China, with the first batch of China-made TruScreen devices successfully passing verification and validation requirements. This paved the way for SWXT to market and compete for government screening programs and meet hospital purchasing priority of purchasing domestic products. SWXT won several contracts to supply domestic TruScreen screening devices to public hospitals late in the year. The devices are expected to be installed in Q1, FY2023, subject to COVID restrictions that may be applicable.

# OPERATIONS REPORT

## VIETNAM

After lifting restrictions, a recurrence of COVID has constrained sales during the latter half of the year. However good progress was made in showcasing the product which should see a better result in the coming financial year. Commercial use of TruScreen commenced in the nationally well-known OBGYN hospital in Hanoi, with TruScreen replacing liquid-based cytology as the primary screening method. Separate clinical evaluation projects were also conducted in several influential hospitals in the south of Vietnam, with two hospitals preparing for the adoption of TruScreen as the primary screening method. TruScreen also strengthened its engagement with its local partner.

## MEXICO

An innovative new sales channel was launched by TruScreen's distributor, Sunbird S.A. de C.V. (Sunbird), by partnering with a medical device financing company to bring the TruScreen cervical cancer screening device to its 3,000-strong client base of private and public hospitals. The TruScreen product introduction was launched in February 2022, to 100 doctors and specialists.

In April 2022, Sunbird reached agreement with a medical centre in the heart of Mexico City to establish a TruScreen-based cervical cancer screening centre. Subject to licensing, the centre will showcase TruScreen's medical technology, act as a training centre, and provide screening services to local businesses. TruScreen has also established a service centre in Mexico during the year.

## ZIMBABWE

Phase one of the Zimbabwe National Aids Council (NAC) TruScreen screening project was completed in October 2021. The pilot phase, with 500 women was successfully screened with TruScreen and VIAC in 7 hospitals around Masvingo. As a result of this pilot phase, TruScreen was awarded a contract for a further 10,800 SUS to facilitate the final phase of the pilot project. This final phase will see a total of 16 sites throughout Zimbabwe using TruScreen device as a primary screening tool in comparison to VIAC. The objective is to screen 10,000 women in six months.

Cervical cancer is the prevalent and most deadly cancer for women in Zimbabwe<sup>1</sup>. Women with HIV have a significantly increased risk of cervical cancer<sup>2</sup>. TruScreen's partnership with the NAC is helping to bring reliable, real-time screening to women who need it most.

## SAUDI ARABIA

The Dr. Sulaiman Al Habib Medical Group (SHMG) clinical evaluation was completed in March 2022, with results expected to issue in Q1FY2023.

The SHMG evaluation comprised 608 women examined by TruScreen and LBC. SHMG is Saudi Arabia's largest private healthcare provider. The study is to have the TruScreen device recommended for primary cervical cancer screening in all SHMG hospitals. These reference sites would help accelerate the pathway for TruScreen's global growth strategy, throughout the Middle East North Africa (MENA) region.



1 Data source: GLOBCAN 2020, International Agency for Research on Cancer 2021  
2 Stelzle D, Tanaka LF, Lee KK, Ibrahim Khalil A, Baussano I, Shah ASV, et al. Estimates of the global burden of cervical cancer associated with HIV. Lancet Glob Health 2020. doi:S2214-109X(20)30459-9

# OPERATIONS REPORT

## RUSSIA

COVID continued to be a challenge in Russia for much of the year, then exacerbated by the geopolitical situation. TruScreen and its distributor IntelMed Systems JSC. (IMS), remain committed to providing the TruScreen cervical cancer screening technology in the country. IMS continued with the delivery of large-scale education programs, clinical and marketing activities.

With local Key Opinion Leaders (KOLs) lending strong support, IMS prepared and delivered several clinical evaluations which will continue into FY2023. Significant effort is being put into product re-registration in Kazakhstan, which will build on that already achieved in Russia, Belorussia, Armenia, and Kirgizstan, opening up opportunities for more growth in the region. A project is underway in co-operation with RAGIN (Russian Association for Genital Infections and Neoplasia) to obtain Ministry of Health recommendations for decision-makers regarding cervical cancer screening throughout Russia.

## EASTERN EUROPE

TruScreen continued to partner with its two Eastern European distributors in FY2022, who together service seven countries across the region. TruScreen continued to focus on both obtaining product registrations in key strategic markets and achieving the first clinical sales for the region.

A new pilot evaluation project is planned with the University of Lodz in Poland potentially leading to the recommendation of TruScreen device to Polish clinicians. The Polish initiative would assist market access in the Czech Republic, Slovakia, and other countries in the region.

## MEDICAL AFFAIRS & MARKET ACCESS

TruScreen's Medical Affairs and Market Access, set a strategy for 2021-2022 to focus on the following priorities:

- Data Generation - Strengthening data generation and publication processes
- Partnerships - Developing partnerships with academic, charitable, and business partners and preparing for entry in the guidelines
- Medical Advisory Committee (MAC) and International Experts (IEG) - Implementing actionable MAC and IEG management systems and plans
- Training and Education - Continuing innovation in training and ensure smooth market entry

Initiatives underpinning the above-mentioned priorities have enabled TruScreen to make significant progress in delivering on the vision of "a world without the cervical cancer".

The ongoing partnership with the Royal Hospital for Women, Sydney was re-invigorated with a publication by Dr Jessica Vet and Adjunct Professor Michael Campion in the European Journal of Gynaecological Oncology titled: "**A Performance Evaluation of an Optoelectronic Cervical Screening Device in Comparison to Cytology and HPV DNA Testing**" (<https://www.imrpess.com/journal/EJGO/43/2/10.31083/j.ejgo4302027>).

## OPERATIONS REPORT

### MEDICAL AFFAIRS & MARKET ACCESS

The results demonstrated that the sensitivity to detect CIN II+ lesions by OESD, LBC and hrHPV-testing was 0.72, 0.81, and 0.88, and the specificity was 0.71, 0.95, and 0.76 respectively. The age- and previous-treatment adjusted area under the ROC curve for OESD was 0.83, for LBC 0.94, and for hrHPV testing 0.89. McNemar's tests showed no significant difference in sensitivity between OESD and LBC ( $p = 0.26$ ), and no significant difference in specificity between OESD and hrHPV-testing ( $p = 1.0$ ) amongst patients without previous treatment. The authors concluded that the **TruScreen Ultra device demonstrated comparable sensitivity to high quality cytology conducted in a hospital clinical**

**setting. Specificity was comparable to hrHPV-testing in an approximate primary screening setting. TruScreen Ultra has the advantage of producing an immediate result and being easy to use without need of laboratory equipment and therefore, the device can potentially become an important tool in the prevention of cervical cancer, particularly in developing countries and resource-limited settings.**



# OPERATIONS REPORT

TruScreen technology continues to attract attention in a scientific international forum with several notable, independent publications supporting the clinical adoption of TruScreen device which has consistently demonstrated the parity in clinical efficacy to other screening methods. A summary of the recent publications is outlined below.

Year	Author	No. of subjects	Results
2021	Dr. Ying Ting Wei et al.	458	For detection of CIN2+, the sensitivity and specificity of TruScreen were 83.78% and 78.86%, respectively. The specificity of TruScreen was significantly higher than those of HPV testing (50.59%, $P < 0.001$ ) and TCT (55.58%, $P < 0.001$ ). In high-risk HPV-positive women, the specificity of HPV testing combined with TruScreen was significantly higher than that of HPV testing combined with TCT (50% vs 39.9%, $P = 0.004$ ). The sensitivity of HPV testing combined with TruScreen was comparable to that of HPV testing combined with TCT (93.94% vs 87.88%, $P = 0.625$ ). Similar patterns were also observed for CIN3+ cases.
2022	Dr. Jessica Vet et al.	506	The sensitivity to detect CIN II+ lesions by TruScreen Ultra, LBC and hrHPV-testing was 0.72, 0.81, and 0.88, and the specificity was 0.71, 0.95, and 0.76 respectively. The age- and previous-treatment adjusted area under the ROC curve for TruScreen Ultra was 0.83, for LBC 0.94, and for hrHPV testing 0.89. McNemar's tests showed no significant difference in sensitivity between TruScreen Ultra and LBC ( $p = 0.26$ ), and no significant difference in specificity between TruScreen Ultra and hrHPV-testing ( $p = 1.0$ ) amongst patients without previous treatment. Evaluations conducted at Royal Hospital for Woman, Sydney, Australia.
2022	Prof. Fei Chen et al. Oral Presentation at the ASCCP 2022, San Diego California	15661	For detection of CIN2+, TruScreen's sensitivity was higher than that of LBC, 87.5% vs 66.5% ( $P < 0.001$ ) and specificity was higher than that of LBC and hrHPV testing, 88.4% vs 86.3% and 78.3% ( $P < 0.001$ ). The sensitivity of hrHPV testing combined with TruScreen was higher than that of hrHPV combined with LBC, 98.4% vs 95.9% ( $P = 0.006$ ). In hrHPV positive women, the sensitivity and specificity of TruScreen being a triage were higher than those of LBC being a triage (81.3% vs 62.4%, $P < 0.001$ and 92.6% vs 89.5%, $P < 0.001$ ). In hrHPV positive women, regardless of genotype, TruScreen positive women had a higher risk of detecting CIN2+ than the LBC positive women did while TruScreen negative women had a lower risk of detecting CIN2+ than the LBC normal women did.

