

31 October 2022

ASX ANNOUNCEMENT

2022 Q3 Activity Report and Appendix 4C

Financial Highlights

- Q3 FY22 revenue of \$3.8m¹, up 9% vs pcp²; up 17% on a constant currency basis³.
- YTD FY22 revenue of \$13.3m, up 53% vs pcp; up 56% on a constant currency basis.
- YTD FY22 revenue up 21% on a like-for-like basis excluding the incremental revenue from the RIMAB acquisition.
- Revenue in the quarter was entirely recurring revenue. Q3 recurring revenue was up 37% vs pcp and up 45% on a constant currency basis.
- Annualised Recurring Revenue (ARR)⁵ of \$20.9m, up 59% vs pcp; up 61% on a constant currency basis.
- Q3 FY22 Underlying EBITDA⁴ was break-even; YTD FY22 underlying EBITDA loss of (\$0.3m).
- Completed Capital Raising of \$4.0m announced on 3 August 2022.
- 30 Sept-22 cash balance of \$2.7m. Debt of \$1.4m, down from \$2.4m at 31 Dec-21.

Operational Highlights

- Continued sales momentum for IMEXHS Cloud (formerly Aquila in the Cloud) standardised radiology solution with an ARR of \$3.2m from 159 active customers at 30 September.
- IMEXHS Enterprise and IMEXHS Cloud installed in 17 new sites in the quarter with a total of 435 installations worldwide by Q3 FY22, a 23% increase on Q3 FY21.
- Cost out program aimed at getting to cash positive at the Company level with both divisions profitable largely completed by the end of Q3.

¹ All financial information for FY22 in this announcement is preliminary, unaudited financial information and may be subject to adjustment following audit review.

² Previous corresponding period; pcp includes RIMAB acquisition from 5 October 2021.

³ Constant currency basis assumes FY22 results are converted at the average foreign exchange rate for FY21. This removes the impact of changes in currency rates and allows comparison of IMEXHS's underlying operating performance.

⁴ Underlying EBITDA excludes the impact of FX, share based payments, transactions costs for the RIMAB acquisition in FY21 and any one-off costs in relation to the cost-out program.

⁵ Annualised Recurring Revenue (ARR) is the value of the monthly recurring contract revenue multiplied by twelve.

Headquarter Australia

Sydney
122 O'Riordan Street MASCOT NSW 2020
enquiries@imexhs.com.au

Offices Latam

Bogotá, Colombia.
Calle 92 # 11-51, Of 202
+ 57 (1) 316 48 90
soporte@imexhs.com

Offices USA

Doral, Florida.
8200 NW 41ST. Ste. 200-41 Doral, FL 33166
admin.usa@imexhs.com

IMEXHS Limited (ASX: IME) (“IMEXHS” or “the Company”) today provides its quarterly cash flow and activities summary for the period ended 30 September 2022. IMEXHS is an innovative provider of cloud-based medical imaging software and radiology services across 15 countries.

IMEXHS CEO Dr German Arango said, ‘The Company has largely completed in Q3 our cost reduction project to provide us with a definitive pathway to achieve profitability while maintaining existing recurrent revenues and bringing in new customers. We continue to make improvements in the onboarding process plus the optimization of the post-sales support including the automation of the most time-consuming activities. These have the effect of both improving customer satisfaction and reducing our costs. Good progress has been made in sales of our standardized product IMEXHS Cloud in the quarter and we are pleased with the pipeline in front of us.

Negotiations of two material contracts have taken longer than expected with one contract delayed temporarily because of customer infrastructure issues.

We cancelled a large customer contract effective from the end of the first half. This is the only time we have ever had to take such action, but we are confident the company took the right decision. We are now going through a revenue rebuilding process for both radiology and enterprise software.

The Company has demonstrated the scalability of the business across different geographies with an attractive product and disruptive business model and now is focused in generating positive earnings and cashflow. The stock market downturn experienced around the world and in particular to pre-profit technology stocks makes it clear that we need to pursue this path to profit.

Revenue in the third quarter of FY22 was \$3.8m, 9% up on pcp and underlying EBITDA was break-even for the quarter, confirming the direction the Company is taking. The cost out project addressed the cash cost to the company and will see the reduction in the rate of software capitalisation as well as improvement at the EBITDA level”.

September Quarter Financial Summary

Revenue

Q3 FY22 revenue of \$3.8m was up 9% vs pcp and 17% on a constant currency basis. The prior year comparative included a large one-off sale.

Recurring revenue of \$3.8m was up 37% vs pcp and 45% higher on a constant currency basis, representing 100% of total revenue in the September quarter, up from 80% in pcp.

