

APPENDIX 4D

HALF-YEAR REPORT

FOR THE PERIOD ENDED 30 JUNE 2019

IMEXHS LIMITED

ABN 60 096 687 839

Results for announcement to the Market

(This information should be read in conjunction with the last annual report and any announcements to the market by IMEXHS Limited (the Group) during the period)

Results	Half-Year Ended 30/6/19	Half-Year Ended 30/6/18	Change	
	\$	\$	\$	%
Revenue from ordinary activities	2,773,617	2,036,600	737,017	36%
Profit/(Loss) from ordinary activities after tax attributable to members	(2,168,276)	(457,087)	(1,711,189)	(374%)
Comprehensive Net Profit/(Loss) for the period attributable to members	(2,130,249)	(418,865)	(1,711,384)	(409%)

Dividend

The Directors do not propose to recommend the payment of a dividend in respect of the period.

Details of associate and joint venture entities

None.

Details of entities over which control has been gained or lost during the period

No entities were acquired during the period. No entities were disposed of due to loss of control during the period.

Net tangible asset per security	30/6/19	30/6/18
Net tangible assets per ordinary share (The denominator for the net tangible assets calculation has been adjusted to reflect the reverse acquisition of Imaging Experts and Healthcare Services Pty Ltd)	\$0.0035	\$0.0001

Brief explanation of any of the figures reported above:

During the second half of 2018, the Company completed the acquisition of Imaging Experts and Healthcare Services Pty Ltd, an Australian based company. This company had, in turn, acquired Imaging Experts and Healthcare Services SAS, a Colombian based company in the first half of 2018.

Under Australian Accounting Standards, Imaging Experts and Healthcare Services S.A.S. was deemed to be the accounting acquirer in both transactions. The acquisitions have been accounted for as share based payments by which Imaging Experts and Healthcare Services S.A.S. acquired the net assets of those entities and the listing status of ImExHS Limited.

Accordingly, the consolidated financial statements of ImExHS Limited have been prepared as a continuation of the business and operations of Imaging Experts and Healthcare Services S.A.S. As the deemed acquirer, Imaging Experts and Healthcare Services S.A.S. has accounted for the acquisition of Imaging Experts and Healthcare Services Pty Ltd from 20 April 2018. The comparative information for the period ended 30 June 2018 is that of Imaging Experts and Healthcare Services S.A.S. and Imaging Experts and Healthcare Services Pty Ltd.

Please refer to the attached Directors' Report for a full commentary on the results for the period and refer to the 2019 Half-Year Financial Report for the detailed financial statements and explanatory notes to the accounts.

Compliance Statement

The above information should be read in conjunction with the attached Half Year Financial Report for the period ending 30 June 2019.

This report is based on accounts which have been reviewed.



Tom Pascarella
Chairman
27 August 2019

IMEXHS LIMITED

ABN 60 096 687 839

HALF-YEAR FINANCIAL REPORT

FOR THE PERIOD ENDED 30 JUNE 2019

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The interim Financial Report covers ImExHS Limited, consisting of ImExHS Limited ("ImExHS Limited" or the "Company") and its wholly owned subsidiaries.

ImExHS Limited is a company limited by shares, incorporated and domiciled in Australia. The financial report is presented in Australian dollars.

CORPORATE INFORMATION

Directors

Mr Thomas Pascarella	Non-executive Chairman
Dr German Arango	Chief Executive Officer
Mr Howard Digby	Non-executive Director
Dr Doug Lingard	Non-executive Director
Mr Carlos Palacio	Non-executive Director

Company Secretary

Mr Peter Webse

Registered & Principal Office

122 O’Riordan Street
Mascot NSW 2020

Auditors

BDO (Audit) WA Pty Ltd
38 Station Street
Subiaco WA 6008

Bankers

Westpac Banking Corporation
260 Queen Street
Brisbane QLD 4000

Share Registry

Automic Pty Ltd
Level 5, 126 Phillip Street
Sydney NSW 2000
Tel: 1300 288 664
Tel: +61 2 9698 5414 (international)
Email: hello@automic.com.au

Stock Exchange Listing

Australian Securities Exchange
ASX Code: **IME**

The Directors present their report, together with the financial report, on ImExHS Limited (the Company) for the half-year ended 30 June 2019.

