

1. Company details

Name of entity:	IMEXHS Limited
ABN:	60 096 687 839
Reporting period:	For the half-year ended 30 June 2024
Previous period:	For the half-year ended 30 June 2023

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	56.6% to	13,784,973
Loss from ordinary activities after tax attributable to the owners of IMEXHS Limited	down	33.8% to	(1,518,459)
Loss for the half-year attributable to the owners of IMEXHS Limited	down	33.8% to	(1,518,459)

Dividends

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

Comments

The loss for the Group after providing for income tax amounted to \$1,518,459 (30 June 2023: \$2,292,043).

Refer to 'Review of operations' in the Directors' report for further commentary on the results for the half-year ended 30 June 2024.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	15.26	20.25

The net tangible assets per ordinary security presented above excludes right-of-use assets and lease liabilities.

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

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

Previous period

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

7. Dividend reinvestment plans

Not applicable.

8. Details of associates, joint venture entities and joint operations

On 24 August 2023 the Company entered into a Joint Operation with a 75% interest to facilitate the new radiology services contract with Colombia's National Police Hospital.

9. Audit qualification or review

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

The financial statements have been reviewed and an unmodified opinion including an emphasis of matter on going concern has been issued.

10. Attachments

Details of attachments (if any):

The Interim Report of IMEXHS Limited for the half-year ended 30 June 2024 is attached.

11. Signed

As authorised by the Board of Directors



Signed _____

Date: 30 August 2024

Douglas Flynn
Chairman

IMEXHS Limited

ABN 60 096 687 839

Interim Report - 30 June 2024

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The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of IMEXHS Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 30 June 2024.

Directors

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

Mr Douglas Flynn	Non-Executive Chairman
Dr German Arango	Chief Executive Officer and Managing Director
Dr Douglas Lingard	Non-Executive Director
Mr Carlos Palacio	Non-Executive Director
Mr Damian Banks	Non-Executive Director

Principal activities

The principal activities of the Group include:

1) Medical Imaging Software Business:

- Development and sale of modular cloud-based imaging systems.
- Focus on providing solutions for various medical fields such as Radiology, Pathology, and other specialties.
- Core product: Picture Archiving and Communications System (PACS) with an efficient web viewer.
- Integrated information systems including Radiology Information System (RIS) for workflow management, Patient Portal for patient data and image distribution, and PACS for capturing, storing, viewing, and sharing radiology images.

2) Radiology Services Business:

- Provision of radiological diagnostic services to hospitals and medical facilities.
- Operations in Colombia and Spain.
- Utilization of IMEXHS medical imaging software for delivering services.

These two businesses complement each other, with the medical imaging software business providing the technological backbone for efficient radiological operations, while the radiology services business directly applies this technology to deliver diagnostic services to healthcare institutions.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Review of operations

Financial performance

For the half-year ended 30 June 2024 ('1H FY24'), the loss for the Group after providing for income tax was \$1,518,459 (30 June 2023 ('1H FY23'): \$2,292,043).

The Colombian Peso (COP) strengthened significantly against both the USD and AUD in the first half of 2024, and as at 30 June 2024 was trading back at 30 June 2023 levels. While the Company cannot control exchange rates there is a policy to price software in USD wherever possible and for H1 that represented 51% of total software revenue versus 41% of 1HFY23 total software revenue.

Revenue

The Group reported revenue from operating activities in the period of \$13,784,973 (1H FY23: \$8,803,969), up 56.6% versus previous corresponding period ('pcp') and up 32% on a constant currency¹ basis. Recurring revenue contracts accounted for 95% of revenue.

The software and radiology services split of Revenue is \$4.9m and \$8.9m respectively versus \$3.5m and \$5.3m in 1H FY23 (software up 39.7%, radiology up 67.7%). The Software revenue included a one off sale of \$0.7m.

¹Constant currency basis assumes 1HFY24 results are converted at the average foreign exchange rate for 1HFY23. This removes the impact of changes in currency rates and allows comparison of IMEXHS's underlying operating performance.

Annualised Recurring Revenue (ARR)

ARR of \$29.6m as at 30 June 2024 was up 21% both vs pcg and on a constant currency basis. ARR of \$29.6m consisted of \$19.7m from Radiology services (\$14.5m as at 31 December 2023) and \$9.9m from Software (\$9.1m as at 31 December 2023).

EBITDA

The Group's EBITDA was a profit of \$0.03m compared to EBITDA loss of \$1.0m for 1H FY23. Underlying EBITDA was a profit of \$0.3m down by \$0.2m compared to 1H FY23 (excluding the impairment of goodwill of \$1.3m in 1H FY23, foreign exchange & share-based payments expense).

Earnings before interest, taxation, depreciation and amortisation ('EBITDA') and underlying EBITDA are financial measures which are not prescribed by Australian Accounting Standards. Underlying EBITDA represents the Group's underlying and recurring earnings from its operations and is determined by adjusting the statutory net profit after tax for items that are non-cash or non-operating in nature. The directors consider EBITDA and underlying EBITDA to represent the core earnings of the Group. The table below provides a reconciliation between net profit before tax, EBITDA and underlying EBITDA.

