

1. Company details

Name of entity:	Optiscan Imaging Limited
ABN:	81 077 771 987
Reporting period:	For the half-year ended 31 December 2021
Previous period:	For the half-year ended 31 December 2020

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	4.2% to	555,789
Loss from ordinary activities after tax attributable to the owners of Optiscan Imaging Limited	up	156.3% to	(1,926,957)
Loss for the half-year attributable to the owners of Optiscan Imaging Limited	up	156.3% to	(1,926,957)

Dividends

There were no dividends paid or declared during the current financial period.

Comments

The loss for the consolidated entity after providing for income tax amounted to \$1,926,957 (31 December 2020: \$751,715).

Financial performance

During the 6 month period to 31 December 2021 (H1FY22), the consolidated entity generated ordinary revenue of \$555,789 from sales, system rentals and the provision of services, compared to \$533,574 in the previous corresponding period.

The consolidated entity also recorded research and development incentive income for H1FY22 \$594,669, an increase of \$305,029 from the previous corresponding period (2021: \$289,640). Income of \$279,255 for H1FY22 was recorded from the BioMedTech Horizons program grant, which was an increase of \$29,686 from the previous corresponding period (2021: \$249,569).

Total expenses for H1FY22, excluding research and development and intellectual property expenses, were \$2,016,343, an increase of \$843,873 from the corresponding period (2020: \$1,172,470). Research and development and intellectual property expenses were \$1,367,056, an increase of \$701,217 from the previous corresponding period of \$665,839.

Financial position

The net assets decreased by \$1,505,171 to \$8,711,935 at 31 December 2021 (30 June 2021: \$10,217,106) primarily due expenditure on the consolidated entity's operational activities and working capital requirements.

The working capital position of the consolidated entity as at 31 December 2021 resulted in an excess of current assets over current liabilities of \$8,531,561 (30 June 2021: \$9,995,498).

Net cash used in operating activities was \$1,328,241, an increase of \$1,152,204 compared to the corresponding period (2021: operating cash outflows of \$176,037).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>1.42</u>	<u>1.67</u>

The net tangible assets per ordinary security has been calculated excluding the Right of use asset amount.

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

There were no dividends paid or declared during the current financial period.

Previous period

There were no dividends paid or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

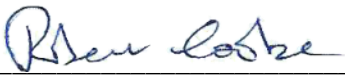
The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

11. Attachments

Details of attachments (if any):

The Interim Report of Optiscan Imaging Limited for the half-year ended 31 December 2021 is attached.

12. Signed

Signed 

Date: 24 February 2022

Robert Cooke
Non-executive Chairman

For personal use only

Optiscan Imaging Limited

ABN 81 077 771 987

Interim Report - 31 December 2021

For personal use only

Directors

Mr Robert Cooke (Non-executive Chairman)
Prof Camile Farah (Managing Director)
Ms Karen Borg (Non-executive Director)
Mr Ron Song (Non-executive Director)

Company secretary

Mr Justin Mouchacca

Registered office

16 Miles Street
Mulgrave, Victoria, 3170
Phone No.: (03) 9598 3333
Fax No.: (03) 9562 7742

Principal place of business

16 Miles Street
Mulgrave, Victoria, 3170
Phone No.: (03) 9598 3333
Fax No.: (03) 9562 7742

Share register

Computershare Investor Registry Services
Yarra Falls
452 Johnston Street
Abbotsford, Victoria, 3067
Phone No.: (03) 9415 5000

Auditor

Grant Thornton Audit Pty Ltd
Collins Square, Tower 5,
727 Collins Street, Melbourne VIC 3008
Australia

Stock exchange listing

Optiscan Imaging Limited securities are listed on the Australian Securities Exchange
(ASX code: OIL)

Website

www.optiscan.com

For personal use only

Directors' report	3
Auditor's independence declaration	7
Statement of profit or loss and other comprehensive income	8
Statement of financial position	9
Statement of changes in equity	10
Statement of cash flows	11
Notes to the financial statements	12
Directors' declaration	16
Independent auditor's review report to the members of Optiscan Imaging Limited	17

For personal use only

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Optiscan Imaging Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2021.