1 Directors

The following persons were Directors of the Company during the half-year and until the date of this report unless otherwise stated:

Name	Role
Mr Tom Pascarella	Non-executive Chairman
Dr German Arango	Chief Executive Officer
Mr Howard Digby	Non-Executive Director
Dr Doug Lingard	Non-Executive Director
Mr Carlos Palacio	Non-Executive Director

2 Principal activity

The principal continuing activity of the consolidated entity during the course of the half year is the development and sale of its Hiruko software platform.

Hiruko is a modular Radiology Information System (RIS) and Picture Archiving and Communications System (PACS). The RIS combines a workflow management system with a patient data and image distribution system, and the PACS allows a healthcare organisation to capture, store, view and share radiology images.

The details of this acquisition are detailed in the Review of Operations below.

3 Dividends

There were no dividends paid, recommended or declared during the half-year ended 30 June 2019 (2018: \$nil).

4 Review of operations

The loss of the Group for the half-year ended 30 June 2019 was a loss of \$2.1m (2018: loss of \$0.4m), after providing for income tax.

Underlying EBITDA

During the half-year, ImExHS recorded a number of non-recurring items in relation to its reverse takeover listing process. In order to present an underlying EBITDA result, these items are identified below:

	HY 2019 \$	HY 2018 \$
Result before Tax	(2,168,276)	(456,848)
Adjust:		
Net interest	50,982	86,077
Depreciation and Amortisation	348,888	119,461
Reported EBITDA	(1,768,406)	(251,310)
Adjust:		
Net exchange gains/losses	11,280	3,712
Listing and Share Based Payments Expenses	15,875	345,819
Underlying EBITDA*	(1,741,251)	98,221

* Underlying EBITDA excludes non-recurring transaction costs associated with the acquisition of Imaging Experts and Healthcare Services Pty Ltd, other share based payments expenses and net foreign exchange movements.

After adjusting for the transaction costs, ImExHS has recorded a negative Underlying EBITDA of \$1,741,251 (2018: positive \$98,221).

Revenue Growth

	HY 2019 \$	HY 2018 \$
Sales revenue:		
Recurring Revenue Contracts	2,485,490	1,264,792
Other Sales Revenue	190,071	762,833
Interest and other revenue	98,056	8,975
Revenue from ordinary activities	2,773,617	2,036,600

The company has seen good revenue growth, with an increase in its revenues from ordinary activities increase by \$737,017, or 36%.

The company's preferred source of revenues is from recurring revenue contracts, which grew by \$1,220,798 (97%) when compared with the same period in the prior year.

Other Sales Revenue is down on the prior year by \$572,762, or 75% from the prior corresponding period. This represents one-off sales and is heavily influenced by single large value items.



The company continues to execute its growth strategy by expanding into new territories and product lines, which has in turn see an improvement in its key Annualised Recurring Revenue (ARR) metric.

ARR has increased by \$5.3m (187%) at 30 June 2019 when compared to the same time last year.

Financial Position

Consistent with IMEXHS's growth strategy as outlined in the prospectus, the company continues to invest in new product initiatives, research and development and sales and marketing. Product development and sales related expenses increased by \$0.9m (50%) when compared with the prior corresponding period. This, together with costs associated with being a listed company, has led to an increase in operating expenses. These investments are expected to generate attractive long-term returns for shareholders. The company has also purchased equipment required for Platform as a Service contracts. This has seen a decrease in the company's cash and cash equivalents over the half-year of \$2.2m.

The company has therefore sought to protect its operating cash position through the successful negotiation of a \$2m loan agreement with Domatorisaro Pty Ltd and a US\$0.5m facility with Quartz Financial Services SAS, with a further US\$0.5m available.

