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IMAGION BIOSYSTEMS LIMITED

ABN: 42 616 305 027

Consolidated Half-Year Financial Report - 30 June 2022

Directors' Report

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Imagion Biosystems Limited (referred to hereafter as the 'Company' or 'parent entity' or 'Imagion') and the entities it controlled at the end of, or during the half-year ended 30 June 2022.

Principal activities

During the financial year the principal continuing activities of the consolidated entity consisted of: Nanotechnology; Biotechnology; Cancer Diagnostics; and Medical Imaging using Superparamagnetic Relaxometry.

Review of operations

Operating loss for the half-year of \$5,760,270 (30 June 2021 half-year: \$1,450,236 loss) was materially in line with expectations and increased from the prior half-year mainly due to the timing of receipt of the R&D tax incentive and increased expenditure, refer below for further discussion.

Revenue and other income

Revenue and Other Income comprised income generated through sales of nanoparticles manufactured by the consolidated entity to customers.

Total receipts from sales of super-paramagnetic iron oxide nanoparticles over the half-year increased by \$105,338 to \$263,152 (30 June 2021 half-year: \$157,814). These sales were undertaken directly through IBX and includes sales to New Phase, an Israeli-based company, for the exploratory use of their SaNP hyperthermia treatment as well as initial sales to new customers.

Research & development tax incentives

Subsequent to year end the consolidated entity lodged and received approval from AusIndustry in relation to its 2021 research and development tax incentive claim. The consolidated entity has lodged its 2021 income tax return requesting a tax incentive of \$2,500,966, which is materially in line with the prior year (\$2,612,159). The 2021 claim is expected to be received within the third quarter of 2022.

Operating expenses

Total expenses increased by \$1,794,995 to \$6,026,033 (30 June 2021 half-year: \$4,231,038).

Research and development expenses

Research and development expenses increased by \$683,890 to \$1,771,433 (30 June 2021 half-year: \$1,087,543). Whilst expenses relating to the MagSense® HER2 Breast Cancer First-in-human Study remained relatively consistent there were increases in other research and development initiatives including: increased animal studies and in-house R&D supporting other indications including prostate cancer and brain tumour imaging; outsourced support to increase CMC and GMP manufacturing capabilities to support further clinical and manufacturing requirements; and expenses in relation to investigating the use of a non-targeted nanoparticle to be used in conjunction with conventional Magnetic Resonance Imaging (MRI) including expenses associated with the Sponsored Research Agreement with Massachusetts General Hospital.

Employment expenses

Employment expenses increased by \$584,196 to \$2,213,243 (30 June 2021 half-year: \$1,629,047). In addition to salary increases and promotions in the ordinary course of business the consolidated entity has increased its organisational capability with key hires including: Chief Development Officer and other clinical operations employees to increase clinical operations capabilities as we plan for the next phase of development; Director of Operations to improve manufacturing capabilities to supporting development plans and external sales; Medical Physicist to increase imaging capabilities; and a part-time Marketing and Communications Manager to reduce reliance on outsourced providers.

Other expenses

All other expenses increased by \$526,909 to \$2,041,357 (30 June 2021 half-year: \$1,514,448). Depreciation and finance costs increased by \$407,976 mainly due lease accounting for the new premises in San Diego with the consolidated entity taking occupancy in early 2022. Professional fees reduced by \$182,905 due to a reduction in recruitment costs (due to timing) and a reduction in listing and filing fees. General expenses increased by \$350,563 mainly due to increased in rent outgoings, utilities and travel related expenses (as a result of post-Covid travel recommencing).

Liquidity

The consolidated entity remains in a positive cash position with \$8.5 million in cash as at 30 June 2022. This position will be further supported by the expected inflow of \$2.5 million in the third quarter of 2022 in relation to the research and development tax incentive.

The consolidated entity will use the funds to continue to fund clinical development operations, upcoming costs for its MagSense® HER2 Breast Cancer First-in-human Study, to explore further research and development pipeline opportunities for its iron-oxide nanoparticles (including manufacturing), and other operational costs.