	1H FY24 \$'000	1H FY23 \$'000	Variance	Variance %
Recurring revenue contracts	13,785	8,804	4,981	57%
Other revenue	105	76	29	38%
Total revenue	13,890	8,880	5,010	56%
Total expenses	(15,351)	(11,076)	(4,275)	39%
Net loss before tax	(1,461)	(2,196)	735	(33%)
Depreciation and amortisation	1,145	1,045	100	10%
Net finance expenses	348	108	240	222%
EBITDA	32	(1,043)	1,075	(103%)
Foreign exchange & share-based payment expenses	235	269	(34)	(13%)
Impairment of goodwill	-	1,277	(1,277)	(100%)
Underlying EBITDA	267	503	(236)	(47%)

The following table provides a summary of key balances from the Group's Statement of Financial Position at 30 June 2024:

	30 June 2024 \$'000	31 Dec 2023 \$'000	30 June 2023 \$'000
Cash	1,893	2,362	1,966
Trade and other receivables	7,863	6,443	7,467
Inventories	234	112	112
Current assets	9,990	8,917	9,545
Non-current assets	11,848	13,736	13,378
Total assets	21,838	22,653	22,923
Trade and other payables	3,326	3,421	3,340
Other current liabilities	3,045	3,209	2,223
Current liabilities	6,371	6,630	5,563
Non-current liabilities	376	297	653
Total liabilities	6,747	6,927	6,216
Net assets	15,091	15,983	16,707

Highlights for the Half Year

Business Highlights

In the first half of 2024, both our software and radiology services businesses have maintained a steady momentum, meeting our sales, financial, and operational targets. We are experiencing solid sales momentum and traction in our software business, along with early steps of margin improvement in our radiology services division.

The company has had positive financial performance with revenue growth of 57% and positive underlying EBITDA. Revenue growth in the half consumed significant working capital leading to Net cash used in Operating activities of \$1.5m.

Our technology division has made significant strides in advancing the Company's new value proposition. Early-stage trials of our innovative product are currently underway, demonstrating promising results. Our new value proposition aims to empower radiology departments by elevating their operations, ensuring seamless productivity round the clock. Our cutting-edge radiology software combines modernity and security, offering a lightning-fast implementation process.

The ongoing development of our new value proposition underscores our commitment to position ourselves as leaders in the radiology industry across our markets.

The Company successfully renewed multiple software contracts during the first half, with improved pricing and terms.

In March, the Company announced the renewal of its software contract on improved terms and expanded scope with Caja Colombiana de Subsidio Familiar (Colsubsidio), a prominent Family Compensation Fund in Colombia. With 25 operational sites and an average monthly volume of 60,000 studies, Colsubsidio plays a vital role in the healthcare landscape of the region. The renewed 3 year contract has a Total Contract Value (TCV) of \$1.7m.

The Company also renewed and upgraded another contract with a current client, Clinica Medical. The renewed agreement improved pricing with an Annualised Recurring Revenue of \$425,000 and a term of two years.

During the half the Company secured a one-off contract in Colombia with Someditec, a local healthcare provider, valued at \$790,000. This agreement entails IMEXHS supplying biomedical equipment to Someditec and implementing AQUILA Enterprise throughout their entire operation. In accordance with the terms of the agreement, 60% of the revenue was recognised in March, with the remaining 40% scheduled for recognition throughout the second quarter.

The Company signed two new agreements with existing customers in Colombia to migrate their medical imaging operations to the cloud. Together, these agreements are projected to contribute an additional \$232,000 in ARR, with total ARR from these customers of \$611,000.

IMEXHS's Partners Program included 27 Partners across 16 countries by 30 June 2024. During the half, the Company successfully signed and implemented its first IMEXHS Cloud project in Venezuela and its first deal in Bolivia through the partner program.

Throughout the half, the Company's Radiology Services business unit demonstrated significant growth, surpassing 639,000 studies reported, a 7% increase compared to 1H FY23 with significant productivity gains.

This outcome reflects the Company's commitment to operational efficiency and cost optimisation. Following a thorough analysis of our cost centres, opportunities were identified to streamline our operations without compromising on service quality. By reallocating resources and leveraging technology, we were able to enhance productivity and maximize our study throughput.

This process is part of improving radiology profitability which includes renegotiation of contract pricing for several existing clients and setting minimum price levels for new contracts. The software New Value Proposition is also contributing at an early stage to our own radiologists' productivity.

During the half there has also been a focus on reviewing market pricing for existing and new contracts. Price increases have been achieved with some customers and are under negotiation with others, to improve overall margins, while maintaining cost control policies.

In 1H FY24 the Company secured its second agreement with Someditec. This new radiology services contract, which contributes \$564,000 NARR, will enhance the Company's relationship with Someditec, following our initial software contract signed in March of this year. Under this agreement, IMEXHS will provide comprehensive radiology reporting services for mammography through our AQUILA Enterprise platform.

FY24 Outlook

The Company expects to achieve the revenue guidance and to be within the lower half of the EBITDA range provided in February this year:

- Revenue between \$24.0m – \$27.0m (22% – 37% up vs pcp); and
- Underlying EBITDA \$1.5m – \$3.5m (up significantly vs \$0.5m in pcp).