Strategy and Outlook

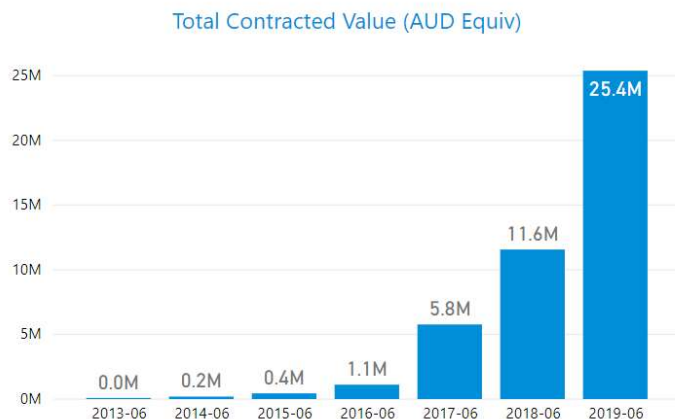
IMEXHS continues to invest in the development of Hiruko's features and plans further expansion in its existing and new territories. Potential revenues are building momentum via the company's network of experienced, in-country medical products distributors.

The company has a good level of contracted revenue that will underpin revenue for the balance of the year. In addition, with the investment in product development and sales, the company's weighted sales

pipeline¹ is now \$50m and the realisation of this pipeline is expected to provide a baseline of revenue from which IMEXHS will be able to continue its growth

Highlights for the Half Year

i) Contract Growth



The company secured major new contracts with Clínica Los Valles, Fundación Cardiovascular de Colombia and RIMAB / Colsubsidio, together with major contract renewals and extensions for Clínica Nueva, and Clínica Las Americas.

The company has seen its Total Contracted Value (TCV) increase to \$25.4m at 30 June 2019, an increase of \$13.8m (120%) over the prior year.

ii) Distribution Network Expansion

The company continued to increase its geographic footprint in-line with the strategy outlined in the Prospectus, and included entry into new territories including Panama, Honduras, Nicaragua, Uruguay, Brazil and the USA.

iii) US Food and Drug Administration Clearance

The company received clearance from the US Food and Drug Administration (FDA) for the company's Hiruko product to be commercialised in the United States.

This will allow the completion of the company's trial in Puerto Rico with Rad One PSC with the potential expansion across nine further sites with Rad One.

iv) Product Development

The Web Viewer's translation to Brazilian Portuguese was completed and also had two new measurement tools developed:

- Insall-Salvati (for orthopaedics); and
- Bi-directional measurements (for tumour measurements and follow-ups).

IMEXHS continues to develop its Pathology module and has completed the integration of the voice recognition functionality and the Business Intelligence module. The translation of the module into Brazilian Portuguese was also completed. The company has concluded its final demo trial in San Jose Infratil and Clínica de las Americas.

The company also commenced a large PaaS and imaging diagnostic services contract for Colsubsidio across 19 sites. This contract provides a strategically important opportunity for IMEXHS to develop its Artificial Intelligence and Machine Learning tools in concert with a large field team of Radiologists.

¹ Weighted sales pipeline includes all of IME's geographic markets for SaaS and PaaS prospective contracts measured in TCV and one-off sales, with a discount applied calibrated to the stage of client engagement during the sales process

5 Events after the reporting date

Following the end of the period, the company has entered into a Loan Agreement with Domatorisaro Pty Ltd, a related entity of director, Dr Doug Lingard. The terms of this loan provide for a \$2m loan facility drawn in two \$1m tranches.

The facility has a final maturity date of 31 March 2021 at an interest rate of 12.5%. A facility fee of 4% is also payable. Principal is not required to be paid until maturity.

The facility also provided for 40m lender options, exercisable on or before 31 March 2022 at an exercise price of 5.4 cents. These were issued at a slight premium to the 10 day VWAP at the date of the loan being entered into.

The facility and issue of lender options is subject to shareholder approval. Access to the second tranche is subject to shareholder approval. In the event that shareholder approval is not received, the company has 180 days to return the first \$1m tranche.

The board is satisfied that the terms of the loan are better than those otherwise available on an arms-length basis.

The company also entered a three year loan of US\$500,000 with Quartz Financial Services S.A.S. that is supported by the company's Colsubsidio contract. This loan is for three years at an effective interest rate of 16.9% per annum.

