



**IMAGION BIOSYSTEMS LIMITED**

**ABN: 42 616 305 027**

**Consolidated Half-Year Financial Report - 30 June 2021**

## 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 2021.

### 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

The loss for the consolidated entity after providing for income tax was \$1,450,236 (30 June 2020 half-year: \$1,738,496).

Revenue and Other Income comprised interest income, and sales of nanoparticles. The Company markets nanoparticles to customers and expects to continue to do so, though revenue from this activity is not currently material.

Operating loss of \$1,450,236 (30 June 2020 half-year: \$1,738,496 loss) was materially in line with projections and reduced from 2020 due to: a reduction in research and development expenditure as the Company moved from planning for the first in-human-trial to being open for enrolment; offset by increases in share based payment expenses and an increase in R&D tax incentives received.

During the half-year the Company's cash position increased by \$0.7 million to \$13.9 million as a result of inflows from the exercise of options and the R&D tax incentive being greater than outflows.

### Likely developments and expected results of operations

Management expects spending to increase in future periods pending successful results from the Company's first in-human-trial in relation to HER2 breast cancer which was opened for enrolment in December 2020. If the in-human-trial is successful it is expected spending will increase as the Company moves its focus to a Pivotal Study (Phase III trial). The Company also expects to carry out other research and development projects throughout the remainder of 2021 and into 2022.

### Significant changes in state of affairs

In June 2021, the consolidated entity received \$2,612,159 in R&D tax incentives from the Australian Taxation Office.

### Matters subsequent to the end of the financial half-year

Subsequent to year end the Company entered into a development agreement with Global Cancer Technology to develop their nanoscintillator technology for the treatment of breast cancer. Under the terms of the agreement, Imagion will be paid for certain R&D services while gaining an ownership interest in the arising nanoscintillator product. The timing and quantum of any revenue associated with this agreement is unable to be determined at this stage.

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 2021 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 thousand dollars, or in certain cases, 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

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

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**Robert Proulx**  
Executive Chair

17 August 2021

**RSM Australia Partners**

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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 2021, 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.

A handwritten signature in blue ink that reads "RSM".

**RSM AUSTRALIA PARTNERS**

A handwritten signature in blue ink that reads "R B Miano".

**R B MIANO**  
Partner

Dated: 17 August 2021  
Melbourne, Victoria

**Imagion Biosystems Limited**  
**Consolidated Statement of Profit and Loss and Other Comprehensive Income**  
**For the half-year ended 30 June 2021**



	<b>2021</b>	<b>2020</b>
	<b>half-year</b>	<b>half-year</b>
	<b>\$</b>	<b>\$</b>
<b>Revenue</b>		
Revenue and other income	168,643	117,093
Research & development tax incentives	2,612,159	2,195,551
	<b>2,780,802</b>	<b>2,312,644</b>
<b>Operating Expenses</b>		
Research & development expenses	(1,087,543)	(1,648,612)
Employment expenses	(1,629,047)	(1,342,288)
Professional fees	(596,221)	(336,214)
General expenses	(333,890)	(365,248)
Share based payments expense	(388,906)	(37,326)
Depreciation expense	(190,316)	(276,584)
Foreign exchange gain/(loss)	(1,960)	(22,425)
Finance costs	(3,155)	(22,443)
	<b>(4,231,038)</b>	<b>(4,051,140)</b>
<b>Loss before income tax expense</b>	<b>(1,450,236)</b>	<b>(1,738,496)</b>
Income tax expense (benefit)	-	-
<b>Loss after Income Tax Expense</b>	<b>(1,450,236)</b>	<b>(1,738,496)</b>
<b>Other comprehensive income</b>		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Foreign currency translation reserve	169,080	33,164
Income tax relating to these items	-	-
Other comprehensive income/(loss), net of tax	169,080	33,164
<b>Total comprehensive Income (loss) for the year Attributable to the Owners of Imagion Biosystems Limited</b>	<b>(1,281,156)</b>	<b>(1,705,332)</b>
	<b>Cents</b>	<b>Cents</b>
Basic earnings (loss) per share	(0.0014)	(0.0029)
Diluted earnings (loss) per share	(0.0014)	(0.0029)

