

# **IMEXHS LIMITED**

ABN 60 096 687 839

## **AUDITED FINANCIAL REPORT**

FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

# CORPORATE INFORMATION

## Directors

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

## Company Secretary

Mr Peter Webse

## Registered & Principal Office

122 O'Riordan Street  
Mascot NSW 2020

## Auditors

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

## Bankers

National Australia Bank  
Level 12  
100 St Georges Tce  
Perth WA 6000

## Share Registry

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

## Stock Exchange Listing

Australian Securities Exchange  
ASX Code: **IME**

The Directors present their report, together with the financial statements, on IMEXHS Limited (“the Company” or “the Group”) for the year ended 31 December 2019.

## 1 Directors

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

Name	Role	Appointed	Resigned
Mr Doug Flynn	Chairman	12/3/2020	Current
Dr German Arango	CEO	28/8/2018	Current
Mr Howard Digby	Non-Executive Director	1/8/2017	Current
Dr Doug Lingard	Non-Executive Director	10/12/2018	Current
Mr Carlos Palacio*	Non-Executive Director	28/8/2018	Current
Mr Tom Pascarella	Chairman	25/10/2018	30/11/2019

\* Mr Palacio acted as interim Chairman for the period 30 November 2019 to 12 March 2020.

## 2 Principal activity

The Company remains focussed on the development and sale of its HIRUKO software platform. HIRUKO is a modular imaging system that includes a Radiology Information System (RIS); a Cardiology Information System (CIS); an Anatomical Pathology and Laboratory Information System (APLIS); and a Picture Archiving and Communications System (PACS). The RIS, CIS and APLIS 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.

## 3 Dividends

There were no dividends paid, recommended or declared during the financial year ended 31 December 2019 was \$nil (2018: \$nil).

## 4 Review of operations

### Business Operations

IMEXHS has two distinct revenue models, recurring revenue from ‘as a service’ contracts and revenue from one off sales.

The Company is primarily focused on growing its recurring revenue base. Recurring revenue contracts include provision of software, support and in some instances associated hardware and maintenance.

The Company’s average revenue mix for ‘as a service solutions’ is approximately 76% for software and the remaining 24% for hardware. These revenues are typically secured on 5-year contracts with monthly subscription fees. ‘As a service’ sales represented 85% of total revenue as at 31 December 2019, up from 48% of revenue in 2018.

The nature of multi-year ‘as a service’ contracts means that the Company incurs the majority of the costs of winning and rolling out a project in the year the contract is won, and IMEXHS does not defer any of the acquisition costs of its contracts. Therefore, for an average 5 year contract billing starts half-way through the year and the Company recognises 10% of the revenue in the year that these costs are incurred (half a year’s revenue on a 5 year contract). In the remaining years of the contract 20% of the total contract revenue will flow through whilst the majority of costs have already been expensed.

The Company also does not capitalise any of its research and development spend, which chiefly comprises staff costs on the continued development of the product.

As a result, the Company takes a conservative approach by incurring its expenses upfront, with significant bottom line contribution in future years.

## Financial Performance

The loss of the Group for the year ended 31 December 2019 was \$6,002,288 (2018: loss of \$4,887,165), after providing for income tax.

The loss in the prior year included the costs associated with the reverse take-over of Imaging Experts and Healthcare Services Pty Ltd and subsequent relisting. The total of these costs was \$3,929,770, of this \$774,775 represented recurring costs of the holding company for corporate costs associated with being a listed entity that had been incurred prior to the acquisition date.

### EBITDA

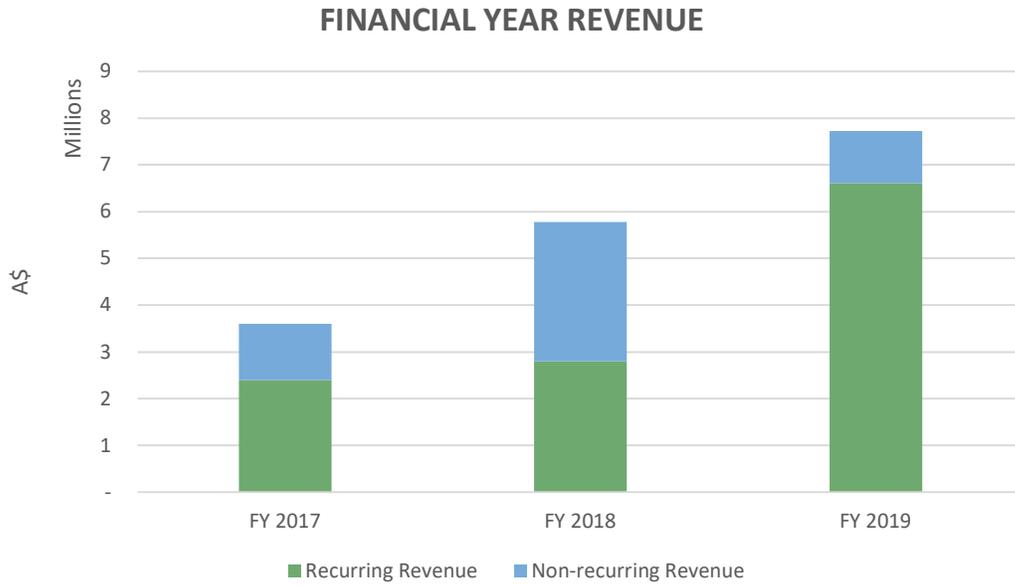
The Group's EBITDA was as loss of \$4,623,965 (2018: loss of \$4,295,623). The following table provides a summary of important balances from the Group's Statement of Profit or Loss for the year ended 31 December 2019:

<b>Consolidated</b>	<b>31 December 2019 \$</b>	<b>31 December 2018 \$</b>	<b>Movement %</b>
Recurring Sales Revenue	6,602,883	2,797,682	136%
One off Sales Revenue	1,124,377	2,982,169	-62%
	<u>7,727,260</u>	<u>5,779,851</u>	34%
Hardware & Licence Expenses	(1,090,415)	(1,051,538)	-4%
R&D and Support Expenses	(2,121,479)	(1,339,903)	-58%
Platform as a Service Expenses	(760,571)	(511,213)	-49%
Radiology Services Expenses	(3,120,907)	(498,772)	-526%
Administration and Sales Expenses	(4,294,600)	(2,603,171)	-65%
Other income/expenses	(2,381,919)	(4,570,601)	48%
<b>Result before tax</b>	<u>(6,042,631)</u>	<u>(4,795,347)</u>	-26%
Adjusted for:			
Net borrowing costs	592,737	193,013	207%
Depreciation and Amortisation	825,929	306,711	169%
<b>EBITDA</b>	<u><u>(4,623,965)</u></u>	<u><u>(4,295,623)</u></u>	-8%

## Revenue Growth

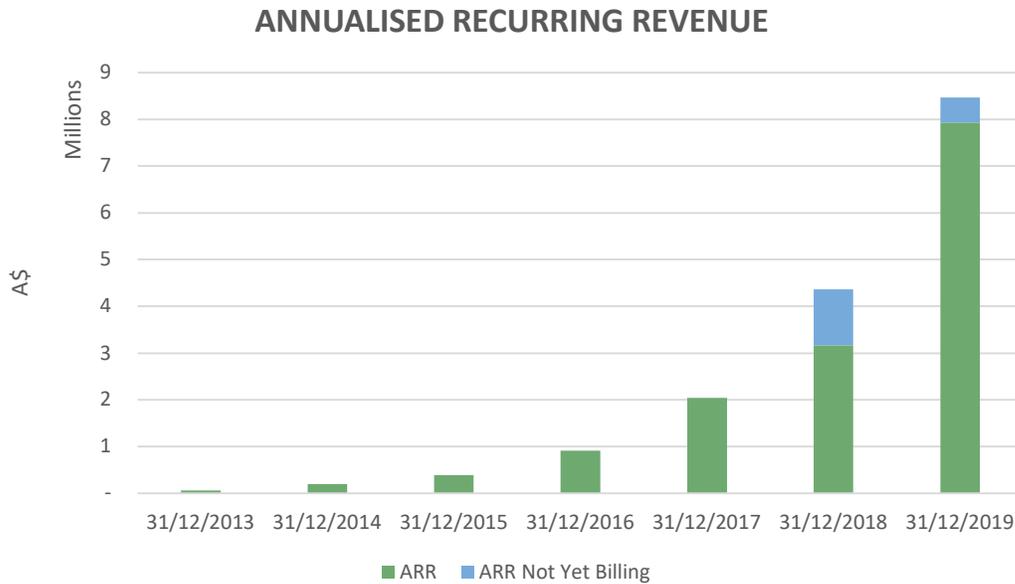
The Company experienced strong revenue growth, with sales revenue of \$7,727,260 (2018: 5,779,851), up 34% over the prior corresponding period (pcp).

The Company's preference is for recurring revenue contracts, as this underpins our long-term shareholder value. Recurring sales revenue for the year was \$6,602,883, up 136% over the prior year figure of \$2,797,682. The strong revenue growth was driven by a number of new client wins and contract renewals and extensions with existing customers.



The gross margin<sup>1</sup> was 70% at 31 December 2019, consistent with the prior year.

Annualised Recurring Revenue (ARR) of \$8.5m was up 94% on pcp. The Company’s ARR has achieved a Compound Annual Growth Rate (CAGR) of 124% since the Company’s inception in 2013.



<sup>1</sup> Gross Margin is calculated using hardware, licence, platform and product support costs

**Hardware & Licence Expenses**

The Company's expenditure on Hardware & Licences for the year was \$1,090,415 (2018: \$1,051,538), which was slightly higher than the prior year and reflects the usage of inventory for 'as a service' contracts.

**R&D and Support Expenses**

R&D and Support Expenses for the year was \$2,121,479 (2018: \$1,339,903), an increase of 58%. This was a strategic decision the Company took, to increase its investment in R&D activities, which has been instrumental in the ability for the Company to release its new Triangulation Web Tool, Multiplanar Reconstruction Web Tool & Maximum Intensity Projection Web Tools; its first release of AI tools targeted at chest X-rays; and the new multi-tenant architecture of HIRUKO.

**Platform as a Service Expenses**

Platform as a Service Expenses for the year was \$760,571 (2018: \$511,213), an increase of 49%. With the success in this business, expenses related to it, including the maintenance of some software licences and the maintenance and repair of machinery and equipment has increased.

**Radiology Services Expenses**

Radiology Services Expenses for the year were \$3,120,907 (2018: \$498,772). The Company has three contracts in which it provides Radiology services, i.e. radiological interpretation as part of the whole contract, the largest of which is the recent Colsubsidio contract. IMEXHS has entered into a limited number of these contracts due to the strategic benefit it derives in developing its Artificial Intelligence capabilities. In addition to the increase in our image library for AI mentioned earlier, by using HIRUKO in the real world, IMEXHS has the opportunity to control the testing of software enhancements in the real world prior to wide release. This ensures that we are able to continually include efficiencies in the platform to the ultimate benefit of our customers.

**Administration & Sales Expenses**

The Company's expenditure on Administration and sales for the year was \$4,294,600 (2018: \$2,603,171), an increase of 65%. It is important to note that the prior year comparatives do not include the expenses for the Australian companies for the whole year, as they are only included from the date of the reverse-takeovers. This had the effect of reducing the 2018 Administration and Sales Expense numbers by \$774,775.

More detailed information on the components of Administration and Sales Expenses is included below and includes the prior year comparative with the effect of the reverse take-over (RTO) elimination removed to provide a meaningful 12 month comparison of the Australian entities' contribution to costs.

<b>Consolidated</b>	<b>31 December 2019 \$</b>	<b>31 December 2018 \$</b>	<b>31 December 2018 excl RTO \$</b>
Employee and Director Benefit Expenses	1,726,610	1,160,255	1,211,174
Audit, Legal and Tax Advice Fees	403,467	275,213	554,775
Taxes	179,173	83,181	83,181
Office expenses	283,645	239,766	245,862
Insurance	96,560	23,223	73,881
Advertising & Marketing	180,220	42,942	42,942
Corporate expenses	606,901	348,842	726,034
Maintenance	4,090	16,939	18,939
Travel	223,940	189,158	196,441
Other	589,994	223,652	224,717
	<u>4,294,600</u>	<u>2,603,171</u>	<u>3,377,946</u>

### **Employee and Director Benefit Expenses**

The Company's expenditure on Employee and Director Benefit was \$1,726,610 (2018: \$1,160,255, adjusted for RTO \$1,211,174). The increase represents payment of salaries to the Company's original founders, Dr Arango, Dr Marin, Andres Vanegas & Alexander Sanz, to reflect full-time market salaries. This increase adds around \$743,000 per annum when including salary-related government charges. In 2018 these increased salaries were only from the date of listing, i.e., four months.

### **Audit, Legal and Tax Advice Fees**

Audit, Legal and Tax Advice Fees for the year was \$403,467 (2018: \$275,213, adjusted for RTO \$554,775). The reduction in fees is primarily related to the additional fees incurred by IMEXHS Limited in 2018 related to the acquisition.

### **Taxes**

Indirect taxes levied on the business are \$179,173 (2018: \$83,181) and reflect an increase due to the increased business activity by the Colombian entity.

### **Office Expenses**

Office expenses were \$283,645 (2018: \$239,766, adjusted for RTO: \$245,862). This number which in the prior year included office rent (which following the adoption of AASB 16 *Leases* would have been expected to fall). However, the growth of the business has seen other general office expenses offset this fall.

### **Insurance**

Insurance expenses were \$96,560 (2018: \$23,223, adjusted for RTO: \$73,881). The increase reflects the increase on the renewal of various insurances.

### **Advertising & Marketing**

Advertising & Marketing were \$180,220 (2018: \$42,942). The increase reflects the increased activity by IMEXHS, particularly in respect of industry conferences, and most notably our first-time as an exhibitor at the Radiological Society of North America conference.

**Corporate Expenses**

Corporate Expenses were \$606,901 (2018: \$348,842, adjusted for RTO: \$726,034). These expenses are comprised mostly of Australian expenses related to costs associated with being a listed entity (ASX, ASIC, Company Secretarial) and corporate advisory costs. This number has reduced from the adjusted RTO figure in 2018 as the figure included advisory costs related to the RTO transaction.

**Other Expenses**

Other Expenses were \$589,994 (2018: \$223,652, adjusted for RTO: \$224,717). The main reason for the increase in 2019 relates to a decision by the Colombian Tax Authorities to deny deduction to IMEXHS for certain withholding taxes taken by foreign suppliers in 2017 and 2018.

**Financial Position**

The Company had net assets of \$10,316,636 (2018: \$5,850,795) and net tangible assets of \$9,846,749 (2018: \$5,323,427). The cash and cash equivalents of \$7,149,683 (2018: \$2,445,329).