Other than the items mentioned above, there has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operation of the entity, the results of those operations, or the state of affairs of the entity in future financial years.

6 Future developments and results

Other than as referred to in this report, further information as to the likely developments in the operations of the Company and likely results of those operations would, in the opinion of the Directors, be speculative.

7 Environmental issues

The Company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

8 Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the Corporations Act 2001 for the period ended 30 June 2019 has been received and can be found on page 6 of the financial report.

This Directors' report is signed in accordance with a resolution of the Board of Directors made pursuant to section 306(3) of the *Corporations Act 2001*.



Thomas Pascarella
Chairman
27 August 2019

DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF IMEXHS LIMITED

As lead auditor for the review of ImExHS Limited for the half-year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of ImExHS Limited and the entities it controlled during the period.



Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 27 August 2019

IMEXHS LIMITED INTERIM FINANCIAL REPORT 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 30 JUNE 2019

		Half-Year	
	Note	2019 \$	2018 \$
Sales Revenue	4	2,675,561	2,027,625
Cost of Sales		(2,388,397)	(1,181,659)
Gross Profit		287,164	845,966
Administration and Distribution Expenses	5	(1,979,792)	(743,902)
Interest and other revenue		98,056	8,975
Foreign exchange and other expenses		(172,726)	(362,349)
Depreciation and amortisation		(348,888)	(119,461)
Interest Expense		(52,090)	(86,077)
Profit / (Loss) from ordinary activities before income tax		(2,168,276)	(456,848)
Income tax benefit / (expense)		-	(239)
Profit/(Loss) from ordinary activities after income tax		(2,168,276)	(457,087)
Other comprehensive income			
Items that may be reclassified to profit and loss			
Foreign currency translation of international subsidiaries		38,027	38,222
Total items that may be reclassified to profit and loss		38,027	38,222
Other Comprehensive Profit / (Loss) for the year		38,027	38,222
Total comprehensive profit/(loss) for the period attributable to the members of ImExHS Limited		(2,130,249)	(418,865)
Basic earnings/(loss) per share (cents per share)		(0.23)	(0.30)
Diluted earnings/(loss) per share (cents per share)		(0.23)	(0.30)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

IMEXHS LIMITED INTERIM FINANCIAL REPORT 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

	Note	30 Jun 2019 \$	31 Dec 2018 \$
ASSETS			
Current Assets			
Cash and cash equivalents	6	220,009	2,445,329
Trade and other receivables		3,824,562	3,880,759
Inventories		820,351	811,310
Total Current Assets		4,864,922	7,137,398
Non-Current Assets			
Property, plant and equipment	7	2,541,066	1,591,111
Intangibles	8	532,246	527,368
Right of use assets	3	89,578	-
Total Non-Current Assets		3,162,890	2,118,479
TOTAL ASSETS		8,027,812	9,255,877
LIABILITIES			
Current Liabilities			
Trade and other payables		1,821,083	1,897,472
Contract Liabilities		40,603	91,480
Borrowings	9	407,851	188,491
Lease Liabilities	3	85,186	-
Employee Benefits		758,081	419,152
Other	10	1,090,617	726,264
Total Current Liabilities		4,203,421	3,322,859
Non-Current Liabilities			
Lease Liabilities	3	4,418	-
Deferred Tax Liabilities		83,553	82,223
Total Non-Current Liabilities		87,971	82,223
TOTAL LIABILITIES		4,291,392	3,405,082
NET ASSETS		3,736,420	5,850,795
EQUITY			
Issued capital		10,553,259	10,553,259
Share-based payments reserve		1,224,593	1,208,718
Foreign Currency Translation Reserve		22,633	(15,392)
Retained profits / (accumulated losses)		(8,064,065)	(5,895,790)
TOTAL EQUITY		3,736,420	5,850,795