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# OPERATIONS REPORT

TruScreen has engaged with several global Non-Government Organisations. Collaborations included:

- Unitaid/Clinton Health Foundation will publish a comprehensive summary of the clinical evidence for TruScreen Ultra in the upcoming Unitaid Technology Review 2022
- University of New South Wales (Emeritus Professor Richard Taylor and Dr Stephen Morell) is working closely with the Medical Advisory Committee to design and implement a clinical study into epidemiological impact and cost-effectiveness of TruScreen Ultra in lower income settings where VIAC is used for cervical cancer screening
- The Kolposkopia Polska (Polish Colposcopy Association) to develop a clinical pilot study which will gather data on feasibility, and endpoints of TruScreen, LBC and hrHPV DNA testing. The pilot study is pending approval by Kolposkopia Polska and the study will be led by Professor Robert Jach of the Jagiellonian University, Krakow, Poland

The International Experts Group extended its membership in FY2022 to include (alphabetical order):

- Dr Salim Munoz Barquet, Mexico City, Mexico
- Professor Jonathan Berek, Stamford University California
- Professor Chibuike Chigbu, Enugu University Hospital, Nigeria
- Professor Sean Kehoe, Oxford University, United Kingdom
- Professor Hextan Ngan, HongKong University, Hong Kong.

Cervical cancer screening has evolved rapidly since the WHO published its "Guideline for screening and treatment of cervical pre-cancer lesions for cervical cancer prevention, second edition" in 2021 (<https://www.who.int/publications/i/item/9789240030824>). The International Experts have guided TruScreen in its strategic direction for data generation, including cost-effectiveness and related Health Technology Assessment. These insights are invaluable in refining the strategic market entries around the world. TruScreen will continue the ongoing collaboration with Medical Advisory Committee and the International Experts Group in 2023 and beyond.

TruScreen has continued with training in Zimbabwe (online), Serbia and Poland. Further resources will be devoted to streamline this important support activity.

The current training will expand into a platform with multiple courses including video and presentations so end users can have certified information and increase participation in low usage areas.



**Juliet Hull**  
Chief Executive Officer

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## DIVERSITY

TruScreen is committed to ensuring all women of screening age, no matter who or where they are, have access to quality screening. We are driven to build a better future for women's health.

Our dedication to diversity and equality in the workplace sits hand in hand with this commitment. We are an equal opportunities employer, committed to providing an inclusive, safe and respectful working environment.

In respect of gender diversity, in FY2022 the TruScreen team was 44% female, with 50% of senior leadership positions filled by women. One fourth of the Board of Directors is female.

TruScreen has a diverse cultural workplace with directors and team members calling Australia and New Zealand home with countries of origin being Singapore, Philippines, Romania, Poland, China, Hong Kong, Colombia, Sri Lanka, Canada and South Africa. This cultural diversity enables TruScreen to interact successfully with its diverse global distributor network and customers.

### Current Group Gender Composition

	Directors No.		Company No.		Permanent Contrators		Total Organisation No.		Total Organisation %	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
<b>Male</b>	3	3	5	6	2	3	10	12	56%	60%
<b>Female</b>	1	1	3	3	4	4	8	8	44%	40%
<b>Total</b>	4	4	8	9	6	7	18	20	100%	100%





# Directors' Report

Your directors submit the annual report and financial statements of the consolidated entity consisting of TruScreen Group Limited (the "Company") and the entities it controlled during the period (the "Group") for the financial year ended 31 March 2022.

The directors report as follows:

## DIRECTORS

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

### Name

Mr Anthony Ho  
Mr Christopher Horn  
Ms Juliet Hull  
Mr Dexter Cheung

## NAMES, QUALIFICATIONS, EXPERIENCE AND SPECIAL RESPONSIBILITIES

### Mr Anthony Ho

Non-Executive Chairman and member of Remuneration and Nomination Committee

Appointed 4 October 2018

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

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

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

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

# DIRECTORS' REPORT

## Mr Christopher Horn

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

Appointed November 2013

Qualifications: B.Com FCA

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

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

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## Ms Juliet Hull

Executive Director (and current acting CEO) and member of the Remuneration and Nomination Committee

Appointed 10 September 2020

Qualifications: B.Nurse, MBA MHSM

Ms Hull was until January 2021 the NZ General Manager/Country Director of Johnson & Johnson Medical (J & J), a director of the ANZ Johnson & Johnson Medical Executive Board, a director of MTANZ (Medical Technology Association of NZ) and a member of both the APAC Regional Leadership team for J & J's Orthopaedics and Ethicon Divisions.

Ms Hull is a senior executive with more than 20 years' experience in Asia Pacific markets in Healthcare sales, marketing and leadership. Ms Hull is currently acting as the interim CEO of TruScreen.

Ms Hull holds a Master of Business and Administration (Macquarie Graduate School of Management, Sydney, Australia) and Bachelor of Nursing (Auckland University of Technology), Auckland, New Zealand. Ms Hull is currently a non-executive director of Cannasouth Limited (NZX: CBD).

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## Dr Dexter Cheung

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

Appointed 1 March 2021

Qualifications: B.Tech (Hons), M.Eng (Hons), PhD

Dr. Cheung is an experienced medical device engineer and specialist in product research and development, with more than 20 years' experience. He is the Research & Development Manager of the respiratory humidification division of Fisher & Paykel Healthcare, an NZX/ASX listed healthcare company and a global leader in respiratory medical devices.

Dr. Cheung holds a first-class honours degree in Bachelor of Technology, a Master of Engineering (first class honours) degree and a Doctor of Philosophy (in physics) from his alma mater, University of Auckland.

# DIRECTORS' REPORT

## INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY

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

### SHARES

Director	Number of fully paid ordinary shares	Number of fully paid ordinary shares
	2022	2021
Anthony Ho	3,600,000	3,600,000
Christopher Horn	2,050,000	2,050,000
Juliet Hull	-	-
Dexter Cheung	100,000	-

### OPTIONS

Director	Number of options	Number of options
	2022	2021
Anthony Ho	2,000,000	3,000,000
Christopher Horn	1,000,000	1,000,000
Juliet Hull	1,000,000	-
Dexter Cheung	1,000,000	-

### DIVIDENDS

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

### INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

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

# DIRECTORS' REPORT

## REMUNERATION REPORT

This report outlines the remuneration arrangements in place for key management personnel of TruScreen Group Limited for the financial year ended 31 March 2022.

### **Remuneration philosophy**

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

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

### **Remuneration Committee**

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

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

### **Remuneration structure**

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

### **Non-executive director remuneration**

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

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

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

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

The remuneration of non-executive directors for the period ended 31 March 2022 is detailed in the remuneration of directors and named executives section of this report on page 20.

# DIRECTORS' REPORT

## REMUNERATION OF KEY MANAGEMENT AND PERSONNEL

### Senior manager and executive director remuneration

Remuneration consists of fixed remuneration, and performance incentives in the form of share options. In addition to Company employees and directors, the Company may contract key consultants on a contractual basis. These contracts stipulate the remuneration to be paid to the consultants.

#### Fixed Remuneration

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

The fixed remuneration component of the key management personnel is detailed in the tables below.