The following table provides a summary of important balances from the Group's Statement of Financial Position at 31 December 2019:

<b>Consolidated</b>	<b>31 December 2019 \$</b>	<b>31 December 2018 \$</b>	<b>Movement %</b>
Cash and cash equivalents	7,149,683	2,445,329	192%
Trade and other receivables	3,653,647	3,880,759	-6%
Inventories	107,354	811,310	-87%
Property, Plant and Equipment	3,376,006	1,591,111	112%
Trade and other payables	(870,151)	(1,897,472)	-54%
Borrowings	(1,542,301)	(188,491)	718%
Other Assets/Liabilities	(1,557,602)	(791,751)	97%
Net Assets	<u>10,316,636</u>	<u>5,850,795</u>	76%
<i>Net Tangible Assets</i>	9,846,749	5,323,427	85%

**Cash and cash equivalents**

IMEXHS had cash balances as at 31 December 2019 of \$7,149,683 (2018: \$2,445,329), which was up 192% over the prior year. The Company completed a capital raise at an issue price of \$0.04 per share during the year. This generated \$9,204,206 (net of fees) of cash for the Company.

**Trade and other receivables**

The level of trade and other receivables has reduced from \$3,880,759 to \$3,653,647. Of this, trade receivables has dropped by 20% to \$2,692,470 (2018: \$3,362,829). The Company has improved its cash collections during the year, which has reduced the number of accounts past due less than 180 days. The Company increased its provision on long-outstanding debtors. It is important to note that some of these debtors are already on repayment plans and the Company continues to pursue the other long outstanding debts.

Overall, net trade receivables now stand at 89% in current status.

**Inventories**

The Company's inventories has reduced in line with the general strategy of pursuing recurring revenue sales. This has seen inventories fall by 87%.

### **Property, Plant and Equipment**

The investment in Property, Plant and Equipment has increased to \$3,376,006 (2018: \$1,591,111), or 112%. This increase is driven by the success in winning important recurring revenue contracts.

### **Trade and other payables**

Trade and other payables is \$870,151 (2018: \$1,897,472), a reduction of 54%. Historically, trade payables has been high in December owing to the one off sales made in the last quarter of the year. As the Company reduces its focus on one off sales, trade payables has fallen. This may include equipment that has already been installed and generating revenue for the Company.

### **Borrowings**

The Company's borrowings are \$1,542,301 (2018: \$188,491). This increase has been brought about by the Company's preference to obtain financing of the acquisition of property, plant and equipment and software licences necessary for the Company's Platform as a Service contracts, to allow for cash flow neutral financing of equipment.

The result reflects the revenues being generated by its increasing portfolio of recurring revenue contracts over the year together with strong second-half one-off sales.

### **Highlights for the Financial Year**

#### **i) Momentum in Colombia, key contract extensions & new client wins**

IMEXHS's strong revenue result was driven by a number of key contract wins including a 1-year contract (with two automatic annual renewals) with Colsubsidio, a leading Family Welfare Fund in Colombia. The contract has a TCV of \$3.9m. The Company also won a new 7-year contract with existing customer AI-RAD (TCV \$3.5m). IMEXHS also announced the 6-year extension of an existing contract with Clínica Las Americas, one of the leading private hospitals in Colombia. The contract extension has a TCV of \$1.6m and demonstrates the recurring nature of our contracts.

IMEXHS also won contracts with Fundación Cardiovascular de Colombia (TCV \$0.3m), RadOne (TCV \$0.2m) and Los Valles Hospital (TCV \$0.2m). IMEXHS continues to see positive momentum in its sales pipeline with customers across LATAM increasingly choosing the HIRUKO software to meet their evolving imaging software needs.

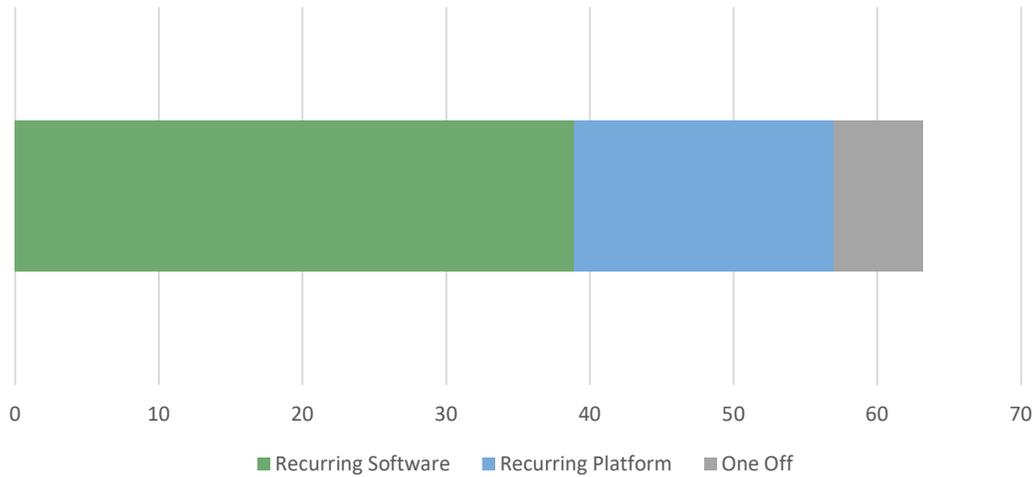
#### **ii) Geographic expansion gaining traction, sales pipeline increasing**

IMEXHS received clearance from the US Food and Drug Administration (FDA) throughout the year. The clearance was an important milestone for the Company as it enables IMEXHS to distribute its suite of imaging software solutions to customers in the US. IMEXHS marked its entry into the US market with a first-time appearance at Radiological Society of North America (RSNA), one of the leading international industry events. The conference played a key role in helping IMEXHS raise its profile among important industry stakeholders.

IMEXHS also expanded the distribution of its imaging solutions in Panama, Honduras, Nicaragua, Uruguay and Brazil and won its first contracts in Spain, Australia and Puerto Rico.

With the global Radiology Information Systems (RIS) and Picture Archiving Communication System (PACS) market forecast to reach US\$5b by 2027, a CAGR of 7.4%. IMEXHS has a significant opportunity to grow its revenue base by winning contracts in a large and highly fragmented global market.

**WEIGHTED SALES PIPELINE**  
A\$m



**iii) International recognition**

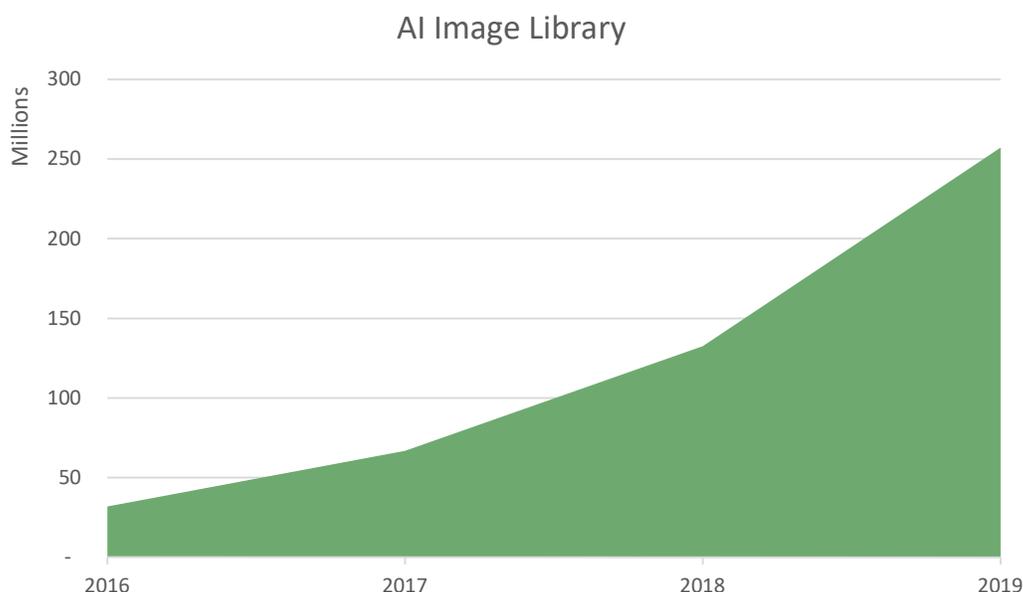
The Company also improved its brand awareness winning a number of internationally recognised awards including first place at SIM Hackathon and ANDICOM; fourth place in the Ingram Micro Cloud Comet Competition and reaching the semi-finals at “The Minnies” in the category of “Best New Radiology Vendor”.

**iv) Ongoing investment in software and AI strengthening competitive advantage**

IMEXHS continues to invest in Research & Development to enhance the competitive advantage of its software solutions and develop its Artificial Intelligence (AI) capabilities.

The significant investment during the year in R&D has enabled the release of additional web visualisation tools to the HIRUKO product suite. Throughout the year the Company released a number of new tools including triangulation, multiplanar reconstruction & maximum intensity projection, AI tools, cardiology and pathology platforms. The Company also released its industry leading multi-tenant architecture, which has the potential to be highly disruptive in the imaging software market.

By providing interpretation services in a number of strategic contracts the Company has developed a test bed for the development and training of its AI tools. The Company now has access to over 257 million images from which it can leverage its AI development.



During 2019 the Company released a number of AI tools, the first of which assists radiologists through the analysis of chest x-rays across 14 diseases.

Providing Radiology Services is an important part of the Company's broader strategy as it facilitates the development of industry leading Artificial Intelligence products for the imaging software market.

For further information see significant changes in the state of affairs below.

## 5 Significant changes in state of affairs

### Capital Raise

On 9 December 2019, the Company completed the second tranche of a \$10m placement that it had announced in October, raising \$5m through the issue 125,000,000 shares at an issue price of \$0.04 per share. This two-tranche placement has in total raised \$10m through the issue of 250,000,000 shares at an issue price of \$0.04 per share.

## 6 Outlook for 2020

The Company's pipeline of revenue opportunities continues to expand through its network of experienced, in-country medical products distributors and the ongoing development of our own sales capabilities. As a result, we expect to see revenue to continue to grow year on year.

Against this growth in revenue, the Company continues to invest in the development of HIRUKO's features and plans further expansion in its existing and new territories, both of which will drive future growth and earnings.

### i) Enhancement of remote-working capabilities

The recent impact of the coronavirus disease 2019 (COVID-19) has seen an emphasis on remote working. IMEXHS will look to capitalise on its strong tele-radiology capabilities with enhancements to allow other forms of tele-working, including tele-assistance to patients.

### ii) Sales growth

The Company is focussed on converting its strong LATAM sales pipeline and is continuing to expand the distribution of its imaging software solutions into new markets. In 2020 IMEXHS will focus on expanding its sales activities in LATAM, the US, Australia, Brazil and Spain. IMEXHS is aiming to complete ANVISA (Agência

Nacional de Vigilância Sanitária, Brazil's Health Regulatory Agency) certification for Brazil in the first half of 2020, allowing us to actively pursue opportunities in this important market. We will then commence the CE certification process for Europe, which is expected to be completed before the end of the year.

### iii) Continued product innovation

We will leverage our expanded R&D resources and build on our competitive advantage by offering higher value tools and AI capabilities to the Medical Imaging industry. Included in our roadmap is the addition of AI tools to our Radiology and Pathology modules. These enhancements are to be aimed at both the administrative processes as well as the imaging work.

Working with AG Mednet, we are enhancing our PACS to include specific additional information for clinical trial purposes. We are also working on our toolsets to enhance the value that can be extracted from our image library by adding additional metadata to our image set. This will enable us to create a very clean image library and will improve the machine learning capabilities of HIRUKO.

We are also working on a web version of our Braviz platform for advanced analytics and visualisation of neurological images, which provides a wealth of data for both research and education purposes.

### iv) Customer satisfaction

Customer satisfaction is key to renewing 'aaS' contracts at end of term. The Company is proud of its outstanding customer satisfaction and customer retention record and is committed to maintaining this performance. The Company is very proud of our record of never having had HIRUKO displaced by a competitor.

## 7 Capital Structure

Securities currently quoted on ASX	Number
Fully paid ordinary shares	1,175,657,186
Unquoted securities	Number
Performance shares (Class A)	750,000
Options exercisable at 2.5 cents on or before 31 March 2021	35,000,000
Class A unlisted options at 5 cents on or before 30 June 2021	50,000,000
Class B unlisted options at 3.75 cents on or before 28 August 2023	50,000,000
Class C unlisted options at 3.75 cents on or before 28 August 2023	50,000,000
Advisor unlisted options at 5 cents on or before 30 June 2021	30,000,000
Unlisted options at 3.75 cents on or before 30 June 2021	12,500,000
Unlisted options at 7 cents on or before 25 October 2023	4,000,000
Unlisted options at 5.3 cents on or before 9 December 2023	2,000,000
Unlisted options at 5.4 cents on or before 31 March 2022	40,000,000
Unlisted options at 5.4 cents on or before 30 September 2022	5,000,000

## 8 Events after the reporting date

### New Chairman

Subsequent to the end of the financial year, the Company appointed a new Chairman on 12 March 2020.

#### *Mr Douglas Flynn*

Mr Flynn has held senior management roles and directorships in major companies in Australia and overseas.

Prior to moving to London in 1994 Mr Flynn had held senior roles in ICI Australia and News Limited after it acquired ASX listed Davies Brothers Ltd where he had been chief executive.

While based in London he was successively Managing Director of News International plc chief executive of Aegis Group plc and chief executive of Rentokil Initial plc.

In mid-2008, Mr Flynn returned to Australia and has been a director of HKEX listed Qin Jia Yuan Media, and ASX listed West Australian Newspapers, Seven West Media and chaired Isentia Ltd, APN Outdoor Ltd, Konekt Ltd and NextDC Ltd. He retired from the board of Seven West Media in 2013 to undertake the IPO of APN Outdoor which was subsequently sold in December 2018 to international operator JC Decaux. He retired from the board of iSentia in November 2017. In November 2019 Konekt Ltd was acquired by Quadrant PE owned APM. Mr Flynn remains chair of leading Australian data centre operator NextDC Limited.

Mr Flynn graduated in chemical engineering from the University of Newcastle, New South Wales. He received an MBA with distinction from Melbourne University in 1979.

Mr Flynn will be paid a fee of \$72,000 per annum plus superannuation.

Subject to shareholder approval, the Company will issue the following securities to Mr Flynn or his nominated entity as follows:

- 16,666,667 ordinary shares at 3 cents per share;
- 8,000,000 options with a strike price of 5.5 cents;
- 8,000,000 options with a strike price of 7 cents; and
- 12,000,000 options with a strike price of 3 cents, vesting when the Company's share price reaches or exceeds a 30-day VWAP of 12 cents.

### **Coronavirus pandemic**

On 11 March 2020, the World Health Organisation recognised the COVID-19 as a pandemic. The Company has adopted remote working policies and procedures for its workforce to address the health and wellbeing of our employees. At this time the pandemic has not had an impact on our ability to deliver services.

The responses by governments and businesses has seen increased remote working, which the Company believes will show-case the tele-radiology capabilities of HIRUKO. We believe that this will provide increased awareness of our product, particularly with the increased attention from governments in this area.

