TRUSCREEN GROUP LIMITED

Interim Unaudited Financial Statements

For the Six Months Ended 30 September 2022

TRUSCREEN GROUP LIMITED

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REVIEW OF OPERATIONS

Highlights for Half Year ended 30 September 2022

- **Revenue in line with prior year, in face of challenging market conditions**
- **Further growth potential in China on relaxation of COVID restrictions**
- **Developments in Vietnam, Saudi Arabia, Mexico, eastern Europe should produce results in year ahead**
- **Appointment of CEO, Dr Beata Edling**

Cervical cancer screening technology company, TruScreen Group Limited (NZX/ASX: TRU) ('TruScreen' or 'the Company), is pleased to provide its unaudited financial results for the six months to 30 September 2022 (1H FY23), along with the following operational update. TruScreen reports according to the New Zealand financial year, which runs from 1 April to 31 March.

The Company reported an operating loss of $1.22m (1H FY22: $1.26m, which included non-cash amortisation of $0.3m). Revenue was consistent for the six months YOY at $0.74m with COVID Zero lockdowns having a negative impact in China. The Ukraine war precluded any shipments to Russia and slowed down TruScreen's ability to further develop Eastern Europe.

SUS unit sales were in line with the previous year and device sales were up on the previous year with sales of Made in China devices to China's new private health check market.

Net operating cash outflow was $1.2m (1H FY22: $1.7m). The difference between the years being the Australian research and development tax refund received during the current half year, but just after the previous half year in the amount of $0.6m. Operating cash outflows were $1.2m (1H FY22: $1.7m). The current period includes termination costs of personnel as the Company realigned its operations to suit prevailing global market conditions.

The Company made a provision for all non-current assets in the prior year. The loss for the previous six months 1H FY22 included a non-cash amortisation and depreciation charge of $0.30m.

As at 30 September 2022, the Company had cash and cash equivalents of $1.68m.

Half-Year Commentary

TruScreen has maintained its revenue base despite disruptive and challenging market conditions.

Market developments

China

TruScreen continues to support ongoing initiatives to expand its reach in China, its most established market and the world's largest addressable cervical cancer screening market (circa 404 million women of screening age).

TruScreen has recently been added to the cervical cancer screening protocol in the largest medical private check-up centre in China. The private health check-up centre within the PLA 301 General Hospital, approved the use of TruScreen in its cervical cancer screening services with installation now having commenced. The private health check-up project aims to screen 10,000 women across 10 centres in 3-6 months.

TruScreen's China distributor Beijing Siweixiangtai Technology Company Ltd (SWXT) relaunched distribution of TruScreen cervical cancer screening device to Xinjiang Uygur Autonomous Region, during the period. The Xinjiang UAR has a population of 26 million spread over an area of 1.7 million sq km. This vast area has numerous ethnic minority groups in remote locations with the Xinjiang UAR government providing special funding for cancer screening programmes.

The TruScreen cervical cancer screening device is ideally suited for Xinjiang UAR and has significant advantages in undertaking cervical cancer screening programmes in this vast area with many remote locations. The ability to provide a real time result with a robust TruScreen cervical cancer screening device, without the need for laboratory infrastructure, will support the UAR government's programme of improving the lives of women in ethnic minorities.

Latin America

A TruScreen-based cervical cancer screening centre was opened in Ciudad de Mexico (Mexico City), operated by Mexpharm Medical Clinical, during the period.

Mexpharm Medical Clinical a leader in healthcare in Mexico, specialises in comprehensive medical care focused on the needs of patients and clinicians. It provides state-of-the-art medical technologies and doctors specialized in ophthalmology, endoscopy, gynaecology-oncology, internal medicine, anaesthesiology, and general medicine. It delivers competitively priced, quality short-stay medical care with high level of professional medical care.

The centre showcases TruScreen's medical technology, acts as a training centre, and provides screening services to local population.

Zimbabwe

The National Aids Council's (NAC) TruScreen Masvingo pilot project continues to make good progress. In FY Q2, 16 devices were installed at local clinics and hospitals, and have screened over 4,000 women, averaging ~100 screenings per month per device. Recently NAC have further strengthened their commitment to the project by allocating additional funds to increase awareness and uptake of screening via a community outreach program that will travel to the 16 sites over the next 3 months.