### KEY MANAGEMENT PERSONNEL REMUNERATION FOR THE YEAR ENDED 31 MARCH 2022

	Short-term Benefits	Post Employment Benefits	Share Based Payments	TOTAL
	Salary & Fees	Superannuation		
	\$	\$	\$	\$
	2022	2022	2022	2022
<b>Director</b>				
Anthony Ho	90,000	-	-	90,000
Christopher Horn	60,000	-	-	60,000
Juliet Hull	254,486	-	32,750	287,236
Dexter Cheung	50,000	-	32,750	82,750
<b>Other Key Management</b>				
Edmond Capcelea	212,200	20,955	4,000	237,155
Guy Robertson	121,521	-	-	121,521
	788,207	20,955	69,500	878,662

# DIRECTORS' REPORT

## KEY MANAGEMENT PERSONNEL REMUNERATION FOR THE YEAR ENDED 31 MARCH 2021

	Short-term Benefits	Post Employment Benefits	Share Based	TOTAL
	Salary & Fees \$	Superannuation \$	Payments \$	
	2021	2021	2021	2021
<b>Director</b>				
Anthony Ho	80,833	-	-	80,833
Christopher Horn	50,833	-	-	50,833
Juliet Hull	36,904	-	-	36,904
Christopher Lawrence	36,667	-	-	36,667
Con Hickey	17,879	-	-	17,879
Dexter Cheung	4,167	-	-	4,167
<b>Other Key Management</b>				
Edmond Capcelea	174,443	16,572	-	191,015
Guy Robertson	103,451	-	-	103,451
Victoria Potarina*	535,197	23,049	-	558,246
	1,040,374	39,621	-	1,079,995

\*Includes termination payment of \$257,042

### Options held by Directors and Key Management Personnel

2,500,000 options were issued to directors and senior management during the year, with an exercise price of \$0.10 and an expiry date of 7 September 2024. 8,500,000 options were issued to directors and key management personnel previously with an exercise price of 15 cents and an expiry date of 27 August 2022.

# DIRECTORS' REPORT

## Employees Remuneration

Nine employees of the Group, not being directors, during the period ended 31 March 2022, received remuneration and other benefits in their capacity as employees, the value of which was or exceeded \$100,000 per annum.

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

Employee Remuneration	Number of Employees
\$100,000 to \$110,000	2
\$110,000 to \$120,000	2
\$130,000 to \$140,000	1
\$140,000 to \$150,000	1
\$160,000 to \$170,000	1
\$180,000 to \$190,000	1
\$230,000 to \$240,000	1

## DIRECTORS' MEETINGS

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

Director	Director Meetings		Audit Committee		Remuneration Committee	
	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend
Mr Anthony Ho	12	12	-	-	1	1
Mr Christopher Horn	12	12	2	2	1	1
Ms Juliet Hull	12	12	-	-	-	-
Mr Dexter Cheung	12	12	2	2	-	-

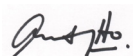
In addition, four circular resolutions were signed by the board during the period.

## Remuneration of Auditors

The following amounts are payable to the Company's auditors for the year ended 31 March 2022.

Auditor's remuneration – RSM Hayes Audit  
Fees for the audit of the financial statements \$92,899

On behalf of the Board as at 30 June 2022



**Anthony Ho**  
Chairman



**Christopher Horn**  
Director



# Financial Statements & Auditor's Report

for the year ended 31 March 2022

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# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2022

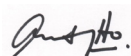
	Note	2022 \$	2021 \$
<b>Revenue from the sale of goods</b>	6	1,678,465	1,132,641
Other income	6	973,914	843,274
Inventories used		(1,155,725)	(732,603)
Write off of obsolete inventory		(181,217)	-
Employee benefit expenses and directors' fees	7	(991,911)	(1,180,425)
Administration		(347,808)	(403,638)
Research and development expenses		(1,498,629)	(1,288,197)
Rent		(54,139)	(40,876)
Travel		(4,969)	(4,192)
Marketing & product approvals		(716,923)	(618,281)
Insurance		(116,191)	(85,196)
Shareholder relations & services		(117,877)	(295,163)
Foreign exchange loss		-	(136,200)
Amortisation & depreciation	7	(592,715)	(646,598)
Provision for impairment plant and equipment	13	(198,847)	-
Provision for impairment of intangible assets	14	(4,423,287)	-
Finance costs		-	(34,556)
Share based payments	19	(144,813)	-
<b>Loss before income tax</b>		(7,892,672)	(3,490,010)
Income tax expense	8	-	-
<b>Loss for the period</b>		(7,892,672)	(3,490,010)
<b>Other comprehensive income</b>			
<b>Item that may be reclassified subsequently to profit or loss</b>			
Exchange differences on translating foreign subsidiary operations		(166,281)	500,136
		(166,281)	500,136
<b>Total comprehensive loss for the period</b>		(8,058,953)	(2,989,874)
<b>Basic and diluted loss per share (cents)</b>	18	(2.18)	(1.08)

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 March 2022

	Note	2022 \$	2021 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	9	2,797,004	5,255,074
Other receivables	10	601,554	558,485
Trade receivables	10	275,447	-
Goods and services tax recoverable		36,782	44,233
Inventories	11	496,887	732,574
Other current assets – prepayments		179,270	105,931
<b>TOTAL CURRENT ASSETS</b>		<b>4,386,944</b>	<b>6,696,297</b>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment	13	-	307,092
Intangible assets	14	-	5,001,302
<b>TOTAL NON-CURRENT ASSETS</b>		<b>-</b>	<b>5,308,394</b>
<b>TOTAL ASSETS</b>		<b>4,386,944</b>	<b>12,004,691</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	15	807,374	452,594
Provision for employee benefits	16	140,385	205,373
<b>TOTAL CURRENT LIABILITIES</b>		<b>947,759</b>	<b>657,967</b>
<b>NON-CURRENT LIABILITIES</b>			
Provision for employee benefits	16	44,134	37,633
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>44,134</b>	<b>37,633</b>
<b>TOTAL LIABILITIES</b>		<b>991,893</b>	<b>695,600</b>
<b>NET ASSETS</b>		<b>3,395,051</b>	<b>11,309,191</b>
<b>EQUITY</b>			
Issued capital	17	34,550,048	34,550,048
Share option reserve	17	450,813	306,000
Foreign currency translation reserve	20	(380,844)	(214,563)
Accumulated losses		(31,224,966)	(23,332,294)
<b>Total Equity</b>		<b>3,395,051</b>	<b>11,309,191</b>

On behalf of the Board as at 30 June 2022



**Anthony Ho**  
Chairman



**Christopher Horn**  
Director

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2022

	Note	Share Capital \$	Accumulated Losses \$	Foreign Currency Translation Reserve \$	Option Reserve \$	Total \$
<b>Balance at 1 April 2021</b>		34,550,048	(23,332,294)	(214,563)	306,000	11,309,191
Loss for the year to 31 March 2022		-	(7,892,672)	-	-	(7,892,672)
Exchange differences on translating foreign subsidiary operations	20	-	-	(166,281)	-	(166,281)
<b>Total comprehensive income for the year</b>		-	-	(166,281)	-	(8,058,953)
<b>Transactions with owners, in their capacity as owners</b>						
Transfer to share based payments		-	-	-	144,813	144,813
<b>Total transactions with owners</b>		-	-	-	144,813	144,813
<b>Balance at 31 March 2022</b>		34,550,048	(31,224,966)	(380,844)	450,813	3,395,051

	Note	Share Capital \$	Accumulated Losses \$	Foreign Currency Translation Reserve \$	Option Reserve \$	Total \$
<b>Balance at 1 April 2020</b>		27,492,050	(19,842,284)	(714,699)	306,000	7,241,067
Loss for the year to 31 March 2021		-	(3,490,010)	-	-	(3,490,010)
Exchange differences on translating foreign subsidiary operations	20	-	-	500,136	-	500,136
<b>Total comprehensive income for the year</b>		-	(3,490,010)	500,136	-	(2,989,874)
<b>Transactions with owners, in their capacity as owners</b>						
Issue of shares	17	7,489,968	-	-	-	7,489,968
Share issue cost	17	(431,970)	-	-	-	(431,970)
<b>Total transactions with owners</b>		7,057,998	-	-	-	7,057,998
<b>Balance at 31 March 2021</b>		34,550,048	(23,332,294)	(214,563)	306,000	11,309,191

# CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2022

	Note	2022 \$	2021 \$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash received from customers		1,434,264	1,242,595
Cash paid to suppliers and employees including GST		(4,586,932)	(4,282,506)
Cash received from research and development tax offset	1(f)	620,888	689,167
Government assistance and grants		123,535	268,717
Short-term lease payments not included in lease liability		(123,775)	(73,978)
Interest paid		-	(35,146)
Interest received		323	1,820
<b>Net cash from operating activities</b>	21	(2,531,697)	(2,189,331)
<b>CASH FLOW TO INVESTING ACTIVITIES</b>			
Purchase of plant and equipment		(2,662)	(97,524)
<b>Net cash to investing activities</b>		(2,662)	(97,524)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares	17	-	7,489,968
Share issue costs		-	(431,970)
Repayment of borrowings		-	(410,280)
<b>Net cash from financing activities</b>		-	6,647,718
<b>Net (decrease)/increase in cash and cash equivalents</b>		(2,534,359)	4,360,863
Cash and cash equivalents at the beginning of the financial year		5,255,074	1,024,153
Effects of exchange rate changes on cash and cash equivalents		76,289	(129,942)
<b>Cash and cash equivalents at the end of the financial year</b>	9	2,797,004	5,255,074

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2022

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### General Information

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

The parent company, TruScreen Group Limited, is the ultimate legal parent company of the Group and is a limited liability company incorporated and domiciled in New Zealand. It is registered under the Companies Act 1993. TruScreen is listed on the NZX and on the ASX as an ASX Foreign Exempt Listing. TruScreen is a FMC reporting entity under Part 7 of the Financial Markets Conduct Act 2013.

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

The financial statements were authorised for issue on 30 June 2022 by the Directors of the company.

### Basis of Preparation

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

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

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

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

The financial statements have been rounded to the nearest dollar.

#### a. Going Concern

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

As disclosed in the financial statements, the Group reports;

- a loss of \$7,892,672 (2021: \$3,490,010), however this is after depreciation, provision for impairment and amortisation of non-current assets of \$5,214,849 (2021: \$646,598).
- net cash outflows from operating and investing activities of \$2,534,359 (2021: \$2,189,331)
- cash at year end of \$2,797,004 (2021: \$5,255,074)

The Directors have undertaken a detailed cash flow forecast for the twelve months following the date of approval of report, which shows that the Group will be able to meet its obligations as and when they fall due. This forecast is based on achieving significantly higher revenue in 2023 financial year than in 2022, and also allows for cost reductions implemented early in the 2022 year.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2022

## a. Going Concern (continued)

Given current market uncertainty and the risk that the forecast revenue growth either is not achieved, or is delayed beyond the forecast period, the Company has reviewed its cost base and intends to undertake a capital raising within the next year.

The Board considers the going concern assumption to be appropriate as:

- They consider the operating cash flow forecasts to be achievable, with downside risks able to be partially mitigated through further cost reduction initiatives if needed; and
- They have confidence in being able to raise required capital, based on the Group's past history of successful capital raising.

However, there is material uncertainty in relation to the Group's ability to meet forecasts and to raise additional capital, if and when required. These factors may cast significant doubt on the entity's ability to continue as a going concern.

If the going concern assumption is not valid, the consequence is the Group may be unable to realise the value in its assets and discharge its liabilities in the normal course of business, noting that the Group has booked a Provision for Impairment of \$4.6 million against its non-current assets as at 31 March 2022.

## b. Principles of Consolidation

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

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

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

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

The Group financial statements also include:

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

### *Subsidiaries*

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2022

## c. Segment Reporting

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

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

## d. Foreign Currency Translation

### *Functional and presentation currency*

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

The functional currencies of the subsidiaries are:

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

### *Transactions and balances*

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

### *Translation of group companies' functional currency to presentation currency*

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

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2022

## e. Revenue Recognition

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

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

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

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

## f. Other Income

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

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

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

## g. Income Tax

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2022

## **g. Income Tax (continued)**

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

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

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

## **h. Inventories**

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

## **i. Goods and Services Tax (GST)**

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

## **j. Statement of Cash Flows**

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

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

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2022

## k. Financial Instruments

### Financial assets

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

#### *Amortised cost*

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

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

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

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

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

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

### Financial liabilities

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

#### *Other financial liabilities*

Other financial liabilities include the following items:

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

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2022

## I. Plant and Equipment

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

### Depreciation

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

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

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

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

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

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

## m. Impairment – Non-Financial Assets

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2022

## **n. Intangible Assets**

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

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

### *Research & Development*

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

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

## **o. Share Capital**

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

## **p. Employee Benefits**

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

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

## **q. Share Based Incentive Plan**

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

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

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2022

## NOTE 2. ADOPTION OF NEW AND REVISED STANDARDS

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

## NOTE 3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company makes estimates and assumptions concerning the future that affects the amounts reported in the financial statements. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- *Going Concern*

Refer note 1 "a"

- *Revenue from Contracts with Customers*

The application of NZ IFRS 15: Revenue from contracts with customers (NZ IFRS 15) requires the Directors to apply judgement in determining whether revenue can be recognised in advance of the receipt of cash.

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

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

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

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

Given the significant uncertainty associated with macro-economic events, the Directors have determined to provide for the intangible assets in full during the current year as outlined in Note 14.

- *Recognition of deferred taxation assets*

The benefit of deferred tax arising from tax losses and temporary differences has not been recognised as disclosed in Note 8.

# NOTES TO THE FINANCIAL STATEMENTS

## for the year ended 31 March 2022

- *Estimate of the Research and Development tax offset*

The Group receives a research and development tax offset based on 43.5% of research and development expenditure incurred. The amount is received following filing of the Group income tax returns. The Group estimates the amount of the offset assisted by external consultants, accounting for the amount as a receivable at year end.

- *Share based payments*

The Directors valued share options issued to Directors and consultants during the year using the Black & Scholes method based on the assumptions and details in note 19. As the share options have fully vested the value of the share options have, as required by the accounting standards, been fully expensed. This is a non-cash expense and has no impact on the Group's cash flow.

### NOTE 4. FINANCIAL RISK MANAGEMENT

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

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

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

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

### FINANCIAL INSTRUMENTS BY CATEGORY

	Note	2022 \$	2021 \$
<b>Financial assets (held at amortised cost)</b>			
Cash and cash equivalents	9	2,797,004	5,255,074
Trade and other receivables			
Trade receivables subject to credit risk	10	275,447	-
<b>Total financial assets at amortised cost</b>		<b>3,072,451</b>	<b>5,255,074</b>
<b>Financial liabilities (held at amortised cost)</b>			
Trade and other payables	15	807,374	452,494
<b>Total financial liabilities at amortised cost</b>		<b>807,374</b>	<b>452,494</b>

# NOTES TO THE FINANCIAL STATEMENTS

## for the year ended 31 March 2022

### Market Risk

#### Foreign currency risk

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

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

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

	Assets		Liabilities	
	2022 \$	2021 \$	2022 \$	2021 \$
USD	1,083,695	478,479	214,718	-
GBP	30,898	26,528	-	-
NZD <sup>1</sup>	1,876,487	3,519,569	9,554	-

#### Sensitivity analysis

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

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

	2022 \$	2021 \$
USD	86,898	47,848
GBP	3,090	2,653
NZD <sup>1</sup>	186,393	351,957

<sup>1</sup> Exposure to NZD held in subsidiary where Australian dollars is the functional currency

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2022

## Interest rate risk

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

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

- Nil% of NZ\$56,140 (2021: 0.10% of NZ\$1,060,384) on cash held in AUD.
- Nil% of NZ\$1,901,180 (2021: Nil% of NZ\$3,689,139) on cash held in NZD.
- 0.50% of NZ\$30,898 (2021: 0.50% of NZ\$26,528) on cash held in GBP.
- Nil of NZ\$808,248 (2021: Nil of NZ\$478,479) on cash held in USD.

The interest rate risk on bank balances is minimal as the value is not material and unlikely to become so.

## Credit Risk

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

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

## CREDIT RATING – STANDARD AND POOR'S

	2022	2021
Note	\$	\$
<b>Cash at bank</b>		
S&P short term rating A-1+	2,765,568	5,228,002
S&P short term rating A-1	30,898	26,528
9	<u>2,796,466</u>	<u>5,254,530</u>

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

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

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

The maximum exposure to credit risk from trade receivables subject to credit risk as at 31 March 2022 amounted to \$275,447 (2021: \$Nil) refer to Note 10.