Medical imaging through CT Scans and chest X-Rays form an essential part of the diagnosis for the COVID-19 virus. Consequently, the Company expects that the impact on its clients in the short-term will be a likely increase in in-patient medical imaging and a reduction in out-patient medical imaging from the deferral of non-urgent clinic visits.

The timing, extent of the impact and recovery from COVID-19 on our employees, customers and suppliers is unknown at this stage.

The full impact of COVID-19 outbreak continues to evolve as at the date of this report. As such the Company is unable to estimate the effects of the COVID-19 outbreak on the Company's financial position, liquidity and operations in the financial year 2020.

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

## **9 Future developments and results**

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

## **10 Environmental issues**

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

11 Information on directors

<b>Name</b>	Mr Douglas Flynn (appointed 12 March 2020)
<b>Title</b>	Non-executive Chairman
<b>Qualifications:</b>	B.Eng., MBA
<b>Experience and expertise:</b>	My Flynn is an businessman with extensive executive and non-executive leadership experience in large and small listed companies in Australia, UK and Hong Kong. He also has sound experience in early stage technology businesses.
<b>Other current listed Company directorships:</b>	NextDC Limited
<b>Former listed Company directorships (last 3 years):</b>	Konekt Limited, APN Outdoor Group Limited, iSentia Group Limited
<b>Interests in shares and options:</b>	Nil

<b>Name</b>	German Arango (appointed 28 August 2018)
<b>Title</b>	Chief Executive Officer
<b>Qualifications:</b>	Medical Doctor and Surgery (El Bosque), Diagnostic Radiology (La Sabana), Diagnostic Neuroradiology (McGill), Member of RSNA, Member of CAR, Member of ACR, Member of ASNR
<b>Experience and expertise:</b>	Dr Arango is the CEO and founder of Imaging Experts and Healthcare Services S.A.S. and has over 14 years' experience as a practising radiologist in Colombia.
<b>Other current listed Company directorships:</b>	N/A
<b>Former listed Company directorships (last 3 years):</b>	N/A
<b>Interests in shares and options:</b>	Ordinary shares: 157,525,160 Class A options over ordinary shares: 15,287,254 Class B options over ordinary shares: 15,287,254 Class C options over ordinary shares: 15,287,254

<b>Name</b>	Mr Howard Digby (appointed 1 August 2017)
<b>Title</b>	Non-executive Director
<b>Qualifications:</b>	B.Eng. (Hons)
<b>Experience and expertise:</b>	Mr. Digby brings over 25 years management experience in technology and information services including senior roles at IBM, Adobe, Gartner and The Economist Group in numerous countries.
<b>Other current listed Company directorships:</b>	4DS Memory Limited, Elsieht Limited, HearMeOut Limited, Vortiv Ltd (formerly Transaction Solutions International Limited), Cirralto Ltd
<b>Former listed Company directorships (last 3 years):</b>	Estrella Resources Limited
<b>Interests in shares and options:</b>	Ordinary shares: 9,539,655 Options over ordinary shares: 1,500,000

<b>Name</b>	<b>Dr Doug Lingard (appointed 10 December 2018)</b>
<b>Title</b>	Non-executive Director
<b>Qualifications:</b>	MB.ChB. FRANZCR, MAICD
<b>Experience and expertise:</b>	Doug is an experienced Radiologist and Nuclear Physician who has worked in various leadership roles in Auckland, Washington DC and Sydney. Doug is a Senior Associate of FinSIA and a member of the Australian Institute of Company Directors. He is the founder and present Chairman of the Mito Foundation, the peak charity in Australia for people with mitochondrial disease.
<b>Other current listed Company directorships:</b>	N/A
<b>Former listed Company directorships (last 3 years):</b>	N/A
<b>Interests in shares and options:</b>	Ordinary shares: 6,094,558 Options over ordinary shares: 42,000,000

<b>Name</b>	<b>Mr Carlos Palacio (appointed 28 August 2018)</b>
<b>Title</b>	Non-executive Director
<b>Qualifications:</b>	B.Elec.Eng, MBA
<b>Experience and expertise:</b>	Mr Palacio has over 27 years' experience in international IT, Telecommunications and strategic management.
<b>Other current listed Company directorships:</b>	N/A
<b>Former listed Company directorships (last 3 years):</b>	N/A
<b>Interests in shares and options:</b>	Ordinary shares: 103,833,600 Class A options over ordinary shares: 10,076,680 Class B options over ordinary shares: 10,076,680 Class C options over ordinary shares: 10,076,680

<b>Name</b>	<b>Mr Tom Pascarella (appointed 25 October 2018)</b>
<b>Title</b>	Non-executive Chairman (resigned 30 November 2019)
<b>Qualifications:</b>	A.B. Political Economy (Princeton), CFTP, F.Fin, MAICD
<b>Experience and expertise:</b>	Mr Pascarella has extensive experience over 25 years in various relationship management, transaction origination and senior leadership roles in Corporate & Investment Banking.
<b>Other current listed Company directorships:</b>	N/A
<b>Former listed Company directorships (last 3 years):</b>	N/A
<b>Interests in shares and options:</b>	Ordinary shares: nil Options over ordinary shares: 4,000,000

## 12 Company secretary

The Company's Company Secretary is Mr Peter Webse (appointed 1 May 2018).

Mr Webse has over 25 years' company secretarial experience and is managing director of Platinum Corporate Secretariat Pty Ltd, a company specialising in providing company secretarial, corporate governance and corporate advisory services. Mr Webse holds a Bachelor of Business with a double major in Accounting and

Finance, is a Fellow of the Governance Institute of Australia, a Fellow Certified Practising Accountant and a Member of the Australian Institute of Company Directors.

### 13 Meetings of directors

The following table sets out the number of meetings of the Company's Directors held during the year while each was a Director and includes meetings held in person and by teleconference.

	Directors' Meetings	
	Number eligible to attend	Number attended
Carlos Palacio	15	14
German Arango	15	15
Howard Digby	15	15
Doug Lingard	15	14
Tom Pascarella	14	14

### 14 Shares Under Option

At the date of this report, the unissued ordinary shares of IMEXHS Limited under option are unlisted and are as follows:

Type	Grant date	Date of expiry	Exercise price	Number of options	Valuation	Note
Options	22/07/2017	31/03/2021	\$0.025	35,000,000	233,480	
Class A Options*	28/08/2018	30/06/2021	\$0.050	50,000,000	450,000	
Class B Options*	28/08/2018	28/08/2023	\$0.038	50,000,000	-	(a)
Class C Options*	28/08/2018	28/08/2023	\$0.038	50,000,000	-	(b)
New Options*	28/08/2018	30/06/2021	\$0.038	12,500,000	137,500	
Advisor Options*	28/08/2018	30/06/2021	\$0.050	30,000,000	270,000	
Director Options	25/10/2018	25/10/2023	\$0.070	4,000,000	60,000	(c)
Director Options	10/12/2018	10/12/2023	\$0.053	2,000,000	26,500	(d)
Loan Agreement Options	7/10/2019	31/03/2022	\$0.054	40,000,000	1,080,000	(e)
Advisor Options	31/10/2019	30/09/2022	\$0.054	5,000,000	120,000	
				<u>278,500,000</u>		

\* Subject to escrow

- (a) Options issued in consideration for Imaging Experts and Healthcare Services Pty Ltd, subject to the vesting condition of the Company exceeding \$5,000,000 EBIT in any rolling four quarter period.
- (b) Options issued in consideration for Imaging Experts and Healthcare Services Pty Ltd, subject to the vesting condition of the Company exceeding \$7,500,000 EBIT in any rolling four quarter period.
- (c) Options issued as remuneration to Mr Tom Pascarella, subject to vesting conditions.
- (d) Options issued as remuneration to Dr Doug Lingard, subject to vesting conditions.
- (e) Options issued pursuant to a loan agreement with Domatorisaro Pty Ltd, a related party of Dr Doug Lingard.

Holders do not have any rights to participate in any issues of shares or other interests in the Company.

During the year and up to the date of this report no options were exercised or lapsed.

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

**15 Indemnification and insurance of officers**

Every person who is or has been a director, secretary or executive officer of the entity is indemnified, to the maximum extent permitted by law, out of property of the Company against any liabilities for costs and expenses incurred by that person unless the liability arises out of conduct involving a lack of good faith.

The Company has paid a premium for directors and officers liability. The insurance policy covers the directors of the Company and executive officers. The contract prohibits the disclosure of the nature of the liability insured and the amount of the premium.

**16 Indemnification and insurance of auditors**

The Company has not, during or since the end of the financial period, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial period, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

**17 Proceedings on behalf of Company**

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

The Company was not a party to any such proceedings during the year.

**18 Non-audit services**

During the year, BDO Audit (WA) Pty Ltd, the Company's auditor provided non-audit services in relation to the Investigating Accountant's Report and Compliance and Taxation Services.

The Directors are satisfied that the provision of non-audit services provided during the financial period, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing economic risks and rewards.

The following fees for non-audit services were paid and payable to the external auditors during the year ended 31 December 2019:

	2019	2018
	\$	\$
Compliance and Taxation Services	9,862	6,255
Investigating Accountant's Report	-	27,000

**19 Auditor's independence declaration**

The auditor's independence declaration in accordance with section 307C of the Corporations Act 2001 for the period ended 31 December 2019 has been received and can be found on page 35 of the financial report.

**20 Remuneration report (audited)**

This remuneration report outlines the Director and executive remuneration arrangements of each director of IMEXHS Limited, and for all other key management personnel (**KMP**), in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purposes of this report, KMP are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any directors (whether executive or otherwise).

The remuneration report is presented in the below sections:

- 20.1 Key Management Personnel
- 20.2 Remuneration Framework
- 20.3 Executive Remuneration Arrangements
- 20.4 Executive Contractual Arrangements
- 20.5 Non-executive Director Arrangements
- 20.6 Relationship of Reward and Performance
- 20.7 Company performance, shareholder wealth and director & executive remuneration
- 20.8 Share-based Remuneration
- 21 Details of Remuneration
- 22 Shareholdings
- 23 Other Key Management Personnel Disclosures
- 23 Voting and comments at the 2018 AGM
- 24 Use of Remuneration Consultants

The figures disclosed in this Remuneration Report reflect the remuneration whilst employed by IMEXHS Limited only. The totals do not necessarily correspond to various disclosures in the financial statements as the definition of KMP under Australian Accounting Standards differs from the Corporations Act 2001.

**20.1 Key management personnel (including the executives of the Company)**

The report covers Non-Executive Directors, Executive Directors and other KMP, and is for the full year unless otherwise noted:

**2019**

Non-executive directors (NED)	Executive Directors	Other KMP
Tom Pascarella <sup>1</sup> Howard Digby Doug Lingard Carlos Palacio	German Arango	Jorge Marin Tony Thomas Andres Vanegas

There were no other changes after the reporting date and before the date the financial report was authorised for issue.

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<sup>1</sup> Resigned 30 November 2019.

## 2018

Non-executive directors (NED)	Executive Directors	Other KMP
Tom Pascarella <sup>2</sup>	German Arango <sup>3</sup>	Jorge Marin <sup>4</sup>
Howard Digby		Tony Thomas <sup>5</sup>
Doug Lingard <sup>6</sup>		Andres Vanegas <sup>7</sup>
Carlos Palacio <sup>8</sup>		Paul Frederiks <sup>9</sup>
Andrew Lilley <sup>10</sup>		
Peter Webse <sup>11</sup>		

## 20.2 Remuneration Framework

Due to the size of the Company, the role of remuneration committee is performed by the Board. It is primarily responsible for:

- The over-arching executive remuneration framework;
- Remuneration levels of executives; and
- Non-executive director fees.

The remuneration packages of directors and KMP of IMEXHS Limited have been designed to align director and other KMP objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific performance pay incentives based on key performance areas affecting the entity's financial results where the Board deems such incentives to be appropriate. The Board of IMEXHS Limited believes this remuneration methodology to be appropriate and effective in its ability to attract and retain the best KMP and directors to run and manage the business, as well as create goal congruence between directors, other KMP and shareholders.

The Board determines the nature and the amount of remuneration for Board members and KMP of the entity as detailed below.

The non-executive directors and executives based in Australia receive the superannuation guarantee contribution, where entitled, required by the government, which is currently 9.5%, and do not receive any other retirement benefits.

All remuneration paid to directors and other KMP is valued at the cost to the Company and expensed.

## 20.3 Executive Remuneration Arrangements

All KMP may receive a base salary, superannuation, fringe benefits (if applicable) and performance pay incentives (if applicable).

The performance pay plan is reviewed by the Board. Objectives for the KMP are set by the Board. KMP packages are reviewed annually by reference to the entity's performance, KMP performance and comparable information from industry sectors and other listed companies in similar industries.

<sup>2</sup> Appointed 25 October 2018.

<sup>3</sup> Appointed 28 August 2018.

<sup>4</sup> From 28 August 2018, being the date of acquisition of Imaging Experts and Healthcare Services Pty Ltd.

<sup>5</sup> From 28 August 2018, being the date of acquisition of Imaging Experts and Healthcare Services Pty Ltd

<sup>6</sup> Appointed 10 December 2018.

<sup>7</sup> From 28 August 2018, being the date of acquisition of Imaging Experts and Healthcare Services Pty Ltd.

<sup>8</sup> Appointed 28 August 2018.

<sup>9</sup> Appointed 6 February 2017, Resigned as Company Secretary 31 May 2018. Resigned as CFO 28 August 2018.

<sup>10</sup> Appointed 1 July 2017, Resigned 25 October 2018.

<sup>11</sup> Appointed 17 November 2017, Resigned as Director 28 August 2018, and continues as Company Secretary.

The performance of KMP is measured against criteria agreed annually with each KMP, and is in part based on the forecast growth of the entity's profits and shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives and bonuses. Any changes must be justified by reference to measurable performance criteria. The remuneration practices are designed to attract the highest calibre of KMP and reward them for performance that results in long-term growth in shareholder wealth.

The principal terms of executive services agreements are as follows:

Dr German Arango – Chief Executive Officer

- The remuneration comprises a base salary of \$290,000 per annum plus statutory superannuation.
- Termination may be:
  - a) by either party without cause with 6 months' written notice, or in the case of the Company immediately with payment in lieu of notice;
  - b) by the Company with one month's notice, or immediately with payment in lieu of notice if Dr Arango is unable to perform his duties under the agreement for three consecutive months or a period aggregating to three months in a 12 month period
  - c) by either party with 6 months' written notice if Dr Arango's role becomes redundant. If the Company terminates the employment of Dr Arango within 6 months of a Change of Control it will be deemed to be a termination by reason of redundancy. If the Company terminates for reason of redundancy it shall be obliged to pay Dr Arango for any notice period worked. In addition, it will be required to pay any redundancy amount payable under applicable laws, an amount equal to 6 months' base salary (less tax) and any accumulated entitlements;
  - d) by the Company, at any time with written notice and without payment (other than entitlements accrued to the date of termination) as a result of any occurrence which gives the Company a right of summary dismissal at common law; and
  - e) by Dr Arango immediately, by giving notice, if the Company is in breach of a material term of its agreement with him.
- The agreement otherwise contains industry-standard provisions for a senior executive of a public listed company.