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial half-year

No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Auditor's independence declaration

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

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

On behalf of the directors



Douglas Flynn
Chairman

30 August 2024

Auditor's Independence Declaration

As lead auditor for the review of the condensed consolidated financial statements of IMEXHS Limited for the half-year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there has been no contravention of:

- a) the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

Yours faithfully,



Nexia Sydney Audit Pty Limited

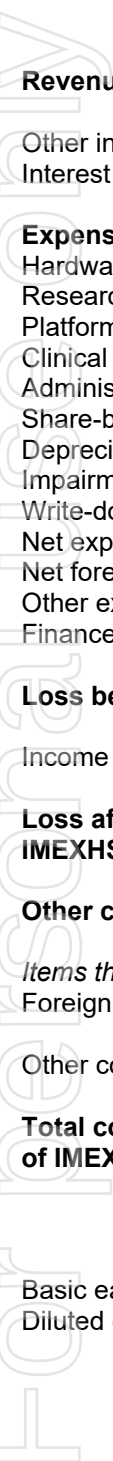


Lester Wills

Director

Dated: 30 August 2024

IMEXHS Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 30 June 2024



		Consolidated	
	Note	6 months to 30 Jun 2024 \$	6 months to 30 Jun 2023 \$
Revenue	5	13,784,973	8,803,969
Other income		93,063	57,350
Interest revenue calculated using the effective interest method		11,875	18,427
Expenses			
Hardware and licence expenses		(796,572)	(237,511)
Research and development and support expenses		(1,062,653)	(649,413)
Platform as a service expense		(533,420)	(151,676)
Clinical services expenses		(6,617,451)	(4,457,684)
Administration and sales expenses	6	(4,104,747)	(2,692,478)
Share-based payments expenses	6	(236,410)	(264,641)
Depreciation and amortisation expense		(1,145,003)	(1,044,682)
Impairment of goodwill	10	-	(1,276,940)
Write-down of inventories		(9,690)	-
Net expected credit loss		(407,370)	(116,155)
Net foreign exchange gain/(loss)		1,790	(4,631)
Other expenses		(79,224)	(54,172)
Finance costs	6	(360,006)	(126,260)
Loss before income tax expense		(1,460,845)	(2,196,497)
Income tax expense		(57,614)	(95,546)
Loss after income tax expense for the half-year attributable to the owners of IMEXHS Limited		(1,518,459)	(2,292,043)
Other comprehensive (loss)/income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(826,490)	2,736,345
Other comprehensive (loss)/income for the half-year, net of tax		(826,490)	2,736,345
Total comprehensive (loss)/income for the half-year attributable to the owners of IMEXHS Limited		(2,344,949)	444,302
		Cents	Cents
Basic earnings per share	20	(3.43)	(5.55)
Diluted earnings per share	20	(3.43)	(5.55)

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

		Consolidated (restated)	
	Note	30 Jun 2024 \$	31 Dec 2023 \$
Assets			
Current assets			
Cash and cash equivalents		1,892,504	2,361,809
Trade and other receivables	7	5,480,952	5,331,305
Contract assets		1,687,835	844,332
Inventories		234,232	112,029
Prepayments		694,617	267,128
Total current assets		<u>9,990,140</u>	<u>8,916,603</u>
Non-current assets			
Trade receivables		406,282	512,399
Property, plant and equipment	8	3,226,344	4,617,558
Right-of-use assets	9	70,451	27,697
Intangibles	10	8,145,088	8,579,017
Total non-current assets		<u>11,848,165</u>	<u>13,736,671</u>
Total assets		<u>21,838,305</u>	<u>22,653,274</u>
Liabilities			
Current liabilities			
Trade and other payables	11	3,325,881	3,421,385
Contract liabilities		177,670	61,978
Borrowings	12	580,752	1,049,744
Lease liabilities		72,727	27,697
Income tax payable		57,861	-
Employee benefits		2,156,344	2,039,408
Contingent consideration		-	29,951
Total current liabilities		<u>6,371,235</u>	<u>6,630,163</u>
Non-current liabilities			
Borrowings	13	297,899	215,748
Deferred tax		77,493	81,295
Total non-current liabilities		<u>375,392</u>	<u>297,043</u>
Total liabilities		<u>6,746,627</u>	<u>6,927,206</u>
Net assets		<u>15,091,678</u>	<u>15,726,068</u>
Equity			
Issued capital	14	40,137,482	38,663,333
Reserves	15	4,175,031	4,765,111
Accumulated losses		(29,220,835)	(27,702,376)
Total equity		<u>15,091,678</u>	<u>15,726,068</u>

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

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 January 2023	38,476,999	676,077	(23,252,480)	15,900,596
Loss after income tax expense for the half-year	-	-	(2,292,043)	(2,292,043)
Other comprehensive income for the half-year, net of tax	-	2,736,345	-	2,736,345
Total comprehensive income/(loss) for the half-year	-	2,736,345	(2,292,043)	444,302
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	96,950	-	-	96,950
Share-based payments (note 6)	-	264,641	-	264,641
Balance at 30 June 2023	<u>38,573,949</u>	<u>3,677,063</u>	<u>(25,544,523)</u>	<u>16,706,489</u>
Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 January 2024 - as reported	38,663,333	4,765,111	(27,444,820)	15,983,624
Adjustment for correction of error (note 3)	-	-	(257,556)	(257,556)
Balance at 1 January 2024 - restated	38,663,333	4,765,111	(27,702,376)	15,726,068
Loss after income tax expense for the half-year	-	-	(1,518,459)	(1,518,459)
Other comprehensive loss for the half-year, net of tax	-	(826,490)	-	(826,490)
Total comprehensive loss for the half-year	-	(826,490)	(1,518,459)	(2,344,949)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 14)	1,474,149	-	-	1,474,149
Share-based payments (note 6)	-	236,410	-	236,410
Balance at 30 June 2024	<u>40,137,482</u>	<u>4,175,031</u>	<u>(29,220,835)</u>	<u>15,091,678</u>