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

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2022

## Liquidity risk

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

Financial Liabilities	Carrying amount	Total contractual cash flows	Not later than three months	Later than 3 months and not later than 1 year
<b>Group 2022</b>	\$	\$	\$	\$
Trade and other payables	807,374	807,374	807,374	-

Financial Liabilities	Carrying amount	Total contractual cash flows	Not later than three months	Later than 3 months and not later than 1 year
<b>Group 2021</b>	\$	\$	\$	\$
Trade and other payables	452,494	452,494	452,494	-

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

### (a) Fair value

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

### (b) Capital risk management

There are no external capital requirements.

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

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

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2022

## NOTE 5. SEGMENT INFORMATION

The Group operates in one operating segment. It owns the rights to the TruScreen Cervical Cancer screening device. The device comprises a medical device and process designed to detect the presence in real time of precancerous and cancerous tissue on the cervix.

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

### FINANCIAL INSTRUMENTS BY CATEGORY

	2022 \$	2021 \$
<b>Information about products and services</b>		
Total Revenues from external customers	1,678,465	1,132,641
<b>Information about geographical areas</b>		
Foreign country:		
Mexico	105,954	56,298
China	1,218,297	884,076
Russia	16,546	59,373
Vietnam	72,353	123,492
Zimbabwe	215,899	4,835
Eastern Europe	19,880	-
MENA (Middle East/North Africa)	12,986	-
Others	16,550	4,567
	1,678,465	1,132,641

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

	Note	2022 \$	2021 \$
<b>Non-current assets other than financial assets, by country in which the entity holds those assets</b>			
Foreign country – Australia			
Plant and equipment	13	-	307,092
Intangible assets	14	-	5,001,303
<b>Total non-current non-financial assets</b>		-	5,308,395

# NOTES TO THE FINANCIAL STATEMENTS

## for the year ended 31 March 2022

The following customers contributed more than 10% of the Group's revenue for the year ended 31 March 2022 and or 31 March 2021:

	2022		2021	
	\$	%	\$	%
China	1,218,297	73	884,076	78
Vietnam	72,353	4	123,492	11
Zimbabwe	215,899	13	-	-

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

### NOTE 6. REVENUE

	2022	2021
	\$	\$
<b>Sales revenue - sale of goods<sup>1</sup></b>		
Wholesalers/distributors	1,462,566	1,127,350
Direct to customer	215,899	5,291
	<u>1,678,465</u>	<u>1,132,641</u>
<b>Other income</b>		
Research and development tax offset <sup>2</sup>		
- Current year	593,197	549,109
- Prior year adjustment	48,830	23,628
	<u>642,027</u>	<u>572,737</u>
Interest received	372	1,820
Foreign exchange gain	103,348	-
Government assistance and grants	228,167	268,717
	<u>973,914</u>	<u>843,274</u>

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

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

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2022

## NOTE 7. EXPENSES

Loss before income tax includes the following specific expenses:

### Employee benefits expense

	Note	2022 \$	2021 \$
Wages and salaries		541,832	750,372
Staff superannuation – defined contribution plan <sup>1</sup>		116,288	56,160
Provision for annual leave		44,599	7,904
Provision for long service leave		6,867	(11,421)
Directors fees	25	250,000	214,544
Other employee related		32,325	162,866
		991,911	1,180,425

<sup>1</sup> TruScreen Pty Limited is required, under Australian employment laws, to pay a prescribed portion of each employee's salary into a superannuation scheme.

### Administration and other operating expenses include:

	Note	2022 \$	2021 \$
Audit fees			
Fees for audit of financial statements for the year ended 31 March – RSM Hayes Audit		92,899	92,547
Total remuneration of auditors		92,899	92,547
Amortisation of intangible assets	14	541,086	544,565
Depreciation of plant and equipment	13	51,629	102,033
Total amortisation & depreciation		592,715	646,598

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# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2022

## NOTE 8. INCOME TAX EXPENSE

	2022 \$	2021 \$
Loss for the year	(7,892,672)	(3,490,010)
Prima facie income tax saving using the applicable country's tax rate 28% (2021 :28%)	2,209,948	977,201
Impact of variation in foreign tax rates (25% for Aus.; 19% for UK) (2021 : 26% for Aus.; 19% for UK)	(234,730)	(18,431)
Expenses not deductible for tax in the current period:	(1,378,269)	(242,492)
Not recognised as a deferred tax asset	(596,949)	(716,278)
Income tax expense	-	-

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

	2022 \$	2021 \$
Deductible/(non-deductible) temporary difference:		
Foreign exchange losses	169,819	(83,027)
Other timing differences	320,186	267,605
	490,005	184,578
Unused tax losses	12,596,846	11,591,500
Total	13,086,851	11,776,078

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

## NOTE 9. CASH AND CASH EQUIVALENTS

	2022 \$	2021 \$
Cash on hand	538	545
Cash at bank	2,796,466	5,254,529
	2,797,004	5,255,074

Cash at bank is earning interest at a floating rate at the reporting date it ranged from 0% to 0.5% (2021: 0% to 0.55%). Cash at bank is at call.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2022

## NOTE 10. TRADE AND OTHER RECEIVABLES

### CURRENT

	2022 \$	2021 \$
Research and development tax offset	601,554	558,485
Trade receivables subject to credit risk	275,447	-
Less provision for uncollectible amounts	-	-
	275,447	-
	877,001	558,485

No interest is charged on trade receivables. Refer to Note 6 regarding income from the research and development tax offset. The Group normally requires cash on delivery. In exceptional circumstances the Company has extended credit.

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

### Consolidated Group

2022	Days Overdue				
	1 – 60 days \$	90 – 180 days \$	Over 180 days \$	Total past due \$	Within terms \$
Trade receivables subject to credit risk (prior to provision)	56,516	-	-	-	218,931

2021	Days Overdue				
	1 – 60 days \$	90 – 180 days \$	Over 180 days \$	Total past due \$	Within terms \$
Trade receivables subject to credit risk (prior to provision)	-	-	-	-	-

No collateral is held over trade receivables.

## NOTE 11. INVENTORIES

	2022 \$	2021 \$
Finished goods at cost	117,103	275,530
Work in progress	379,784	457,044
	496,887	732,574

The Group wrote off \$181,217 relating to obsolete parts as it upgraded device design during the year.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2022

## NOTE 12. INTERESTS IN SUBSIDIARIES

Subsidiaries are:

Name of Subsidiary	Principal Place of Business	Ownership Interest held by the group	
		2022	2021
TruScreen Pty Limited	Australia	100%	100%
TruScreen Ltd (UK)	UK	100%	100%
TruScreen S. de R.L. de C.V.	Mexico	100%	100%

### Principal Activities

TruScreen Pty Limited owns the rights to the TruScreen Cervical Cancer Screening Device. The device comprises a medical device and process designed to detect the presence in real time of precancerous and cancerous tissue on the cervix.

TruScreen Ltd (UK) holds the CE mark of quality compliance and will only trade to the extent necessary to satisfy the minimum requirement for value added tax registration in the United Kingdom and CE certification. In 2022 TruScreen Ltd (UK) made no sales.

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

## NOTE 13. PLANT AND EQUIPMENT

	2022	2021
Note	\$	\$
Plant and equipment at cost	476,891	545,560
Accumulated depreciation	(278,044)	(238,468)
Less provision for impairment	(198,847)	-
	-	307,092

Movements in the carrying amount for each class of plant and equipment are as follows:

	2022	2021
Note	\$	\$
Opening net book value	307,092	295,048
Additions	2,364	97,524
Depreciation charge	7 (51,629)	(102,033)
Expensed to research and development	(55,478)	-
Provision for impairment	(198,847)	-
Foreign currency reserve movement	(3,502)	16,553
Closing net book value	-	307,092

