

# Pro Medicus Limited

ABN 25 006 194 752

## INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED

31 DECEMBER 2020

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## DIRECTORS' REPORT

Your Directors of Pro Medicus Limited (the "Company") and its subsidiaries (the "Group") submit their report for the half-year ended 31 December 2020.

### DIRECTORS

The names and details of the Company's directors in office during the half-year and until the date of this report:

- Peter Terence Kempen AM  
FCA, FAICD (Chairman)
- Dr Sam Aaron Hupert  
M.B.B.S. (Deputy Chairman and Chief Executive Officer)
- Anthony Barry Hall  
B.Sc. (Hons), M.Sc. (Executive Director and Technology Director)
- Anthony James Glenning  
B.Sc, B.Eng, M.EE (Non-Executive Director)
- Dr Leigh Bernard Farrell  
PhD, B.Sc. (Hons), FAICD (Non-Executive Director)
- Deena Robyn Shiff  
B.Sc. (Econ) Hons, B.A. Law (Hons), (Non-Executive Director)

### REVIEW AND RESULTS OF OPERATIONS

The Company reported a first half after tax profit of \$13.54m, an increase of \$1.49m (up 12.4%) compared to the same period last year. Revenue from contracts with customers for the 6 month period of the Company increased from \$29.29m to \$31.59m, an increase of 7.8%.

Underlying profit before tax was \$18.76m compared with \$14.89m for the previous corresponding period, an increase of 25.9%. Underlying profit before tax for the half year ended 31 December 2020, comprises of reported profit before tax of \$18.20m and adding back the pre-tax currency loss of \$0.56m. The underlying profit for the half year ended 31 December 2019, comprises of reported profit before tax of \$14.81m and adding back the pre-tax currency loss of \$0.08m.

The currencies of the countries in which the Company has its activities have been volatile during the half year. On a constant currency basis, the revenue would have been \$32.93m (up 12.4%) and the underlying profit before tax would have been \$19.66m (up 29.0%) for the half year ended 31 December 2020.

Tax expense for the first half was \$4.66m which represents a tax rate of 25.6%. This was due to the expense being reduced by the benefit of a tax deduction relating to the company's purchase of shares for employees under the Long Term Incentive Scheme. This benefit will not be replicated in the second half and the tax rate will move closer to the statutory rate for the full year. The tax expense for the first half in 2019 was \$2.76m which represents a tax rate of 18.6% as the benefit received under the employee share trust during the first half 2019 was greater due to a larger than normal delta between the share price at the date of granting and the date the shares vested.

During the period the Company continued to make strong inroads into the North American market winning key contracts with New York University Langone (A\$25.0m – 7 year deal), a tier 1 academic institution in New York, and Medstar Health (A\$18.0m – 5 year deal), a large multi-disciplinary academic medical center in Washington D.C and Maryland. The Company also signed a renewal with Zwanger-Pesiri (A\$8.5m – 5 year deal) in Long Island, New York. The Company continued to make significant progress with all key implementations being on or ahead of schedule.

The Company is looking to further build on its presence in North America and is actively pursuing a growing number of opportunities within the enterprise imaging/large teaching hospital and corporate/private imaging centre markets. Since 31 December 2020 the Company has announced the signing of a 7 year contract with Intermountain Healthcare (\$A40m) and a 7 year contract with a major US health system (\$A31m). The Company has also received FDA approval of its breast imaging algorithm which is a significant milestone in the quest for providing further enhancements to its suite of products.

The Company's European business continued to grow, with a new contract announced with Ludwig-Maximilians University (A\$10.0m – 7 year deal) in Munich, Germany.

The Company's Australian business increased revenue by 22.8% compared to the same period last year, with the rollout of the Healius (formerly Primary Health) contract and extension of the contract with I-MED being the main contributors to the increased revenue.

The Company maintained its significant investment in research and development ("R&D"), both in Australia as well as overseas.

During the period, examination volumes in North American have steadily increased to that of the months prior to COVID-19 and in some instances are at greater levels as hospital groups catch back screening and elective surgery examinations. It is anticipated, subject to no further major COVID outbreaks, that this trend back to normal volumes will continue.