		Consolidated 6 months to 30 Jun 2024 \$	6 months to 30 Jun 2023 \$
Note			
Cash flows from operating activities			
	Loss before income tax expense for the half-year	(1,460,845)	(2,196,497)
	Adjustments for:		
	Depreciation and amortisation	1,145,003	1,044,682
	Equity settled transactions (directors' fees)	99,674	99,450
	Impairment of goodwill	-	1,276,940
	Net profit on disposal of property, plant and equipment	(81,647)	-
	Share-based payments	236,410	264,641
	Foreign exchange differences	(193,707)	469,988
	Net expected credit losses	407,370	116,155
	Write-down of inventories	9,690	-
	Interest revenue	(11,875)	(18,427)
	Interest and other finance costs	360,006	126,260
		510,079	1,183,192
	Change in operating assets and liabilities:		
	Increase in trade and other receivables	(1,541,507)	(833,542)
	Increase in inventories	(131,894)	(14,813)
	Increase/(decrease) in trade and other payables	(95,508)	864,229
	Increase in contract liabilities	115,692	511
	Increase in employee benefits	116,935	382,567
		(1,026,203)	1,582,144
	Interest received	11,875	18,427
	Interest paid	(360,006)	(124,271)
	Income taxes paid	(101,588)	(66,625)
	Net cash (used in)/from operating activities	(1,475,922)	1,409,675
Cash flows from investing activities			
	Payment for contingent consideration	(29,951)	-
8	Payments for property, plant and equipment	(16,396)	(547,429)
10	Payments for intangibles	(629,290)	(482,920)
	Proceeds from disposal of property, plant and equipment	795,612	4,085
	Net cash from/(used in) investing activities	119,975	(1,026,264)
Cash flows from financing activities			
14	Proceeds from issue of shares	1,500,000	-
	Repayment of borrowings	(352,088)	(345,430)
14	Share issue transaction costs	(125,525)	(2,500)
	Repayment of lease liabilities	(47,208)	(34,892)
	Net cash from/(used in) financing activities	975,179	(382,822)
	Net (decrease)/increase in cash and cash equivalents	(380,768)	589
	Cash and cash equivalents at the beginning of the financial half-year	2,361,809	1,911,910
	Effects of exchange rate changes on cash and cash equivalents	(88,537)	53,877
	Cash and cash equivalents at the end of the financial half-year	1,892,504	1,966,376

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

Note 1. General information

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

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

7/32 Martin Place
Sydney
NSW 2020

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 August 2024.

Note 2. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 30 June 2024 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2023 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group during the financial half-year ended 30 June 2024 and are not expected to have a significant impact for the full financial year ending 31 December 2024.

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

Going concern

The Group has prepared the financial statements for the half-year ended 30 June 2024 on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

For the half-year ended 30 June 2024, the Group generated a consolidated loss of \$1,518,459 (30 June 2023: loss of \$2,292,043) and incurred operating cash outflows of \$1,475,922 (30 June 2023: net cash inflows of \$1,409,675). As at 30 June 2024, the Group had cash and cash equivalents of \$1,892,504 (31 December 2023: \$2,361,809), a surplus of net current assets of \$3,618,905 (31 December 2023: \$2,286,440) and net assets of \$15,091,678 (31 December 2023: \$15,726,068).

Note 2. Material accounting policy information (continued)

The Group has experienced growth in revenue in the period ended 31 December 2023 of approximately 32% on a consistent currency basis, however, there continues to be higher costs in radiology and corporate overhead to deliver. The Group has renewed multiple contracts during the period with more favourable pricing and continues to review customer pricing and delivery costs with an aim of improving margins. The forecasted growth for 2024 and through 2025 will require additional working capital.

The Group continues to experience delays in receiving outstanding payments from a customer. The debt is confirmed by the customer and is not in dispute. The Group is currently working with the customer on timing of payment.

The Group's ability to continue as a going concern is dependent upon the sufficiency of current cash reserves to meet existing obligations, improving the operating margins as forecast and collecting outstanding debts. In the scenario that the Group is not able to achieve these targets or obtain additional capital when required, there is a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in these financial statements.

Note 3. Restatement of immaterial error

Correction of error

Subsequent to the 31 December 2023 year end, it was noted that some prior year expenses (for the financial year ending 31 December 2023) were incorrectly recorded in one of the subsidiary's accounts for the financial year ending 31 December 2024. As a result total expenses of the Group for 31 December 2023 were understated by \$257,556 and accruals were understated by \$257,556 as at 31 December 2023. Comparative information has been amended for this immaterial error.

An adjustment for this has been made to the opening balance of accumulated losses as at 1 January 2024 in the statement of changes in equity since these are interim financial statements.

Note 4. Operating segments

Identification of reportable operating segments

The Group is organised into two operating segments based on differences in products and services provided: Software and Radiology Services. These operating segments are based on the 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.

Other segments represent the Group's corporate headquarters.

The CODM reviews Underlying EBITDA (earnings before interest, tax, depreciation and amortisation). Underlying EBITDA represents the Group's underlying and recurring earnings from its operations and is determined by adjusting the statutory net profit after tax for items that are non-cash or non-operating in nature. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

Types of products and services

The principal products and services of each of these operating segments are as follows:

Software	The software business is focussed on the development and sale of modular imaging systems that include information systems for Radiology (AQUILA), Cardiology (ANTEROS) and Pathology (ALULA), as well as a Picture Archiving and Communications System (PACS). The information systems combine 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.
Radiology	The radiology services business provides radiological diagnostic services to hospitals and medical facilities in Colombia and Spain using IMEXHS medical imaging software. The services business also provides the Group with medical images and radiologists interpretation and reports to develop artificial intelligence (AI) tools.