Vietnam

TruScreen see significant opportunity in Vietnam, despite intermittent COVID lockdown delays. TruScreen recently received approvals for clinical use of its screening device in two top hospitals in Southern Vietnam, with a further four evaluations by Ministry of Health (MoH) underway. A roll-out of TruScreen into community medical centres is scheduled in 2H FY2023.

Medical Symposium

The Company successfully completed delivery of its first global virtual medical symposium to key opinion leaders from 7 countries, on cervical cancer screening, during 1H FY2023.

The medical symposium was chaired by Professor Neville Hacker, one of the world leaders in gynaecology-oncology and a Founder of first multidisciplinary Australian Gynaecological Cancer Centre in Sydney in 1986. The speakers at the medical symposium included Associate Professor Michael Campion, Head of the Pre-Invasive Clinic at the Gynaecological Cancer Centre of the Royal Hospital for Women in Sydney, Professor Hextan Ngan from University of Hong Kong, Associate Professor Fei Chen of Peking Union Medical College Hospital in China, Dr Bernard Madzima, the CEO of the National AIDS Council in Zimbabwe and Dr Majed Alhudhud, the Director of Gynaecology Oncology Services at the Aryan Hospital Medical Group, Riyadh, Saudi Arabia.

The medical symposium, titled “Place of advanced technologies in screening for cervical cancer” had 132 registrations from Key Opinion Leaders from China, Mexico, Russia, Poland, Vietnam, Zimbabwe and Saudi Arabia. The medical symposium enabled professional discussions on TruScreen and its current clinical data and presented the success in cervical cancer screening programs in several countries.

Professor Fei Chan presented her report on the excellent results from the 3 years COGA (Chinese Obstetricians & Gynaecologists Association) trial where 15,661 women were screened across 64 hospitals.

Regulatory Compliance

TruScreen is currently investing and transitioning its documentation and regulatory processes to comply with the new Medical Device Regulation (MDR) which is mandatory in May 2024. During the half year the Company was subjected to three external audits necessary to maintain compliance with EC and ISO requirements and to determine MDR readiness. No non-conformances were identified.

Appointment of Chief Executive Officer

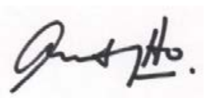
In recognition of the waning of the COVID 19 pandemic and the need for the Company to prepare itself for the post-pandemic economic environment, the Company moved to appoint a permanent Chief Executive Officer to provide leadership to the Company. Dr Beata Edling was appointed Chief Executive Officer in early October 2022 having previously worked with TruScreen as the Medical Affairs and Market Access Lead.

Dr. Edling, who joined TruScreen in October 2020, is an experienced executive who previously led large and small Medical Affairs Teams and commercialised numerous medical products with global pharmaceutical companies, Sanofi-Aventis, Shire, Eli Lily and Amgen for Australia and New Zealand. Dr Edling was previously a Non-Executive Director of ASX listed Noxopharm Limited. Dr. Edling is multi-lingual and speaks several European languages. In addition to her medical degrees and training, Dr. Edling holds an MBA from Australian Graduate School of Management.

Outlook

TruScreen has managed to maintain its financial performance despite the disruptive and challenging global market conditions. We have continued to support our distributors and invest in developing our emerging new markets. We have invested heavily in transitioning our regulatory systems and processes to the new MDR framework. Our Made In China devices for China has opened up new market opportunities in China. We will continue to focus on manufacturing cost reductions to enhance gross margin. As we come out on the other side of the COVID 19 pandemic, we expect that the many initiatives of the past years will bear fruit in the years to come.

I would like to take the opportunity to thank shareholders for their ongoing support and encourage you to stay up to date with TruScreen news via the NZX/ASX announcements platforms as well as our website and social media accounts.



Anthony Ho
Chairman
29 November 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

