

Senior Scientific, LLC

Financial Statements

For the period from 1 January 2016 to 17 November 2016

Senior Scientific LLC

Contents

Statement of Profit and Loss and other Comprehensive Income

Statement of Financial Position

Statement of Changes in Equity

Statement of Cash Flows

Notes to the Financial Statements

Directors' Declaration

Independent Auditor's Report

Senior Scientific LLC
Statement of Profit and Loss and other Comprehensive Income
For the period 1 January 2016 to 17 November 2016

	2016 USD \$	2015 USD \$
Income		
Revenue	3,400	4,000
Total income	3,400	4,000
Expenses		
Operating Costs:		
General expenses	178,000	179,000
Research & development	2,733,900	2,829,000
Total operating costs and expenses	2,911,900	3,008,000
Loss from operations before other income and expenses	(2,908,500)	(3,004,000)
Other Expenses:		
Interest and Other Expenses	1,056,000	201,000
Loan Forgiveness- MSI	(90,000)	-
Net Loss	(3,875,000)	(3,205,000)
Other Comprehensive Income		
Other comprehensive Income	-	-
Total Comprehensive Income for the period	(3,875,000)	(3,205,000)

The accompanying notes are an integral part of these financial statements.

Senior Scientific LLC
Statement of Financial Position as at 17 November 2016

	2016 USD \$	2015 USD \$
Current Assets		
Cash Assets		
Cash and cash equivalents	-	283,000
	-	283,000
Total Current Assets	-	283,000
Non-Current Assets		
Property, Plant and Equipment		
Plant & Equipment	-	579,000
Less: Accumulated Depreciation	-	288,000
	-	291,000
	-	291,000
Total Non-Current Assets	-	291,000
Total Assets	-	574,000
Current Liabilities		
Payables		
Unsecured:		
Trade Creditors	-	74,000
Payroll Liabilities	-	41,000
	-	115,000
Financial Liabilities		
Promissory Notes- related party	-	4,414,000
	-	4,414,000
Total Current Liabilities	-	4,529,000

The accompanying notes are an integral part of these financial statements.

	2016 USD \$	2015 USD \$
Non-Current Liabilities		
Financial Liabilities		
Convertible Notes Payable	-	2,500,000
	-	2,500,000
Total Non-Current Liabilities	-	2,500,000
Total Liabilities	-	7,029,000
Net Assets (Liabilities)	-	(6,455,000)
Equity		
Issued Capital		
Issued & paid up capital	-	60,000
Retained profits / (accumulated losses)	-	(6,515,000)
Total Equity	-	(6,455,000)

The accompanying notes are an integral part of these financial statements.

Senior Scientific, LLC
Statement of Changes of Equity
For the period ended 17 November 2016

	Member's Capital	Accumulated Deficit	Total
	USD \$	USD \$	USD \$
Balance 31 December, 2013	<u>60,000</u>	<u>(1,252,000)</u>	<u>(1,192,000)</u>
Net loss	<u>-</u>	<u>(2,058,000)</u>	<u>(2,058,000)</u>
Balance 31 December, 2014	<u>60,000</u>	<u>(3,310,000)</u>	<u>(3,250,000)</u>
Net loss	<u>-</u>	<u>(3,205,000)</u>	<u>(3,205,000)</u>
Balance 31 December, 2015	<u>60,000</u>	<u>(6,515,000)</u>	<u>(6,455,000)</u>
Net loss	<u>-</u>	<u>(3,875,000)</u>	<u>(3,875,000)</u>
Assumption of liabilities by a related party on their formation	<u>-</u>	<u>10,330,000</u>	<u>10,330,000</u>
Cancellation of Member's capital	<u>(60,000)</u>	<u>60,000</u>	<u>-</u>
Balance 17 November, 2016	<u>-</u>	<u>-</u>	<u>-</u>

The accompanying notes are an integral part of these financial statements

Senior Scientific LLC
Statement of Cash Flows
For the period ended 17 November 2016

	2016 USD \$	2015 USD \$
Cash Flow From Operating Activities		
Receipts from customers	3,400	4,000
Payments to suppliers and employees	(2,885,400)	(3,080,000)
Net cash used in operating activities	(2,882,000)	(3,076,000)
Cash Flow From Investing Activities		
Purchase of property and equipment	(13,000)	(260,000)
Net cash used in investing activities	(13,000)	(260,000)
Cash Flow From Financing Activities		
Proceeds from note payable - related party	2,575,000	3,486,000
Proceeds from short term convertible note payable	100,000	-
Net cash provided by financing activities	2,675,000	3,486,000
Net increase in Cash and Cash Equivalents	(220,000)	150,000
Cash and cash equivalents, beginning of period	283,000	133,000
Cash and cash equivalents before Merger Out of Existence	63,000	-
Cash and cash equivalents transfered to Imagion Biosystems Inc.	(63,000)	-
Cash and cash equivalents, end of period	-	283,000
Reconciliation of profit after income tax to net cash from operating activities		
Net Loss	(3,875,000)	(3,205,000)
Adjustments for:		
Loan Forgiveness- MSI	(90,000)	-
Unwind Interest	880,000	-
Depreciation and amortization	122,000	113,000
Changes in:		
Accounts payable and accrued expenses	55,000	67,000
Interest and other costs of finance	26,000	(51,000)
Net cash used in operating activities	(2,882,000)	(3,076,000)

The accompanying notes are an integral part of these financial statements

Senior Scientific LLC
Statement of Cash Flows
For the period ended 17 November 2016

	2016 USD \$	2015 USD \$
<hr/>		
Supplemental Disclosure of Cash Flow Information:		
Interest Paid	<hr/> 150,000 <hr/>	<hr/> 251,000 <hr/>

The accompanying notes are an integral part of these financial statements

Senior Scientific, LLC
Notes to the Financial Statement

Note 1: Summary of Significant Accounting Policies

Senior Scientific, LLC, a New Mexico limited liability corporation ("Company") was established on October 4, 2006.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all information presented, unless otherwise stated.