Note 4. Operating segments (continued)

Intersegment transactions

There were no material intersegment transactions made during the half-year ended 30 June 2024 and 30 June 2023.

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Geographical information

Refer to note 5 for geographical information.

Operating segment information

Consolidated - 6 months to 30 Jun 2024

Revenue

Sales to external customers

Total revenue

Underlying EBITDA

Depreciation and amortisation

Finance costs

Interest revenue

Foreign exchange and share-based payment expenses

(Loss)/profit before income tax expense

Income tax expense

Loss after income tax expense

	Software \$	Radiology \$	Corporate \$	Total \$
Sales to external customers	4,879,538	8,905,435	-	13,784,973
Total revenue	4,879,538	8,905,435	-	13,784,973
Underlying EBITDA	2,567,190	(203,119)	(2,097,162)	266,909
Depreciation and amortisation	(952,756)	(191,480)	(767)	(1,145,003)
Finance costs	(123,340)	(228,858)	(7,808)	(360,006)
Interest revenue	10,396	131	1,348	11,875
Foreign exchange and share-based payment expenses	3,643	(1,899)	(236,364)	(234,620)
(Loss)/profit before income tax expense	1,505,133	(625,225)	(2,340,753)	(1,460,845)
Income tax expense				(57,614)
Loss after income tax expense				(1,518,459)

Consolidated - 6 months to 30 Jun 2023

Revenue

Sales to external customers

Total revenue

Underlying EBITDA

Depreciation and amortisation

Impairment of goodwill

Finance costs

Interest revenue

Interest revenue

Foreign exchange and share-based payment expenses

(Loss)/profit before income tax expense

Income tax expense

Loss after income tax expense

	Software \$	Radiology \$	Corporate \$	Total \$
Sales to external customers	3,493,439	5,310,530	-	8,803,969
Total revenue	3,493,439	5,310,530	-	8,803,969
Underlying EBITDA	1,324,322	218,712	(1,040,804)	502,230
Depreciation and amortisation	(890,188)	(122,772)	(31,722)	(1,044,682)
Impairment of goodwill	-	(1,276,940)	-	(1,276,940)
Finance costs	(12,144)	(114,112)	(4)	(126,260)
Interest revenue	14,857	94	3,476	18,427
Interest revenue	-	-	-	-
Foreign exchange and share-based payment expenses	-	-	(269,272)	(269,272)
(Loss)/profit before income tax expense	436,847	(1,295,018)	(1,338,326)	(2,196,497)
Income tax expense				(95,546)
Loss after income tax expense				(2,292,043)

All assets and liabilities, including taxes are not allocated to the operating segments as the CODM reviews and manages on an overall group basis.

Note 5. Revenue

	Consolidated 6 months to 30 Jun 2024 \$	6 months to 30 Jun 2023 \$
Medical equipment and licences	701,954	109,273
Leasing equipment and software and services	12,767,594	8,417,583
Sale of inputs	23,041	22,153
Service and maintenance of equipment and software	292,384	254,960
Revenue	<u>13,784,973</u>	<u>8,803,969</u>

Disaggregation of revenue

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

	Consolidated 6 months to 30 Jun 2024 \$	6 months to 30 Jun 2023 \$
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time	723,323	138,564
Services transferred over time	13,061,650	8,665,405
	<u>13,784,973</u>	<u>8,803,969</u>

The majority of the Group's revenue is derived from one geographic region, Latin America.

Note 6. Expenses

	Consolidated 6 months to 30 Jun 2024 \$	6 months to 30 Jun 2023 \$
Loss before income tax includes the following specific expenses:		
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings	123,585	107,206
Interest and finance charges paid/payable on lease liabilities	2,826	1,988
Penalty interest and fines	233,655	17,066
	<u>360,066</u>	<u>126,260</u>
<i>Administration expenses</i>		
Employee and Director benefits expense	2,401,996	1,541,734
Professional and consultancy fees	386,916	331,500
Taxes	281,620	134,366
Office expenses	491,451	291,330
Insurance	104,497	95,981
Advertising and marketing	33,905	58,744
Corporate expenses	258,724	148,017
Maintenance	10,501	1,945
Travel expenses	65,184	83,989
Other	69,953	4,872
	<u>4,104,747</u>	<u>2,692,478</u>

Note 6. Expenses (continued)

Leases

Short-term lease payments	200,177	109,689
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Employee and Director benefits expense

Included in administration expenses:

Employee benefits expense excluding superannuation and share-based payments	2,223,380	1,427,012
Defined contribution superannuation expense	178,616	114,722
	<u>2,401,996</u>	<u>1,541,734</u>

Included in research and development and support expenses and clinical services expenses:

Employee benefits expense excluding superannuation and share-based payments	2,928,266	2,415,187
Defined contribution superannuation expense	279,786	238,459
	<u>3,208,052</u>	<u>2,653,646</u>

Share-based payments expense

Share-based payments expense on issue of Director options	103,072	117,232
Share-based payments expense on issue of Employee options	133,338	147,409
	<u>236,410</u>	<u>264,641</u>

<i>Total Employee and Director benefits expense</i>	<u>5,846,458</u>	<u>4,460,021</u>
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Further employee benefit expenses of \$504,436 were capitalised as per note 10 (period ended 30 June 2023: \$286,483).