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

**Imagion Biosystems Limited**  
**Consolidated Statement of Financial Position**  
**As at 30 June 2021**



	Note	30-Jun-2021 \$	31-Dec-2020 \$
<b>Current Assets</b>			
Cash and cash equivalents		13,928,123	13,200,547
Trade and other receivables		70,835	-
Other current assets		358,680	233,440
<b>Total Current Assets</b>		<b>14,357,638</b>	<b>13,433,987</b>
<b>Non-Current Assets</b>			
Property, plant and equipment		128,033	160,432
Right-of-use assets		146,171	524,585
Other non-current assets		93,500	-
<b>Total Non-Current Assets</b>		<b>367,704</b>	<b>685,017</b>
<b>Total Assets</b>		<b>14,725,342</b>	<b>14,119,004</b>
<b>Current Liabilities</b>			
Trade and other payables		749,771	402,090
Lease liabilities		157,507	358,230
Employee benefits		136,502	109,095
Other liabilities		33,022	31,438
<b>Total Current Liabilities</b>		<b>1,076,802</b>	<b>900,853</b>
<b>Non-Current Liabilities</b>			
Lease liabilities		37,919	302,748
Employee benefits		2,101	1,536
<b>Total Non-Current Liabilities</b>		<b>40,020</b>	<b>304,284</b>
<b>Total Liabilities</b>		<b>1,116,822</b>	<b>1,205,137</b>
<b>Net Assets</b>		<b>13,608,520</b>	<b>12,913,867</b>
<b>Equity</b>			
Issued capital	2	52,909,029	51,322,126
Reserves	3	2,159,275	1,601,289
Accumulated losses		(41,459,784)	(40,009,548)
<b>Total Equity</b>		<b>13,608,520</b>	<b>12,913,867</b>

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

**Imagion Biosystems Limited**  
**Consolidated Statement of Changes in Equity**  
**For the half-year ended 30 June 2021**



	<b>Issued Capital</b>	<b>Reserves</b>	<b>Accumulated Losses</b>	<b>Total Equity</b>
	\$	\$	\$	\$
Balance as at 1 January 2020	36,904,580	714,478	(34,645,541)	2,973,517
Loss after income tax	-	-	(1,738,496)	(1,738,496)
Other comprehensive income/(loss) after tax	-	33,164	-	33,164
<b>Total comprehensive income/(loss)</b>	<b>-</b>	<b>33,164</b>	<b>(1,738,496)</b>	<b>(1,705,332)</b>
<i>Transactions with owners in their capacity as owners</i>				
Contributions of equity	2,501,480	-	-	2,501,480
Costs of contributions of equity	(295,228)	-	-	(295,228)
Transfer from reserves	21,875	(21,875)	-	-
Share based payments	-	71,990	-	71,990
<b>Balance as at 30 June 2020</b>	<b>39,132,707</b>	<b>797,757</b>	<b>(36,384,037)</b>	<b>3,546,427</b>
	<b>Issued Capital</b>	<b>Reserves</b>	<b>Accumulated Losses</b>	<b>Total Equity</b>
	\$	\$	\$	\$
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
<b>Total comprehensive income/(loss)</b>	<b>-</b>	<b>169,080</b>	<b>(1,450,236)</b>	<b>(1,281,156)</b>
<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
<b>Balance as at 30 June 2021</b>	<b>52,909,029</b>	<b>2,159,275</b>	<b>(41,459,784)</b>	<b>13,608,520</b>

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

**Imagion Biosystems Limited**  
**Consolidated Statement of Cash Flows**  
**For the half-year ended 30 June 2021**



	Note	2021 half-year \$	2020 half-year \$
<b>Cash Flows from Operating Activities</b>			
Receipts from customers (inc of sales and other taxes)		88,605	122,610
Payments to suppliers and employees (inc of sales and other taxes)		(3,413,015)	(3,635,492)
Interest received		12,970	1,132
Interest and other finance costs paid		(13,221)	(18,492)
Government grants and tax incentives		2,612,159	2,195,551
<b>Net cash outflow from operating activities</b>		<b>(712,502)</b>	<b>(1,334,691)</b>
<b>Cash Flows from Investing Activities</b>			
Payment for property, plant and equipment		(20,145)	-
Payment for other assets (security deposits)		(91,259)	-
<b>Net cash outflow from investing activities</b>		<b>(111,404)</b>	<b>-</b>
<b>Cash Flows from Financing Activities</b>			
Proceeds from the issue of shares		-	2,261,757
Proceeds from the exercise of options		1,588,825	-
Transaction costs relation to the issue of shares		(2,114)	(66,762)
Loan from US Government authority		-	233,815
Lease repayments		(208,366)	(163,576)
<b>Net cash inflow from financing activities</b>		<b>1,378,345</b>	<b>2,265,234</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>554,439</b>	<b>930,543</b>
Cash and cash equivalents at start of year		13,200,547	3,401,713
Effects of exchange rate changes on cash and cash equivalents		173,137	(5,330)
<b>Cash and cash equivalents at end of year</b>		<b>13,928,123</b>	<b>4,326,926</b>