Clinical development

MagSense® HER2 Breast Cancer First-in-human Study

The consolidated entity continued its MagSense® HER2 breast cancer First-in-human 1 study during the half-year. The study is continues to recruit through four sites in three states – Monash Health, Austin Health, Royal Brisbane Women's Hospital and Lake Macquarie Private Hospital.

The study is investigating the potential for the MagSense® HER2 targeted imaging agent to aid in nodal staging of HER2 positive breast cancer by identifying if tumour cells have metastasized to the lymph nodes.

All enrolled trial patients receive a dose of the MagSense® HER2 targeted imaging agent, followed by exploratory assessment by two forms of imaging modalities:

- our proprietary magnetic relaxometry imaging method (MRX); and
- a standard magnetic resonance imaging method (MRI).

The primary objective of the study is to investigate the safety and tolerability of the MagSense® injectable imaging agent. The secondary objective of the study is to provide a preliminary assessment of the effectiveness of the MagSense® imaging agent in reaching and being detectable in the lymph nodes.

Findings from this study will inform future clinical research efforts and commercial viability.

In March 2022, the consolidated entity released findings from the first five patients who completed the study. The interim results noted that there had been no safety or tolerability issues reported related to the imaging agent and that there was evidence that the MagSense® imaging agent is successfully reaching the patient's lymph nodes. Following release of the interim results enrolment has continued with results in line with prior patients.

An amendment to the study protocol has been approved by the Human Research Ethics Committee during the half-year which is now being implemented at each of the study sites. The amendment provides more flexibility for the investigator to schedule study related procedures and reduces the number of times participants are required to visit the clinical site, which may facilitate enrolment.

MagSense® imaging agent stability milestone

During the half-year third party testing of the MagSense® HER2 Breast Cancer imaging agent showed that it had passed the 18-month stability benchmark. The consolidated entity has additional R&D data supporting the benchmark finding and indicating that the product could have a shelf-life of up to three years. This data, together with the consolidated entity's pilot manufacturing experience, supports the consolidated entity's plans to develop nanoparticle based imaging agents that can be made reproducibly with a long stable shelf-life. This technical achievement bolsters the growing opportunity for the consolidated entity to market its nanoparticles to commercial partners and to service larger scale pivotal clinical trials.

Brain tumour imaging and diagnosis

In 2021 the consolidated entity entered into a collaboration with Patrys Limited to investigate the use of a Patrys' DNA-targeting PAT-DX1 molecule with the consolidated entity's MagSense® nanoparticle technology to develop an imaging agent for hard-to-diagnose cancers such as brain cancer.

The consolidated entity's in-house research has demonstrated that the DX1 molecule can be combined with the consolidated entity's nanoparticles and remain bifunctional. As a result, both the consolidated entity and Patrys have expanded the collaboration through entering into an engagement with The University of Sydney during the half-year.

The research collaboration with The University of Sydney will further explore the potential for a MagSense® DX1 imaging agent to detect brain cancers using the university's expertise in models of Glioblastoma Multiforme. The consolidated entity expects to report in the progress of these studies in 2023.

Prostate cancer imaging

The prostate cancer project continued during the half-year and has demonstrated encouraging results with a new PSMA targeting ligand being used to create an imaging agent in conjunction with the consolidated entity's nanoparticles. The preclinical research is being undertaken in-house and in collaboration with researchers at Monash University's Biomedicine Discovery Institute.

The imaging agent, like most radiopharmaceutical PET tracers, utilized a molecule to target the Prostate Specific Membrane Antigen which is expressed in most forms of Prostate Cancer. But unlike PET tracers, our MagSense® technology uses our bio-safe magnetic nanoparticles instead of radioactive tracers, making it a safer alternative for imaging prostate cancer.

Continuation of preclinical research throughout the remainder of 2022 will provide the potential for the consolidated entity to enter 2023 with a clearer picture of the feasibility and timeline for developing a prostate cancer imaging agent for clinical use.