	Note	Unaudited for the six months ended 30 September 2022	Unaudited for the six months ended 30 September 2021	Audited for the year ended 31 March 2022
		$	$	$
Revenue from the sale of goods		740,034	745,146	1,678,465
Other income	4	385,191	673,688	973,914
Inventories used		(557,143)	(519,378)	(1,155,725)
Write off of obsolete inventory		-	-	(181,217)
Employee benefit expenses and directors' fees		(490,076)	(507,112)	(991,911)
Administration		(187,663)	(170,971)	(347,808)
Research and development expenses		(495,204)	(796,339)	(1,498,629)
Rent		(28,442)	(27,263)	(54,139)
Travel		(17,969)	(3,376)	(4,969)
Regulatory compliance, consulting & marketing		(410,082)	(197,479)	(716,923)
Insurance		(69,595)	(57,146)	(116,191)
Shareholder relations & services		(89,378)	(97,838)	(117,877)
Amortisation & depreciation		-	(300,850)	(592,715)
Provision for impairment plant and equipment		-	-	(198,847)
Provision for impairment of intangible assets		-	-	(4,423,287)
Share based payments		-	-	(144,813)
Loss before income tax		(1,220,326)	(1,258,918)	(7,892,672)
Income tax expense		-	-	-
Loss for the period after income tax		(1,220,326)	(1,258,918)	(7,892,672)
Other comprehensive income				
Item that may be reclassified subsequently to profit or loss				
Exchange gain/(loss) on translating foreign subsidiary operations		137,465	(394,945)	(166,281)
Other comprehensive income/(loss) for the period		137,465	(394,945)	(166,281)
Total comprehensive loss for the period		(1,082,861)	(1,653,863)	(8,058,953)
Basic and diluted losses (cents per share)		(0.34)	(0.35)	(2.18)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022

	Note	Unaudited 30 September 2022 $	Unaudited 30 September 2021 $	Audited 31 March 2022 $
CURRENT ASSETS				
Cash and cash equivalents		1,677,547	3,673,500	2,797,004
Trade receivables		150,445	6,672	275,447
Other receivables		248,875	961,466	601,554
Goods and services taxes recoverable		29,161	33,902	36,782
Inventories		707,205	691,607	496,887
Other assets – prepayments		119,603	160,588	179,270
TOTAL CURRENT ASSETS		2,932,836	5,527,735	4,376,944
NON-CURRENT ASSETS				
Plant and equipment		-	266,078	-
Intangible assets		-	4,546,722	-
TOTAL NON-CURRENT ASSETS		-	4,812,800	-
TOTAL ASSETS		2,932,836	10,340,535	4,386,944
CURRENT LIABILITIES				
Trade and other payables		463,541	556,238	807,374
Employee benefits		130,855	92,743	140,385
TOTAL CURRENT LIABILITIES		594,396	648,981	947,759
NON-CURRENT LIABILITIES				
Employee benefits		26,250	36,226	44,134
TOTAL NON-CURRENT LIABILITIES		26,250	36,226	44,134
TOTAL LIABILITIES		620,646	685,207	991,893
NET ASSETS		2,312,190	9,655,328	3,395,051
EQUITY				
Issued capital	7	34,550,048	34,550,048	34,550,048
Share option reserve		144,813	306,000	450,813
Foreign currency translation reserve		(243,379)	(609,508)	(360,844)
Accumulated losses		(32,139,292)	(24,591,212)	(31,224,966)
Total Equity		2,312,190	9,655,328	3,395,051

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

	Note	Share Capital $	Accumulated Losses $	Foreign Currency Translation Reserve $	Option Reserve $	Total $
Balance at 31 March 2021 (Audited)		**34,550,048**	**(23,332,294)**	**(214,563)**	**306,000**	**11,309,191**
Comprehensive income						
Loss for the period ended 30 September 2021		-	(1,258,918)	-	-	(1,258,917)
Exchange differences on translation of foreign subsidiary operations		-	-	(394,945)	-	(394,945)
Total comprehensive loss for the period (unaudited)		**-**	(1,258,918)	(394,945)	-	(1,653,862)
Balance at 30 September 2021 (Unaudited)		**34,550,048**	**(24,591,212)**	**(609,508)**	**306,000**	**9,655,328**
Balance at 31 March 2022 (Audited)		**34,550,048**	**(31,224,966)**	**(380,844)**	**450,813**	**3,395,051**
Comprehensive income						
Loss for the period ended 30 September 2022		-	(1,220,326)	-	-	(1,220,326)
Exchange differences on translation of foreign subsidiary operations		-	-	137,465	-	137,465
Total comprehensive loss for the period (unaudited)		**-**	(1,220,326)	137,465	-	(1,082,861)
Transfer from option reserve		**-**	306,000	-	(306,000)	-
Balance at 30 September 2022 (Unaudited)		**34,550,048**	**(32,139,292)**	**(243,379)**	**144,813**	**2,312,190**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