Note 7. Current assets - trade and other receivables

	Consolidated 30 Jun 2024	31 Dec 2023
	\$	\$
Trade receivables	5,691,923	5,230,692
Less: Allowance for expected credit losses	(494,018)	(99,876)
	<u>5,197,905</u>	<u>5,130,816</u>
Other receivables	238,394	166,883
Indirect taxes receivable	44,653	33,606
	<u>5,480,952</u>	<u>5,331,305</u>

Note 8. Non-current assets - property, plant and equipment

	Consolidated 30 Jun 2024	31 Dec 2023
	\$	\$
Leasehold improvements - at cost	144,917	229,484
Less: Accumulated depreciation	(71,034)	(138,397)
	<u>73,883</u>	<u>91,087</u>
Furniture and fittings - at cost	26,714	40,896
Less: Accumulated depreciation	(14,147)	(29,889)
	<u>12,567</u>	<u>11,007</u>
Motor vehicles - at cost	1,979	2,076
Less: Accumulated depreciation	(628)	(555)
	<u>1,351</u>	<u>1,521</u>
Computer equipment - at cost	1,299,619	1,397,856
Less: Accumulated depreciation	(982,069)	(957,381)
	<u>317,550</u>	<u>440,475</u>
Medical equipment - at cost	5,007,910	6,306,506
Less: Accumulated depreciation	(2,186,917)	(2,233,038)
	<u>2,820,993</u>	<u>4,073,468</u>
	<u><u>3,226,344</u></u>	<u><u>4,617,558</u></u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Leasehold improvements \$	Furniture and fittings \$	Motor vehicles \$	Computer equipment \$	Medical equipment \$	Total \$
Consolidated						
Balance at 1 January 2024	91,087	11,007	1,521	440,475	4,073,468	4,617,558
Additions	-	8,050	-	8,346	-	16,396
Disposals	-	-	-	-	(713,965)	(713,965)
Exchange differences	(4,853)	(92)	(64)	(12,333)	(163,389)	(180,731)
Depreciation expense	(12,351)	(6,398)	(106)	(118,938)	(375,121)	(512,914)
Balance at 30 June 2024	<u><u>73,883</u></u>	<u><u>12,567</u></u>	<u><u>1,351</u></u>	<u><u>317,550</u></u>	<u><u>2,820,993</u></u>	<u><u>3,226,344</u></u>

Note 9. Non-current assets - right-of-use assets

	Consolidated 30 Jun 2024	31 Dec 2023
	\$	\$
Land and buildings - right-of-use	97,297	91,355
Less: Accumulated depreciation	(26,846)	(63,658)
	<u><u>70,451</u></u>	<u><u>27,697</u></u>

The Group leases land and buildings for its offices under agreements of between 1 to 5 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

The Group leases office equipment under agreements of less than 1 year. These leases are either short-term or low-value, so have been expensed as incurred and not capitalised as right-of-use assets.

Note 9. Non-current assets - right-of-use assets (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Land and buildings \$
Consolidated	
Balance at 1 January 2024	27,697
Additions	92,238
Exchange differences	(15,253)
Depreciation expense	(34,231)
Balance at 30 June 2024	<u>70,451</u>

Note 10. Non-current assets - intangibles

	Consolidated 30 Jun 2024 \$	31 Dec 2023 \$
Goodwill - at cost	5,796,253	6,080,636
Less: Impairment	(1,276,940)	(1,276,940)
	<u>4,519,313</u>	<u>4,803,696</u>
Internally developed software - at cost	4,766,519	4,506,138
Less: Accumulated amortisation	(2,100,480)	(1,734,663)
	<u>2,666,039</u>	<u>2,771,475</u>
Customer contracts - at cost	1,012,598	1,062,279
Less: Accumulated amortisation	(185,642)	(159,342)
	<u>826,956</u>	<u>902,937</u>
Licenses - at cost	405,384	294,348
Less: Accumulated amortisation	(272,604)	(193,439)
	<u>132,780</u>	<u>100,909</u>
	<u>8,145,088</u>	<u>8,579,017</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Goodwill \$	Internally developed software \$	Customer contracts \$	Licences \$	Total \$
Consolidated					
Balance at 1 January 2024	4,803,696	2,771,475	902,937	100,909	8,579,017
Additions	-	504,436	-	124,854	629,290
Exchange differences	(284,383)	(131,673)	(39,851)	(9,458)	(465,365)
Amortisation expense	-	(478,199)	(36,130)	(83,525)	(597,854)
Balance at 30 June 2024	<u>4,519,313</u>	<u>2,666,039</u>	<u>826,956</u>	<u>132,780</u>	<u>8,145,088</u>

Impairment testing

In accordance with the Group's accounting policies, indefinite life assets are allocated to CGUs in order to determine the recoverable amount for the annual impairment test.

Note 10. Non-current assets - intangibles (continued)

As described in note 4, the Group has two main CGUs being the radiology and software CGUs.

Goodwill and customer contracts acquired through business combinations have been allocated to the radiology cash generating unit ('CGU'). The radiology services business provides radiological diagnostic services to hospitals and medical facilities in Colombia and Spain using IMEXHS medical imaging software. The services business also provides the Group with medical images and radiologists interpretation and reports to develop artificial intelligence ('AI') tools.