Directors

The following persons were directors of Optiscan Imaging Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Mr Robert Cooke (Non-executive Chairman)
Prof Camile Farah (Managing Director)
Ms Karen Borg (Non-executive Director) (appointed 29 July 2021)
Mr Ron Song (Non-executive Director)
Mr Graeme Mutton (Non-executive Director) (resigned 30 July 2021)
Mr Darren Lurie (Managing Director) (resigned 13 December 2021)
Dr Philip Currie (Non-executive Director) (resigned 20 January 2022)

Principal activities

The principal activity of the consolidated entity during the year was the development and commercialisation of confocal endomicroscopes. The consolidated entity carries out its principal activity through the development of the "InVivage", Optiscan's own clinical device, Optiscan's collaboration with Carl Zeiss Meditech (CZM) and developing new pre-clinical applications for Optiscan products and services.

Coronavirus (COVID-19) Pandemic

The company has maintained its COVID-19 working arrangements during the half year with company staff working both remotely and from the company premises. Due to the nature of their activities, the majority of staff were able to work remotely from the company premises and many activities, particularly those in relation to preparations for the submission to the United States Food & Drug Administration ('FDA'), were able to continue during the year. The layout of the company premises is well-suited to the continuation of production during periods of restriction as production staff can be isolated from other staff.

Overall financial impact on business

The impact of the Coronavirus (COVID-19) pandemic has limited the consolidated entity ability to market its products through on-site demonstrations both in Australia and overseas. Travel restrictions have limited the number of face-to-face meetings which can be carried out to meet potential customers and the Company has now reverted to video conferencing. Recently restrictions have been partially lifted, allowing some demonstrations to take place.

Business continuity

The consolidated entity has been able to progress the manufacture of products in preparation for the commencement of clinical trials, undertaking of regulatory testing and customer orders. In line with government advice, staff who can work from home are encouraged to do so.

Well-being of employees

We remain committed to keeping our employees and families safe and ensuring ongoing health and well-being during this trying time. We have implemented a COVID-19 safe plan at our premises and provided additional supplies of face masks, antibacterial wipes and hand sanitiser in our workplace.

Funding structure

The board continues to regularly review the consolidated entity's funding requirements during the pandemic and actively investigate government funding and other programs to support the consolidated entity. During the half-year to 31 December 2020, the Company raised approximately \$9.8 million in additional funding to assist the consolidated entity with its working capital and funding requirements.

Operational and financial review

Financial performance

During the 6 month period to 31 December 2021 (H1FY22), the consolidated entity generated ordinary revenue of \$555,789 from sales, system rentals and the provision of services, compared to \$533,574 in the previous corresponding period.

The consolidated entity also recorded research and development incentive income for H1FY22 \$594,669, an increase of \$305,029 from the previous corresponding period (2021: \$289,640). Income of \$279,255 for H1FY22 was recorded from the BioMedTech Horizons program grant, which was an increase of \$29,686 from the previous corresponding period (2021: \$249,569).

Total expenses for H1FY22, excluding research and development and intellectual property expenses, were \$2,016,343, an increase of \$843,873 from the corresponding period (2020: \$1,172,470). Research and development and intellectual property expenses were \$1,367,056, an increase of \$701,217 from the previous corresponding period of \$665,839.

Financial position

The net assets decreased by \$1,505,171 to \$8,711,935 at 31 December 2021 (30 June 2021: \$10,217,106) primarily due expenditure on the consolidated entity's operational activities and working capital requirements.

The working capital position of the consolidated entity as at 31 December 2021 resulted in an excess of current assets over current liabilities of \$8,531,561 (30 June 2021: \$9,995,498).

