



CONSOLIDATED FINANCIAL STATEMENTS  
For the six months ended 30 September 2014



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# Financial Information

Pacific Edge Limited > for the six months ended 30 September 2014

## STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2014

	Unaudited Sept 2014 (\$000)	Unaudited Sept 2013 (\$000)
Operating Revenue	1,011	100
Other Revenue (Includes interest and foreign exchange gains)	588	83
<b>Total Revenue</b>	<b>1,598</b>	<b>183</b>
<b>Net Profit (Loss) for the period</b>	<b>(4,859)</b>	<b>(4,971)</b>
Other Comprehensive Income – Foreign Translation	125	214
<b>Total Comprehensive Income (Loss) attributable to equity holders</b>	<b>(4,734)</b>	<b>(4,757)</b>
The following items are included in the Statement of Comprehensive Income:		
Interest Revenue	305	76
Rent Expense	365	326
Depreciation	144	154
Amortisation	45	10

## STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2014

	Unaudited Sept 2014 (\$000)	Unaudited Sept 2013 (\$000)
Net Profit (loss) for the period	(4,859)	(4,971)
Equity at beginning of half year	21,778	11,146
Currency translation difference	125	214
Contributions by owners	–	509
<b>Equity at end of half year</b>	<b>17,044</b>	<b>6,898</b>

Note: These Statements are to be read in conjunction with the Notes to the Financial Statements.

## STATEMENT OF FINANCIAL POSITION

As at 30 September 2014

	Unaudited Sept 2014 (\$000)	Audited March 2014 (\$000)	Unaudited Sept 2013 (\$000)
Cash, Cash Equivalents and Short Term Deposits	14,707	20,444	6,381
Trade Receivables	1,404	574	197
Inventory	443	241	-
Other Current Assets	245	167	223
<b>Total Current Assets</b>	<b>16,799</b>	<b>21,426</b>	<b>6,801</b>
Property, Plant and Equipment	1,120	1,112	1,220
Intangible Assets	275	193	67
<b>Total Non-Current Assets</b>	<b>1,395</b>	<b>1,305</b>	<b>1,287</b>
<b>Total Assets</b>	<b>18,194</b>	<b>22,731</b>	<b>8,088</b>
Trade Creditors	1,150	953	654
Other Current Liabilities	-	-	536
<b>Total Current Liabilities</b>	<b>1,150</b>	<b>953</b>	<b>1,190</b>
<b>Non-Current Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>	<b>1,150</b>	<b>953</b>	<b>1,190</b>
<b>Net Assets</b>	<b>17,044</b>	<b>21,777</b>	<b>6,898</b>
Share Capital	66,612	66,612	47,108
Other Reserves	667	542	186
Retained Profit (Accumulated Losses)	(50,235)	(45,375)	(40,396)
<b>Shareholders' Equity</b>	<b>17,044</b>	<b>21,778</b>	<b>6,898</b>
Return on Assets (%)	(26%)	(41%)	(59%)
Return on Equity (%)	(28%)	(43%)	(69%)
Debt to Equity Ratio (%)	7%	4%	17%
Earnings per share (basic And diluted)	(\$0.015)	(\$0.032)	(\$0.017)
Net Tangible Assets per share	\$0.053	\$0.068	\$0.025

Note: These Statements are to be read in conjunction with the Notes to the Financial Statements.