Use of non-targeted nanoparticles with conventional Magnetic Resonance Imaging (MRI)

During the half-year the consolidated entity entered into a Sponsored Research Agreement with researchers at Massachusetts General Hospital to investigate the potential for the consolidated entity's iron oxide nanoparticle technology to be used in conjunction with conventional MRI.

Gadolinium-based Contrast Agents (GBCAs) are the primary contrast media products approved for use with MRI for cardiovascular applications. Certain patient populations such as patients with chronic kidney disease, pregnant women and paediatric patients often avoid use of GBCAs due to the potential side effects. An iron oxide nanoparticle-based agent would be a safe alternative for vascular imaging applications where contrast media are required.

The consolidated entity's research program aims to leverage our underlying know-how with iron oxide nanoparticle technology to investigate their possible use for vascular imaging. This would be a non-targeted nanoparticle with properties providing for it to remain in circulation to enhance the visualization of arterial and venous blood flow which is important in diagnosing and treating certain cardiovascular diseases.

New facility

The fit-out of a new San Diego R&D facility was largely completed by the end of 2021 with the consolidated entity taking occupancy in early January 2022. This new facility significantly expands the consolidated entity's internal nanoparticle research & development capabilities, provides additional manufacturing capacity to support clinical programs and can be leveraged to generate revenue through third party commercial relationships.

Outlook

As the consolidated entity's MagSense® HER2 Breast Cancer First-in-human Study progresses and the consolidated entity advances its development pipeline, research and development expenditures and employment expenses are expected to increase on current levels.

The consolidated entity is well positioned to continue the progression of its MagSense® HER2 Breast Cancer First-in-human Study, as well as other indications and collaborations.

Likely developments and expected results of operations

Management expects spending to increase in future periods pending successful results from the consolidated entity's first in-human-trial in relation to HER2 breast cancer which continued throughout the first-half of 2022 and is expected to continue throughout the remainder of 2022. The consolidated entity also expects to carry out other research and development projects throughout the remainder of 2022.

Significant changes in state of affairs

There were no significant changes in state of affairs.

Matters subsequent to the end of the financial half-year

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not had a significant impact on the consolidated entity financially up to 30 June 2022 the pandemic has slowed progress with the pace of its Phase I Clinical Study. It is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is constantly evolving and is dependent on measures imposed by the Australian and State-based Governments.

No other matters or circumstances have arisen since the end of the financial period that has significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

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.

On behalf of the directors



Robert Proulx
Executive Chair

25 August 2022

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Imagion Biosystems Limited and its Controlled Entity for the half year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.



RSM AUSTRALIA PARTNERS



B Y CHAN
Partner

Dated: 25 August 2022
Melbourne, Victoria

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Imagion Biosystems Limited
 Consolidated Statement of Profit and Loss and Other Comprehensive Income
 For the half-year ended 30 June 2022



	2022 half-year \$	2021 half-year \$
Revenue		
Revenue and other income	265,763	168,643
Research & development tax incentives	-	2,612,159
	265,763	2,780,802
Operating Expenses		
Research & development expenses	(1,771,433)	(1,087,543)
Employment expenses	(2,213,243)	(1,629,047)
Professional fees	(413,316)	(596,221)
General expenses	(684,453)	(333,890)
Share based payments expense	(342,141)	(388,906)
Depreciation expense	(515,381)	(190,316)
Foreign exchange gain/(loss)	-	(1,960)
Finance costs	(86,066)	(3,155)
	(6,026,033)	(4,231,038)
Loss before income tax expense	(5,760,270)	(1,450,236)
Income tax expense (benefit)	-	-
Loss after Income Tax Expense	(5,760,270)	(1,450,236)
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Foreign currency translation reserve	385,461	169,080
Income tax relating to these items	-	-
Other comprehensive income/(loss), net of tax	385,461	169,080
Total comprehensive Income (loss) for the year Attributable to the Owners of Imagion Biosystems Limited	(5,374,809)	(1,281,156)
	Cents	Cents
Basic earnings (loss) per share	(0.0051)	(0.0014)
Diluted earnings (loss) per share	(0.0051)	(0.0014)

These financial statements should be read in conjunction with the accompanying notes.