	Note	Unaudited for the six months ended 30 September 2022	Unaudited for the six months ended 30 September 2021	Audited for the year ended 31 March 2022
		$	$	$
CASH FLOW FROM OPERATING ACTIVITIES				
Cash receipts from customers		918,401	763,087	1,434,264
Cash paid to suppliers and employees		(2,719.056)	(2,517,329)	(4,586,932)
Cash received from research and development tax offset		650,479	-	620,888
Government subsidies		-	99,114	123,535
Short-term lease payments not included in lease liability		(66,363)	(64,933)	(123,775)
Interest received		774	196	323
Net cash used in operating activities	8	(1,215,766)	(1,719,865)	(2,531,697)
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of plant and equipment		-	-	(2,662)
Net cash used in investing activities		-	-	(2,662)
CASH FLOW FROM FINANCING ACTIVITIES				
Cash flow from financing activities		-	-	-
Net cash provided by financing activities		-	-	-
Net decrease in cash and cash equivalents		(1,215,766)	(1,719,865)	(2,534,359)
Cash and cash equivalents at beginning of period		2,797,004	5,255,074	5,255,074
Effect of foreign exchange adjustment on cash balances		96,309	138,291	76,289
Cash and cash equivalents at end of period		1,677,547	3,673,500	2,797,004

The accompanying notes form part of these financial statements.

1. REPORTING ENTITY

These consolidated unaudited interim condensed financial statements presented for the six months ended 30 September 2022 are those of TruScreen Group Limited and its subsidiaries (the "Group"). References to "TruScreen" are used to refer both to the Group and 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 Group's principal activity relates to the research & development and manufacture of cancer detection devices and systems.

These consolidated unaudited interim financial statements were authorised for issue by the Board of Directors on 29 November 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

These financial statements are unaudited and have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP") and part 7 of the Financial Markets Conduct Act 2013. The financial statements comply with NZ IAS 34: Interim Financial Reporting and International Accounting Standards IAS 34: Interim Financial Reporting.

The consolidated unaudited interim financial statements have been prepared in New Zealand dollars, which is the presentation currency, with the New Zealand dollar and the Australian dollar being the functional currency of the New Zealand parent company and the Australian subsidiary respectively. These financial statements do not include all the information required for full financial statements and consequently should be read in conjunction with the Group's financial statements for the year ended 31 March 2022.

The same accounting policies have been followed in these financial statements as were applied in the preparation of the Group's audited financial statements for the year ended 31 March 2022.

The consolidated unaudited interim financial statements are prepared on the basis of historical cost, except where otherwise identified.

Going Concern

The Group interim 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 interim financial statements, the Group reported;

- a loss of $1,220,236 (2021: $1,258,918). The 2021 result is after provision for impairment and amortisation of non-current assets of $300,850.
- net cash outflows from operating and investing activities of $1,215,766 (2021: $1,719,865)
- cash as at half year end of $1,677,547 (2021: $3,673,500)

The Directors have undertaken a detailed cash flow forecast for the twelve months following the date of approval of report.

The Directors have determined that the Company will need to raise capital to support the further development of its target markets to move the Company to profitability. Initial discussions with brokers have been held and the Directors are confident that it will be able to raise sufficient funds to support the Company in the twelve months following the date of this report.

The Board considers that supported by a capital raise, the projected twelve month cash flow forecasts will be achievable and sufficient to provide cash to cover any operating deficit and capital expenditure. The Board considers managing cash flow and working capital as critical in executing the strategies of the Group.

If the Group is unable to meet forecasts due to market uncertainties and is also unable to raise additional capital, if and when required, there would be a material uncertainty as to the entities ability to continue as a going concern.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

When preparing the interim financial statements, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on experience and other factors that are believed to be reasonable under the circumstances. Actual results may differ from the estimates, judgements and assumptions made by management. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements can be found in the previous annual report.

IMPAIRMENT OF NON-CURRENT ASSETS

The Directors undertook a comprehensive Impairment Review (“Review”) of the intangible assets of the Company as at the 31 March 2022 year end. This Review was undertaken in compliance with NZ IAS 36 Impairment (‘IAS 36’) and its detailed specifications with the assistance of an independent consultant.

In particular, the Directors assessed the risk of not meeting the projected device and SUS sales and rollout in China and other countries as a result of COVID-19 pandemic. These risks were considered 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 as at 31 March 2022 to create a provision for the carrying cost of the remaining non current assets in the amount of $4.6 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.

As at 30 September 2022, the Directors have determined that there are no indicators which would warrant the Provision for impairment made as at 31 March 2022 should be reversed.

The Directors will continue to review available indicators as at each future half year reporting balance date.