Dr Jorge Marin – Chief Medical Officer

- The remuneration comprises a base salary of \$200,000 per annum plus mandatory entitlements under the governing labour law and regulations.
- Termination may be:
  - a) by either party without cause with 6 months' written notice, or in the case of the Company immediately with payment in lieu of notice; and
  - b) by the Company with immediate effect if Dr Marin does not, refuses or is unable to perform his duties under the agreement.
- The agreement otherwise contains industry-standard provisions for a senior executive of a public listed company.

Mr Andres Vanegas – Chief Sales Officer

- The remuneration comprises a base salary of \$140,000 per annum plus mandatory entitlements under the governing labour law and regulations. A bonus of up to additional \$60,000 per annum may be earned by Mr Venegas contingent on him meeting sales targets agreed with the Company.
- Termination may be:

- a) by either party without cause with 6 months' written notice, or in the case of the Company immediately with payment in lieu of notice; and
  - b) by the Company with immediate effect if Mr Vanegas does not, refuses or is unable to perform his duties under the agreement.
- The agreement otherwise contains industry-standard provisions for a senior executive of a public listed company.

**20.4 Executive Contractual Arrangements**

Remuneration and other terms of employment for the CFO and Company Secretary and all other key management positions held have been formalised in service agreements.

Mr Tony Thomas – Chief Financial Officer

- IMEXHS has agreed to pay Mr Thomas a consultancy fee of \$900 per professional day worked (exclusive of GST) for his services. The agreement has no fixed term.
- Termination may be:
  - a) by either party without cause with 3 months' written notice; or
  - b) by the Company with immediate effect for cause, including for a breach of the agreement, if Mr Thomas is convicted of a criminal offence involving fraud or dishonesty, if Mr Thomas conducts himself to bring him or IMEXHS into disrepute or for conflicts of interest that cannot be resolved.

**20.5 Non-executive Director Remuneration Arrangements**

The Board’s policy is to remunerate non-executive directors at a rate that reflects the Company’s current stage of development, remaining cognisant of market rates for comparable companies for time, commitment and responsibilities.

Remuneration of the non-executive directors is made on this basis and is reviewed annually, based on market practice, duties and accountability. Independent external advice is sought where required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at general meeting. For the financial period ended 31 December 2018, and in respect of each financial year thereafter and until otherwise determined by a resolution of shareholders, the maximum aggregate remuneration payable by the Company to all Non-Executive Directors of the Company for their services as Directors including their services on a Board committee or sub-committee and including superannuation is limited to \$250,000 per annum.

The total remuneration packages exclusive of superannuation benefits for the Non-Executive Directors are as follows:

Board fees	\$ per annum
Chairman	72,000
Other Non-Executive Directors	36,000

There are no additional committee fees payable.

All Non-Executive Directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including remuneration, relevant to the office of Director.

**20.6 Relationship of Reward and Performance**

As is detailed in the below sections of this Directors Report, current directors, Dr German Arango and Mr Carlos Palacio, as well as KMP members, Dr Jorge Marin and Mr Andres Vanegas also indirectly hold Options (Class B

and Class C). These options were issued to them as a component of consideration as vendors of Imaging Experts and Healthcare Services Pty Ltd. The terms of these options are dealt with below.

## 20.7 Company performance, shareholder wealth, and director and executive remuneration

Due to the change in the nature of operations of the business during the past year, there does not yet exist a clear link between the gross revenue, profits and dividends for the last four years for the Company as well as the share price at the end of the respective financial years. The normal operations of the company during a full financial year for 2019 will help establish these relationships.

## 20.8 Share-based remuneration

Options were issued to non-executive Directors, Mr Tom Pascarella and Dr Doug Lingard as a component of their remuneration as non-executive Directors of the Company. The terms of these options are dealt with below.

There were nil options issued during the period to other KMP in connection with remuneration. Options may be issued to KMP as part of their remuneration.

Options are issued to KMP of IMEXHS Limited and its subsidiaries to increase goal congruence between KMP and shareholders, and are partly based on performance criteria.

## 21 Details of Remuneration

### *Remuneration of Key Management Personnel*

#### Remuneration for the period ended 31 December 2019

	Note	Cash salary and fees	Fixed Superannuation	Variable Share-based Payments	Total	Remuneration consisting of share-based payments
		\$	\$	\$	\$	%
<b><u>Non-Executive Directors</u></b>						
Mr Carlos Palacio		39,000	3,705	-	42,705	0.0%
Mr Howard Digby		36,000	-	-	36,000	0.0%
Dr Doug Lingard		36,000	3,420	9,750	49,170	19.8%
Mr Tom Pascarella	a	66,000	6,270	55,962	128,232	43.6%
<b>Total Non-Executive Directors</b>		<b>177,000</b>	<b>13,395</b>	<b>65,712</b>	<b>256,107</b>	
<b><u>Executive Directors</u></b>						
Dr German Arango		286,853	-	-	286,853	0.0%
<b><u>Other KMP</u></b>						
Dr Jorge Marin		189,824	-	-	189,824	0.0%
Mr Tony Thomas		205,650	-	-	205,650	0.0%
Mr Andres Vanegas		139,713	-	-	139,713	0.0%
<b>Total Other KMP</b>		<b>535,187</b>	<b>-</b>	<b>-</b>	<b>535,187</b>	
<b>TOTAL KMP</b>		<b>999,040</b>	<b>13,395</b>	<b>65,712</b>	<b>1,078,147</b>	

Individuals were KMP of the company for the whole period unless otherwise stated.

a Resigned 30 November 2019.

Remuneration for the period ended 31 December 2018

	Note	Cash salary and fees	Fixed Superannuation	Variable Share-based Payments	Total	Remuneration consisting of share-based payments
		\$	\$	\$	\$	%
<b>Non-Executive Directors</b>						
Mr Tom Pascarella	a	12,000	1,140	4,038	17,178	23.5%
Mr Howard Digby	b	33,508	-	125,000	158,508	78.9%
Dr Doug Lingard	c	3,000	285	561	3,846	14.6%
Mr Carlos Palacio	d	11,219	1,066	-	12,285	0.0%
Mr Andrew Lilley	e	26,007	-	125,000	151,007	82.8%
Mr Peter Webse	f	59,667	-	-	59,667	0.0%
<b>Total Non-Executive Directors</b>		<b>145,401</b>	<b>2,491</b>	<b>254,599</b>	<b>402,491</b>	
<b>Executive Directors</b>						
Dr German Arango	g	96,986	-	-	96,986	0.0%
<b>Other KMP</b>						
Dr Jorge Marin	h	64,037	-	-	64,037	0.0%
Mr Tony Thomas	i	62,100	-	-	62,100	0.0%
Mr Andres Vanegas	j	66,839	-	-	66,839	0.0%
Mr Paul Frederiks	k	54,875	-	-	54,875	0.0%
<b>Total Other KMP</b>		<b>247,851</b>	<b>-</b>	<b>-</b>	<b>247,851</b>	
<b>TOTAL KMP</b>		<b>490,238</b>	<b>2,491</b>	<b>254,599</b>	<b>747,328</b>	

- a Appointed 25 October 2018
- b Appointed 1 August 2017. Share based payment relates to the issue of shares in lieu of cash for work spend on the acquisition of Imaging Experts and Healthcare Services Pty Ltd
- c Appointed 10 December 2018
- d Appointed 28 August 2018, being the date of acquisition of Imaging Experts and Healthcare Services Pty Ltd
- e Appointed 1 July 2017. Resigned 25 October 2018. Comprises \$17,966 in Directors fees and \$3,875 in consulting fees. Share based payment relates to the issue of shares in lieu of cash for work spent on the acquisition of Imaging Experts and Healthcare Services Pty Ltd.
- f Appointed 17 November 2017. Resigned as Director 28 August 2018. Comprises \$16,667 in Directors Fees to that date and \$43,000 in Company Secretarial fees for the full year.
- g Appointed 28 August 2018, being the date of acquisition of Imaging Experts and Healthcare Services Pty Ltd
- h From 28 August 2018, being the date of acquisition of Imaging Experts and Healthcare Services Pty Ltd
- i From 28 August 2018, being the date of acquisition of Imaging Experts and Healthcare Services Pty Ltd
- j From 28 August 2018, being the date of acquisition of Imaging Experts and Healthcare Services Pty Ltd
- k Appointed 6 February 2017. Resigned 28 August 2018.

## 22 Shareholdings

### 22.1 Ordinary Shares

The number of shares in the Company held by each Director and other KMP during the period, including their related parties is summarised below.

	Note	Balance at 1/01/2019	Granted as Remuneration	Purchased	Consideration	Other	Balance at 31/12/2019
<b><u>Non-Executive Directors</u></b>							
Mr Carlos Palacio		103,833,600	-	-	-	-	103,833,600
Mr Howard Digby		7,600,000	-	1,250,000	-	-	8,850,000
Dr Doug Lingard		1,009,999	-	1,675,759	-	-	2,685,758
Mr Tom Pascarella		-	-	-	-	-	-
<b>Total Non-Executive Directors</b>		<b>112,443,599</b>	<b>-</b>	<b>2,925,759</b>	<b>-</b>	<b>-</b>	<b>115,369,358</b>
<b><u>Executive Directors</u></b>							
Dr German Arango	a	157,525,160	-	-	-	-	157,525,160
<b><u>Other KMP</u></b>							
Dr Jorge Marin	a	-	-	-	-	-	-
Mr Tony Thomas		2,507,745	-	-	-	-	2,507,745
Mr Andres Vanegas		102,437,920	-	-	-	-	102,437,920
<b>Total Other KMP</b>		<b>104,945,665</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>104,945,665</b>
<b>TOTAL KMP</b>		<b>374,914,424</b>	<b>-</b>	<b>2,925,759</b>	<b>-</b>	<b>-</b>	<b>377,840,183</b>

- a Consideration shares were issued as part of the acquisition of Imaging Experts and Healthcare Services Pty Ltd. These are held in the company Digital Imaging Solutions S.A.S. where Dr Arango is the controlling shareholder. Accordingly these shares are disclosed against Dr Arango.

22.2 Options

The number of options in the Company held by each Director and other KMP during the period, including their related parties is summarised below.

	Note	Class	Balance at 1/01/2019	Granted as Remuneration	Purchased	Consideration	Other	Balance at 31/12/2019	Vested at 31/12/2019	Unvested at 31/12/2019
<b>Non-Executive Directors</b>										
Mr Carlos Palacio		Class A*	10,076,680	-	-	-	-	10,076,680	10,076,680	-
		Class B*	10,076,680	-	-	-	-	10,076,680	-	10,076,680
		Class C*	10,076,680	-	-	-	-	10,076,680	-	10,076,680
			<b>30,230,040</b>	-	-	-	-	<b>30,230,040</b>	<b>10,076,680</b>	<b>20,153,360</b>
Mr Howard Digby		Unlisted	1,500,000	-	-	-	-	1,500,000	1,500,000	-
Dr Doug Lingard	a	Director	2,000,000	-	-	-	40,000,000	42,000,000	40,000,000	2,000,000
Mr Tom Pascarella	b	Director	4,000,000	-	-	-	(4,000,000)	-	-	-
<b>Total Non-Executive Directors</b>			<b>37,730,040</b>	-	-	-	<b>36,000,000</b>	<b>73,730,040</b>	<b>51,576,680</b>	<b>22,153,360</b>
<b>Executive Directors</b>										
Dr German Arango	c	Class A*	15,287,254	-	-	-	-	15,287,254	15,287,254	-
		Class B*	15,287,254	-	-	-	-	15,287,254	-	15,287,254
		Class C*	15,287,254	-	-	-	-	15,287,254	-	15,287,254
<b>Total Executive Directors</b>			<b>45,861,762</b>	-	-	-	-	<b>45,861,762</b>	<b>15,287,254</b>	<b>30,574,508</b>
<b>Other KMP</b>										
Dr Jorge Marin	c		-	-	-	-	-	-	-	-
Mr Tony Thomas			-	-	-	-	-	-	-	-
Mr Andres Vanegas		Class A*	9,941,234	-	-	-	-	9,941,234	9,941,234	-
		Class B*	9,941,234	-	-	-	-	9,941,234	-	9,941,234
		Class C*	9,941,234	-	-	-	-	9,941,234	-	9,941,234
			<b>29,823,702</b>	-	-	-	-	<b>29,823,702</b>	<b>9,941,234</b>	<b>19,882,468</b>
<b>Total Other KMP</b>			<b>29,823,702</b>	-	-	-	-	<b>29,823,702</b>	<b>9,941,234</b>	<b>19,882,468</b>
<b>TOTAL KMP</b>			<b>113,415,504</b>	-	-	-	<b>36,000,000</b>	<b>149,415,504</b>	<b>76,805,168</b>	<b>72,610,336</b>

\* Subject to escrow

a Granted 40,000,000 options to Domatorisaro Pty Ltd, a related body corporate, as part of a loan agreement entered into on 12 July 2019.

b Appointed 25 October 2018. Resigned 30 November 2019 and ceased to be a KMP from that date.

c Consideration shares were issued as part of the acquisition of Imaging Experts and Healthcare Services Pty Ltd. These are held in the company Digital Imaging Solutions S.A.S. where Dr Arango is the controlling shareholder. Accordingly these shares are disclosed against Dr Arango.

22.3 Terms and conditions of the share-based payment arrangements

Shares

No shares were issued during the year as part of share-based payment arrangements.

Options

The terms and conditions of each grant of options affecting remuneration in the current or future reporting period are as follows:

	Number	Grant date	Vesting and exercise date	Expiry date	Exercise price \$	Value per option at grant date \$	Vested %
<b>Non-Executive Directors</b>							
Dr Doug Lingard*	40,000,000	7 Oct 2019	7 Oct 2019	31 Mar 2022	0.054	0.027	100
<b>Total Non-Executive Directors</b>	<b>40,000,000</b>						
<b>TOTAL KMP</b>	<b>40,000,000</b>						

\* During the year, the company entered into a loan with Domatorisaro Pty Ltd, a related party of Dr Doug Lingard. This loan included the granting of 40,000,000 options. These options have been included as a cost of borrowing which is being amortised over the life of the loan.

**22.3.1 Performance Related Shares and Options**

During the year, the company did not issue any performance rated shares or options.

**23 Other Key Management Personnel Disclosures**

Transactions with related parties were all made on normal commercial terms.