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Imagion Biosystems Limited
 Consolidated Statement of Financial Position
 As at 30 June 2022



	Note	30-Jun-2022	31-Dec-2021
		\$	\$
Current Assets			
Cash and cash equivalents		8,521,787	13,393,768
Trade and other receivables		61,321	31,345
Other current assets		417,040	343,946
Total Current Assets		9,000,148	13,769,059
Non-Current Assets			
Property, plant and equipment		683,735	346,096
Right-of-use assets		4,707,199	-
Total Non-Current Assets		5,390,934	346,096
Total Assets		14,391,082	14,115,155
Current Liabilities			
Trade and other payables		769,703	585,866
Lease liabilities		1,132,220	15,141
Employee benefits		153,782	140,462
Other liabilities		68,142	34,496
Total Current Liabilities		2,123,847	775,965
Non-Current Liabilities			
Lease liabilities		3,990,918	30,877
Employee benefits		3,706	3,034
Total Non-Current Liabilities		3,994,624	33,911
Total Liabilities		6,118,471	809,876
Net Assets		8,272,611	13,305,279
Equity			
Issued capital	2	56,827,608	56,827,608
Reserves	3	3,239,601	2,511,925
Accumulated losses		(51,794,598)	(46,034,254)
Total Equity		8,272,611	13,305,279

These financial statements should be read in conjunction with the accompanying notes.

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Imagion Biosystems Limited
 Consolidated Statement of Changes in Equity
 For the half-year ended 30 June 2022



	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total Equity \$
Balance as at 1 January 2021	51,322,126	1,601,289	(40,009,548)	12,913,867
Loss after income tax	-	-	(1,450,236)	(1,450,236)
Other comprehensive income/(loss) after tax	-	169,080	-	169,080
Total comprehensive income/(loss)	-	169,080	(1,450,236)	(1,281,156)
<i>Transactions with owners in their capacity as owners</i>				
Contributions of equity	1,588,825	-	-	1,588,825
Costs of contributions of equity	(1,922)	-	-	(1,922)
Transfer from reserves	-	-	-	-
Share based payments	-	388,906	-	388,906
Balance as at 30 June 2021	52,909,029	2,159,275	(41,459,784)	13,608,520
	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total Equity \$
Balance as at 1 January 2022	56,827,608	2,511,925	(46,034,254)	13,305,279
Loss after income tax	-	-	(5,760,270)	(5,760,270)
Other comprehensive income/(loss) after tax	-	385,461	-	385,461
Total comprehensive income/(loss)	-	385,461	(5,760,270)	(5,374,809)
<i>Transactions with owners in their capacity as owners</i>				
Contributions of equity	-	-	-	-
Costs of contributions of equity	-	-	-	-
Transfer from reserves	-	-	-	-
Share based payments	-	342,141	-	342,141
Balance as at 30 June 2022	56,827,608	3,239,527	(51,794,524)	8,272,611

These financial statements should be read in conjunction with the accompanying notes.

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Imagion Biosystems Limited
 Consolidated Statement of Cash Flows
 For the half-year ended 30 June 2022



	Note	2022 half-year \$	2021 half-year \$
Cash Flows from Operating Activities			
Receipts from customers (inc of sales and other taxes)		237,585	88,605
Payments to suppliers and employees (inc of sales and other taxes)		(4,983,801)	(3,413,015)
Interest received		703	12,970
Interest and other finance costs paid		(58,707)	(13,221)
Government grants and tax incentives		-	2,612,159
Net cash outflow from operating activities		(4,804,220)	(712,502)
Cash Flows from Investing Activities			
Payment for property, plant and equipment		(205,475)	(20,145)
Proceeds from / (payment for) other assets (security deposits)		38,588	(91,259)
Net cash outflow from investing activities		(166,887)	(111,404)
Cash Flows from Financing Activities			
Proceeds from the issue of shares		-	-
Proceeds from the exercise of options		-	1,588,825
Transaction costs relation to the issue of shares		-	(2,114)
Loan from US Government authority		-	-
Lease repayments		(288,958)	(208,366)
Net cash inflow from financing activities		(288,958)	1,378,345
Net increase (decrease) in cash and cash equivalents		(5,260,065)	554,439
Cash and cash equivalents at start of year		13,393,768	13,200,547
Effects of exchange rate changes on cash and cash equivalents		388,084	173,137
Cash and cash equivalents at end of year		8,521,787	13,928,123

These financial statements should be read in conjunction with the accompanying notes.