4. SIGNIFICANT TRANSACTIONS AFFECTING NET LOSS

Significant transactions affecting net loss

The following significant items affecting the unaudited loss for the period are highlighted below because of their size:

	Unaudited for the six months ended 30 September 2022	Unaudited for the six months ended 30 September 2021	Audited for the year ended 31 March 2022
	$	$	$
Other income			
Research and development tax refund/offset[1]			
- Current year	248,875	361,032	593,197
- Prior year adjustment	25,048	48,898	48,830
	273,923	409,930	642,027
Interest	778	216	372
Government subsidies	-	99,114	228,167
Foreign exchange gains	110,490	164,428	103,348
Total other income	385,191	673,688	973,914

[1]Ongoing Research & development is being conducted in the following areas:

- Clinical trials;
- Software & firmware improvements incorporated from feedback on devices to improve usability;
- Manufacturing processes of the electrical and optical assembly;
- Changes and improvements to the electrical and optical assembly; and
- Further work on developing and testing the algorithm.

5. ADMINSTRATION AND OTHER OPERATING EXPENSES

The following commentary explains the movement in administration and operating expenses over the previous half year:

Research and development costs: The decrease in these costs reflected the completion of the research and development cybersecurity and self-calibration projects and limited further development given that the product is now stable and market ready. Current projects include improvement of the algorithm which will increase the accuracy of the TruScreen cervical cancer screening device beyond other screening methods.

Regulatory, consulting and marketing costs: The increase in regulatory costs reflects work being undertaken to ensure that that the Company meets the requirements of the new global Medical Device Regulation (MDR) which takes effect for our products in May 2024.

6. OPERATING SEGMENTS

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

The Group earns revenue largely from China, with developing markets in South East Asia, Russia, Mexico, India, Africa and Eastern Europe. Revenues are from sales to the Company's distributors (indirect channel of distribution).

One major customer contributed more than 10% of the Group's revenue in the six months to 30 September 2022 of $731,258 (98%) (2021: one customer of $647,839 87%).

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

7. SHARE CAPITAL

	No.	$
Balance at 30 September 2021	**362,866,253**	**34,550,048**
Balance at 31 March 2022	362,866,253	34,550,048
Balance at 30 September 2022	**362,866,253**	**34,550,048**

8. RECONCILIATION OF CASH FLOW FROM OPERATING ACTIVITIES

	Unaudited for the six months ended 30 September 2022	Unaudited for the six months ended 30 September 2021	Audited for the year ended 31 March 2022
	$	$	$
Reconciliation of cash flow from operations with loss after income tax			
Loss for the period	(1,220,326)	(1,258,918)	(7,892,672)
Adjusted for:			
Depreciation and amortisation	2,440	300,850	592,715
Impairment of non-current assets	-	-	4,622,144
Share based payment expense	-	-	144,813
Exchange difference arising from translating loss items at the date of transaction and translating cash balances at period end rates	40,918	(338,487)	(146,358)
Operating cash flows before working capital changes	(1,176,968)	(1,296,555)	(2,679,368)
Decrease/(increase) in trade receivables	125,003	(6,672)	(275,447)
Decrease in goods and services taxes recoverable	7,621	10,325	7,445
Decrease/(increase) in prepayments	61,871	(54,658)	(73,339)
(Increase)/decrease in inventory	(210,317)	40,967	235,687
Increase/(decrease) in research and development refundable tax offset	352,680	(402,981)	(43,069)
Decrease/(increase) in trade and other payables	(343,834)	103,745	354,881
Decrease in employee liabilities	(27,414)	(114,036)	(58,487)
Net cash outflow from operating activities	**(1,211,358)**	**(1,719,865)**	**(2,531,697)**

9. NET TANGIBLE ASSETS PER SHARE

	Unaudited as at 30 September 2022	Unaudited as at 30 September 2021	Audited as at 31 March 2022
Net tangible assets ($)	2,312,190	5,108,606	3,395,051
Shares on issue at the end of period	362,866,253	362,866,253	362,866,253
Net tangible assets per share (cents per share)	0.64	1.41	0.94

10. CONTINGENT LIABILITIES

There are no contingent liabilities in this or the previous reporting period.

11. EVENTS SUBSEQUENT TO END OF THE INTERIM PERIOD

Other than as outlined in the Corporate section of the Half-Yearly Review of Operations, there are no other events since 30 September 2022 which would have a material effect on the Group's unaudited interim financial statements for the six months ended 30 September 2022.