# Financial Information

## (continued)

Pacific Edge Limited > for the six months ended 30 September 2014

### CASH FLOW STATEMENT

For the six months ended 30 September 2014

	Unaudited Sept 2014 (\$000)	Unaudited Sept 2013 (\$000)
Receipts from Customers	370	123
Interest Received	112	88
Payments to Suppliers/Employees	(6,350)	(4,257)
<b>Net Operating Cash Flows</b>	<b>(5,869)</b>	<b>(4,046)</b>
Cash Paid for Purchases of Plant, etc	(85)	(173)
Cash paid for Intangible Assets	(123)	(76)
Cash from short term deposit	5,500	–
<b>Net Investing Cash Flows</b>	<b>5,293</b>	<b>(249)</b>
<b>Net Financing Cash Flows</b>	<b>–</b>	<b>–</b>
Net Movement in Cash Held	(576)	(4,295)
Cash at beginning of half year	4,944	10,676
Effect of Exchange Rate changes on Net Cash	339	–
<b>Cash at end of half year</b>	<b>4,707</b>	<b>6,381</b>
<i>Comprised of:</i>		
Bank of New Zealand Cheque Account	101	28
Bank of New Zealand Call Account	1,716	3,107
Bank of New Zealand USD Account	2,482	3,039
Bank of New Zealand AUD Account	19	6
Bank of New Zealand EUR Account	12	29
Commonwealth Bank AUD Cheque Account	70	72
Wells Fargo USD Account	308	99
<b>Ending Cash Carried Forward</b>	<b>4,707</b>	<b>6,381</b>
ANZ Term Deposit	10,000	–
<b>Total Short Term Deposits</b>	<b>10,000</b>	<b>–</b>
<b>Total Cash, Cash Equivalents and Short Term Deposits</b>	<b>14,707</b>	<b>6,381</b>

Note: These Statements are to be read in conjunction with the Notes to the Financial Statements.

## RECONCILIATION OF PROFIT (LOSS) WITH NET OPERATING CASH FLOWS

For the six months ended 30 September 2014

	Unaudited Sept 2014 (\$000)	Unaudited Sept 2013 (\$000)
Total Comprehensive Income (loss) for the period	(4,734)	(4,971)
Add: Non Cash Items:		
Depreciation & Amortisation	188	173
Share Capital issued for services provided	–	509
Add Movements in Other Working Capital Items:		
(Increase)/Decrease in Receivables and Other Current Assets	911	(83)
(Increase)/Decrease in Inventory on Hand	(201)	–
Increase/(Decrease) in Payables	197	112
Currency Translation	(407)	214
<b>Net Operating Cash Flows (Outflows)</b>	<b>(5,869)</b>	<b>(4,046)</b>

# Notes to the Financial Statements

Pacific Edge Limited > for the six months ended 30 September 2014

## 1. SUMMARY OF ACCOUNTING POLICIES

The unaudited interim financial statements (the "financial statements") presented are those of Pacific Edge Limited ("Company") and its subsidiaries (Group). The Company is registered and domiciled in New Zealand for the purpose of developing and commercialising new diagnostic and prognostic tools for the early detection and management of cancers. Pacific Edge Diagnostics NZ Ltd and Pacific Edge Diagnostics USA Ltd manages and operates the laboratory used for the detection of bladder cancer. The Company is a profit oriented entity, registered in New Zealand under the Companies Act 1993. The Company is an issuer for the purposes of the Financial Reporting Act 1993 and its annual financial statements comply with that Act. The unaudited interim financial statements are prepared in accordance with Generally Accepted Accounting Practice (NZGAAP) and comply with the New Zealand Equivalents to International financial Reporting Standards (NZ IFRS), as appropriate for interim financial statements (NZ IAS 34). The interim financial statements should be read in conjunction with the Group annual report for the year ended 31 March 2014.

### (a) Basis of Preparation

The financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. The financial statements are presented in New Zealand dollars. The same accounting policies and methods of computation are followed in these interim financial statements as were applied in the preparation of the Company's financial statements for the year ended 31 March 2014.

### (b) Basis of Consolidation

The following entities and the basis of their inclusion for consolidation in these Financial Statements are as follows:

Name of subsidiary	Place of Incorporation (or registration) & Operation	Principal Activity	30 Sept 2014 (%)	30 Sept 2013 (%)
Pacific Edge Diagnostics New Zealand Limited	New Zealand	Commercial Laboratory Operation	100	100
Pacific Edge Pty Limited	Australia	Biotechnology Research & Development	100	100
Pacific Edge Diagnostics USA Limited	USA	Commercial Laboratory Operation	100	100
Pacific Edge Analytical Services Limited	New Zealand	Dormant Company	100	100



## 2. INVESTMENT AND ADVANCES IN SUBSIDIARIES

The consolidated financial statements incorporate the assets and liabilities and result of Pacific Edge Diagnostics New Zealand Limited, Pacific Edge Diagnostics USA Limited and Pacific Edge PTY Limited, all of which are 100% owned. Subsidiaries have a 31 March balance date. The investment and advance in subsidiaries are eliminated on consolidation in the Group financial statements.