The group sold goods and services from entities that are controlled by members of the group's KMP:

Entity	Nature of Transactions	KMP	Note	Income		Amounts Outstanding	
				2019	2018	2019	2018
				\$	\$	\$	\$
UT Imágenes Diagnosticas La Misericordia	Sales Revenue	G Arango		-	57,106	-	109,690
RIMAB SAS	Sales Revenue	G Arango	a	3,352,350	672,564	1,681,800	435,292
Datamedic SAS	Sales Revenue	A Vanegas		30,548	659,718	256,169	698,098

The group acquired services from entities that are controlled by members of the group's KMP:

Entity	Nature of Transactions	KMP	Note	Expenses		Amounts Outstanding	
				2019	2018	2019	2018
				\$	\$	\$	\$
RIMAB SAS	Interpretation services	G Arango	a	1,684,919	489,598	263,046	17,751
German Arango	PaaS Equipment Financing	G Arango	b	100,264	108,891	75,705	44,949
Jorge Marin	PaaS Equipment Financing	J Marin	c	172,224	189,042	344,694	171,835
CrossPoint Telecommunications Pty Ltd	Office space and IT Services	C Palacio	d	14,925	8,917	1,211	1,165
Datamedic SAS	Fixed Asset Purchases	A Vanegas		348,067	-	-	-
Datamedic SAS	Technical services	A Vanegas		76,123	-	-	-

- (a) The company has an agreement with RIMAB S.A.S., an entity owned 100% by Dr Arango.
- (b) Chief Executive Director, Dr German Arango has provided equipment to Imaging Experts and Healthcare Services S.A.S. in return for payments from a contract providing PaaS services. The equipment is repaid

at a 200% rate of return on their loan which is paid in monthly instalments over the initial term of the PaaS contract.

- (c) Chief Medical Officer, Dr Jorge Marin has provided equipment to Imaging Experts and Healthcare Services S.A.S. in return for payments from a contract providing PaaS services. The equipment is repaid at a 200% rate of return on their loan which is paid in monthly instalments over the initial term of the PaaS contract.
- (d) CrossPoint Telecommunications is also a non-exclusive distributor in Australia of IMEXHS's HIRUKO product. No fees have been received or receivable from IMEXHS under this distribution agreement to date.

The company had the following loans from KMP:

<b>KMP</b>	<b>Balance at start of year</b>	<b>Interest paid and payable</b>	<b>Net receipts/(payments)</b>	<b>Balance at end of year</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
J Marin	14,901	-	(14,901)	-
D Lingard	-	95,591	1,000,000	1,000,000

**24 Voting and comments made at the Company's 2019 Annual General Meeting**

The Company received more than 99.9% of "yes" proxy votes on its remuneration report for the 2018 financial year, inclusive of discretionary proxy votes. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

**25 Use of remuneration consultants**

The Company did not employ services of consultants to review its existing remuneration policies.

**26 End of Audited Remuneration Report**

This Directors' Report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



Doug Flynn  
 Chairman  
 30 March 2020

# IMEXHS LTD FINANCIAL REPORT 2019

## CORPORATE GOVERNANCE STATEMENT

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This Corporate Governance Statement is current as at 30 March 2020 and has been approved by the Board of the Company.

This Corporate Governance Statement discloses the extent to which the Company followed the recommendations set by the ASX Corporate Governance Council in its publication *Corporate Governance Principles and Recommendations 3<sup>rd</sup> Edition* (Recommendations). The Recommendations are not mandatory, however the Recommendations that have not been followed have been identified and reasons for not following them, along with what (if any) alternative governance practices have been adopted in lieu of the Recommendation. The Company will be reporting against the *Corporate Governance Principles and Recommendations 4<sup>th</sup> Edition* for the financial year ending 31 December 2020.

The Company has adopted a Corporate Governance Plan which provides written terms of reference for the Company's corporate governance practices. The Board of the Company has not yet formed an audit committee, nomination committee, risk management committee or remuneration committee.

The Company's Corporate Governance Plan is available on the Company's website at [www.imexhs.com](http://www.imexhs.com)

### **Principle 1: Lay solid foundations for management and oversight**

#### ***Roles of the Board & Management***

The role of the Board is to provide overall strategic guidance and effective oversight of management. The Board derives its authority to act from the Company's Constitution.

The Board is responsible for and has the authority to determine all matters relating to the strategic direction, policies, practices, establishing goals for management and the operation of the Company. The Board delegates responsibility for the day-to-day operations and administration of the Company to the Managing Director.

The role of management is to support the Managing Director and implement the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

In addition to matters it is expressly required by law to approve, the Board has reserved the following matters to itself:

- Driving the strategic direction of the Company, ensuring appropriate resources are available to meet objectives and monitoring management's performance;
- Appointment, and where necessary, the replacement, of the Managing Director and other senior executives and the determination of their terms and conditions including remuneration and termination;
- Approving the Company's remuneration framework;
- Monitoring the timeliness and effectiveness of reporting to Shareholders;
- Reviewing and ratifying systems of audit, risk management and internal compliance and control, codes of conduct and legal compliance to minimise the possibility of the Company operating beyond acceptable risk parameters;
- Approving and monitoring the progress of major capital expenditure, capital management and significant acquisitions and divestitures;
- Approving and monitoring the budget and the adequacy and integrity of financial and other reporting such that the financial performance of the Company has sufficient clarity to be actively monitored;
- Approving the annual, half yearly and quarterly accounts;
- Approving significant changes to the organisational structure;
- Approving decisions affecting the Company's capital, including determining the Company's dividend policy and declaring dividends;
- Recommending to shareholders the appointment of the external auditor as and when their appointment or re-appointment is required to be approved by them (in accordance with the ASX Listing Rules if

## IMEXHS LTD FINANCIAL REPORT 2019

### CORPORATE GOVERNANCE STATEMENT

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- applicable);
- Ensuring a high standard of corporate governance practice and regulatory compliance and promoting ethical and responsible decision making; and
- Procuring appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.

Subject to the specific authorities reserved to the Board under the Board Charter, the Board delegates to the Managing Director responsibility for the management and operation of IMEXHS. The Managing Director is responsible for the day-to-day operations, financial performance and administration of IMEXHS within the powers authorised to him from time-to-time by the Board. The Managing Director may make further delegation within the delegations specified by the Board and will be accountable to the Board for the exercise of those delegated powers.

Further details of Board responsibilities, objectives and structure are set out in the Board Charter which is contained within the Corporate Governance Plan available on the IMEXHS website.

#### ***Board Committees***

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of separate committees at this time including audit and risk, remuneration or nomination committees, preferring at this stage of the Company's development, to manage the Company through the full Board of Directors. The Board assumes the responsibilities normally delegated to the Audit and Risk, Remuneration and Nomination Committees.

If the Company's activities increase, in size, scope and nature, the appointment of separate committees will be reviewed by the Board and implemented if considered appropriate.

#### ***Board Appointments***

The Company undertakes comprehensive reference checks prior to appointing a director or putting that person forward as a candidate to ensure that person is competent, experienced, and would not be impaired in any way from undertaking the duties of director. The Company provides relevant information to shareholders for their consideration about the attributes of candidates together with whether the Board supports the appointment or re-election.

The terms of the appointment of a non-executive director, executive directors and senior executives are agreed upon and set out in writing at the time of appointment.

#### ***The Company Secretary***

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board, including agendas, Board papers and minutes, advising the Board and its Committees (as applicable) on governance matters, monitoring that the Board and Committee policies and procedures are followed, communication with regulatory bodies and the ASX and statutory and other filings.

#### ***Diversity***

The Board has adopted a Diversity Policy which provides a framework for the Company to establish and achieve measurable diversity objectives, including in respect to gender, age, ethnicity and cultural diversity. The Diversity Policy allows the Board to set measurable gender diversity objectives (if considered appropriate) and to assess annually both the objectives (if any have been set) and the Company's progress towards achieving them.

The Board considers that, due to the size, nature and stage of development of the Company, setting measurable objectives for the Diversity Policy at this time is not appropriate. The Board will consider setting measurable objectives as the Company increases in size and complexity.

The participation of women in the Company at the date of this report is as follows:

# IMEXHS LTD FINANCIAL REPORT 2019

## CORPORATE GOVERNANCE STATEMENT

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- Women employees in the Company 57%
- Women in senior management positions 38%
- Women on the Board 0%

The Company's Diversity Policy is available on its website.

### ***Board & Management Performance Review***

On an annual basis, the Board conducts a review of its structure, composition and performance.

The annual review includes consideration of the following measures:

- comparison of the performance of the Board against the requirements of the Board charter;
- examination of the Board's interaction with management;
- the nature of information provided to the Board by management; and
- management's performance in assisting the Board to meet its objectives.

The method and scope of the performance evaluation will be set by the Board and may include a Board self-assessment checklist to be completed by each Director. The Board may also use an independent adviser to assist in the review.

The Chairman has primary responsibility for conducting performance appraisals of Non-Executive Directors, in conjunction with them, having particular regard to:

- contribution to Board discussion and function;
- degree of independence including relevance of any conflicts of interest;
- availability for and attendance at Board meetings and other relevant events;
- contribution to Company strategy;
- membership of and contribution to any Board committees; and
- suitability to Board structure and composition.

The Board conducts an annual performance assessment of the Managing Director against agreed key performance indicators.

The Managing Director conducts an annual performance assessment of senior executives against agreed key performance indicators.

As a result of the resignation of the former Chairman and resultant search for a replacement Chairman, no formal appraisal of the Board or of the Managing Director were conducted during the year.

### ***Independent Advice***

Directors have a right of access to all Company information and executives. Directors are entitled, in fulfilling their duties and responsibilities, to seek independent external professional advice as considered necessary at the expense of the Company, subject to prior consultation with the Chairman. A copy of any such advice received is made available to all members of the Board.

# IMEXHS LTD FINANCIAL REPORT 2019

## CORPORATE GOVERNANCE STATEMENT

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### **Principle 2: Structure the board to add value**

#### ***Board Composition***

During the financial year and as at the date of this report the Board was comprised of the following members:

Mr Douglas Flynn	Non-Executive Chairman (appointed 12 March 2020);
Dr German Arango	Chief Executive Officer and Managing Director (appointed 28 August 2018);
Mr Howard Digby	Non-Executive Director (appointed Non-Executive Chairman 1 August 2018 and reverted to Non-Executive Director 25 October 2018);
Dr Douglas Lingard	Non-Executive Director (appointed 10 December 2018);
Mr Carlos Palacio	Non-Executive Director (appointed 28 August 2018, appointed Interim Non-Executive Chairman on 30 November 2019 and reverted to a Non-Executive Director on 12 March 2020); and
Mr Thomas Pascarella	Non-Executive Chairman (appointed 25 October 2018, resigned 30 November 2019).

The Board comprises of only four Non-Executive Directors and one Executive Director.

Messrs Flynn and Digby are considered as independent as they are Non-Executive Directors of the Company (Mr Pascarella was considered as independent during the term of his appointment as Non-Executive Chairman). Dr Lingard is not considered to be independent due to a related party of his providing a financing facility to the Company from 12 July 2019. Dr Arango is not considered to be independent by virtue of being Managing Director and a substantial shareholder of the Company. Mr Palacio is not considered to be independent as he provides contractual services to the Company through CrossPoint Telecommunications.

The Board had an independent Chairman until Mr Pascarella's resignation on 30 November 2019. Mr Palacio, who is not considered independent, took on the role of Interim Chairman until Mr Flynn's appointment as independent Chairman on 12 March 2020. The Company has not had a majority of independent Directors since 12 July 2019. The Company reviews the composition of the Board periodically.

IMEXHS has adopted a definition of 'independence' for Directors that is consistent with the Recommendations.

#### ***Board Selection Process***

The Board considers that a diverse range of skills, backgrounds, knowledge and experience is required in order to effectively govern IMEXHS. The Board believes that orderly succession and renewal contributes to strong corporate governance and is achieved by careful planning and continual review.

The Board is responsible for the nomination and selection of directors. The Board reviews the size and composition of the Board regularly and at least once a year as part of the Board evaluation process.

The Board has established a Board Skills Matrix. The Board Skills Matrix includes the following areas of knowledge and expertise:

- strategic expertise;
- accounting and finance;
- legal;
- managing risk;
- managing people and achieving change;
- experience with financial markets; and
- investor relations.

#### ***Induction of New Directors and Ongoing Development***

New Directors are issued with a formal Letter of Appointment that sets out the key terms and conditions of their appointment, including Director's duties, rights and responsibilities, the time commitment envisaged, and the Board's expectations regarding involvement with any Committee work.

# IMEXHS LTD FINANCIAL REPORT 2019

## CORPORATE GOVERNANCE STATEMENT

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An induction program is in place and new Directors are encouraged to engage in professional development activities to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.

### **Principle 3: Act ethically and responsibly**

The Company has implemented a Corporate Code of Conduct, which provides a framework for decisions and actions in relation to ethical conduct in employment. It underpins the Company's commitment to integrity and fair dealing in its business affairs and to a duty of care to all employees, clients and stakeholders.

All employees and Directors are expected to:

- respect the law and act in accordance with it;
- maintain high levels of professional conduct;
- respect confidentiality and not misuse Company information, assets or facilities;
- avoid real or perceived conflicts of interest;
- act in the best interests of shareholders;
- by their actions contribute to the Company's reputation as a good corporate citizen which seeks the respect of the community and environment in which it operates;
- perform their duties in ways that minimise environmental impacts and maximise workplace safety;
- exercise fairness, courtesy, respect, consideration and sensitivity in all dealings within their workplace and with customers, suppliers and the public generally; and
- act with honesty, integrity, decency and responsibility at all times.

An employee that breaches the Code of Conduct may face disciplinary action including, in the cases of serious breaches, dismissal. If an employee suspects that a breach of the Code of Conduct has occurred or will occur, he or she must report that breach to the Company Secretary, or in their absence, the Chairman. No employee will be disadvantaged or prejudiced if he or she reports in good faith a suspected breach. All reports will be acted upon and kept confidential.

### **Principle 4: Safeguard integrity in corporate reporting**

The Board as a whole fulfils the functions normally delegated to the Audit Committee as detailed in the Audit Committee Charter.

The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises. Candidates for the position of external auditor must demonstrate complete independence from the Company throughout the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Board.

The Board receives regular reports from management and from external auditors. It also meets with the external auditors as and when required.

The external auditors attend IMEXHS's AGM and are available to answer questions from security holders relevant to the audit.

Prior approval of the Board must be gained for non-audit work to be performed by the external auditor. There are qualitative limits on this non-audit work to ensure that the independence of the auditor is maintained.

There is also a requirement that the lead engagement partner responsible for the audit not perform in that role for more than five years.

### **CEO and CFO Certifications**

The Board, before it approves the entity's financial statements for a financial period, receives from its CEO and CFO (or, if none, the persons fulfilling those functions) a declaration provided in accordance with Section 295A

## IMEXHS LTD FINANCIAL REPORT 2019

### CORPORATE GOVERNANCE STATEMENT

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of the Corporations Act that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

#### **Principle 5: Make timely and balanced disclosure**

The Company has a Continuous Disclosure Policy which outlines the disclosure obligations of the Company as required under the ASX Listing Rules and Corporations Act. The policy is designed to ensure that procedures are in place so that the market is properly informed of matters which may have a material impact on the price at which Company securities are traded.

The Board considers whether there are any matters requiring disclosure in respect of each and every item of business that it considers in its meetings. Individual Directors are required to make such a consideration when they become aware of any information in the course of their duties as a Director of the Company.

The Company is committed to ensuring all investors have equal and timely access to material information concerning the Company.