Annualised Recurring Revenue

ARR of \$20.9m as at 30 September 2022, was up 59% vs pcp and 61% higher on a constant currency basis.

ARR of \$20.9m consisted of \$12.0m (\$12.0m as at 30 Jun-22) from Radiology services and \$8.9m (\$8.5m as at 30 Jun-22) from Software. The software ARR includes \$3.2m from 159 active IMEXHS Cloud contracts and \$5.7m from IMEXHS Enterprise. The increase in ARR reflects new contract wins in the high margin IMEXHS Cloud product offering.

Headquarter Australia

Sydney
122 O'Riordan Street MASCOT NSW 2020
enquiries@imexhs.com.au

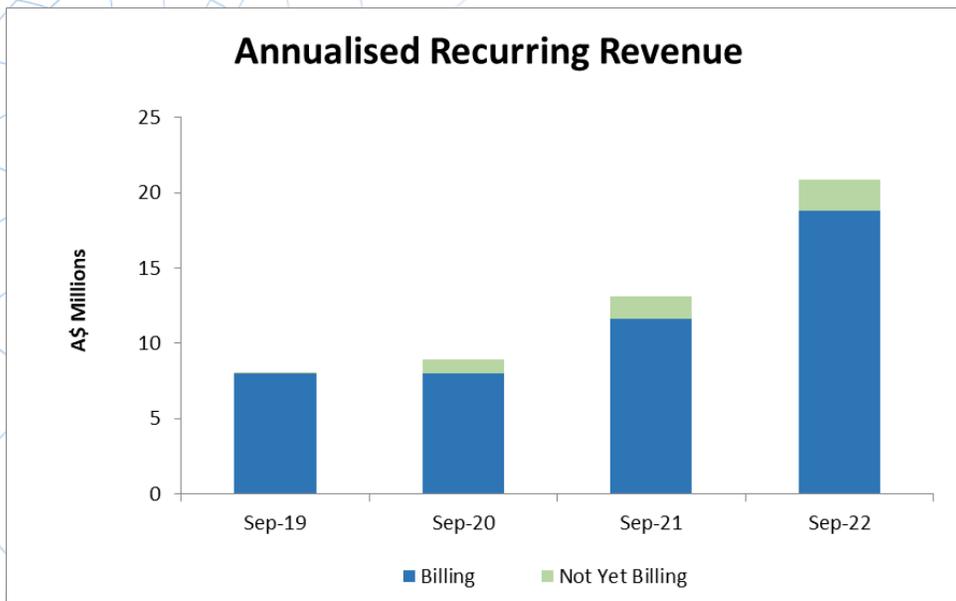
Offices Latam

Bogotá, Colombia.
Calle 92 # 11-51, Of 202
+ 57 (1) 316 48 90
soporte@imexhs.com

Offices USA

Doral, Florida.
8200 NW 41ST. Ste. 200-41 Doral, Fl. 33166
admin.usa@imexhs.com

Chart 1 shows ARR that is currently billing as well as ARR which is yet to commence billing.



Cashflow

At 30 September 2022, IMEXHS held cash and cash equivalents of \$2.7m, compared with \$0.9m at 30 June 2022.

During the quarter the Company undertook a capital raising of \$4.0m to provide additional working capital and for general business purposes. Transaction costs related to the capital raising were \$0.3m in Q3 with some further cash outflows due in Q4.

At 30 September 2022 debt was \$1.4m which was down from \$2.4m at 31 December 2021. Debt of \$0.5m was repaid during the quarter and no new debt taken.

The company acquired PP&E of \$0.5m in Q2 and a further \$0.2m in Q3 and has chosen to cash finance those assets and not proceed with relatively expensive debt finance that was expected to replace the initial cash outlay by the company.

YTD FY22 cashflows used in investing activities were \$2.2m, the company has added \$1.1m in capitalised software, \$0.8m in equipment and reduced liabilities through retention payments for the RIMAB acquisition of \$0.3m.

Cash receipts for Q3 FY22 were \$3.9m resulting in net cash used in operating activities of \$0.6m. Execution of the cost-out project has incurred one-off costs of \$0.2m in the quarter and year to date.