The Company's cash reserves increased by \$7.52m despite an increase of \$1.57m in dividend payout and greater investment in R&D for the 6 month period. Cash reserves were \$50.93m at the end of December 2020 and the company remains debt free.

The Board is of the view that there are sufficient cash reserves to fund the anticipated growth of the business from internal sources. As a result, the Company has announced a fully franked interim dividend of 7.0c per share payable on 19 March 2021.

## ROUNDING

The amounts contained in this report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the company under ASIC Corporations (Rounding in Financial/Directors Reports) Instrument 2016/191. The Company is an entity to which the Legislative Instrument applies.

## AUDITORS' INDEPENDENCE DECLARATION

In accordance with section 307C of the Corporations Act 2001, we have obtained a declaration of independence from our auditors Ernst & Young, a copy of which is attached.

Signed in accordance with a resolution of the directors.



P T Kempen AM  
Chairman  
Melbourne  
17 February 2021



**Building a better  
working world**

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## Auditor's Independence Declaration to the Directors of Pro Medicus Limited

As lead auditor for the review of Pro Medicus Limited for the half-year ended 31 December 2020, I declare to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Pro Medicus Limited and the entities it controlled during the financial period.

Ernst & Young

Tony Morse  
Partner

17 February 2021

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## INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Notes	Consolidated	
		31 Dec 2020 \$'000	31 Dec 2019 \$'000
Revenue from contracts with customers	3	31,587	29,288
Interest revenue		100	110
<b>Revenue</b>		<b>31,687</b>	<b>29,398</b>
Cost of sales		(244)	(163)
<b>Gross profit</b>		<b>31,443</b>	<b>29,235</b>
Net foreign currency losses	4a	(557)	(85)
Accounting and secretarial fees		(567)	(533)
Advertising and public relations		(211)	(1,166)
Depreciation and amortisation	4b	(3,677)	(3,785)
Insurance		(412)	(370)
Legal costs		(526)	(222)
Other expense		(463)	(821)
Salaries and employee benefits expense	4b	(6,822)	(6,754)
Travel and accommodation		(6)	(689)
<b>Profit before income tax</b>		<b>18,202</b>	<b>14,810</b>
Income tax expense	10	(4,661)	(2,759)
<b>Profit for the period</b>		<b>13,541</b>	<b>12,051</b>
<b>Other comprehensive Income</b>			
<b>Items that may be reclassified subsequent to profit and loss</b>			
Foreign currency translation		1,379	(56)
<b>Other comprehensive income for the period</b>		<b>1,379</b>	<b>(56)</b>
<b>Total comprehensive income for the period, net of tax</b>		<b>14,920</b>	<b>11,995</b>
<b>Earnings per share (cents per share)</b>			
Basic		13.00¢	11.60¢
Diluted		12.95¢	11.54¢

The accompanying notes form an integral part of these consolidated financial statements

## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Notes	Consolidated	
		31 Dec 2020 \$'000	30 Jun 2020 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	50,930	43,413
Trade and other receivables	8	13,815	13,844
Accrued revenue		2,660	781
Contract assets		268	245
Other current financial assets		526	45
Income tax receivable		2,958	2,139
Inventories		27	35
Prepayments		970	981
<b>Total current assets</b>		<b>72,154</b>	<b>61,483</b>
<b>Non-current assets</b>			
Deferred tax asset	10	11,834	11,482
Plant and equipment		521	622
Intangible assets	9	19,110	18,839
Contract assets		994	756
Right-of-use lease asset		2,749	2,226
Prepayments		120	237
<b>Total non-current Assets</b>		<b>35,328</b>	<b>34,162</b>
<b>TOTAL ASSETS</b>		<b>107,482</b>	<b>95,645</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	11	3,806	2,637
Deferred revenue	12	6,225	7,225
Lease liabilities		572	522
Provisions		2,459	2,332
<b>Total current liabilities</b>		<b>13,062</b>	<b>12,716</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	10	6,609	6,518
Deferred revenue	12	14,715	14,422
Lease liabilities		2,243	1,754
Provisions		65	52
<b>Total non-current liabilities</b>		<b>23,632</b>	<b>22,746</b>
<b>TOTAL LIABILITIES</b>		<b>36,694</b>	<b>35,462</b>
<b>NET ASSETS</b>		<b>70,788</b>	<b>60,183</b>
<b>Shareholders' equity</b>			
Contributed equity		1,962	1,962
Share buyback reserve		(915)	(915)
Share reserve		12,113	10,175
Foreign currency translation reserve		720	(659)
Retained earnings		56,908	49,620
<b>Total shareholders' equity</b>		<b>70,788</b>	<b>60,183</b>