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

IMEXHS LIMITED INTERIM FINANCIAL REPORT 2019

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 30 JUNE 2019

	Issued Capital	Share Based Payments Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$
Balance at 1 January 2018	1,559,756	-	(57,552)	(1,008,623)	493,581
Result for the half-year	-	-	-	(457,087)	(457,087)
Other comprehensive income for the half-year	-	-	38,222	-	38,222
Total comprehensive loss for the half-year	-	-	38,222	(457,087)	(418,865)
Transactions with owners in their capacity as owners:					
Issue of Ordinary Shares, net of transaction costs	-	345,819	-	-	345,819
Balance as 30 June 2018	1,559,756	345,819	(19,330)	(1,465,710)	420,535

	Issued Capital	Share Based Payments Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$
Balance at 1 January 2019	10,553,259	1,208,718	(15,394)	(5,895,789)	5,850,794
Result for the half-year	-	-	-	(2,168,276)	(2,168,276)
Other comprehensive income for the half-year	-	-	38,027	-	38,027
Total comprehensive loss for the half-year	-	-	38,027	(2,168,276)	(2,130,249)
Transactions with owners in their capacity as owners:					
Issue of Ordinary Shares, net of transaction costs	-	-	-	-	-
Shares & Options issued	-	15,875	-	-	15,875
Balance as 30 June 2019	10,553,259	1,224,593	22,633	(8,064,065)	3,736,420

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

IMEXHS LIMITED INTERIM FINANCIAL REPORT 2019

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 30 JUNE 2019

	Half-Year	
	2019 \$	2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) for the half-year	(2,168,276)	(457,087)
Adjustments for:		
Depreciation and Amortisation	348,888	119,461
Impairment in receivables	234,880	12,357
Impairment in inventories	51,473	9,408
Equity settled transactions	15,875	345,606
Movement in trade and other receivables	(154,248)	(525,342)
Movement in inventories	(61,734)	(784,011)
Movement in trade and other payables	(76,389)	1,454,867
Movement in contract liabilities	(50,877)	(382,266)
Movement in employee benefits	338,929	6,159
Movement in other liabilities	364,353	32,721
Movement in deferred tax liabilities	1,330	909
Net cash flow from operating activities	(1,155,796)	(167,218)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash acquired from acquisitions	-	11,053
Purchase of property, plant & equipment	(1,155,400)	(234,295)
Purchase of intangible assets	(103,271)	(155,028)
Payments for right of use lease liabilities	(45,025)	-
Net cash outflows from investing activities	(1,303,696)	(378,270)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	265,867	625,268
Repayment of borrowings	(46,507)	(150,040)
Net cash inflows from financing activities	219,360	475,228
Net increase/(decrease) in cash and cash equivalents	(2,240,132)	(70,260)
Cash and cash equivalents at beginning of half-year	2,445,329	4,593
Foreign exchange differences	14,812	80,954
NET CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR	220,009	15,287

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

IMEXHS LIMITED INTERIM FINANCIAL REPORT 2019

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 30 JUNE 2019

1 REPORTING ENTITY

ImExHS Limited ("Company") is a listed public company incorporated and domiciled in Australia. The consolidated interim financial report of the Company for the half-year ended 30 June 2019 comprises the Company and its subsidiaries (together referred to as the "consolidated entity" or "Group").

ImExHS Limited is a company limited by shares. The financial report is presented in Australian currency. ImExHS Limited is a for-profit entity.

2 BASIS OF PREPARATION OF HALF-YEAR REPORT

This condensed consolidated interim financial report for the half-year reporting period ended 30 June 2019 has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2018 and any public announcements made by ImExHS Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the estimation of income tax and the adoption of new and amended standards as set out below.

Comparatives in this half-year report

On 28 August 2018, ImExHS Limited completed the acquisition of Imaging Experts and Healthcare Services Pty Ltd, an Australian-based company. This company, in turn, had previously acquired Imaging Experts and Healthcare Services S.A.S., a Colombian-based company, on 20 April 2018. Under Australian Accounting Standards, Imaging Experts and Healthcare Services S.A.S. was deemed to be the accounting acquirer in both transactions. The acquisitions have been accounted for as share based payments by which Imaging Experts and Healthcare Services S.A.S. acquired the net assets of those entities and the listing status of ImExHS Limited.