Headquarter Australia

Sydney
122 O'Riordan Street MASCOT NSW 2020
enquiries@imexhs.com.au

Offices Latam

Bogotá, Colombia.
Calle 92 # 11-51, Of 202
+ 57 (1) 316 48 90
soporte@imexhs.com

Offices USA

Doral, Florida.
8200 NW 41ST. Ste. 200-41 Doral, FL 33166
admin.usa@imexhs.com

Operational Metrics

Key operational metrics showed strong growth in Q3 FY22 compared to Q3 FY21:

- Software solutions were actively used by 2,845 radiologists, a 27% increase on Q3 FY21 (2,238 radiologists).
- IMEXHS's Imaging Platform stored 2.2 petabytes of data in the cloud and processed over 167 million images for the quarter (over 2.8 million studies), a 15% increase on Q3 FY21 and a total of over 2 billion images since the inception of the Company.
- Over 768,000 people entered IMEXHS's patient portal over 912,000 times for an average of 1.2x visits per user, which was a 23% increase on Q3 FY21.
- Radiologist team now totals 156 and the number of reported imaging studies is more than 280,000 for Q3, a 7% increase on pcp.

Guidance and Outlook

The company has a strong and growing pipeline of business in front of it and is in advanced negotiation on two material contracts expected to be concluded shortly. Reflecting current exchange rates, the Company updates guidance for FY22 as follows:

- **Revenue** between \$17.0m to \$19.0m (vs \$13.4m in FY21). This is a reduction from previous guidance of \$18.0m to \$20.5 due principally to delayed new contracts wins and contracts not yet billing.
- **Underlying EBITDA** is expected to be positive for 2022 (vs loss of \$1.4m in FY21).
- **Monthly run-rate underlying cash** break-even within the last quarter.

Sales and Market Update

IMEXHS Enterprise

IMEXHS Enterprise continues to strengthen its market share in Colombia. The Company signed its second contract with Grupo Empresarial Salud Total during the quarter, after signing its first contract during Q2 FY22. Salud Total is one of Colombia's largest medical institutions which caters for over 5 million people every year. The group has a variety of clinics and hospitals in over 200 municipalities across 17 main cities in Colombia. Similarly, to the contract signed in the previous quarter, IMEXHS Enterprise will replace the existing PACS system at Centro Policlinico de Olaya, a medium-sized hospital in Bogotá, which will integrate with the customer's hospital information system (HIS). The Company continues to strengthen its working relationship with Grupo Empresarial Salud Total.

IMEXHS Cloud (previously Aquila in the Cloud)

IMEXHS Cloud, the Company's standardised radiology solution targeted at small and medium-sized customers, generated significant interest in the market throughout the September quarter. The Company signed 19 new customers throughout the quarter and now has 159 active customers since the product launched in May 2020 with an expected Annual Recurring Revenue (ARR) of \$3.2m as at 30 September 2022. This is an increase of \$0.4m compared to IMEXHS Cloud's ARR at 30 June 2022.

Headquarter Australia

Sydney
122 O'Riordan Street MASCOT NSW 2020
enquiries@imexhs.com.au

Offices Latam

Bogotá, Colombia.
Calle 92 # 11-51, Of 202
+ 57 (1) 316 48 90
soporte@imexhs.com

Offices USA

Doral, Florida.
8200 NW 41ST. Ste. 200-41 Doral, FL 33166
admin.usa@imexhs.com

Historically, IMEXHS Cloud targeted small and medium sized customers however during the September quarter, IMEXHS Cloud sparked significant interest among larger medical institutions who found much value in the Company's comprehensive, affordable, and accessible Enterprise Imaging solution that is hosted in the cloud. As a result, three notable multi-year IMEXHS Cloud contracts in Colombia were signed with a total ARR of circa \$220,000.

Partners Program

During the September quarter, IMEXHS continued its focus on strengthening its existing Partners network with multiple training sessions being carried out throughout the quarter. The Company has 35 Partners across 15 countries.

New Markets

During the third quarter, the Company went live with its first IMEXHS Cloud customer in Brazil, "Hospital Municipal Dr. Moacyr Rodrigues do Carmo (HMMRC)" in the Rio de Janeiro region.

Radiology services

The main business model for radiology services is the outsourcing of imaging facilities, which represents a very attractive offer to hospitals in the LATAM region and allows the IMEXHS team to deliver a high-quality service through the integration of technology and highly trained Radiologists.

During the September quarter, two radiology contracts were signed for a combined ARR of \$142,000. The Company's radiology services business unit has a growing pipeline of business in front of it.

Product and Software Updates during Q3 FY22:

Progress has been made during the quarter with new product and software releases as follows:

IMEXHS Cloud

In Q1 FY22 IMEXHS formally launched IMEXHS Cloud which extends IMEXHS Cloud's product offering into a more compelling cloud-based medical imaging platform. In Q2 FY22 the initial MVP (minimum viable prototype) was deployed and by September there are 98 customers linked to IMEXHS Cloud. This allows automatic registration of Aquila clients to record data about studies and enables monitoring of global usage per client (both RIS and PACS data) for every registered partner.