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

## **1 Significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 30 June 2021 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit 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 2020 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 \$1,450,236 and had net cash outflows from operating activities of \$712,502 for the half-year ended 30 June 2021. 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.

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 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;
- The consolidated entity is expecting to receive further material funds upon the exercise of listed options in the next 12 months;
- 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.

### **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.

### **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.

## 1 Significant accounting policies (continued)

### Comparatives

The comparative results presented refer to the 6-month period up to 30 June 2020 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 2020.

## 2 Issued capital

	2021	2020	2021	2020
	Shares	Shares	\$	\$
Ordinary shares - fully paid	1,042,664,929	998,367,288	52,909,029	51,322,126

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

Details	Date	Shares	Issue Price	\$
Opening balance	1-Jan-21	998,367,288	-	51,322,126
Issue of shares (exercise of supplier options)	15-Feb-20	2,986,604	0.028	83,827
Issue of shares (exercise of listed options)	Various	28,027,944	0.030	840,838
Issue of shares (exercise of listed options)	Various	13,283,093	0.050	664,160
Costs of issue (supplier options)	Various	-	-	(1,922)
	30-Jun-21	1,042,664,929		52,909,029

### 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 two separate renounceable rights issues (in November 2019 and April 2020) the Company issued listed options. In November 2019 'IBXO options' were issued with an exercise price of \$0.05. In April 2020 'IBXOA options' were issued with an exercise price of \$0.03. IBXO options expire on 26 November 2021 and IBXOA options expire on 28 April 2023. Both IBXO and IBXOA options entitle the holder to convert one option to one ordinary share upon application and payment.

## 3 Reserves

	2021	2020
	\$	\$
Foreign currency translation reserve	109,507	(59,573)
Share based payment reserve	2,049,768	1,660,862
	2,159,275	1,601,289

### 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 Phase I first-in-human study totalling \$724,164. These expenses are expected to be incurred within the next 12 months. The consolidated entity had no other commitments (31 December 2020: \$718,821).

#### **5 Contingent liabilities**

As of 30 June 2021, 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 2020: Nil).

#### **6 Events after the reporting period**

Subsequent to year end the Company entered into a development agreement with Global Cancer Technology to develop their nanoscintillator technology for the treatment of breast cancer. Under the terms of the agreement, Imagion will be paid for certain R&D services while gaining an ownership interest in the arising nanoscintillator product. The timing and quantum of any revenue associated with this agreement is unable to be determined at this stage.

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 2021 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 2021**



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 2021 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors

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

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**Robert Proulx**  
Executive Chair  
Imagion Biosystems Limited

17 August 2021

**RSM Australia Partners**

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

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Imagion Biosystems Limited (the Company) and its Controlled Entity (the Consolidated Entity) which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of comprehensive income, the 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 of the consolidated entity comprising the company and the entity it controlled at the half-year end or from time to time during the half-year.

### 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 consolidated entity's financial position as at 30 June 2021 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Imagion Biosystems Limited and its Controlled Entity, 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 Imagion Biosystems Limited and its Controlled Entity, would be in the same terms if given to the directors as at the time of this auditor's report.

## **Conclusion**

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 Imagion Biosystems Limited and its Controlled Entity 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 2021 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



**RSM AUSTRALIA PARTNERS**



**R B MIANO**  
Partner

Dated: 17 August 2021  
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

10355 Science Center Drive  
Suite 210  
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

The Grafe Law Office, PC  
PO Box 2689  
Corrales, NM, 87048, USA

### Stock Exchange

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