Accordingly, the consolidated financial statements of ImExHS Limited have been prepared as a continuation of the business and operations of Imaging Experts and Healthcare Services S.A.S. As the deemed acquirer, Imaging Experts and Healthcare Services S.A.S. has accounted for the acquisition of Imaging Experts and Healthcare Services Pty Ltd from 20 April 2018 and has accounted for the acquisition of ImExHS Limited from 28 August 2018. The comparative information for the half-year ended 30 June 2018 is that of Imaging Experts and Healthcare Services S.A.S. together with that of Imaging Experts and Healthcare Services Pty Ltd from 20 April 2018, and not of ImExHS Limited.

New and amended standards adopted by the group

A number of new or amended standards became applicable for the current reporting period and the group had to change its accounting policies and make retrospective adjustments as a result of adopting AASB 16 *Leases*.

The impact of the adoption of the leasing standard and the new accounting policies are disclosed in note 3 below. The other standards did not have any impact on the group's accounting policies and did not require retrospective adjustments.

3 CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of AASB 16 *Leases* on the group's financial statements and discloses the new accounting policies that have been applied from 1 January 2019 below.

IMEXHS LIMITED INTERIM FINANCIAL REPORT 2019

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 30 JUNE 2019

The group has adopted AASB retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

The standard replaces AASB 117 *Leases* and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs).

In the earlier periods of a lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss.

For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities.

For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Impact of adoption

AASB 16 was adopted using the modified retrospective approach, and as such the comparatives have not been restated. The impact of adoption as at 1 January 2019 was as follows:

	1 January 2019 \$
Operating lease commitments as at 31 December 2018	132,698
Discounted using the lessee's incremental borrowing rate at the date of initial application	119,085
Short-term leases not recognised as right-of-use asset	(2,249)
Low-value assets leases not recognised as a right-of-use asset	-
Contracts reassessed as service agreements	-
Adjustments as a result of different treatment of extension and termination options	12,600
Adjustments relating to changes in the index rate or rate affecting variable payments	-
Lease liability recognised as at 1 January 2019	129,436
Of which are:	
Current	89,401
Non-current	40,035
	129,436

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

IMEXHS LIMITED INTERIM FINANCIAL REPORT 2019

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 30 JUNE 2019

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

At the time of adopting this standard for the first time, Right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

Right of Use Assets as at 1 January 2019	\$ 129,436
Amortisation	(45,334)
Modification to lease terms	3,589
Foreign exchange movements	1,887
Right of Use Assets at 30 June 2019	89,578

These Right of Use Assets comprise land and buildings.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 10.0%.

Lease liabilities as at 1 January 2019	\$ 129,436
Interest expense	5,686
Lease payments	(50,711)
Effect of modification to lease terms	3,588
Foreign exchange	1,605
Lease liabilities recognised as at 30 June 2019	89,604
Of which are:	
Current	85,186
Non-current	4,418
	89,604

IMEXHS LIMITED INTERIM FINANCIAL REPORT 2019

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 30 JUNE 2019

4 REVENUES

	2019	2018
	\$	\$
Medical Equipment and Licences	106,269	199,713
Leasing equipment and software and services	2,402,091	1,200,341
Sale of inputs	158,672	563,464
Service and maintenance of equipment and software	83,399	64,451
Returns and discounts given	(74,870)	(344)
	<u>2,675,561</u>	<u>2,027,625</u>
Timing of revenue recognition:		
Over time	2,529,356	1,365,470
At a point in time	146,205	662,155
	<u>2,675,561</u>	<u>2,027,625</u>

The Group derived revenue from the one geographical region, Latin America.