Internally developed software has been allocated to the software CGU. The software business is focussed on the development and sale of modular imaging systems that include information systems for Radiology (AQUILA), Cardiology (ANTEROS) and Pathology (ALULA), as well as a Picture Archiving and Communications System (PACS). The information systems combine 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.

Both CGUs are tested annually for impairment or at the end of each reporting date where an indicator of impairment exists. An impairment exists when the carrying value of the CGUs exceeds their recoverable amount.

No impairment existed at 30 June 2024. Based on the value-in-use calculation methodology and assumptions stated below, the carrying amount of each group of CGUs at balance date does not exceed its recoverable amount.

The testing assessed the recoverable amount of IMEXHS CGU's assets by a value-in-use ('VIU') calculation using a discounted cash flow model, based on a 5 year projection period approved by management. The calculated recoverable amount of the Radiology CGU is \$12.5m.

Key assumptions and impairment testing results

Key assumptions are those to which the recoverable amount of an asset or the CGU is most sensitive. The following key assumptions were used in the VIU model to test each CGU at 30 June 2024:

Assumptions	How determined	Rate used in the VIU calculation
Discount rate (pre-tax)	Based on weighted average cost of capital reflecting current market assessments of the time value of money and risks specific to the CGU.	27.32%
Revenue growth rate	Based on a five year cash flow projection taking into account historical growth rates and forecast volume and price increases on known contracts.	9%-54%
Terminal value growth rate	Assumed to be nil	Nil
EBITDA margin	Based on a detailed profitability analysis conducted for radiology customers with development of minimum contribution margins and impact of artificial intelligence and technological changes expected in the future.	3%-17%

The discount rate was estimated based on the CGU's weighted average cost of capital, which was calculated by a third party independent valuation expert.

The revenue growth rate reflects forecast conservative growth rates over a 5 year period after consideration for changing market conditions.

Sensitivity analysis

Management believes that the assumptions disclosed above over the five-year forecast period are realistic and achievable and as such Management believes that the carrying amount is fairly stated.

Note 10. Non-current assets - intangibles (continued)

The calculation of value in use is most sensitive to the following assumptions:

Assumptions used	30 June 2024 %	30 June 2024 Impact	31 Dec 2023 %	31 Dec 2023 Impact
Post-tax discount rate	17.76%	2% increase in the discount rate with all other factors remaining consistent in the model would still not result in an impairment	18.37%	a 2% increase in the discount rate with all other factors remaining consistent in the model would still not result in an impairment.
Average projected revenue growth rate for recurring revenue	23.00%	a 2% decrease in the growth rate per year with all other factors remaining consistent in the model would still not result in an impairment.	19.00%	a 2% decrease in the growth rate per year with all other factors remaining consistent in the model would still not result in an impairment.
Average EBITDA Margin (after allocating Corporate Cost)	10.00%	a 2% decrease in EBITDA Margin rate per year with all other factors remaining consistent in the model would still not result in an impairment.	17.00%	a 2% decrease in EBITDA Margin rate per year with all other factors remaining consistent in the model would still not result in an impairment.

If there are any negative changes in the key assumptions (mentioned above) on which the recoverable amount of goodwill is based, this would result in an impairment charge of goodwill.

Note 11. Current liabilities - trade and other payables

	Consolidated	
	30 Jun 2024 \$	31 Dec 2023 \$
Trade payables	3,001,763	2,705,927
Withholding tax payable	169,354	197,175
Other payables	154,764	518,283
	<u>3,325,881</u>	<u>3,421,385</u>

Note 12. Current liabilities - borrowings

	Consolidated	
	30 Jun 2024 \$	31 Dec 2023 \$
Credit cards	6,627	8,041
Unsecured fixed term loans	574,125	1,041,703
	<u>580,752</u>	<u>1,049,744</u>

Refer to note 13 for further information on financing arrangements.

Note 13. Non-current liabilities - borrowings

	Consolidated	
	30 Jun 2024 \$	31 Dec 2023 \$
Unsecured fixed term loans	<u>297,899</u>	<u>215,748</u>

Note 13. Non-current liabilities - borrowings (continued)

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated 30 Jun 2024 \$	31 Dec 2023 \$
Total facilities		
Unsecured fixed term loans	872,024	1,257,451
Used at the reporting date		
Unsecured fixed term loans	872,024	1,257,451
Unused at the reporting date		
Unsecured fixed term loans	-	-

Note 14. Equity - issued capital

	30 Jun 2024 Shares	Consolidated 31 Dec 2023 Shares	30 Jun 2024 \$	31 Dec 2023 \$
Ordinary shares - fully paid	45,536,900	42,607,692	40,137,482	38,663,333

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 January 2024	42,607,692		38,663,333
Issue of shares in lieu of Director fees	13 February 2024	118,769	\$0.421	49,725
Issue of shares - Director placement	14 March 2024	2,272,728	\$0.550	1,250,000
Issue of shares - Director placement	23 April 2024	454,545	\$0.550	250,000
Issue of shares in lieu of Director fees	23 April 2024	83,166	\$0.601	49,949
Share issue transaction costs, net of tax				(125,525)
Balance	30 June 2024	45,536,900		40,137,482

Note 15. Equity - reserves

	Consolidated 30 Jun 2024 \$	31 Dec 2023 \$
Foreign currency reserve	(413,164)	413,326
Share-based payments reserve	4,557,755	4,321,345
Options reserve	30,440	30,440
	4,175,031	4,765,111

Colombian Peso (COP) appreciated significantly against Australian Dollar (AUD) during the half-year causing a large movement in the foreign currency reserve. The average exchange rate for the half-year ended 30 June 2024 was COP 2,586 compared to the average rate of COP 2,851 for the year ended 31 December 2023. The closing rate as at 30 June 2024 was COP 2,765.