Net cash used in operating activities was \$1,328,241, an increase of \$1,152,204 compared to the corresponding period (2021: operating cash outflows of \$176,037).

“INVIVAGE” ORAL CANCER SCREENING AND/OR SURGICAL MARGIN

Optiscan has developed the “InVivage” clinical device as its own hand-held confocal endomicroscope. The initial intended use for the InVivage device is Oral Cancer Screening and/or Surgical Margin determination. The same device is also intended to be used for other clinical applications.

United States Food & Drug Administration (“FDA”) 510(k) Pathway for InVivage™ device

The Company continues to make significant progress towards its 510(k) submission to the FDA with most of the internal and external testing having been completed. Third party validation of electrical, disinfection and device stability are ongoing. Image analysis of the recently completed Melbourne Dental School sub-study with fluorescein contrast dye has commenced with the clinical portion of the FDA report can be concluded and submitted.

Oral Cancer Studies

Four Oral Cancer studies are underway in Australia and the United States for the use of Optiscan technology in Oral Cancer Screening and the visualisation of the cellular architecture of the Oral Cavity. These studies are being conducted by world-leading hospitals and researchers including at Memorial Sloan Kettering Cancer Centre in New York, Melbourne Dental School, Peter MacCallum Cancer Centre, Royal Melbourne Hospital in Melbourne, the Australian Centre for Oral Oncology Research and Education in Perth, and the recently commenced ex vivo study based at the University of Adelaide Dental School.

Significant progress has been made with the Melbourne and Perth studies examining oral imaging of various lesions with either fluorescein or acriflavine, with these studies nearing completion in clinical recruitment. The study in Adelaide commenced recruitment following granting of ethical approval in the reporting period.

BioMedTech Horizons Program grant for 150 patient Oral Cancer Study at Melbourne Dental School

During the period Optiscan continued with its BioMedTech Horizons Program grant with the University of Melbourne's Dental School to undertake a trial with approximately 150 patients, to improve screening, diagnosis, and treatment of oral cancer.

The BioMedTech Horizons Program is an initiative of the Medical Research Future Fund, operated by MTPConnect, designed to foster innovative collaborative health technology development. Progress towards completion of the imaging competent of the project is advanced, with 48 unique patients recruited for at least one imaging dye, with additional imaging visits expected over the next 6 months to conclude the required 150 imaging sets. So far early analysis shows that there is good correlation between imaging features using fluorescein and acriflavine, and oral lesion type.

BREAST CANCER SURGICAL MARGIN ASSESSMENT STUDY

The Breast Cancer Intraoperative Assessment Study at Royal Melbourne, Frances Perry and Epworth Hospitals concluded recruitment for the first stage of image analysis and correlation with histopathology. A total of 38 patients with 44 lumpectomies were imaged. The collaborative work between Optiscan, breast surgeon Professor Bruce Mann, pathologist Dr Anand Murugasu and the Breast Cancer Network Australia was supported by the Medical Device Partnering Program (MDPP). Image analysis and correlation with histopathology is ongoing.

FIVE2 (VIEWNIVO) – FLUORESCENCE IN VIVO ENDOMICROSCOPY LABORATORY DEVICE

Optiscan continues to develop its off-shore distribution model and pipeline of sales opportunities for its FIVE2 preclinical device.

China

During the period the Company commenced discussions with a new Chinese distributor with larger footprint to enhance its reach in the preclinical and research domains. Optiscan continued to work closely with its distributor and its China-based Applications and Customer Support Specialist Dr Joseph Jiafu to develop their pipeline of prospective customers, notwithstanding the limitations placed on travel and on-site demonstrations due to COVID-19.

Asia Pacific

During the period the Company continued to work closely with its distributor in Taiwan (J&H Technology) and its Asia-Pacific Applications and Customer Support Specialist Dr Joseph Jiafu to develop their pipeline of prospective customers, notwithstanding the limitations placed on travel and on-site demonstrations due to COVID-19.