5 ADMINISTRATION AND DISTRIBUTION EXPENSES

	2019	2018
	\$	\$
Employee and Director Benefit Expenses	826,178	283,032
Professional Fees, Legal & Audit	162,943	144,757
Taxes	67,048	27,224
Leases	8,825	58,685
Insurance	36,893	8,925
Services & Utilities	150,487	37,125
Corporate	277,311	45,834
Maintenance	1,489	7,229
Travel	107,473	58,651
Impairment in inventories	51,473	9,408
Impairment losses on contract assets	234,880	12,357
Other	54,792	50,675
	<u>1,979,792</u>	<u>743,902</u>

6 CASH AND CASH EQUIVALENTS

	2019	2018
	\$	\$
Cash at bank and on hand	131,939	53,805
Savings and Investments	88,070	2,391,524
	<u>220,009</u>	<u>2,445,329</u>

IMEXHS LIMITED INTERIM FINANCIAL REPORT 2019

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 30 JUNE 2019

7 PROPERTY, PLANT AND EQUIPMENT

	Furniture and Fittings	Computer Equipment	Medical Equipment	Total
	\$	\$	\$	\$
At 31 December 2018				
Cost	27,459	945,182	986,106	1,958,747
Accumulated depreciation	(10,371)	(151,908)	(205,357)	(367,636)
Net Book Amount	17,088	793,274	780,749	1,591,111
At 30 June 2019				
Cost or fair value	22,180	1,237,512	1,790,411	3,050,103
Accumulated depreciation	(6,146)	(243,945)	(258,946)	(509,037)
Net Book Amount	16,034	993,567	1,531,465	2,541,066

8 INTANGIBLE ASSETS

	Copyright	Licences	Total
	\$	\$	\$
At 31 December 2018			
Cost	27,908	818,738	846,646
Accumulated depreciation	(14,372)	(304,906)	(319,278)
Net Book Amount	13,536	513,832	527,368
At 30 June 2019			
Cost or fair value	27,908	922,009	949,917
Accumulated depreciation	(15,918)	(401,753)	(417,671)
Net Book Amount	11,990	520,256	532,246

9 BORROWINGS

	2019	2018
	\$	\$
Credit Cards	6,793	8,716
Loans (see below)	401,058	179,775
	407,851	188,491

Due to their short-term nature, the carrying amount of financial liabilities are assumed to be the same as their fair values.

IMEXHS LIMITED INTERIM FINANCIAL REPORT 2019

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 30 JUNE 2019

Details of loans are included below:	Rate %	Term	2019 \$	2018 \$
<u>Unsecured</u>				
Revolving credit Banco Davivienda	16.5%	Ends 18/7/19	1,215	10,700
Revolving credit Banco Colpatría	18.0%	Ends 11/2/21	103,291	120,866
Banco Davivienda	15.5%	Ends 5/7/19	934	6,444
Inversiones Comerciales San German	25.0%	Ends 15/2/20	16,966	-
Banco de Bogota	15.0%	Ends 23/10/20	157,795	-
Finaktiva	16.2%	Ends 6/6/21	88,623	-
Other	21.9%	Ends 30/9/19	32,234	41,765
Total unsecured loans			401,058	179,775
Total loans			401,058	179,775

10 OTHER CURRENT LIABILITIES

	2019 \$	2018 \$
Income Taxes	-	22,151
Indirect Taxes	328,279	445,532
Deposits from customers	397,472	6,920
Other	364,866	251,661
	1,090,617	726,264

11 EVENTS OCCURRING AFTER THE REPORTING PERIOD

Following the end of the period, the company has entered into a Loan Agreement with Domatorisaro Pty Ltd, a related entity of director, Dr Doug Lingard. The terms of this loan provide for a A\$2m loan facility drawn in two A\$1m tranches. The facility has a final maturity date of 31 March 2021 at an interest rate of 12.5%. A facility fee of 4% is also payable. Principal is not required to be paid until maturity.

The facility also provided for 40 million lender options, exercisable on or before 31 March 2022 at an exercise price of 5.4 cents. These were issued at a slight premium to the 10 day VWAP at the date of the loan being entered into.

The facility and issue of lender options is subject to shareholder approval. Access to the second tranche is subject to shareholder approval. In the event that shareholder approval is not received, the company has 180 days to return the first A\$1m tranche.

The board is satisfied that the terms of the loan are better than those otherwise available on an arms-length basis.

The company also entered a three year loan of US\$500,000 with Quartz Financial Services S.A.S. that is supported by the company's Colsubsidio contract. This loan is for three years at an effective interest rate of 16.9% per annum.

Other than the items mentioned above, there has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operation of the entity, the results of those operations, or the state of affairs of the entity in future financial years.