Note 15. Equity - reserves (continued)

Foreign currency 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.

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Options reserve

The reserve is used to record amounts received from option holders from the issue of options.

Movements in reserves

Movements in each class of reserve during the current financial half-year are set out below:

	Foreign currency \$	Share-based payments \$	Options \$	Total \$
Consolidated				
Balance at 1 January 2024	413,326	4,321,345	30,440	4,765,111
Foreign currency translation	(826,490)	-	-	(826,490)
Share-based payments	-	236,410	-	236,410
Balance at 30 June 2024	<u>(413,164)</u>	<u>4,557,755</u>	<u>30,440</u>	<u>4,175,031</u>

Note 16. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 17. Fair value measurement

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Note 18. Contingent liabilities

The Group had no contingent liabilities as at 30 June 2024 (31 December 2023: none)

Note 19. Related party transactions

Parent entity

IMEXHS Limited is the parent entity.

Transactions with related parties

There were no transactions with related parties during the current and previous financial half-year.

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Note 20. Earnings per share

	Consolidated 6 months to 30 Jun 2024 \$	6 months to 30 Jun 2023 \$
Loss after income tax attributable to the owners of IMEXHS Limited	(1,518,459)	(2,292,043)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	44,243,805	41,333,450
Weighted average number of ordinary shares used in calculating diluted earnings per share	44,243,805	41,333,450
	Cents	Cents
Basic earnings per share	(3.43)	(5.55)
Diluted earnings per share	(3.43)	(5.55)

Share options on issue have been excluded from the weighted average number of ordinary shares used in calculating diluted loss per share as they are considered anti-dilutive.

Note 21. Share-based payments

Options granted to key management personnel and external parties are as follows:
30 Jun 2024

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other*	Balance at the end of the half-year
26/05/2020	12/03/2027	\$2.750	160,000	-	-	-	160,000
26/05/2020	12/03/2027	\$3.500	160,000	-	-	-	160,000
26/05/2020	12/03/2027	\$1.500	240,000	-	-	-	240,000
01/03/2021	01/03/2031	\$0.000	140,000	-	-	-	140,000
16/04/2021	16/04/2031	\$0.000	68,623	-	-	-	68,623
14/05/2021	14/05/2031	\$0.000	29,158	-	-	-	29,158
14/05/2021	14/05/2025	\$0.000	19,719	-	-	-	19,719
19/05/2022	19/05/2026	\$0.000	60,132	-	-	-	60,132
19/05/2022	19/05/2032	\$0.000	73,393	-	-	-	73,393
18/07/2022	18/07/2032	\$0.000	367,146	-	-	-	367,146
16/05/2023	16/05/2027	\$0.000	79,452	-	-	-	79,452
16/05/2023	25/04/2033	\$0.000	162,182	-	-	-	162,182
30/06/2023	25/04/2033	\$0.000	755,922	-	-	-	755,922
23/04/2024	23/04/2028	\$0.000	-	139,725	-	-	139,725
23/04/2024	23/04/2034	\$0.000	-	113,571	-	-	113,571
30/05/2024	30/05/2034	\$0.000	-	577,312	-	-	577,312
			2,315,727	830,608	-	-	3,146,335

The weighted average exercise price during the financial half-year was \$0.432.

The weighted average remaining contractual life of options outstanding at the end of the half-financial year was 4.80 years.

Note 21. Share-based payments (continued)

For the options granted during the current financial half-year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
23/04/2024	23/04/2028	\$0.540	\$0.000	60.00%	-	3.91%	\$0.540
23/04/2024	23/04/2034	\$0.540	\$0.000	60.00%	-	3.89%	\$0.318
23/04/2024	23/04/2034	\$0.540	\$0.000	60.00%	-	3.85%	\$0.341
30/05/2024	30/05/2034	\$0.480	\$0.000	60.00%	-	4.14%	\$0.262
30/05/2024	30/05/2034	\$0.480	\$0.000	60.00%	-	4.08%	\$0.288

Note 22. Events after the reporting period

No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2024 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



Douglas Flynn
Chairman

30 August 2024

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of IMEXHS Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of IMEXHS Limited and its subsidiaries ("the Group"), which comprises the consolidated Statement of Financial Position as at 30 June 2024, the consolidated Statement of Comprehensive Income, consolidated Statement of Changes in Equity and 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 accompanying half-year financial report of the Group does not comply with the Corporations Act 2001 including:

- i. giving a true and fair view of the Group's financial position as at 30 June 2024 and of its 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*.

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 Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & 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 the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Material uncertainty related to going concern

We draw attention to Note 2 in the financial report, which indicates that the Group has experienced delays in receiving outstanding debts and increased costs in delivering radiology services. The Group incurred a net loss after income tax of \$1,518,459 and had net cash outflows from operating activities of \$1,475,922. As stated in Note 1, these events or conditions, along with other matters as set forth in the note, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibility of the Directors for the Financial Report

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

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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 2024 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.

Yours faithfully,



Nexia Sydney Audit Pty Limited



Lester Wills
Director

Dated: 30 August 2024