Basis of preparation

In the directors' opinion, the company is not a reporting entity because there are no users dependent on general purpose financial statements. These are special purpose financial statements. The directors have determined that the accounting policies adopted are appropriate to meet the needs of the members.

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the disclosure requirements of AASB 101 'Presentation of Financial Statements', AASB 107 'Statement of Cash Flows', AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors', AASB 1048 'interpretation of Standards' and AASB 1054 'Australian Additional Disclosures', as appropriate for for-profit oriented entities.

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statement.

Financial assets at fair value through profit or loss are either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit; or (ii) designated as such upon initial recognition, where they are managed on a fair value basis or to eliminate or significantly reduce an accounting mismatch. Except for effective hedging instruments, derivatives are also categorised as fair value through profit or loss. Fair value movements are recognised in profit or loss.

No further significant judgements have been made in applying accounting policies that have a significant effect on the amounts recognised on the financial statements.

Fair Value Measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Senior Scientific, LLC
Notes to the Financial Statement

Note 1: Summary of Significant Accounting Policies

Derivative Financial Instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date.

Merger Out of Existence

On 17 November 2016, the Company merged with and into Imagion Biosystems, Inc. Following the merger, Imagion held all of the liabilities, obligations and assets of the Company. Therefore, the operations of the legal entity Senior Scientific, LLC discontinued. The Gain of \$9,450,000 from the discontinued operations has been recorded against the accumulated losses in the Equity section of the Statement of Financial Position.

Going Concern

The financial report has been prepared on the basis of an orderly realisation of assets and cessation of business, as the company has transferred all assets and liabilities to Imagion Biosystems Inc in November 2016 and the entity has been wound up.

Currency

The financial statements are presented in United States of America dollars, which is Senior Scientific LLC functional currency and are rounded to the nearest whole dollar.

Property, Plant and Equipment (PPE)

Property, plant and equipment are carried at cost, independent or director's valuation. All assets, excluding freehold land and buildings, are depreciated over their useful lives to the company. Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement. Each period the difference between depreciation based on the revalued carrying amount of the assets charged to the income statement and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Revenue and Other Income

Revenue is measured at the value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed.

All revenue is stated net of the amount of goods and services tax (GST).

Income Tax

The Company was formed as a limited liability company and has not filed for classification to be taxed as a corporation, and as such, United States federal and domestic state income taxes are the direct responsibility of the Company's member which is MHTX. Therefore, no provision or liability for federal and state income taxes is included in the accompanying financial statements.

Senior Scientific, LLC
Notes to the Financial Statement

Note 1: Summary of Significant Accounting Policies

Research and development costs

Research costs for the development of the intellectual property and prototypes are expensed as incurred. An asset arising from the development expenditure on an internal project is recognised only when the company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and ability to measure reliably the expenditure attributable to the intangible asset during its development. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure is capitalised is amortised over the period of expected benefits from the related project.

Note 2: Litigation

The Company is subject from time to time to litigation, claims and suits arising in the ordinary course of business. As of 17 November 2016 the Company was not party to any material litigation, claims or suit whose outcome could have material effect to the financial statements.

Senior Scientific LLC

Directors' Declaration

As described in the basis of preparation accounting policy included in note 1 to the financial statements, the company is not a reporting entity and these are special purpose financial statements.

The directors of the company declare that the financial statements and notes:

- (a) comply with the accounting policies as detailed in note 1 to the financial statements; and
- (b) give a true and fair view of the company's financial position as at 17 November 2016 and of its performance for the period.

In the directors opinion:

- (c) the financial statements and notes are in accordance with the company's constitution.

Signed on behalf of the directors



Director
Robert Proulx

1 May 2017

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INDEPENDENT AUDITOR'S REPORT **To the Members of Senior Scientific LLC**

Opinion

We have audited the financial report of Senior Scientific LLC, which comprises the statement of financial position as at 31 December 2016, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Committee's Report.

In our opinion, the accompanying financial report presents fairly, in all material respects the financial position of Senior Scientific LLC as at 31 December 2016, and its performance and cash flows for the period then ended in accordance with the financial reporting requirements of the accounting policies described in Note 1 to the financial statements.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of Senior Scientific LLC in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared on a realisation basis as the company has transferred all assets and liabilities to Imagion Biosystems Inc in November 2016 and the entity has been wound up. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with the financial reporting requirements of the applicable legislation and for such internal control as management determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Pronouncements/Australian-Auditing-Standards/Auditors-Responsibilities.aspx>. This description forms part of our auditor's report.

A handwritten signature in blue ink, appearing to be 'RSM'.

RSM AUSTRALIA PTY LTD

A handwritten signature in blue ink, appearing to be 'R B Miano'.

R B MIANO
Director

Dated: 3 May 2017
Melbourne, Victoria