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2022

## NOTE 14. INTANGIBLE ASSETS

	Note	Intellectual Property \$	Development cost \$	Total \$
Opening balance as at 31 March 2020		7,313,739	2,743,612	10,057,351
Net exchange differences arising on the translation of the financial statements into the presentation currency		453,499	170,122	623,621
Balance as at 31 March 2021		7,767,238	2,913,734	10,680,972
Net exchange differences arising on the translation of the financial statements into the presentation currency		(931,520)	(179,739)	(1,111,259)
Balance as at 31 March 2022		6,835,718	2,733,995	9,569,713
<b>Accumulated Amortisation</b>				
Opening balance as at 31 March 2020		(1,897,810)	(548,720)	(2,446,530)
Amortisation recognised during the period	7	(385,364)	(159,201)	(544,565)
Net exchange differences arising on the translation of the financial statements into the presentation currency		(124,257)	(36,743)	(161,000)
Balance 31 March 2021		(2,407,431)	(744,664)	(3,152,095)
Amortisation recognised during the period	7	(381,963)	(159,151)	(541,114)
Net exchange differences arising on the translation of the financial statements into the presentation currency		882,353	160,790	1,043,143
Balance 31 March 2022		(1,907,041)	(743,025)	(2,650,066)
<b>Impairment</b>				
Opening balance impairment 31 March 2020		(1,693,629)	(686,371)	(2,380,000)
Net exchange differences arising on the translation of the financial statements into the presentation currency		(105,016)	(42,559)	(147,575)
Balance impairment 31 March 2021		(1,798,645)	(728,930)	(2,527,575)
Net exchange differences arising on the translation of the financial statements into the presentation currency		22,213	9,002	31,215
Provision for impairment		(3,152,245)	(1,271,042)	(4,423,287)
Balance impairment 31 March 2022		(4,928,677)	(1,990,970)	(6,919,647)
<b>Carrying amounts</b>				
Balance as at 31 March 2020		3,722,300	1,508,521	5,230,821
Balance as at 31 March 2021		3,561,162	1,440,140	5,001,302
Balance as at 31 March 2022		-	-	-

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2022

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

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

At reporting date 11 years and 8 months useful life remained on in use intangible intellectual property assets.

Development costs consist mainly of costs incurred to produce a new console for TruScreen. The new console was available for use on 1 April 2016. Amortisation commenced from that date. At reporting date 13 years useful life remained on capitalised development costs.

The Directors have undertaken a comprehensive Impairment Review ("Review") of the intangible assets belonging to the Company at the reporting date. This Review has been undertaken in compliance with NZ IAS 36 Impairment ('IAS 36') and its detailed specifications with the assistance of an independent consultant.

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

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

In particular the Directors have assessed the risk of not meeting the projected device sales and roll out. These risks have been taken into account in determining the budget for 2023 and the impact on sales revenue in subsequent years.

The global uncertainties from geopolitical tensions in Ukraine and China's zero COVID policy will impact the markets that the Group are in. The Chinese border remains closed from its ongoing COVID management while the war in Ukraine has potential implications for the Group's business in Russia. Given these uncertainties the Directors have resolved to make a provision for the carrying cost of the remaining intangible assets in the amount of \$4.4 million. In arriving at the decision, the directors considered the impact of a potential prolonged COVID lockdowns in major cities in China, ability to do business with Russia, and rising inflation and interest rates.

## Key elements of the Review

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

## Discounted free cash flow ("DFCF") approach

### Overview

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



# NOTES TO THE FINANCIAL STATEMENTS

## for the year ended 31 March 2022

### Key Inputs and Variables

- Cash flow projections over a 5 year period;
- Terminal growth rate of 2% (2021: 2%), based on long term economic growth prospects;
- The year 2023 is based on budget with revenue being discounted to reflect the ongoing impact of COVID-19 through to the end of calendar 2022. Revenue for 2023 has been determined by careful review of each market with growth in subsequent years growing at the rate of between 17% and 100% per annum for devices, and SUS growth based on average monthly usage for devices in use at the start of each year plus 50% of devices sold in the year.
- A range of WACC rates was estimated between 20% to 25% to account for time value of money and associated risks. This is based on current market rates adjusted for business and specific risks. In the final determination a post tax rate of 24% (25.7% pre tax) was used.

### DFCF Approach Result

- Based on the range of modelling, the range of possible outcomes suggested that factoring in these uncertainties, the recoverable amount was nil.
- Given the significant uncertainties outline above, the Directors have resolved to book a provision for impairment for the full carrying value of the intangible assets.
- In the event that the uncertainties referred to above are resolved, the Group achieves its 2023 budget, and the Directors have confidence in the projections for the subsequent years, consideration will be given re-establishing the intangible assets to an appropriate level.

### Review Conclusion

- The carrying value of intangibles at 31 March 2022 is \$Nil (2021: \$5.0m).

### NOTE 15. TRADE AND OTHER PAYABLES

<b>CURRENT</b>	<b>2022</b>	<b>2021</b>
	\$	\$
Other payables and accruals	807,374	452,594

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

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# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2022

## NOTE 16. EMPLOYEE LIABILITIES

	2022 \$	2021 \$
<b>CURRENT</b>		
Employee liabilities	140,385	205,273
<b>NON-CURRENT</b>		
Employee liabilities	44,134	37,633
	184,519	243,006

The current portion of employee liabilities in the prior year represents annual leave entitlements of employees \$96,343 and termination payment due of \$108,930.

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

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

## NOTE 17. ISSUED CAPITAL

### a) Ordinary Shares

Group	2022 Number	2022 \$	2021 Number	2021 \$
Balance at beginning of the year of fully paid ordinary shares	362,866,253	34,550,048	227,534,804	27,492,050
Ordinary shares issued				
Share issue May 2020 @ \$0.05 per share <sup>i</sup>	-	-	104,860,021	5,242,968
Share issue December 2020 @ \$0.07 per share <sup>ii</sup>	-	-	28,571,428	2,000,000
Exercise of options <sup>iii</sup>	-	-	1,900,000	247,000
Share issue costs	-	-	-	(431,970)
Balance at 31 March	362,866,253	34,550,048	362,866,253	34,550,048

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

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

Shares were issued during the:

- a. current period:
 

No shares were issued in the current period.
- b. prior period:
  - i. the issue of 104,860,021 new shares at \$0.05 per share raising \$5.243m. The shares were issued pursuant to a Share Purchase Plan, 40,000,000, and a share Placement Plan 64,860,021.
  - ii. the issue of 28,571,428 new shares via a placement and dual listing on the ASX, raising NZ\$2.0 million at NZ\$0.07 per share (A\$0.065).
  - iii. the issue of 1,900,000 new shares on exercise of options at NZ\$0.13 per share.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2022

## b) Share Options

Group	2022			2021		
	2022 Number	Share Based Payments \$	Weighted Average Exercise Price	2021 Number	Share Based Payments \$	Weighted Average Exercise Price
Balance at beginning of the year	17,777,363	306,000	13.9c	19,677,363	306,000	13.9c
Options issued <sup>1</sup>	2,500,000	69,500	10.0c	-	-	-
Options issued <sup>2</sup>	2,500,000	75,313	10.0c	-	-	-
Options lapsed <sup>3</sup>	(8,777,363)	-	-	-	-	-
Options exercised	-	-	-	(1,900,000)	-	13.0c
Balance at end of year	14,000,000	450,813	12.5c	17,777,363	306,000	14.0c

1 Options issued 29 December 2021 to directors and employee

2 Options issued 4 March 2022 to distributors

3 Options lapsed exercise price of 13 cents per share and expiry date 12 July 2021.

### NOTE 18. EARNINGS PER SHARE

	2022	2021
Basic and Diluted loss per share:		
<b>Net loss attributable to shareholders</b>	(7,892,672)	(3,490,010)
Weighted average number of ordinary shares on issue	\$362,866,253	\$323,761,703
Basic and diluted loss per share (cents) (based on weighted average number of shares on issue)	(2.18)	(1.08)

# NOTES TO THE FINANCIAL STATEMENTS

## for the year ended 31 March 2022

### NOTE 19 SHARE BASED PAYMENTS

#### Options

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

	2022		2021	
	#	\$	#	\$
Options on issue at start of period <sup>1</sup>	9,000,000	306,000	9,000,000	306,000
Options issued <sup>2</sup>	5,000,000	144,813	-	-
Options on issue at the end of the period	14,000,000	450,813	9,000,000	306,000

Of the issued options, 13,500,000 (2021: 9,000,000) had vested and were exercisable at 31 March 2022.

1 As approved by shareholders on 27 August 2019, the options were issued to Directors and senior managers. Options have been valued using Black & Scholes model using the following variables: share price at date of issue \$0.105 cents, exercise price \$0.15 cents, risk free government bond rate 0.85% and option period of 2.92 years and a share price volatility of 64.4% based on observed historical volatility. The estimated value of the options at grant date was \$306,000. In accordance with accounting standard NZ IFRS 2 the total value of the options has been expensed as a non-cash share-based payment, notwithstanding that there is no cost to the company or intrinsic value to the option holders in the year to 31 March 2020.