The Board has designated the Company Secretary as the person responsible for communicating with the ASX. All key announcements at the discretion of the Managing Director are to be circulated to and reviewed by all members of the Board.

The Chairman, the Board, Managing Director and the Company Secretary are responsible for ensuring that:

- a) company announcements are made in a timely manner, that announcements are factual and do not omit any material information required to be disclosed under the ASX Listing Rules and Corporations Act; and
- b) company announcements are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.

#### **Principle 6: Respect the rights of security holders**

The Company recognises the value of providing current and relevant information to its shareholders. The Board of the Company aims to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs.

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the Company is committed to:

- communicating effectively with shareholders through releases to the market via ASX, the Company website, information posted or emailed to shareholders and the general meetings of the Company;
- giving shareholders ready access to clear and understandable information about the Company; and
- making it easy for shareholders to participate in general meetings of the Company.

The Company also makes available a telephone number and email address for shareholders to make enquiries of the Company. These contact details are available on the "Corporate Directory" page of the Company's website.

Shareholders may elect to, and are encouraged to, receive communications from IMEXHS and IMEXHS's securities registry electronically. The contact details for the registry are available on the "Corporate Directory" page of the "Investor Relations" section of the Company's website.

The Company maintains information in relation to its Constitution, governance documents, Directors and senior executives, Board and committee charters, annual reports and ASX announcements on the Company's website.

# IMEXHS LTD FINANCIAL REPORT 2019

## CORPORATE GOVERNANCE STATEMENT

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### **Principle 7: Recognise and manage risk**

The Board is committed to the identification, assessment and management of risk throughout IMEXHS's business activities.

The Board is responsible for the oversight of the Company's risk management and internal compliance and control framework. The Company does not have an internal audit function. Responsibility for control and risk management is delegated to the appropriate level of management within the Company with the Managing Director having ultimate responsibility to the Board for the risk management and internal compliance and control framework. IMEXHS has established policies for the oversight and management of material business risks.

IMEXHS's Risk Management Policy recognises that risk management is an essential element of good corporate governance and fundamental in achieving its strategic and operational objectives. Risk management improves decision making, defines opportunities and mitigates material events that may impact security holder value.

IMEXHS believes that explicit and effective risk management is a source of insight and competitive advantage. To this end, IMEXHS is committed to the ongoing development of a strategic and consistent enterprise wide risk management program, underpinned by a risk conscious culture.

IMEXHS accepts that risk is a part of doing business. Therefore, the Company's Risk Management Policy is not designed to promote risk avoidance. Rather, IMEXHS's approach is to create a risk conscious culture that encourages the systematic identification, management and control of risks whilst ensuring we do not enter into unnecessary risks or enter into risks unknowingly.

IMEXHS assesses its risks on a residual basis; that is, it evaluates the level of risk remaining and considering all the mitigation practices and controls. Depending on the materiality of the risks, IMEXHS applies varying levels of management plans.

The Board has required management to design and implement a risk management and internal compliance and control system to manage IMEXHS's material business risks. It receives regular reports on specific business areas where there may exist significant business risk or exposure. The Company faces risks inherent to its business, including economic risks, which may materially impact the Company's ability to create or preserve value for security holders over the short, medium or long term. The Company has in place policies and procedures, including a risk management framework (as described in the Company's Risk Management Policy), which is developed and updated to help manage these risks. The Board does not consider that the Company currently has any material exposure to environmental or social sustainability risks.

The Company's process of risk management and internal compliance and control includes:

- identifying and measuring risks that might impact upon the achievement of the Company's goals and objectives, and monitoring the environment for emerging factors and trends that affect those risks;
- formulating risk management strategies to manage identified risks, and designing and implementing appropriate risk management policies and internal controls; and
- monitoring the performance of, and improving the effectiveness of, risk management systems and internal compliance and controls, including regular assessment of the effectiveness of risk management and internal compliance and control.

The Board reviews the Company's risk management framework at least annually to ensure that it continues to effectively manage risk.

Management reports to the Board as to the effectiveness of IMEXHS's management of its material business risks at each Board meeting.

## IMEXHS LTD FINANCIAL REPORT 2019

### CORPORATE GOVERNANCE STATEMENT

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#### **Principle 8: Remunerate fairly and responsibly**

The Board as a whole fulfils the functions normally delegated to the Remuneration Committee as detailed in the Remuneration Committee Charter.

IMEXHS is in the process of implementing a Remuneration Policy which will be designed to recognise the competitive environment within which IMEXHS operates and also emphasise the requirement to attract and retain high calibre talent in order to achieve sustained performance improvement. The overriding objective of the Remuneration Policy will be to ensure that an individual's remuneration package accurately reflects their experience, level of responsibility, individual performance and the performance of IMEXHS.

The key principles will be to:

- review and approve the executive remuneration policy to enable the Company to attract and retain executives and Directors who will create value for shareholders;
- ensure that the executive remuneration policy demonstrates a clear relationship between key executive performance and remuneration;
- fairly and responsibly reward executives having regard to the performance of the Group, the performance of the executive and the prevailing remuneration expectations in the market;
- remunerate fairly and competitively in order to attract and retain top talent;
- recognise capabilities and promote opportunities for career and professional development; and
- review and approve equity based plans and other incentive schemes to foster a partnership between employees and other security holders.

The Board determines the Company's remuneration policies and practices and assesses the necessary and desirable competencies of Board members. The Board is responsible for evaluating Board performance, reviewing Board and management succession plans and determines remuneration packages for the Managing Director, Non-Executive Directors and senior management based on an annual review process.

IMEXHS's executive remuneration policies and structures and details of remuneration paid to directors and key management personnel (where applicable) are set out in the Remuneration Report.

Non-Executive Directors receive fees (including statutory superannuation where applicable) for their services, the reimbursement of reasonable expenses and, in certain circumstances options.

The maximum aggregate remuneration approved by shareholders for Non-Executive Directors is \$250,000 per annum. The Directors set the individual Non-Executive Directors fees within the limit approved by shareholders.

Executive Directors and other senior executives (where appointed) are remunerated using combinations of fixed and performance based remuneration. Fees and salaries are set at levels reflecting market rates and performance based remuneration is linked directly to specific performance targets that are aligned to both short and long term objectives.

The Company prohibits Directors and employees from entering into any transaction that would have the effect of hedging or otherwise transferring the risk of any fluctuation in the value of any unvested entitlement in the Company's securities to any other person.

Further details in relation to the Company's remuneration policies are contained in the Remuneration Report, within the Directors' Report.

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

As lead auditor of ImExHS Limited for the year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

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

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



**Dean Just**

Director

**BDO Audit (WA) Pty Ltd**

Perth, 30 March 2020

# IMEXHS LTD FINANCIAL REPORT 2019

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 \$	2018 \$
Sales Revenue	4	7,727,260	5,779,851
Interest and other revenue		142,554	307,129
<b>Revenue from Ordinary Activities</b>		<b>7,869,814</b>	<b>6,086,980</b>
Hardware & Licence Expenses		(1,090,415)	(1,051,538)
R&D and Support Expenses		(2,121,479)	(1,339,903)
Platform as a Service Expenses		(760,571)	(511,213)
Clinical Services Expenses		(3,120,907)	(498,772)
Administration and Sales Expenses	5	(4,294,600)	(2,603,171)
Interest, foreign exchange and other expenses		(899,521)	(528,129)
Listing and Share Based Payment Expenses	6	(65,712)	(3,929,770)
Depreciation and Amortisation		(825,929)	(306,711)
Impairment in inventories		(63,784)	(37,776)
Impairment losses on trade receivables		(669,527)	(75,344)
<b>Profit / (Loss) from ordinary activities before income tax</b>		<b>(6,042,631)</b>	<b>(4,795,347)</b>
Income tax benefit / (expense)	28	40,343	(91,818)
<b>Profit / (Loss) from ordinary activities after income tax</b>		<b>(6,002,288)</b>	<b>(4,887,165)</b>
<b>Other comprehensive income</b>			
<b>Items that may be reclassified to profit and loss</b>			
Foreign currency translation of international subsidiaries		(5,840)	42,160
<b>Total items that may be reclassified to profit and loss</b>		<b>(5,840)</b>	<b>42,160</b>
<b>Other Comprehensive Profit / (Loss) for the year</b>		<b>(5,840)</b>	<b>42,160</b>
<b>Total comprehensive profit / (loss) for the period attributable to the members of IMEXHS Limited</b>		<b>(6,008,128)</b>	<b>(4,845,005)</b>
Basic earnings / (loss) per share (cents per share)	22	(0.006)	(0.007)
Diluted earnings / (loss) per share (cents per share)	22	(0.006)	(0.007)

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

# IMEXHS LTD FINANCIAL REPORT 2019

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	2019 \$	2018 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	7	7,149,683	2,445,329
Trade and other receivables	8	3,653,647	3,880,759
Inventories	9	107,354	811,310
<b>Total Current Assets</b>		<u>10,910,684</u>	<u>7,137,398</u>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	10	3,376,006	1,591,111
Intangibles	11	469,887	527,368
Right of Use Assets	12	40,805	-
<b>Total Non-Current Assets</b>		<u>3,886,698</u>	<u>2,118,479</u>
<b>TOTAL ASSETS</b>		<u>14,797,382</u>	<u>9,255,877</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	13	870,151	1,897,472
Contract Liabilities		63,936	91,480
Borrowings	14	715,407	188,491
Lease liabilities	15	40,574	-
Employee Benefit Provision		850,081	419,152
Other	16	1,113,703	726,264
<b>Total Current Liabilities</b>		<u>3,653,852</u>	<u>3,322,859</u>
<b>Non-Current Liabilities</b>			
Borrowings	14	826,894	-
Deferred tax liabilities	28	-	82,223
<b>Total Non-Current Liabilities</b>		<u>826,894</u>	<u>82,223</u>
<b>TOTAL LIABILITIES</b>		<u>4,480,746</u>	<u>3,405,082</u>
<b>NET ASSETS</b>		<u>10,316,636</u>	<u>5,850,795</u>
<b>EQUITY</b>			
Issued capital	17	19,757,466	10,553,259
Share-based payments reserve	18	2,478,480	1,208,718
Foreign Currency Translation Reserve		(21,232)	(15,392)
Retained profits / (accumulated losses)	19	(11,898,078)	(5,895,790)
<b>TOTAL EQUITY</b>		<u>10,316,636</u>	<u>5,850,795</u>

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

# IMEXHS LTD FINANCIAL REPORT 2019

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Issued Capital \$	Share Based Payments Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total \$
<b>Balance at 1 January 2018</b>		1,559,756	-	(57,552)	(1,008,625)	493,579
Result for the year		-	-	-	(4,887,165)	(4,887,165)
Other comprehensive income for the year		-	-	42,160	-	42,160
Total comprehensive loss for the year		-	-	42,160	(4,887,165)	(4,845,005)
<b>Transactions with owners in their capacity as owners:</b>						
Issue of Ordinary Shares, net of transaction costs	17	8,993,503	-	-	-	8,993,503
Share & Options issued	18	-	1,208,718	-	-	1,208,718
<b>Balance at 31 December 2018</b>		10,553,259	1,208,718	(15,392)	(5,895,790)	5,850,795
Result for the year		-	-	-	(6,002,288)	(6,002,288)
Other comprehensive income for the year		-	-	(5,840)	-	(5,840)
Total comprehensive loss for the year		-	-	(5,840)	(6,002,288)	(6,008,128)
<b>Transactions with owners in their capacity as owners:</b>						
Issue of Ordinary Shares, net of transaction costs	17	9,204,207	-	-	-	9,204,207
Share & Options issued	18	-	1,269,762	-	-	1,269,762
<b>Balance at 31 December 2019</b>		19,757,466	2,478,480	(21,232)	(11,898,078)	10,316,636

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

# IMEXHS LTD FINANCIAL REPORT 2019

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 \$	2018 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit / (Loss) for the year before tax		(6,042,631)	(4,795,347)
Adjustments for:			
Depreciation and amortisation		825,929	306,711
Impairment in receivables		669,527	81,340
Impairment in inventories		63,784	38,077
Equity settled transactions		65,712	4,357,697
Net borrowing costs		488,645	193,033
Movement in trade and other receivables		(442,411)	(1,142,569)
Movements in inventories		640,172	(552,213)
Movement in trade and other payables		(1,027,322)	924,800
Movement in contract liabilities		(27,545)	(1,087,679)
Movement in employee benefits		430,929	199,001
Movement in other liabilities		387,358	150,681
<b>Cash generated from operations</b>		(3,967,853)	(1,326,469)
Interest received		2,774	2,866
Interest paid		(82,848)	(195,899)
Income Tax Paid		(41,880)	(21,937)
<b>Net cash flow from operating activities</b>		(4,089,807)	(1,541,439)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Cash acquired from acquisitions		-	347,484
Purchase of property, plant and equipment		(2,303,069)	(1,318,182)
Purchase of intangible assets		(157,420)	(352,299)
<b>Net cash flow from investing activities</b>		(2,460,489)	(1,322,997)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		10,000,000	5,500,000
Proceeds from issue of options		4,050	925
Equity settled convertible notes		-	500,000
Share issue transaction costs		(675,794)	(427,927)
Proceeds from borrowings		2,383,134	220,110
Repayment of borrowings		(338,670)	(530,772)
Principal elements of lease payments		(93,085)	-
<b>Net cash flow from financing activities</b>		11,279,635	5,262,336
<b>Net increase / (decrease) in cash and cash equivalents</b>		4,729,339	2,397,900
Cash and cash equivalents at beginning of year		2,445,329	4,593
Foreign exchange differences		(24,985)	42,836
<b>NET CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	7	7,149,683	2,445,329

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

# IMEXHS LTD FINANCIAL REPORT 2019

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1 REPORTING ENTITY

IMEXHS Limited (“Company”) is a listed public company incorporated and domiciled in Australia. The consolidated financial statements of the Company as at and for the year ended 31 December 2019 comprise the Company and its subsidiaries (together referred to as the “consolidated entity” or “Group”).

The consolidated financial statements were authorised by the Board of Directors on the date of signing of the Directors’ Declaration.

### 2 BASIS OF PREPARATION

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (‘AASB’) and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (‘IASB’).

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

#### Historical Cost Convention

These financial statements have been prepared under the historical cost convention.

#### Significant Judgements and Key Assumptions

The preparation of financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in the following notes:

#### *Issued Capital*

No value has been allocated to the Class A Performance Shares due to the uncertainty of meeting the performance milestone.

#### *Issued Options*

No value has been allocated to the Class B or Class C options due to the uncertainty of meeting the performance milestone.

#### *Share Based Payments*

Share based payments are measured at the fair value of goods or services received or the fair value of the equity instrument issued (if the fair value of goods or services cannot be reliably determined) and are recorded at the date the goods or services are received. The fair value of options is determined using the Black-Scholes option pricing model. The number of share and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

#### *Revenue Recognition*

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when performance obligations are met. Where there is a warranty provided with contracts, that warranty obligation is

# IMEXHS LTD FINANCIAL REPORT 2019

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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deferred and is recognised as a provision with the amount recognised as a straight-line over the time that the warranty has been provided. This is generally 12 months. The amount of the warranty has been estimated by the Group as comprising 10-12% of the associated contract revenue.