The accompanying notes form an integral part of these consolidated financial statements

## INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	Share capital \$'000	Share Buyback Reserve \$'000	Share Reserve \$'000	Foreign Currency Translation Reserve \$'000	Retained Earnings \$'000	Total Equity \$'000
<b>Balance at 1 July 2020</b>	1,962	(915)	10,175	(659)	49,620	60,183
Profit for the period	-	-	-	-	13,541	13,541
Other comprehensive Income	-	-	-	1,379	-	1,379
<b>Total comprehensive Income</b>	1,962	(915)	10,175	720	63,161	75,103
<b>Transactions with owners in their capacity as owners</b>						
Share based payment	-	-	338	-	-	338
Tax effect of share based payments	-	-	1,600	-	-	1,600
Dividends	-	-	-	-	(6,253)	(6,253)
<b>Balance at 31 December 2020</b>	1,962	(915)	12,113	720	56,908	70,788

	Share capital \$'000	Share Buyback Reserve \$'000	Share Reserve \$'000	Foreign Currency Translation Reserve \$'000	Retained Earnings \$'000	Total Equity \$'000
<b>Balance at 1 July 2019</b>	1,962	(73)	10,290	(351)	37,460	49,288
Profit for the period	-	-	-	-	12,051	12,051
Other comprehensive Income	-	-	-	(56)	-	(56)
<b>Total comprehensive Income</b>	1,962	(73)	10,290	(407)	49,511	61,283
<b>Transactions with owners in their capacity as owners</b>						
Share based payment	-	-	450	-	-	450
Share buyback	-	(842)	-	-	-	(842)
Tax effect of share based payments	-	-	(3,811)	-	-	(3,811)
Dividends	-	-	-	-	(4,680)	(4,680)
<b>Balance at 31 December 2019</b>	1,962	(915)	6,929	(407)	44,831	52,400

The accompanying notes form an integral part of these consolidated financial statements

## INTERIM CONSOLIDATED STATEMENT OF CASH FLOW FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Notes	Consolidated	
		31 Dec 2020 \$'000	31 Dec 2019 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		27,992	32,425
Payments made to suppliers and employees		(6,864)	(10,719)
Income tax paid		(4,141)	(5,505)
Interest paid		(53)	(62)
<b>Net cash flows from operating activities</b>		<b>16,934</b>	<b>16,139</b>
<b>Cash flows used in investing activities</b>			
Payments for development costs	9	(3,534)	(3,721)
Payments for property, plant and equipment		(836)	(98)
Interest received		100	110
<b>Net cash flows used in investing activities</b>		<b>(4,270)</b>	<b>(3,709)</b>
<b>Cash flows from financing activities</b>			
Payments of dividends on ordinary shares	5b	(6,253)	(4,679)
Payments for share buyback		-	(842)
Payments for lease liabilities		(273)	(240)
<b>Net cash flows used in financing activities</b>		<b>(6,526)</b>	<b>(5,761)</b>
Net increase in cash and cash equivalents held		6,138	6,669
Net foreign exchange differences		1,379	(140)
Cash and cash equivalents at the beginning of the period		43,413	32,315
<b>Cash and cash equivalents at the end of the period</b>	7	<b>50,930</b>	<b>38,844</b>

The accompanying notes form an integral part of these consolidated financial statements



# Pro Medicus Limited

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

### 1. CORPORATE INFORMATION

The interim consolidated financial statements of the Group for the half-year ended 31 December 2020 were authorised for issue in accordance with a resolution of directors on 17 February 2021.

The Company is a for profit company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange.