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1 Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 30 June 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

All amounts are stated in Australian dollars, unless otherwise stated.

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 31 December 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.

Going Concern

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

As disclosed in the financial statements, the consolidated entity incurred a loss of \$5,760,270 and had net cash outflows from operating activities of \$4,804,220 for the half-year ended 30 June 2022. The consolidated entity is still in the product development phase recording minimal sales revenue, consequently it is dependent on external funding to cover ongoing product development and has forecast losses for the next financial year.

These factors indicate a material uncertainty which may cast significant doubt as to whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Despite this financial position, the Directors believe that there are reasonable grounds to believe that the consolidated entity will be able to continue as a going concern after considering the following factors:

- The consolidated entity has the ability to implement a cost optimisation plan to reduce discretionary expenditures if necessary to reduce operating cash requirements;
- The Directors are confident that additional funds can be raised through further capital raisings to support ongoing research and development activities. The consolidated entity has a proven record of being able to raise funds to support its ongoing activities including successfully raising \$14.8 million (net of costs) during 2020 from a combination of rights issues, placements and exercises of options; and
- The consolidated entity has historically received some cost relief through the receipt of research & development income tax incentives and the directors expect this to continue including receipt of the 2021 incentive expected in the third quarter of 2022 with an approximate value of \$2.5 million.

Accordingly, the Directors believe that the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the consolidated entity does not continue as a going concern.

Issued capital

Ordinary shares are classified as equity.

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

1 Significant accounting policies (continued)

Share Based Payments

The consolidated entity operates an equity settled share based payment employee incentive scheme. The fair value of the equity to which employees became entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account.

The cost of transactions settled by share based payments is measured at the fair value of the equity instrument at the date of the issue, using an appropriate market based valuation model.

Comparatives

The comparative results presented refer to the 6-month period up to 30 June 2021 for the Statement of Profit or Loss and Other Comprehensive Income and the Statement of Cash Flows. The Statement of Financial Position contains a comparative Statement of Financial Position as of the end of the immediately preceding reporting period, being 31 December 2021.

2 Issued capital

	30-Jun-22 Shares	31-Dec-21 Shares	30-Jun-22 \$	31-Dec-21 \$
Ordinary shares - fully paid	1,121,218,534	1,121,218,534	56,827,608	56,827,608

Movements in ordinary share capital - 6 months to 30 June 2021

Details	Date	Shares	Issue Price	\$
Opening balance	1-Jan-22	1,121,218,534	-	56,827,608
Closing balance	30-Jun-22	1,121,218,534		56,827,608

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.

Listed options

As part of a renounceable rights issue (in April 2020) the Company issued listed options. In April 2020 'IBXOA options' were issued with an exercise price of \$0.03. IBXOA options expire on 28 April 2023. IBXOA options entitle the holder to convert one option to one ordinary share upon application and payment.

3 Reserves

	30-Jun-22 \$	31-Dec-21 \$
Foreign currency translation reserve	739,064	353,529
Share based payment reserve	2,500,537	2,158,396
	<u>3,239,601</u>	<u>2,511,925</u>

Foreign currency translation reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

4 Commitments

The consolidated entity had contracted commitments for services in relation to its MagSense® HER2 Breast Cancer First-in-human Study totalling \$70,480. These expenses represent estimated contractual commitments to the Company's CRO until 31 October 2022 when the contract with the CRO is up for renewal. These expenses are expected to be incurred within the next 4 months. There are anticipated to be further costs post 31 October 2022 but they aren't yet committed. The consolidated entity had no other commitments (31-Dec-21: \$460,373).