North America

Optiscan's North America distributor arrangements with Advanced Microscopy Consultancy Services Inc ('AMCS') have continued to provide technical, marketing and sales services in the United States and Canada. Optiscan continues to explore potential opportunities to work with Scintica Instrumentation Inc ('Scintica') despite having ended its distributor arrangement to business. The Company is exploring other North American sales channels for its technology.

CORPORATE

During the half year period, Optiscan received its Research and Development Tax Credit for the 2021 financial year (Tax Credit) of \$770k.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

- During the half-year period, the Company issued 2,925,000 fully paid ordinary shares relating to conversion of unlisted options following receipt of exercise notices with different exercise prices.
- On 9 August 2021, the Company issued 1,000,000 unlisted options to Ms Karen Borg in conjunction with her appointment as a Non-executive Director of the Company. The options are exercisable at \$0.209 (20.9 cents) per option on or before 29 July 2023.
- On 13 December 2021, the Company announced the appointment of Prof Camile Farah as Managing Director.

Matters subsequent to the end of the financial half-year

The following matters or circumstances have arisen since 31 December 2021 that have significantly affected, or may significantly affect, the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years:

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Robert Cooke
Non-executive Chairman

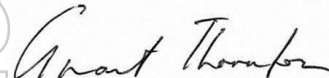
24 February 2022

Auditor's Independence Declaration

To the Directors of Optiscan Imaging Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Optiscan Imaging Limited for the half-year ended 31 December 2021, I declare that, 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.



Grant Thornton Audit Pty Ltd
Chartered Accountants



M A Cunningham
Partner – Audit & Assurance

Melbourne, 24 February 2022

Optiscan Imaging Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2021



		Consolidated	
	Note	31 December 2021	31 December 2020
		\$	\$
Revenue	5	555,789	533,574
Other income	6	900,653	553,020
Expenses			
Research & development and intellectual property expenses		(1,367,056)	(665,839)
Share-based payment expenses		(201,036)	(57,230)
Depreciation expense	7	(120,898)	(118,539)
Operations expenses		(766,043)	(634,686)
Other expenses		(10,280)	(20,022)
Finance costs		(15,101)	(38,544)
Administration		(902,985)	(303,449)
Loss before income tax expense		(1,926,957)	(751,715)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Optiscan Imaging Limited		(1,926,957)	(751,715)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of Optiscan Imaging Limited		<u>(1,926,957)</u>	<u>(751,715)</u>
		Cents	Cents
Basic earnings per share	11	(0.31)	(0.14)
Diluted earnings per share	11	(0.31)	(0.14)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Optiscan Imaging Limited
Statement of financial position
As at 31 December 2021



	Consolidated	
	31 December	30 June 2021
Note	2021	2021
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	7,237,307	8,442,327
Trade and other receivables	719,237	1,244,039
Inventories	1,161,506	1,160,791
Other	490,657	121,723
Total current assets	<u>9,608,707</u>	<u>10,968,880</u>
Non-current assets		
Property, plant and equipment	62,240	102,930
Right-of-use assets	496,164	572,238
Other	52,625	52,625
Total non-current assets	<u>611,029</u>	<u>727,793</u>
Total assets	<u>10,219,736</u>	<u>11,696,673</u>
Liabilities		
Current liabilities		
Trade and other payables	569,347	493,710
Lease liabilities	142,025	172,094
Provisions	365,774	307,578
Total current liabilities	<u>1,077,146</u>	<u>973,382</u>
Non-current liabilities		
Lease liabilities	8 417,500	495,927
Provisions	13,155	10,258
Total non-current liabilities	<u>430,655</u>	<u>506,185</u>
Total liabilities	<u>1,507,801</u>	<u>1,479,567</u>
Net assets	<u>8,711,935</u>	<u>10,217,106</u>
Equity		
Issued capital	9 71,239,854	70,942,231
Reserves	2,059,640	1,935,477
Accumulated losses	(64,587,559)	(62,660,602)
Total equity	<u>8,711,935</u>	<u>10,217,106</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Optiscan Imaging Limited
Statement of changes in equity
For the half-year ended 31 December 2021