2 As approved by shareholders on 7 September 2021, the options were issued to Directors and senior managers. Options have been valued using Black & Scholes model using the following variables: share price at date of issue \$0.063 cents, exercise price \$0.10 cents, risk free government bond rate 0.36% and option period of 3.0 years and a share price volatility of 100% based on observed historical volatility. The options were valued at \$81,765 with the vested portion, \$69,500, being expensed in the current year.

In addition, the Company issued 2,500,000 to distributors. These options have been valued on the same basis as outlined above with the vested portion, \$75,313, being expensed in the current year.

#### NOTE 20. RESERVES

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

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

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2022

## NOTE 21. CASH FLOW INFORMATION

	2022 \$	2021 \$
<b>Reconciliation of cash flow from operations with loss after income tax</b>		
Loss for the period	(7,892,672)	(3,490,010)
Adjusted for:		
Depreciation and amortisation	592,715	646,597
Impairment of non-current assets	4,622,134	-
Share based payment expense	144,813	-
Unrealised exchange difference arising from translating loss items at the date of transaction	(146,358)	298,477
Operating cash flows before working capital changes	(2,679,368)	(2,544,936)
(Increase)/decrease in trade and other receivables	(275,447)	182,018
Decrease/(increase) in goods and services taxes recoverable	7,445	(26,718)
(Increase)/decrease in prepayments	(73,339)	30,511
Decrease/(increase) in inventory	235,687	(228,806)
(Increase)/decrease in research and development tax offset	(43,069)	125,765
Increase/(decrease) in trade and other payables	354,881	159,451
(Decrease)/increase in employee liabilities	(58,487)	113,384
<b>Net cash to operating activities</b>	<b>(2,531,697)</b>	<b>(2,189,331)</b>

## NOTE 22. RELATED PARTY TRANSACTIONS

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

#### (i) Key management personnel:

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

For details of disclosures relating to key management personnel, refer to Note 25 - Key Management Personnel Compensation.

#### (ii) Other related parties:

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

### b. Transactions with related parties:

The following transactions occurred with related parties:

- (i) The Company issued 2,500,000 options to directors and key management personnel, with exercise price \$0.10 and expiry date 7 September 2024 during the year. The options are fully vested and an expense of \$69,500 was recorded during the year.
- (ii) The remuneration for Mrs Juliet Hull in the Directors Report includes \$204,486 in consulting fees for acting a interim CEO.
- (iii) A loan on commercial terms of \$75,000 was repaid in the prior year, by Mr Martin Dillon, a previous CEO.
- (iv) \$60,095 was paid in the previous year to the spouse of the previous CEO, Victoria Potarina, for information technology consulting.

# NOTES TO THE FINANCIAL STATEMENTS

## for the year ended 31 March 2022

### NOTE 23. CONTINGENT LIABILITIES

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

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

### NOTE 24. EVENTS SUBSEQUENT TO REPORTING DATE

There have been no events subsequent to reporting date which would have a material effect on the Company's financial statements at 31 March 2022.

### NOTE 25. KEY MANAGEMENT PERSONNEL COMPENSATION

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

	2022 \$	2021 \$
<b>Short-term employment benefits – Directors fees<sup>1</sup></b>	250,000	214,544
Short-term employment benefits – Director's consulting fees <sup>2</sup>	204,486	12,739
Directors share based payments	65,500	-
Other key management personnel <sup>3</sup>		
Short-term employee benefits – Salary	333,721	556,049
Termination benefits	-	257,042
Post-employment benefits – Superannuation	20,955	39,621
Share based payments	4,000	-
Total employment benefits	358,676	852,712
<b>Total</b>	<b>878,662</b>	<b>1,079,995</b>

<sup>1</sup>Directors' fees to the directors of the parent entity as follows:

<b>Director</b>	2022 \$	2021 \$
Anthony Ho	90,000	80,833
Christopher Horn	60,000	50,833
Juliet Hull	50,000	24,165
Dexter Cheung	50,000	4,167
Christopher Lawrence	-	36,667
Con Hickey	-	17,879
	<b>250,000</b>	<b>214,544</b>

<sup>2</sup> Short-term benefits in the current year of \$204,486 (2021: \$12,739) were paid by TruScreen Pty Limited, to the Acting CEO. Directors' fees and Company Secretary fees were paid by TruScreen Group Limited.

<sup>3</sup> A further \$38,556 (2021: \$38,556) was paid to a company controlled by the Company Secretary, for accounting services.



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2022

## NOTE 26. LICENCE COMMITMENTS

The Group has licence and service fee commitments in the amount of \$73,618 (2021: \$171,775) for premises which expires on 20 December 2022. However, this arrangement may be cancelled by either party with three months' notice.



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# Independent Auditor's Report

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## Independent Auditor's Report

### To the shareholders of TruScreen Group Limited

#### RSM Hayes Audit

PO Box 9588  
Newmarket, Auckland 1149  
Level 1, 1 Broadway  
Newmarket, Auckland 1023

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www.rsmnz.co.nz

#### Opinion

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

- the consolidated statement of financial position as at 31 March 2022;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements on pages 24 to 55 present fairly, in all material respects, the financial position of the group as at 31 March 2022, and of its financial performance and its cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

#### Basis for opinion

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

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

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

#### Material uncertainty related to going concern

We draw attention to Note 1a in the financial statements, which indicates that the group needs to achieve forecast revenue growth and cost reductions, and obtain additional capital funding to finance its operations. As stated in Note 1a, these events or conditions, along with other matters explained in Note 1a, indicate that material uncertainties exist that may cast significant doubt on the group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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# Independent Auditor's Report



## Key audit matters

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

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

### Impairment of intangible assets

#### Why we considered this to be a key audit matter

Intangible assets previously comprised a significant carrying value relative to the financial position of the group, with details of these are disclosed in Note 14 to the consolidated financial statements. In the current year, the group has fully impaired these assets on the basis of their impairment testing assumptions, resulting in an expense of \$4,423,287.

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

The Group's forecasts assume a significant increase in revenue over the forecast period. There is uncertainty around the timing and quantum of future revenue and cash flow generation. Previous forecasts have not been achieved, and a loss has again been reported for the 2022 financial year – both creating indicators of impairment at 31 March 2022.

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

This review included assessment of risks around the ability of the Group to achieve forecast revenue growth and appropriateness of assumptions in order to determine an estimate of the recoverable amount. Given both the risks considered in note 14 and the underlying change in the macro-economic environment, a higher discount rate has been applied in 2022 than previously.

Considering the current levels of uncertainty in key markets in which the group operates, the group concluded that impairment of the full carrying value of non-current assets was required.

#### How our audit addressed this key audit matter

To assess the appropriateness of the impairment testing and the resulting carrying value of the group's intangible assets we conducted a detailed evaluation of the Group's cash flow forecast and impairment testing model as described in Note 14, including:

- We obtained management's budget and 5 year forecasts, and gained an understanding of the key cash flow drivers and key assumptions;
- We discussed the future business plans and key assumptions with management and the directors to ensure the cash flow forecasts used in the impairment testing model were consistent with these;
- We assessed the likelihood and timing of achieving forecast revenue growth;
- We evaluated and challenged how the impairment testing model accounted for risks in relation to the extent and timing of revenue growth given the current trading conditions. This included assessment of the impact of disruption from geopolitical tensions and COVID-19 containment measures in the jurisdictions where the Group's customers reside; and
- We evaluated other key inputs used in the impairment testing model, including the discount rate and the terminal growth rate.

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

# Independent Auditor's Report



## Research and development tax offset receivable

### Why we considered this to be a key audit matter

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

The balance sheet includes a material receivable of \$601,554 at 31 March 2022 for the year's research and development tax offset based on expenses incurred during the financial year, as detailed in note 10.

This receivable is based on an estimated calculation for the year to 31 March 2022, derived from the underlying accounting records. Whilst the group engages assistance from an expert to assist in preparing the ultimate claim and related documentation, this is yet to be prepared for the 31 March 2022 period, and so this amount remains outstanding at the date of this report. Accordingly there is a risk that the balance may not be a materially correct estimate of the final amount to be claimed, approved and paid by the ATO.