IMEXHS Enterprise

IMEXHS Enterprise Imaging embodies the concept of creating a cloud-based image-centered workflow manager that adapts to the different needs of medical professionals in any "ology" (radiology, cardiology, etc) enabling the Company to cater to the needs of each specific practice.

The first stage of the workflow orchestrator prototype was developed in Q2 FY22. In Q3 FY22 the new worklists frontend design was completed, using ReactJS (newer technology) and offering a completely modular, customisable, and modern experience.

Headquarter Australia

Sydney
122 O'Riordan Street MASCOT NSW 2020
enquiries@imexhs.com.au

Offices Latam

Bogotá, Colombia.
Calle 92 # 11-51, Of 202
+ 57 (1) 316 48 90
soporte@imexhs.com

Offices USA

Doral, Florida.
8200 NW 41ST. Ste. 200-41 Doral, FL 33166
admin.usa@imexhs.com

Components of IMEXHS Cloud and Enterprise

For the entire product portfolio, during Q3 FY22 NPS - CSAT (Hotjar) and Analytics (Microsoft Clarity & Google Analytics) continued to be used and tracked 32% of the customer base (up from 20% in Q2).

To improve customer support and reduce helpdesk ticket volume in Q3 FY22 several back-end improvements were achieved in all products (and on the integration between those components) that have achieved a reduction of 50% in support tickets generated by customers.

AQUILA v4.0

During the quarter, IMEXHS released new features and performed several improvements on its core radiology product – AQUILA:

- Decoupling of the latest version of the viewer and POC (proof of concept) of the new PACs completed. Enables updating customers with older viewer versions faster.
- Improvements in password recovery (reduce support tickets and ease radiologists' experience) and download of DICOM images.
- Two use cases implemented and needed for the Brazilian market.
- Wacom tablet integration with different browsers for signature results delivery.
- EULA implementation and registration of payment methods for integration with Synapse (Australia), share radiologists assigned studies in the reading worklist, and new clinical search module implemented.
- Updated version of the text editor for the correct functioning of speech recognition.
- Implementation of functionality for the use of multiple screens

Universal Viewer v6.1

During the quarter, IMEXHS released new features and performed several improvements on its Universal Viewer which allows radiology professionals a better user experience:

- New update facilitates navigation and adaptation on mobile phones (improved UI).
- New walkthrough section was included. Users can explore some guided tours to understand the product's functionalities and visitors to our website can use it as a demo.
- Interactive prototype ready with a new tool to mark key images, so it is possible to associate pathologies to specific images.
- An additional about/label section was included to comply with ISO and local regulatory requirements.

IMEXHS Portal v3.0.1

During the quarter, IMEXHS released new features and performed several improvements on its PatientPortal:

- NPS (Net Promoter Score) of 71 - over 1,000 patients surveyed that used the patient portal during Q3.
- Multi-tenant pilot developed, simulation test with two clients ongoing.
- Improved deployment of images in the Docker Hub repository, improved security performance on the backend, and allowed the correct operation in the IMEXHS.COM domain with TLSV1.3 protocol.
- Improved implementation time by automating installation using Jenkins.

IMEXHS DICOM Gateway v1.2

During the quarter, IMEXHS released new features and performed several improvements on its DICOM Gateway:

- New features to facilitate support, logging, and remote tracking of events on the product.
- Improved UX/UI interface.

Listing Rule 4.7C3

In Item 6 of the Appendix 4C cash flow report for the quarter, payments to Related Parties of approximately \$142,000 comprises:

- \$65,000 of Director remuneration to executive and non-executive directors
- \$5,000 in expenses for office space and IT services to CrossPoint Telecommunications Pty Ltd, a related party of Mr Carlos Palacio; and
- \$72,000 payment to Dr German Arango for the release of retention payments in relation to the Acquisition of RIMAB SAS.

Authorised for release by the Board of IMEXHS Limited.