Consolidated	Issued capital \$	Foreign currency translation reserve \$	Share based payments reserve \$	Retained profits \$	Total equity \$
Balance at 1 July 2020	59,730,577	(4,435)	2,365,794	(60,543,613)	1,548,323
Loss after income tax expense for the half-year	-	-	-	(751,715)	(751,715)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	(751,715)	(751,715)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs	9,439,038	-	-	-	9,439,038
Share-based payments	-	-	57,230	-	57,230
Cancellation of options	-	-	(9,702)	9,702	-
Balance at 31 December 2020	69,169,615	(4,435)	2,413,322	(61,285,626)	10,292,876

Consolidated	Issued capital \$	Foreign currency translation reserve \$	Share based payments reserve \$	Retained profits \$	Total equity \$
Balance at 1 July 2021	70,942,231	(4,435)	1,939,912	(62,660,602)	10,217,106
Loss after income tax expense for the half-year	-	-	-	(1,926,957)	(1,926,957)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	(1,926,957)	(1,926,957)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 9)	220,750	-	-	-	220,750
Share-based payments	-	-	201,036	-	201,036
Exercise of options	76,873	-	(76,873)	-	-
Balance at 31 December 2021	71,239,854	(4,435)	2,064,075	(64,587,559)	8,711,935

The above statement of changes in equity should be read in conjunction with the accompanying notes

Optiscan Imaging Limited
Statement of cash flows
For the half-year ended 31 December 2021



	Note	Consolidated	
		31 December 2021	31 December 2020
		\$	\$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		721,562	517,511
Payments to suppliers and employees (inclusive of GST)		(3,126,071)	(1,658,601)
Interest received		11,780	3,811
Receipt of research and development tax incentive		770,283	701,242
Receipt of government grants		294,205	260,000
		<u> </u>	<u> </u>
Net cash used in operating activities		<u>(1,328,241)</u>	<u>(176,037)</u>
Cash flows from investing activities			
Payments for property, plant and equipment		<u>(4,134)</u>	<u>(6,480)</u>
		<u> </u>	<u> </u>
Net cash used in investing activities		<u>(4,134)</u>	<u>(6,480)</u>
Cash flows from financing activities			
Proceeds from issue of shares	9	220,750	9,813,500
Share issue transaction costs		-	(374,461)
Interest and other finance costs paid		-	(18,475)
Proceeds from borrowings		-	203,065
Repayment of borrowings		-	(578,862)
Repayment of lease liabilities		<u>(93,395)</u>	<u>(83,609)</u>
		<u> </u>	<u> </u>
Net cash from financing activities		<u>127,355</u>	<u>8,961,158</u>
		<u> </u>	<u> </u>
Net increase/(decrease) in cash and cash equivalents		(1,205,020)	8,778,641
Cash and cash equivalents at the beginning of the financial half-year		<u>8,442,327</u>	<u>526,361</u>
		<u> </u>	<u> </u>
Cash and cash equivalents at the end of the financial half-year		<u><u>7,237,307</u></u>	<u><u>9,305,002</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Optiscan Imaging Limited as a consolidated entity consisting of Optiscan Imaging Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Optiscan Imaging Limited's functional and presentation currency.

Optiscan Imaging Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

16 Miles Street
Mulgrave, Victoria, 3170

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 24 February 2022.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2021 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Barrier Pricing or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Employee benefits provision

As discussed in note 2 of the Annual Report for the year ended 30 June 2021, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Note 4. Operating segments

Identification of reportable operating segments

The Company operated predominantly in the confocal endomicroscope industry within Australia. AASB 8 requires operating segments to be identified on the basis of internal reports about the components of the consolidated entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The board reviews the Company as a whole in the business segment of confocal endomicroscopes within Australia.