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

### How our audit addressed this key audit matter

Our procedures included the following:

- We obtained evidence to support the overall eligibility for the research and development (R&D) activities related expenditure to be claimed, including the detailed calculations that support the amount recognised as a receivable. We utilised R&D tax incentive expertise from our Australian network firm to assist in our assessment of the eligibility of the proposed claim.
- We also assessed the Group's history in lodging and successfully receiving claims in previous years.
- We obtained a view from the management's R&D advisor that the extent of the claim was expected to be at least the level recorded in the financial statements, and discussed the status of the claim with the advisor. We evaluated the competencies and objectivity of management's external R&D tax advisor.
- We perform our own tests of detail on the underlying records which included comparison to the related employee time records and obtaining a sample of supporting documentation related to the claimed costs relating to eligible R&D activities.

### Other information

The directors are responsible for the other information included in the annual report. The other information comprises the reports and information on pages 4 to 22 and pages 60 to 69 (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

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

# Independent Auditor's Report



## Responsibilities of the directors for the consolidated financial statements

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

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

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

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

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

## Who we report to

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

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

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

**RSM Hayes Audit**  
Auckland

30 June 2022

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# Governance

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

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

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

TruScreen's Board Charter sets out the governance principles, authority, responsibilities and membership and operation of the Board of Directors. This governance statement outlines the main corporate governance practices as at 31 March 2022.

## **COMPLIANCE**

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

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

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

The structure of the Company's FY2022 Annual report and Corporate Governance statement also aligns to reflect the requirements of Foreign Exempt Listing status on the ASX.

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

# GOVERNANCE PRINCIPLES AND GUIDELINES

## PRINCIPLE 1 – CODE OF ETHICAL BEHAVIOUR

Directors observe and foster high ethical standards.

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

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

### **Conflicts of Interest**

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

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

### **Trading in TruScreen Securities**

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

## PRINCIPLE 2 - BOARD COMPOSITION AND PERFORMANCE

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

### **Board Size and Composition**

The Board is comprised of Directors with a mix of qualifications, skills and experience appropriate to the Company's current business. As at 31 March 2022 there were 4 Directors on the board. All Directors act in a non-executive role, however currently one of those Directors is the Acting Chief Executive Officer. The Constitution provides for the Directors annually to elect one of their number as Chairperson of the Board.

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

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

# GOVERNANCE PRINCIPLES AND GUIDELINES

## **Independence of Directors**

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

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

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

Independent Directors: Anthony Ho, Christopher Horn, and Dexter Cheung;

Non-Independent Directors because Director is currently acting as Chief Executive Officer: Juliet Hull.

The Board therefore determines that the Board of TruScreen is comprised with an appropriate number of Independent Directors. Further, the Chairman and the Chairs of the Audit, Finance & Risk Committee and the Remuneration & Nomination Committee are independent directors.

In terms of the NZX and ASX listing rules, Juliet Hull and Dexter Cheung are ordinarily resident in New Zealand and Anthony Ho and Christopher Horn are ordinarily resident in Australia.

## **Responsibilities of the Board and Executive**

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

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

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

# GOVERNANCE PRINCIPLES AND GUIDELINES

## **Appointment and Retirement of Directors**

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

At each annual meeting at least one third of the Directors (or the nearest whole number – which at the current time is one director) retire by rotation and are eligible to seek re-election at the annual general meeting, along with any appointments made since the previous annual meeting. Included in the notice of meeting, the board will provide guidance to shareholders as to whether the director who is seeking election or re-election is endorsed by the non-interested directors.

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

## **Board Processes**

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

## **Diversity Policy**

The Company has a diversity policy which is on its website and reports annually, in the operations section of the annual report, relevant statistics.

## **PRINCIPLE 3 – BOARD COMMITTEES**

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

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



# GOVERNANCE PRINCIPLES AND GUIDELINES

## **Remuneration and Nomination Committee**

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

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

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

This Committee met once during the 12 months to 31 March 2022.

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

## **Audit, Finance & Risk Committee**

The Audit, Finance & Risk Committee comprises of Christopher Horn (chair) and Dexter Cheung. The role of the Committee is to review the annual audit process, the financial and operational information provided to the stakeholders and others, to monitor the management of business risk to the organisation, and review the framework of internal control and governance which the Executive and the Board have established. The Chief Executive Officer and Chief Financial Officer are invited to attend meetings as appropriate. The Audit, Finance & Risk Committee met twice during the 12 months to 31 March 2022.

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

# GOVERNANCE PRINCIPLES AND GUIDELINES

## PRINCIPLE 4 – REPORTING AND DISCLOSURE

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

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

### **Financial Reporting**

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

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

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

### **Timely and Balanced Disclosure**

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

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

## PRINCIPLE 5 – REMUNERATION

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

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

### **Non-Executive Directors' Remuneration**

The fees payable to the Non-Executive Directors are determined by the Board within the aggregate amount approved by shareholders. The Board considers the advice of independent remuneration consultants when setting remuneration levels. As at 31 March 2022 the current Directors' fee pool limit is NZ\$300,000. Director remuneration is disclosed in the Annual Report.

### **Senior Executive Remuneration**

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

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

# GOVERNANCE PRINCIPLES AND GUIDELINES

## **Staff Remuneration**

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

## **PRINCIPLE 6 – RISK MANAGEMENT**

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

### **Business Risks**

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

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

### **Health and Safety**

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

### **Chief Executive and Chief Financial Officers Assurance**

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

### **Risk Monitoring**

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



# GOVERNANCE PRINCIPLES AND GUIDELINES

## PRINCIPLE 7 – AUDITORS

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

### **Independence**

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

### **External Auditor**

TruScreen's external auditor is RSM Hayes Audit. RSM was appointed on 17 February 2020 and ratified at the Shareholders Meeting on 7 September 2021.

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

## PRINCIPLE 8 – SHAREHOLDER RIGHTS & RELATIONS

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

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

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

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

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

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

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## TOP TWENTY SHAREHOLDERS

Investor Name	Units	% Issued Capital
New Zealand Depository Nominee	34,429,708	9.49
Consolidated Nominees Pty Ltd	29,539,900	8.14
New Zealand Central Securities Depository Limited	14,020,113	3.86
Waitara Trustees Limited	13,622,222	3.75
Masfen Securities Limited	13,499,645	3.72
Albert Nominees Limited	11,000,000	3.03
Consolidated Nominees Pty Ltd	10,062,500	2.77
Idl Trustee Limited	9,534,914	2.63
Lah Investment Co Pty Limited	8,922,413	2.46
Ryan Peter Parkin	7,330,315	2.02
Forsyth Barr Custodians Limited	5,282,637	1.46
Maarten Arnold Janssen	5,083,670	1.4
Custodial Services Limited	4,729,426	1.3
Forsyth Barr Custodians Limited	4,502,610	1.24
David Russell Stewart & Adrienne Ruth Stewart	4,175,800	1.15
Anthony Peng Ho & Chui Hoong Ho	3,600,000	0.99
Caroline Robyn Ball & Christopher John Thomson Bush	2,978,681	0.82
Peng Cheong Ho	2,474,288	0.68
Qsp Limited	2,312,790	0.64
Christopher Lawrence Horn & Marilyn Gai Horn	2,050,000	0.56

### ISSUED CAPITAL AS AT 10 JUNE 2022

TRU	362,866,253
Current Holders	2113

### INVESTORS DOMICILE AS AT 10 JUNE 2022

Holdings	
New Zealand	1,361
Australia	742
Rest of World	0

### Issued Capital

New Zealand	270,095,713
Australia	89,434,252
Rest of World	3,336,288

### INVESTOR RANGES AS AT 10 JUNE 2022

Range	Holdings	Number	%
1-1000	38	17,412	0.00%
1001-5000	297	1,075,052	0.30%
5001-10000	388	3,283,505	0.90%
10001-50000	760	19,272,617	5.31%
50001-100000	251	19,485,843	5.37%
Greater than 100000	379	319,731,824	88.11%
	2113	362,866,253	100.00%

The Company had 507 unmarketable parcels as at 10 June 2022.

As at 10 June 2022 the Company had 9,000,000 unlisted options on issue (9 option holders) with exercise price of NZ\$0.15 cents and expiry date 27 August 2022, and 5,000,000 unlisted options on issue (11 holders) exercisable at NZ\$0.10 per share with expiry date of 7 September 2024.



truscreen®

**A better  
future for  
women's  
health  
starts here.**

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