5 Contingent liabilities

As of 30 June 2022, the Company was not party to any material litigation, claims or suit whose outcome could have a material effect on the financial statements (31 December 2021: Nil).

6 Operating segments

Identification of reporting operating segments

The consolidated entity is organised into one operating segment being Research & Development. This operating segment is based on internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers (CODM) in assessing performance and in determining the allocation of resources).

Geographical information

The consolidated entity has non-current assets and derives revenue in two geographical areas as outlined below:

	30-Jun-22 \$	31-Dec-21 \$
<i>Geographical location of non-current assets</i>		
Property, plant and equipment		
United States of America	682,581	344,711
Australia	1,154	1,385
	<u>683,735</u>	<u>346,096</u>
Right-of-use assets		
United States of America	4,707,199	-
Australia	-	-
	<u>4,707,199</u>	<u>-</u>
	30-Jun-22 \$	30-Jun-21 \$
<i>Geographical derivation of revenue</i>		
Revenue and other income		
United States of America	264,935	158,197
Australia	828	10,446
	<u>265,763</u>	<u>168,643</u>

Research and development tax incentives are derived in Australia.

7 Events after the reporting period

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not had a significant impact on the consolidated entity financially up to 30 June 2022 the pandemic has slowed progress with the pace of its Phase I Clinical Study. It is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is constantly evolving and is dependent on measures imposed by the Australian and State-based Governments.

No other matters or circumstances have arisen since the end of the financial period that has significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Imagion Biosystems Limited
Directors' Declaration
For the half-year ended 30 June 2022



In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard AASB134 Interim Financial Report; 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 30 June 2022 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

A handwritten signature in black ink, appearing to read "R. Proulx".

Robert Proulx
Executive Chair
Imagion Biosystems Limited

25 August 2022

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INDEPENDENT AUDITOR'S REVIEW REPORT
To the Members of Imagion Biosystems Limited

Conclusion

We have reviewed the accompanying half-year financial report of Imagion Biosystems Limited ("the company") and its Controlled Entity (together "the consolidated entity") which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the consolidated 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, we have not become aware of any matter that makes us believe that the half-year financial report of the consolidated entity is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *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.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Imagion Biosystems Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

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Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the half-year financial report, which indicates the consolidated entity incurred a loss of \$5,760,270 and had net cash outflows from operating activities of \$4,804,220 for the half year ended 30 June 2022. As stated in Note 1, these conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibility of the Directors' for the Financial Report

The directors of Imagion Biosystems Limited 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 for the Review of the Financial Report

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 consolidated entity's financial position as at 30 June 2022 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.



RSM AUSTRALIA PARTNERS



B Y CHAN
Partner

Dated: 25 August 2022
Melbourne, Victoria

Corporate Directory

Directors

Mr Robert Proulx	Executive Chairman / President
Mr Michael Harsh	Non-Executive Director
Mr David Ludvigson	Non-Executive Director
Ms Jovanka Naumoska	Non-Executive Director
Mr Mark Van Asten	Non-Executive Director
Ms Dianne Angus	Non-Executive Director

Company Secretary

Mr Geoff Hollis

Registered Office

c/o - K&L Gates
Level 25, 525 Collins Street
Melbourne, VIC, 3000, Australia

Principal Place of Business

5601 Oberlin Drive
Suite 100
San Diego, CA, 92121, USA

Share Registry

Boardroom Pty Limited
Level 12, 225 George Street
Sydney, NSW, 2000, Australia

Auditor

RSM Australia Partners
Level 21, 55 Collins St
Melbourne, VIC, 3000, Australia

Australian Legal Advisor

K&L Gates
Level 25, 525 Collins Street
Melbourne, VIC, 3000, Australia

United States Legal Advisor

Law Offices of Gayani R. Weerasinghe
325 W Washington St, Ste 2-3013
San Diego, CA, 92103

Stock Exchange

Imagion Biosystems Limited's shares are listed on the Australian Stock Exchange (ASX ticker: IBX)

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