## 3. OTHER CURRENT LIABILITIES – SERIES A CONVERTIBLE PREFERENCE SHARES

	Unaudited Sept 2014 (\$000)	Audited March 2014 (\$000)	Unaudited Sept 2013 (\$000)
Opening balance	–	153	191
Non-cash Conversion to Ordinary Shares	–	153	38
<b>Closing balance</b>	<b>–</b>	<b>–</b>	<b>153</b>

All Series A Convertible Preference Shares have been converted to ordinary shares in the previous financial year.

## 4. SHARE CAPITAL

	Shares (000)	Unaudited Sept 2014 (\$000)	Audited March 2014 (\$000)	Unaudited Sept 2013 (\$000)
Opening Balance	318,616	66,611	46,599	46,599
New Issues: Direct Offers	–	–	21,244	509
Share Capital before Issue Expenses	–	66,611	67,843	47,108
Less Issue Expenses	–	–	(1,232)	–
<b>Closing Balance</b>	<b>318,616</b>	<b>66,611</b>	<b>66,611</b>	<b>47,108</b>

There are 321,615,921 (March 2014: 318,615,921 and September 2013: 280,189,784) ordinary Shares on issue.

All fully paid shares in the Company have equal voting rights and equal rights to dividends. All ordinary Shares are fully paid and have no par value.

On 4 December, 2013, 37,358,637 Ordinary Shares were issued under a renounceable rights offer of 2 new shares for every 15 existing shares held, at a price of \$0.55. 1,560,674 Ordinary Shares were issued during the year under separate agreements for services provided.

# Notes to the Financial Statements (continued)

Pacific Edge Limited > for the six months ended 30 September 2014

## 5. DIVIDENDS

The company does not propose to pay dividends to shareholders similar to previous years. This policy continues.

## 6. SEGMENT INFORMATION

The Chief Executive Officer has determined the operating segments based on reports reviewed by him that are used to make strategic decisions.

The Chief Executive Officer considers the business to be two operating segments at balance date. These segments being the research and development of diagnostic and prognostic products for human cancer and the operator of the laboratories in New Zealand and the United States used for the detection of bladder cancer.

The segment revenue and assets information provided to the Chief Executive Officer for the reportable segments described above, for the six months ended 30 September 2014, are shown below.

Business	Segmented Trading Revenue — total revenue			Segmented Trading Revenue — after intercompany eliminations		
	Unaudited Sept 2014 (\$000)	Audited March 2014 (\$000)	Unaudited Sept 2013 (\$000)	Unaudited Sept 2014 (\$000)	Audited March 2014 (\$000)	Unaudited Sept 2013 (\$000)
Research (NZ & Australia)	484	378	168	480	378	168
Laboratory (NZ)	240	50	13	71	50	13
Laboratory (US)	474	95	2	460	94	2

Note: Revenue figures exclude interest and foreign exchange gains.

Business	Segmented Assets		
	Unaudited Sept 2014 (\$000)	Audited March 2014 (\$000)	Unaudited Sept 2013 (\$000)
Research (NZ & Australia)	16,285	21,251	6,907
Laboratory (NZ)	237	238	152
Laboratory (US)	1,671	1,243	1,029

## 7. CONTINGENT LIABILITIES

There were no known contingent liabilities at 30 September 2014 (March 2014: nil and September 2014: nil). The Company and Group have not granted any securities in respect of liabilities payable by any other party whatsoever.

## 8. CAPITAL COMMITMENTS

There are no capital commitments at 30 September 2014 (March 2014 nil: and September 2013: nil).

## 9. SUBSEQUENT EVENTS

There were no events subsequent to balance date.

## 10. REPORTS TO SHAREHOLDERS

The shareholder has a right to receive from the Company, free of charge, a copy of the half year report if the shareholder, within 15 working days of receiving the notice, makes a request to the company to receive a copy of the half year report.

The half year report is available online, you can access an electronic copy by visiting:  
[www.nzx.com](http://www.nzx.com) – ticker code (PEB) or [www.pacifedge.co.nz](http://www.pacifedge.co.nz) or by contacting: [office@pacifedge.co.nz](mailto:office@pacifedge.co.nz)



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