### 2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

#### (a) Basis of preparation

The interim consolidated financial statements for the half-year ended 31 December 2020 have been prepared in accordance with AASB 134 *Interim Financial Reporting*.

The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 30 June 2020, together with any public announcements made by the Company during the half-year ended 31 December 2020.

#### (b) New accounting standards and interpretations

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2021, but do not have an impact on the interim condensed consolidated financial statements of the Group.

##### ***Amendments to IFRS 3: Definition of a Business***

The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group but may impact future periods should the Group enter into any business combinations.

##### ***Amendments to IAS 1 and IAS 8: Definition of Material***

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

##### ***Conceptual Framework for Financial Reporting issued on 29 March 2018***

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts of requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the Group.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

**3. SEGMENT INFORMATION**

The Group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on country of origin. Discrete financial information is reported to the executive management team on at least a monthly basis.

Impairment is not monitored at a segment level.

**Types of products and services**

The Group produces integrated software applications for the health care industry. In addition the Group provides services in the form of installation and support.

**Accounting policies and inter-segment transactions**

The accounting policies used by the Group in reporting segments internally are the same as those used in preparing the financial statements in prior periods.

**Inter-entity sales**

Inter-entity sales are recognised based on an internally set transfer price. The price aims to reflect what the business operation could achieve if they sold their output and services to external parties at arm's length.

**Operating segments**

	Australia		Europe		North America		Total Operations	
	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
	2020	2019	2020	2019	2020	2019	2020	2019
Half-year ended	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenue from contracts with customers</b>								
Sales to external customers - software	6,554	5,335	2,467	1,658	22,566	22,295	31,587	29,288
Inter-segment sales	22,466	21,644	6,371	7,803	-	-	28,837	29,447
<b>Total segment revenue</b>	<b>29,020</b>	<b>26,979</b>	<b>8,838</b>	<b>9,461</b>	<b>22,566</b>	<b>22,295</b>	<b>60,424</b>	<b>58,735</b>
Inter-segment elimination							(28,837)	(29,447)
<b>Total consolidation revenue</b>							<b>31,587</b>	<b>29,288</b>
<b>Results</b>								
Segment Result	15,164	14,799	2,344	(675)	594	576	18,102	14,700
Interest Revenue							100	110
<b>Non segment expenses</b>								
Income tax expense							(4,661)	(2,759)
<b>Profit for the period</b>							<b>13,541</b>	<b>12,051</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

### 3. SEGMENT INFORMATION (CONTINUED)

#### Product information

	Consolidated	
	31 Dec 2020 \$'000	31 Dec 2019 \$'000
<b>Revenue from external customers</b>		
Radiology Information Systems (RIS)	6,073	4,768
Picture Archiving Communications Systems (Visage 7/PACS)	25,358	24,434
Other income	156	86
	<b>31,587</b>	<b>29,288</b>

### 4. EXPENSES

	Consolidated	
	31 Dec 2020 \$'000	31 Dec 2019 \$'000
<b>(a) Net foreign currency gains / (losses)</b>		
Currency gains	3,701	2,551
Currency (loss)	(4,258)	(2,636)
	<b>(557)</b>	<b>(85)</b>
<b>(b) Expenses</b>		
<u>Depreciation and amortisation</u>		
Property improvements	1	1
Motor vehicles	3	3
Office equipment	125	97
Furniture and fittings	1	3
Right-of-use lease assets	284	296
Amortisation on software licences	-	1
Amortisation on capitalised development costs	3,263	3,384
Total depreciation and amortisation expenses	<b>3,677</b>	<b>3,785</b>
<u>Salaries and employee benefits expense</u>		
Gross wages and salaries	8,567	8,991
Capitalised wages and salaries (i)	(2,771)	(3,300)
Long service leave provision	42	(13)
Share-based payments expense (ii)	338	450
Defined contribution plan expense	646	626
Total salaries and employee benefits expenses	<b>6,822</b>	<b>6,754</b>