Note 5. Revenue

	Consolidated	Consolidated
	31 December	31 December
	2021	2020
	\$	\$
Sales revenue	555,789	533,574

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated	Consolidated
	31 December	31 December
	2021	2020
	\$	\$
Major product lines		
Sale of goods (goods transferred at a point in time)	532,862	520,737
Services provided (services provided at a point in time)	22,927	12,837
	<u>555,789</u>	<u>533,574</u>
Geographical regions		
Australia	356,045	10,700
Germany	177,862	156,396
China	-	366,478
Sweden	21,882	-
	<u>555,789</u>	<u>533,574</u>

Note 6. Other income

	Consolidated	
	31 December 2021	31 December 2020
	\$	\$
Government grants - R&D tax incentive	594,669	289,640
COVID-19 government grants	14,950	10,000
BioMedTech Horizons program grant	279,255	249,569
Interest income	11,779	3,811
	<u>900,653</u>	<u>553,020</u>
Other income		

Note 7. Expenses

	Consolidated	
	31 December 2021	31 December 2020
	\$	\$
Loss before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Plant and equipment	44,824	42,465
Buildings right-of-use assets	76,074	76,074
	<u>120,898</u>	<u>118,539</u>
Total depreciation		
<i>Employee benefits expense</i>		
Employee benefits expense	1,184,610	861,458

Note 8. Non-current liabilities - lease liabilities

	Consolidated	
	31 December 2021	30 June 2021
	\$	\$
Lease liability	<u>417,500</u>	<u>495,927</u>

Note 9. Equity - issued capital

	Consolidated			
	31 December 2021	30 June 2021	31 December 2021	30 June 2021
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>619,185,602</u>	<u>616,260,602</u>	<u>71,239,854</u>	<u>70,942,231</u>

Note 9. Equity - issued capital (continued)

Movements in issued capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2021	616,260,602		70,942,231
Exercise of options	16 July 2021	400,000	\$0.05	20,000
Exercise of options	9 August 2021	250,000	\$0.15	37,500
Exercise of options	15 September 2021	500,000	\$0.08	40,000
Exercise of options	15 September 2021	300,000	\$0.065	19,500
Exercise of options	15 September 2021	475,000	\$0.05	23,750
Exercise of options	15 December 2021	1,000,000	\$0.08	80,000
Transfer from share based payments reserve		-	-	76,873
Balance	31 December 2021	<u>619,185,602</u>		<u>71,239,854</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Note 10. Events after the reporting period

The following matters or circumstances have arisen since 31 December 2021 that have significantly affected, or may significantly affect, the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years:

Note 11. Earnings per share

	Consolidated	
	31 December 2021	31 December 2020
	\$	\$
Loss after income tax attributable to the owners of Optiscan Imaging Limited	<u>(1,926,957)</u>	<u>(751,715)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>617,649,868</u>	<u>536,928,363</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>617,649,868</u>	<u>536,928,363</u>
	Cents	Cents
Basic earnings per share	(0.31)	(0.14)
Diluted earnings per share	(0.31)	(0.14)

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Robert Cooke
Non-executive Chairman

24 February 2022

For personal use only

Independent Auditor's Review Report

To the Members of Optiscan Imaging Limited

Report on the review of the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Optiscan Imaging Limited (the Company) and its subsidiary (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Optiscan Imaging Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its 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*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

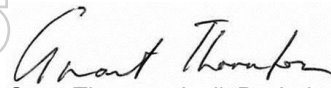
Directors' responsibility for the half-year financial report

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 gives a true and fair view and 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, we have become aware of any matter that makes us 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 financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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.



Grant Thornton
Grant Thornton Audit Pty Ltd
Chartered Accountants



M A Cunningham
Partner – Audit & Assurance

Melbourne, 24 February 2022