IMEXHS LIMITED INTERIM FINANCIAL REPORT 2019

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 30 JUNE 2019

12 GOING CONCERN

The half-year financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The company recorded a loss after tax of \$2.1m for the half year ended 30 June 2019 (30 June 2018: loss of \$0.4m) and had operating cash outflows of \$1.2m (30 June 2018: outflows of \$0.1m). At 30 June 2019, the company had cash and cash equivalents of \$0.2m (30 June 2018: \$2.4m) and net assets at 30 June 2019 of \$3.7m (30 June 2018: \$5.9m).

The consolidated entity's ability to continue as a going concern and to continue to fund its planned expanded activities is dependent on raising further capital and / or securing additional debt financing and / or generating additional revenues from its operations and / or reducing operational costs. These conditions indicate a material uncertainty that may cast a significant doubt about the consolidated entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors believe the consolidated entity will continue as a going concern, after consideration of the following factors:

- The Directors of ImExHS Limited have assessed the likely cash flow for the 12 month period from date of signing this half year report and its impact on the Group and believe there will be sufficient funds to meet the Group's working capital requirements as at the date of this report, based on the belief that additional funds can be raised to finance the Company's activity.
- The Group has historically demonstrated its ability to raise funds to satisfy its immediate cash requirements, including the completion of AU\$2,000,000 (subject to shareholder approval, refer note 11 for more information) and US\$500,000 debt funding arrangements subsequent to the half year ended 30 June 2019. The Directors have considered the future capital requirements of the Group and will consider all funding options as required.
- The Directors of ImExHS Limited have reason to believe that in addition to the cash flow currently available, and expected funding through equity or debt fundraising, additional funds from receipts are expected through the continued sale of the Group's products and services.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements or raise additional capital through equity or debts raisings.

The interim financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the Group not continue as a going concern and meet its debts as and when they become due and payable.

13 CONTINGENT LIABILITIES

There were no contingent liabilities as at the date of this report (2018: nil).

14 SEGMENT INFORMATION

The consolidated entity is organised into one main operating segment. All of the consolidated entity's activities are interrelated and discrete financial information is reported to the Board (Chief Operating Decision Maker) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the consolidated entity as one segment. The financial results from this segment are equivalent to the financial statements of the consolidated entity as a whole.

IMEXHS LIMITED INTERIM FINANCIAL REPORT 2019

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 30 JUNE 2019

15 RELATED PARTY TRANSACTIONS

Effective 1 June 2019, the company entered into a new contract with RIMAB S.A.S., a company controlled by Dr German Arango. This contract was originally negotiated between RIMAB S.A.S. and Caja Colombiana de Subsidio Familiar Colsubsidio ("Colsubsidio") to provide imaging and diagnostic services at Colsubsidio's 19 health centres.

RIMAB offered to subcontract this to the company on its original terms, less a 2% management fee and government mandated withholding taxes. The contract is for one year. In the event that the Colsubsidio agreement is not renewed, RIMAB is obliged to pay a minimum monthly fee in year two or year three to cover the pool of equipment acquired by the company for the contract.

16 FAIR VALUE OF FINANCIAL INSTRUMENTS

The company does not have any financial instruments that are subject to recurring fair value measurement. Due to their short-term nature, the carrying amounts of the current receivables and current trade and other payables are assumed to approximate their fair value.

IMEXHS LIMITED INTERIM FINANCIAL REPORT 2019

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. the financial statements and notes, as set out on pages 7 to 18 are in accordance with the *Corporations Act 2001*, including:
 - a. complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - b. give a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the half-year ended on that date.
2. in the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Tom Pascarella
Chairman

Dated this 27 August 2019

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of ImExHS Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of ImExHS Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, and notes comprising a statement of 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 Group is not in accordance with the Corporations Act 2001 including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Emphasis of matter - Material uncertainty relating to going concern

We draw attention to Note 12 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the Half-Year Financial Report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, 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 30 June 2019 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.



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

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'Dean Just', is written over a faint, stylized 'BDO' logo.

Dean Just

Director

Perth, 27 August 2019