The Group has determined that no significant financing component exists in respect of its business due to there being no significant time delay between the performance obligation being discharged and the receipt of payment.

### *Allowance for expected credit losses*

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

### Going Concern

For the year ended 31 December 2019, the Group generated a consolidated loss of \$6,002,288 (2018: loss of \$4,887,165) and incurred operating cash outflows of \$4,089,807 (2018: outflows of \$1,541,439). As at 31 December 2019, the Group had cash and cash equivalents of \$7,149,683 (2018: \$2,445,329), a surplus of net current assets of \$6,429,938 (2018: \$3,814,539) and surplus of net assets of \$10,316,636 (2018: \$5,850,795).

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

### New and amended standards adopted by the group

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

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

## **3 SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of the material accounting policies adopted by the Group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

### *(a) Basis of Consolidation*

The consolidated financial statements comprise the financial statements of IMEXHS Limited and its subsidiaries (the Group) as at 31 December 2019 or for any time during the year.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

# IMEXHS LTD FINANCIAL REPORT 2019

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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### *(b) Revenue Recognition*

Sales revenue comprises revenue earned (net of returns, discounts and allowances) from the sale of goods or provision of services to entities outside the Group. The Group recognises revenue from contracts with customers in accordance with the recognition of the completion of performance obligations under the contract. Where a contract includes an element of a warranty obligation, the revenue attributable to this warranty obligation is recognised evenly over the period for which the obligation exists.

Interest revenue is recognised using the effective interest method. It includes the amortisation of any discount or premium. The revenue is recognised over the time the interest is earned.

### *(c) Goods and Services Tax (GST)*

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

### *(d) Impairment of Assets*

At each reporting date, the Group determines whether there is any indication that assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit or Loss and Other Comprehensive Income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the original amount. A reversal of an impairment loss is recognised immediately in the Statement of Profit or Loss and Other Comprehensive Income.

### *(e) Income Tax*

Income tax expense comprises current and deferred tax. Income tax expense is recognised in Consolidated Statement of Profit or Loss and Other Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither account nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

# IMEXHS LTD FINANCIAL REPORT 2019

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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IMEXHS Limited and its wholly-owned Australian subsidiaries have not formed an income tax consolidated group under the tax consolidation regime.

### *(f) Cash and Cash Equivalents*

Cash and cash equivalents include cash on hand and deposits held at call with banks.

### *(g) Financial Instruments*

#### *Recognition*

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

#### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

#### *Financial liabilities*

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

#### *Impairment*

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. Any impairment losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

### *(h) Comparative Figures*

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

### *(i) Critical Accounting Estimates and Judgments*

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

### *(j) Financial Risk Management Objectives and Policies*

The Group's principal financial instruments comprise receivables, payables, cash and short-term deposits.

The Group manages its exposure to key financial risks, including interest rate and currency risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The main risks arising from the Group financial instruments are interest rate risk and foreign currency risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rate, foreign exchange and commodity prices. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board reviews and agrees policies for managing each of these risks as summarised below.

# IMEXHS LTD FINANCIAL REPORT 2019

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified, including the setting of limits for credit allowances and future cash flow forecast projections.

### *(k) Segment Reporting*

Operating segments are reported in a manner that is consistent with the internal reporting to the chief operating decision maker ("CODM"), which has been identified by the Group as the Managing Director and other members of the Board of directors.

### *(l) Employee Entitlements*

The Group's liability for employee entitlements arising from services rendered by employees to reporting date is recognised in provisions. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, and annual leave which will be settled within one year, have been measured at their nominal amount and include related on-costs.

### *(m) Earnings Per Share*

#### *(i) Basic Earnings Per Share*

Basic earnings per share is determined by dividing the net loss attributable to the equity holder of the Group after income tax by the weighted average number of ordinary shares outstanding during the financial year.

#### *(ii) Diluted Earnings Per Share*

Diluted earnings per share adjusts the figures used in determination of basic earnings per share by taking into account amounts unpaid on ordinary shares and any reduction in earnings per share that will arise from the exercise of options outstanding during the year.

### *(n) Trade and Other Receivables*

Receivables are initially recognised at the amount of consideration due from customers that is unconditional and subsequently measured at amortised cost.

The Group has applied the simplified impairment methodology provided by AASB 9. This uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Current receivables are generally due for settlement within 30-90 days. Cash on deposit is not due for settlement until rights of tenure are forfeited or performance obligations are met.

### *(o) Trade and Other Payables*

Trade payables and other payables are carried at cost and represent liabilities for goods and services provided to the Group prior to the end of the financial period that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and usually paid within 30-90 days of recognition.

### *(p) Contributed Equity*

Issued and paid up capital is recognised at the fair value of the consideration received by the Group. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

### *(q) Contingent Liabilities*

A contingent loss is recognised as an expense and a liability if it is probable that future events will confirm that after taking into account any related probable recovery, an asset has been impaired or a liability incurred and, a reasonable estimate of the amount of the resulting loss can be made.

# IMEXHS LTD FINANCIAL REPORT 2019

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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### *(r) 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.

### *(s) Research and Development*

The Group expenses all research costs as incurred. The amounts incurred in respect of development costs are only recognised as a development asset when there is a high probability that the Group will have the ability to generate sales with respect to that asset.

Following initial recognition of development expenditure as a development asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Consideration of amortisation of the asset begins when development is complete, and the asset is available for use. Currently development has not yet been finalised. Amortisation is recorded in other expenses. During the period of development, the asset is tested for impairment annually.

### *(t) Share-Based Payment Arrangements*

Goods or services received or acquired in share-based payment transactions are recognised as an increase in equity if the goods or services were received in an equity-settled share-based payment transaction or as a liability if the goods and services were acquired in a cash settled share-based payment transaction.

For equity-settled share-based transactions, goods or services received are measured directly at the fair value of the goods or services received provided this can be estimated reliably. If a reliable estimate cannot be made the value of the goods or services is determined indirectly by reference to the fair value of the equity instrument granted using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

Transactions with employees and others providing similar services are measured by reference to the fair value at grant date of the equity instrument granted using a Black-Scholes option pricing model.

### *(u) Property, Plant and Equipment*

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

The depreciable amount of all fixed assets is depreciated on a straight-line basis or diminishing value (whichever is more appropriate) over their useful lives to the entity commencing from the time the asset is held ready for use.

# IMEXHS LTD FINANCIAL REPORT 2019

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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The effective lives used for each class of depreciable assets are:

<u>Class of Fixed Asset</u>	<u>Effective Life</u>
Furniture and Fittings	5-10 years
Computer Equipment	3-5 years
Medical Equipment	5-10 years

(v) *Inventories*

Inventories are assets held for sale in the normal course of operations. The inventories of the Group related to goods not manufactured by the Group and are measured at the lower of cost and net realisable value, with the majority being valued on a weighted average basis.

(w) *Intangible Assets*

The intangible assets of related to licensing of software and copyright, which are stated at cost less accumulated amortisation and accumulated impairment losses. These intangible assets are generally amortized on a straight line over the estimated life of 5 -10 years.

(x) *Foreign currency transactions and balances*

Functional and presentation currency

The functional currency of each entity within the Group is measured using the currency of the primary economic environment in which that entity operates.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the profit or loss.

Exchange differences arising on the translation of non-monetary items are recognised in other comprehensive income to the extent that the underlying gain or loss is recognised as other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

(y) *Leases*

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

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

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

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

# IMEXHS LTD FINANCIAL REPORT 2019

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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

### *Impact of adoption*

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

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

### *(z) Right-of-use assets*

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

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

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

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

### *(aa) Lease liabilities*

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

# IMEXHS LTD FINANCIAL REPORT 2019

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

### 4 REVENUES

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Medical equipment and licences	862,009	2,337,571
Leasing equipment and software and services	6,670,570	2,611,973
Sale of inputs	305,960	756,197
Service and maintenance of equipment and software	210,863	180,716
Returns and discounts given	(322,142)	(106,606)
	<u>7,727,260</u>	<u>5,779,851</u>
<b>Timing of revenue recognition:</b>		
Over time	6,706,056	2,797,682
At a point in time	1,021,204	2,982,169
	<u>7,727,260</u>	<u>5,779,851</u>

The group derived revenue from one geographic region, Latin America.

Revenue recognised in the year ended 31 December 2019 that was included in contract liabilities as at 1 January 2019 is \$76,412 (2018: \$1,179,158).

### 5 ADMINISTRATION AND DISTRIBUTION EXPENSES

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Employee and Director Benefit Expenses	1,726,610	1,160,255
Audit, Legal and Tax Advice Fees	403,467	275,213
Taxes	179,173	83,181
Office expenses	283,645	239,766
Insurance	96,560	23,223
Advertising & Marketing	180,220	42,942
Corporate expenses	606,901	348,842
Maintenance	4,090	16,939
Travel	223,940	189,158
Other	589,994	223,652
	<u>4,294,600</u>	<u>2,603,171</u>

# IMEXHS LTD FINANCIAL REPORT 2019

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

### 6 LISTING AND SHARE BASED PAYMENT EXPENSES

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Share based payment expense on issue of Director options	65,712	4,599
Finance cost of convertible notes	-	125,000
Share based payment on issue of Director shares	-	250,000
Listing expense on reverse acquisition of IMEXHS Limited	-	3,067,190
Issue of options pursuant to convertible notes	-	137,375
Share based payment expense on acquisition of Imaging Experts and Healthcare Services Pty Ltd	-	345,606
	<u>65,712</u>	<u>3,929,770</u>

### 7 CASH AND CASH EQUIVALENTS

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Cash at bank and on hand	924,928	53,805
Savings and Investments	6,224,755	2,391,524
	<u>7,149,683</u>	<u>2,445,329</u>

### 8 TRADE AND OTHER RECEIVABLES

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Trade receivables	2,692,470	3,362,829
Prepayments	250,619	61,964
Indirect tax receivables	700,840	446,434
Other	9,718	9,532
	<u>3,653,647</u>	<u>3,880,759</u>

Trade receivables are non-interest bearing.

Information about the impairment of trade and other receivables, their credit quality and the group's exposure to credit risk, foreign currency risk and interest rate risk can be found in Note 26.

# IMEXHS LTD FINANCIAL REPORT 2019

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

### 9 INVENTORIES

	2019	2018
	\$	\$
Merchandise not manufactured by the Group	183,474	840,220
Materials and spare parts	61,642	46,518
Impairment in inventories	(137,762)	(75,428)
	<u>107,354</u>	<u>811,310</u>

*Amounts recognised in profit or loss*

Inventories recognised as an expense during the year, included in cost of sales	<u>1,090,415</u>	<u>2,061,552</u>
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Write-downs of inventories to net realisable value amounted to \$63,784 (2018: \$38,076).

### 10 PROPERTY, PLANT AND EQUIPMENT

	Furniture & Fittings	Computer Equipment	Medical Equipment	Total
	\$	\$	\$	\$
<b>31 December 2019</b>				
Cost or fair value	26,286	1,640,412	2,519,140	4,185,838
Accumulated depreciation	(8,709)	(433,092)	(368,031)	(809,832)
Net carrying amount - 31 December 2019	<u>17,577</u>	<u>1,207,320</u>	<u>2,151,109</u>	<u>3,376,006</u>

**Movements in carrying amounts**

Balance at 1 January 2019	17,088	793,274	780,749	1,591,111
Additions	6,203	781,941	1,552,571	2,340,715
Disposals	(364)	(21,782)	(8,979)	(31,125)
Depreciation expense	(5,293)	(343,482)	(169,398)	(518,173)
Exchange differences	(57)	(2,631)	(3,834)	(6,522)
Net carrying amount - 31 December 2019	<u>17,577</u>	<u>1,207,320</u>	<u>2,151,109</u>	<u>3,376,006</u>

# IMEXHS LTD FINANCIAL REPORT 2019

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

	<b>Furniture &amp; Fittings</b>	<b>Computer Equipment</b>	<b>Medical Equipment</b>	<b>Total</b>
	\$	\$	\$	\$
<b>31 December 2018</b>				
Cost or fair value	27,459	945,182	986,106	1,958,747
Accumulated depreciation	(10,371)	(151,908)	(205,357)	(367,636)
Net carrying amount - 31 December 2018	<u>17,088</u>	<u>793,274</u>	<u>780,749</u>	<u>1,591,111</u>
<b>Movements in carrying amounts</b>				
Balance at 1 January 2018	4,348	155,427	286,716	446,491
Additions	15,089	718,176	606,839	1,340,104
Disposals	-	(1,622)	(27,737)	(29,359)
Depreciation expense	(2,488)	(83,735)	(92,828)	(179,051)
Exchange differences	139	5,028	7,759	12,926
Net carrying amount - 31 December 2018	<u>17,088</u>	<u>793,274</u>	<u>780,749</u>	<u>1,591,111</u>

### 11 INTANGIBLES

	<b>Copyright</b>	<b>Licences</b>	<b>Total</b>
	\$	\$	\$
<b>31 December 2019</b>			
Cost or fair value	27,768	959,465	987,233
Accumulated depreciation	(17,355)	(499,991)	(517,346)
Net carrying amount - 31 December 2019	<u>10,413</u>	<u>459,474</u>	<u>469,887</u>
<b>Movements in carrying amounts</b>			
Balance at 1 January 2019	13,535	513,833	527,368
Additions	-	159,201	159,201
Disposals	-	-	-
Depreciation expense	(3,490)	(211,411)	(214,901)
Exchange differences	368	(2,149)	(1,781)
Net carrying amount - 31 December 2019	<u>10,413</u>	<u>459,474</u>	<u>469,887</u>

# IMEXHS LTD FINANCIAL REPORT 2019

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

	<b>Copyright</b>	<b>Licences</b>	<b>Total</b>
	\$	\$	\$
<b>31 December 2018</b>			
Cost or fair value	27,907	818,739	846,646
Accumulated depreciation	(14,372)	(304,906)	(319,278)
Net carrying amount - 31 December 2018	<u>13,535</u>	<u>513,833</u>	<u>527,368</u>
<b>Movements in carrying amounts</b>			
Balance at 1 January 2018	17,166	285,563	302,729
Additions	-	325,423	325,423
Disposals	-	-	-
Depreciation expense	(4,720)	(122,940)	(127,660)
Exchange differences	1,089	25,787	26,876
Net carrying amount - 31 December 2018	<u>13,535</u>	<u>513,833</u>	<u>527,368</u>

## 12 RIGHT OF USE ASSETS

	<b>2019</b>	<b>2018</b>
	\$	\$
Right of Use - Land and Buildings	133,288	-
Less: Accumulated Depreciation	(92,483)	-
	<u>40,805</u>	<u>-</u>

Reconciliations of the written down values at the beginning and end of the previous financial year are set out below.