-ENDS-

For more information, please contact:

Business Inquiries

Reena Minhas, CFO & Company Secretary

E: enquiries@imexhs.com.au

T: +61 (0)438 481 139

About IMEXHS

IMEXHS Limited (ASX: IME) is an innovative provider of medical imaging software and radiology services in 15 countries including Colombia, the US and Australia. Founded in 2012, IMEXHS develops software as a service (SaaS) imaging solutions that includes a Picture Archiving and Communications System (PACS), a Radiology Information System (RIS), a Cardiology Information System (CIS) and an Anatomical Pathology Laboratory Information System (APLIS). Its solutions are completely cloud-based, vendor neutral and zero footprint, with no need for installed software. The IMEXHS products are designed to increase productivity and save money for end users, with a scalable platform that enhances patient outcomes. For more information, [visit www.imexhs.com](http://www.imexhs.com)

Headquarter Australia

Sydney
122 O'Riordan Street MASCOT NSW 2020
enquiries@imexhs.com.au

Offices Latam

Bogotá, Colombia.
Calle 92 # 11-51, Of 202
+ 57 (1) 316 48 90
soporte@imexhs.com

Offices USA

Doral, Florida.
8200 NW 41ST. Ste. 200-41 Doral, FL 33166
admin.usa@imexhs.com

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity		
IMEXHS LIMITED		
ABN	Quarter ended ("current quarter")	
60 096 687 839	30 Sep 2022	
Consolidated statement of cash flows	Current quarter	Year to date (9 months)
	\$A'000	\$A'000
1 Cash flows from operating activities		
1.1 Receipts from customers *	3,880	12,485
1.2 Payments for	-	-
(a) research and development	-	(63)
(b) product manufacturing and operating costs *	(1,252)	(4,076)
(c) advertising and marketing	(38)	(125)
(d) leased assets	(4)	(7)
(e) staff costs	(2,275)	(7,136)
(f) administration and corporate costs	(641)	(1,861)
1.3 Dividends received	-	-
1.4 Interest received	-	2
1.5 Interest and other costs of finance paid	(28)	(87)
1.6 Income taxes paid	(251)	(908)
1.7 Government grants and tax incentives	-	-
1.8 Other - indirect taxes	5	85
1.9 Net cash from / (used in) operating activities	(604)	(1,691)
* YTD Sept-22 results include an adjustment for receivables and payable that were netted off in prior periods that should have been grossed up as receipts and payments - the impact is to increase 1.1 Receipts from customers by \$870k, increase 1.2 (b) payments for operating costs by \$767k and increase 3.6 debt repayments by \$103k. This adjustment is a reclassification and nets to nil.		
2 Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	(102)	(323)
(b) businesses	-	-
(c) property, plant and equipment	(246)	(804)
(d) investments	-	-
(e) intellectual property	(325)	(1,134)
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:	-	-
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	1
2.6 Net cash from / (used in) investing activities	(673)	(2,260)

3	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	3,975	3,975
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(278)	(278)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings *	(543)	(1,241)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	(19)	(5)
3.10	Net cash from / (used in) financing activities	3,135	2,451
4	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	856	4,186
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(604)	(1,691)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(673)	(2,260)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,135	2,451
4.5	Effect of movement in exchange rates on cash held	-	28
	Other (provide details if material)	-	-
4.6	Cash and cash equivalents at end of period	2,714	2,714
5	Reconciliation of cash and cash equivalents	Current quarter	Previous quarter
	at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	\$A'000	\$A'000
5.1	Bank balances	2,675	816
5.2	Call deposits	39	40
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,714	856
6	Payments to related parties of the entity and their associates		Current quarter
			\$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1		70
6.2	Aggregate amount of payments to related parties and their associates included in item 2		72
	Note: payments received from related parties and their associates included in item 1 amounts to:		-
Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.			

Financing facilities		Total facility amount at quarter end	Amount drawn at quarter end
		\$A'000	\$A'000
7	<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1	Loan facilities	1,433	1,433
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	1,433	1,433
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	<u>Lender</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
	<u>Unsecured</u>		
	Credito Progression	16.9	Mar-23
	Banco Coomeva	7.2	Mar-23
	Banco Davivienda	9.7	Dec-23
	Banco Itau	6.5	Mar-24
	Banco Davivienda	6.1	Oct-24
	Velez Porto Enrique	28.5	Jun-25
	Fabio Rave	22.9	Jul-25
	PHV Group S.A.S	28.5	Aug-25
	Banco Davivienda	9.4	Oct-25
8	Estimated cash available for future operating activities		\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)		(604)
8.2	Cash and cash equivalents at quarter end (item 4.6)		2,714
8.3	Unused finance facilities available at quarter end (item 7.5)		-
8.4	Total available funding (item 8.2 + item 8.3)		2,714
8.5	Estimated quarters of funding available (Item 8.4 divided by Item 8.1)		4
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>		
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:		
	8.6 1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?		
	8.6 2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?		
	8.6 3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?		
	<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered</i>		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 October 2022

Authorised by: The Board of IMEXHS LIMITED

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.