- i. The Group's total wages and salaries incurred was \$8,567,000 (2019: \$8,991,000) of which \$2,771,000 (2019:\$3,300,000) of these costs have been capitalised as development costs within intangible assets.
- ii. 105,671 performance rights were granted on 17 September 2020 under the Group's long term incentive plan. The performance rights vest in accordance with performance conditions related to earnings per share ("EPS") and total shareholder returns ("TSR") after completion of a service condition being 4 years from the grant date. The total fair value of the performance rights at grant date was \$914,000 (\$3.28 to \$12.23 per performance right). The amount of share-based payment expense for the half-year ended 31 December 2020 takes into consideration the probability of certain performance conditions vesting.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

**5. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES**

	<b>Consolidated</b>	
	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>(a) Dividends proposed and recognised as a liability</b>		
Franked dividend	-	-
<b>(b) Dividends paid during the half-year</b>		
Franked dividend	<b>6,253</b>	4,680
Unfranked dividend	-	-
<b>(c) Dividends proposed and not recognised as a liability</b>		
Interim franked dividend	<b>7,295</b>	6,237
Interim unfranked dividend	-	-
Dividends per share (cents per share)		
- Franked dividends per share	<b>7.00¢</b>	6.00¢
- Interim dividend per share	<b>7.00¢</b>	6.00¢

**6. EVENTS AFTER THE BALANCE SHEET DATE**

On 17 February 2021, the directors of Pro Medicus Limited declared a fully franked interim dividend of 7.0 cents per share amounting to \$7,295,000. These dividends have not been provided for in the 31 December 2020 interim financial statements.

**7. CASH AND CASH EQUIVALENTS**

**Reconciliation of cash**

For the purposes of the Statement of Cash Flow, cash and cash equivalents comprise the following:

	<b>Consolidated</b>	
	<b>31 Dec 2020</b>	<b>30 Jun 2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash at bank and in hand	<b>36,852</b>	29,392
Short-term deposits	<b>14,078</b>	14,021
	<b>50,930</b>	43,413

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

8. TRADE AND OTHER RECEIVABLES

	Consolidated	
	31 Dec 2020 \$'000	30 Jun 2020 \$'000
<b>Current</b>		
Trade receivables	13,606	13,324
Less: Allowance for expected credit loss	-	-
	<u>13,606</u>	<u>13,324</u>
Other receivables	209	520
	<u>13,815</u>	<u>13,844</u>
<b>Non-current</b>		
Trade receivables	-	-
	<u>-</u>	<u>-</u>

9. INTANGIBLE ASSETS

	Consolidated			Total \$'000
	Intellectual Property \$'000	Development Costs \$'000	Software Licenses \$'000	
<b>Half-year ended 31 December 2020</b>				
At 1 July 2020, net of accumulated amortisation and impairment	-	18,839	-	18,839
Additions - internal development	-	3,534	-	3,534
Amortisation charge for the period	-	(3,263)	-	(3,263)
At 31 December 2020, net of accumulated amortisation and impairment	-	19,110	-	19,110
<b>At 31 December 2020</b>				
Cost	1,848	57,921	316	60,085
Accumulated amortisation and impairment	(1,848)	(38,811)	(316)	(40,975)
Net carrying amount	-	19,110	-	19,110
<b>Year ended 30 June 2020</b>				
At 1 July 2019, net of accumulated amortisation and impairment	-	18,167	1	18,168
Additions - internal development	-	7,508	-	7,508
Exchange differences	-	1	-	1
Amortisation charge for the year	-	(6,837)	(1)	(6,838)
At 30 June 2020, net of accumulated amortisation and impairment	-	18,839	-	18,839
<b>At 30 June 2020</b>				
Cost	1,848	54,388	324	56,560
Accumulated amortisation and impairment	(1,848)	(35,549)	(324)	(37,721)
Net carrying amount	-	18,839	-	18,839

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

### 9. INTANGIBLE ASSETS (CONTINUED)

In accordance with the Group's accounting policies and process, the Group evaluated each cash generating unit ('CGU') at 31 December 2020, to determine whether there were any indications of impairment. Where an indicator of impairment exists a formal estimate of the recoverable amount is performed.

After consideration of potential indicators which could impact the valuation of the CGU's at 31 December, the Group concluded there are no impairment indicators for the Group's CGU's as at 31 December 2020.

#### ***Impact of judgements and estimates on valuation outcomes***

It should be noted that significant judgement and assumptions are required in making estimates of an asset's recoverable amount. This is particularly so in the assessment of long life assets. The projected cash flows used in the recoverable amount valuation are subject to variability in key assumptions, including, but not limited to revenue forecasts. A change in the revenue forecasts used in the estimates could result in a change in an asset's recoverable amount as outlined in the 30 June 2020 annual financial report.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

**10. INCOME TAX**

The Group calculates the period income tax expense using the tax rate that would be applicable to expected total annual earnings (i.e. the estimated average annual effective income tax rate applied to the pre-tax income of the interim period).

The major components of income tax expense in the interim consolidated income statements are:

	Consolidated	
	31 Dec 2020 \$'000	31 Dec 2019 \$'000
Current income tax expense	(5,707)	(1,798)
Prior year adjustment	438	(22)
Origination and reversal of deferred taxes	608	(939)
<b>Income tax expense</b>	<b>(4,661)</b>	<b>(2,759)</b>
Income tax recognised in other comprehensive income	-	-
<b>Total income tax expense</b>	<b>(4,661)</b>	<b>(2,759)</b>

	Interim Consolidated Statement of Financial Position		Interim Consolidated Statement of Comprehensive Income		Direct to Equity	
	31 Dec 2020 \$'000	30 Jun 2020 \$'000	31 Dec 2020 \$'000	31 Dec 2019 \$'000	31 Dec 2020 \$'000	31 Dec 2019 \$'000
<b>Deferred tax liabilities</b>						
Foreign currency exchange gain	(232)	(65)	(167)	74	-	-
Capitalised development expenses	5,733	5,652	81	(127)	-	-
Prepayments	2	-	2	-	-	-
Contract assets	306	242	64	(65)	-	-
Right-of-use lease asset	780	666	114	77	-	-
Depreciation expenses	20	23	(3)	21	-	-
	<b>6,609</b>	<b>6,518</b>	<b>91</b>	<b>(20)</b>	<b>-</b>	<b>-</b>
<b>Deferred tax assets</b>						
Employment entitlements	787	577	210	(20)	-	-
Intellectual property expenses	243	252	(9)	(9)	-	-
Audit fee accrual	39	22	17	(13)	-	-
Deferred revenue	5,193	4,914	279	(701)	-	-
Lease liabilities	801	681	120	(68)	-	-
Employee share trust - unvested share based payments	4,764	5,032	(103)	(104)	(165)	520
Other	7	4	3	(4)	-	-
	<b>11,834</b>	<b>11,482</b>	<b>517</b>	<b>(919)</b>	<b>(165)</b>	<b>520</b>
Deferred tax movement			<b>608</b>	<b>(939)</b>	<b>(165)</b>	<b>520</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

### 11. TRADE AND OTHER PAYABLES

	Consolidated	
	31 Dec 2020 \$'000	30 Jun 2020 \$'000
<b>Current</b>		
Trade payables	322	835
Other payables and accruals	3,484	1,802
	<u>3,806</u>	<u>2,637</u>

### 12. DEFERRED REVENUE

	Consolidated	
	31 Dec 2020 \$'000	30 Jun 2020 \$'000
<b>Current</b>		
Deferred revenue from contracts with customers	6,225	7,225
	<u>6,225</u>	<u>7,225</u>
<b>Non-current</b>		
Deferred revenue from contracts with customers	14,715	14,422
	<u>14,715</u>	<u>14,422</u>

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## DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Pro Medicus Limited, I state that:  
In the opinion of the Directors:

- (a) The Financial Statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
  - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf board



P T Kempen AM  
Chairman  
Melbourne  
17 February 2021



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## Independent Auditor's Review Report to the Members of Pro Medicus Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the accompanying half-year financial report of Pro Medicus Limited (the Company) and its subsidiaries (collectively the Group), which comprises the condensed statement of financial position as at 31 December 2020, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and of its consolidated financial performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2020 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

A handwritten signature in black ink that reads 'Ernst &amp; Young' in a cursive script.

Ernst & Young

A handwritten signature in black ink that reads 'Tony Morse' in a cursive script.

Tony Morse  
Partner

Melbourne  
17 February 2021

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