	<b>Right of Use Assets: Land and Buildings</b>	<b>Total</b>
	\$	\$
Balance at 1 January 2018	-	-
Balance at 31 December 2018	-	-
Opening balance on adoption of AASB 16	129,436	129,436
Modifications to lease terms	4,417	4,417
Amortisation	(92,855)	(92,855)
Exchange Differences	(193)	(193)
Balance at 31 December 2019	<u>40,805</u>	<u>40,805</u>

# IMEXHS LTD FINANCIAL REPORT 2019

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

### 13 TRADE AND OTHER PAYABLES

	2019	2018
	\$	\$
Trade payables	870,151	1,897,472
	<u>870,151</u>	<u>1,897,472</u>

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

Trade and other payables are expected to be paid within six months.

### 14 BORROWINGS

#### Current

	2019	2018
	\$	\$
Credit Cards	6,866	8,716
Unsecured Revolving Credit Loans	91,652	131,566
Unsecured Fixed term loans	612,501	6,444
Unsecured Other loans	4,388	41,765
	<u>715,407</u>	<u>188,491</u>

#### Non-Current

	2019	2018
	\$	\$
Unsecured Revolving Credit Loans	13,276	-
Unsecured Fixed term loans	585,047	-
Secured Loans from related parties*	1,000,000	-
Cost of borrowing*	(771,429)	-
	<u>826,894</u>	<u>-</u>

\* The cost of borrowing relates to the net amortised value of the cost of options issued on the loan to Domatorisaro Pty Ltd, a related party of Dr Doug Lingard. The cost of the options is amortised over the length of the loan. This loan comprised two possible tranches of \$1,000,000 each at an annual interest rate of 12.5% on each tranche and 4% on the facility. The loan is repayable in March 2021.

The carrying amount of borrowings are assumed to be the same as their fair values.

# IMEXHS LTD FINANCIAL REPORT 2019

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

### 15 LEASE LIABILITIES

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Lease Liability	40,574	-

Reconciliations of the movement in the lease liability at the beginning and end of the previous financial year are set out below.

	<b>\$</b>
Balance at 1 January 2018	-
Balance at 31 December 2018	-
Opening balance on adoption of AASB 16	129,436
Interest expense	9,135
Lease payments	(102,213)
Modification of lease terms	4,407
Exchange Differences	(191)
Balance at 31 December 2019	40,574

### 16 OTHER CURRENT LIABILITIES

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Income taxes	41,469	22,151
Indirect taxes	442,511	445,532
PaaS equipment financing loan*	517,182	251,742
Other	112,541	6,839
	1,113,703	726,264

\* Relates to various loans made to the company for PaaS contracts where the equipment is repaid at a 200% rate of return on their loan which is paid in monthly instalments over the initial term of the PaaS contract.

# IMEXHS LTD FINANCIAL REPORT 2019

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

### 17 ISSUED CAPITAL

	2019 Shares	2018 Shares	2019 \$	2018 \$
Ordinary shares - fully paid	1,175,657,186	925,657,186	19,757,466	10,553,259

#### *Movements in ordinary share capital*

	No of shares	\$
Balance 1 January 2018	8,178	1,559,756
Elimination of Imaging Experts and Healthcare Services SAS	(8,178)	-
Existing shares in IMEXHS Limited	150,657,180	-
Issue of Shares pursuant to acquisition	520,000,000	3,316,430
Issue of Shares pursuant to Public Offer	220,000,000	5,500,000
Issue of Shares pursuant to Convertible Note Offer	25,000,000	625,000
Issue of Director Shares in lieu of fees	10,000,000	250,000
Cost of share issue	-	(427,927)
Issue of Lead Advisor Options	-	(270,000)
Issue of Shares on Expiry of Class A Performance Shares	6	-
Balance at 31 December 2018	925,657,186	10,553,259
Issue of Shares pursuant to placement	250,000,000	10,000,000
Cost of share issue	-	(675,793)
Issue of Lead Advisor Options	-	(120,000)
Balance at 31 December 2019	1,175,657,186	19,757,466

In addition to the above, the company has 750,000 unquoted Class A Performance Shares. The Class A Performance Shares are subject to performance hurdles measured against audited revenue of the GRT App equal to or exceeding \$8,000,000 in any financial year. These Class A Performance Shares must be converted on or before 22 July 2020.

There were no performance shares converted or redeemed during the period and no performance milestones were met.

#### **Capital Management**

When managing capital, the Board's objective is to ensure the Group continues as a going concern as well as to maximise the returns to shareholders and benefits for other stakeholders. The Board also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

The Group was not subject to any externally imposed capital requirements during the year.

# IMEXHS LTD FINANCIAL REPORT 2019

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

### 18 SHARE BASED PAYMENTS RESERVE

	2019 \$	2018 \$
Amounts paid on issue of options	5,063	1,013
Option valuation reserve	2,473,417	1,207,705
	<u>2,478,480</u>	<u>1,208,718</u>

Option valuation reserve comprises:

	No of Options	\$
Balance at 1 January 2018	35,000,000	-
Shares & Options issued to pursuant to acquisition of Imaging Experts and Healthcare Services Pty Ltd	-	345,606
Options issued pursuant to acquisition agreement	150,000,000	450,000
Options issued pursuant to convertible note agreement	12,500,000	137,500
Options issued to Lead Adviser pursuant to Placement	30,000,000	270,000
Options issued pursuant to Director remuneration	4,000,000	4,038
Options issued pursuant to Director remuneration	2,000,000	561
Balance at 1 January 2019	<u>233,500,000</u>	<u>1,207,705</u>
Options issued pursuant to Loan Agreement	40,000,000	1,080,000
Options issued to Lead Adviser pursuant to placement	5,000,000	120,000
Options issued pursuant to Director Remuneration	-	65,712
Balance at 31 December 2019	<u>278,500,000</u>	<u>2,473,417</u>

At 31 December 2019, the unissued ordinary shares of IMEXHS Limited under option are unlisted and are as follows:

Type	Grant date	Date of expiry	Exercise price	Number of options	Valuation	Note
Options	7/07/2017	31/03/2021	\$0.025	35,000,000	233,480	
Class A Options*	28/08/2018	30/06/2021	\$0.050	50,000,000	450,000	
Class B Options*	28/08/2018	28/08/2023	\$0.038	50,000,000	-	(a)
Class C Options*	28/08/2018	28/08/2023	\$0.038	50,000,000	-	(b)
New Options*	28/08/2018	30/06/2021	\$0.038	12,500,000	137,500	
Advisor Options*	28/08/2018	30/06/2021	\$0.050	30,000,000	270,000	
Director Options	25/10/2018	25/10/2023	\$0.070	4,000,000	60,000	(c)
Director Options	9/12/2018	9/12/2023	\$0.053	2,000,000	26,500	(d)
Loan Agreement Options	7/10/2019	31/03/2022	\$0.054	40,000,000	1,080,000	(e)
Advisor Options	31/10/2019	30/09/2022	\$0.054	5,000,000	120,000	
				<u>278,500,000</u>		

\* Subject to escrow

- (a) Options issued in consideration for Imaging Experts and Healthcare Services Pty Ltd, subject to the vesting condition of the Group exceeding \$5,000,000 EBIT in any rolling four quarter period.
- (b) Options issued in consideration for Imaging Experts and Healthcare Services Pty Ltd, subject to the vesting condition of the Group exceeding \$7,500,000 EBIT in any rolling four quarter period.
- (c) Options issued as remuneration to Mr Tom Pascarella, subject to vesting conditions.

# IMEXHS LTD FINANCIAL REPORT 2019

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

- (d) Options issued as remuneration to Dr Doug Lingard, subject to vesting conditions.
- (e) Options issued to Domatorisaro Pty Ltd, a related party of Dr Doug Lingard, pursuant to a loan agreement.

The value of the share-based payments issued in 2019 was measured at the fair value of the equity instruments issued using the Black-Scholes pricing model applying the relevant expiry date, exercise price, a spot price of the issue price at the date of the transaction, a raw risk free rate of 1.78% and a volatility of 100%

The weighted average remaining contractual life of options outstanding at the end of the period was 2.38 years.

### 19 RETAINED PROFITS / ACCUMULATED LOSSES

	2019	2018
	\$	\$
Balance at the beginning of the financial year	(5,895,790)	(865,240)
Change in accounting policy	-	(143,385)
Net loss attributable to members	(6,002,288)	(4,887,165)
Balance at the end of the financial year	<u>(11,898,078)</u>	<u>(5,895,790)</u>

### 20 RELATED PARTY TRANSACTIONS

#### (a) Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	2019	2018
	\$	\$
Short-term employee benefits	999,040	534,944
Long-term employee benefits	-	-
Post-employee benefits	13,395	2,491
Share-based payments	65,712	254,599
	<u>1,078,147</u>	<u>792,034</u>

#### (b) Other Key Management Personnel Disclosures

Transactions with related parties were all made on normal commercial terms. The group sold goods and services from entities that are controlled by members of the group's Key Management Personnel (KMP):

Entity	Nature of Transactions	KMP	Note	Income		Amounts Outstanding	
				2019	2018	2019	2018
				\$	\$	\$	\$
UT Imágenes Diagnosticas La Misericordia	Sales Revenue	G Arango		-	57,106	-	109,690
RIMAB SAS	Sales Revenue	G Arango	a	3,352,350	672,564	1,681,800	435,292
Datamedic SAS	Sales Revenue	A Vanegas		30,548	659,718	256,169	698,098

# IMEXHS LTD FINANCIAL REPORT 2019

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

The group acquired services from entities that are controlled by members of the group's KMP:

Entity	Nature of Transactions	KMP	Note	Expenses		Amounts Outstanding	
				2019	2018	2019	2018
				\$	\$	\$	\$
RIMAB SAS	Interpretation services	G Arango	a	1,684,919	489,598	263,046	17,751
German Arango	PaaS Equipment Financing	G Arango	b	100,264	108,891	75,705	44,949
Jorge Marin	PaaS Equipment Financing	J Marin	c	172,224	189,042	344,694	171,835
CrossPoint Telecommunications Pty Ltd	Office space and IT Services	C Palacio	d	14,925	8,917	1,211	1,165
Datamedic SAS	Fixed Asset Purchases	A Vanegas		348,067	-	-	-
Datamedic SAS	Technical services	A Vanegas		76,123	-	-	-

- (a) The Group has an agreement with RIMAB S.A.S., an entity owned 100% by Dr Arango, whereby IMEXHS receives 95% of the revenues of its PaaS and SaaS contracts with Hospital Isaias Duarte and Clínica Nueva and is responsible for 95% of the expenses incurred in providing those services. During the year, the Group entered into another agreement with RIMAB S.A.S. that is tied to a RIMAB contract with Colsubsidio. Under this agreement IMEXHS is entitled to 98% of the revenues of the contract in return for providing radiology services.
- (b) Chief Executive Director, Dr German Arango has provided equipment to Imaging Experts and Healthcare Services S.A.S. in return for payments from a contract providing PaaS services. The equipment is repaid at a 200% rate of return on their loan which is paid in monthly instalments over the initial term of the PaaS contract.
- (c) Chief Medical Officer, Dr Jorge Marin has provided equipment to Imaging Experts and Healthcare Services S.A.S. in return for payments from a contract providing PaaS services. The equipment is repaid at a 200% rate of return on their loan which is paid in monthly instalments over the initial term of the PaaS contract.
- (d) CrossPoint Telecommunications is also a non-exclusive distributor in Australia of IMEXHS's HIRUKO product. No fees have been received or receivable from IMEXHS under this distribution agreement to date.

The company had the following loans from KMP:

KMP	Balance at start of year	Interest paid and payable	Net receipts/(payments)	Balance at end of year
	\$	\$	\$	\$
J Marin	14,901	-	(14,901)	-
D Lingard	-	95,591	1,000,000	1,000,000

During the year, the company entered into a loan with Domatorisaro Pty Ltd, a related party of Dr Doug Lingard. This loan included the granting of 40,000,000 options (see note 18). These options have been included as a cost of borrowing (see note 14) which is being amortised over the life of the loan.

# IMEXHS LTD FINANCIAL REPORT 2019

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

### 21 AUDITOR'S REMUNERATION

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Paid and payable remuneration of the auditor of the parent entity for:		
BDO Audit (WA) Ltd		
Auditing and review of financial reports	71,847	25,500
Prepare tax returns	9,862	6,255
Prepare Investigating Accountants Report and Corporate Advisory Services	-	27,000
	<u>81,709</u>	<u>58,755</u>
Paid and payable remuneration of the audit of Imaging Experts and Healthcare Services S.A.S. for:		
Auditing and review of financial reports	46,999	23,223
Other	660	-
	<u>47,659</u>	<u>23,223</u>

### 22 EARNINGS PER SHARE

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Earnings Used in calculating earnings per share		
Net Profit/(Loss) after income tax	<u>(6,002,288)</u>	<u>(4,887,165)</u>
Net Profit/(Loss) after income tax attributable to the owners of IMEXHS LIMITED	(6,008,128)	(4,845,005)
Basic earnings/(loss) per share attributable to equity holders (cents per share)	(0.006)	(0.007)
Diluted earnings/(loss) per share attributable to equity holders (cents per share)	(0.006)	(0.007)
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	954,081,844	658,923,692
Adjustments for calculation of diluted earnings per share	-	-
Weighted average number of ordinary shares outstanding during the year used in calculating diluted EPS	<u>954,081,844</u>	<u>658,923,692</u>

Options outstanding during the year have not been taken into account in the calculation of the weighted average number of shares as they are not considered dilutive. Performance shares are not considered to be dilutive as their conversion to ordinary shares would reduce the loss attributable to members.

# IMEXHS LTD FINANCIAL REPORT 2019

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

### 23 GROUP ENTITIES

#### Parent Entity

The legal and ultimate parent of the group is IMEXHS Limited. The consolidated financial statements include the financial statements of the subsidiaries listed in the following table.

Name	Principal place of business / Country of incorporation	Ownership interest	
		2019 %	2018 %
OMT Operations (AU) Pty Ltd [Dormant]	Australia	100%	100%
Imaging Experts and Healthcare Services Pty Ltd	Australia	100%	100%
Imaging Experts and Healthcare Services S.A.S.	Colombia	100%	100%

### 24 PARENT ENTITY INFORMATION

	2019 \$	2018 \$
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	5,229,002	2,404,513
Term deposits	1,000,989	-
Trade and other receivables	48,975	3,481
Loans and other receivables	4,263,963	3,476,256
<b>Total Current Assets</b>	10,542,929	5,884,250
<b>Non-Current Assets</b>		
Property, plant and equipment	3,158	4,713
<b>Total Non-Current Assets</b>	3,158	4,713
<b>TOTAL ASSETS</b>	10,546,087	5,888,963
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Trade and other payables	880	38,168
<b>Total Current Liabilities</b>	880	38,168
<b>Non-Current Liabilities</b>		
Borrowings	228,571	-
<b>Total Non-Current Liabilities</b>	228,571	-
<b>TOTAL LIABILITIES</b>	229,451	38,168
<b>NET ASSETS</b>	10,316,636	5,850,795
<b>EQUITY</b>		
Issued Capital	23,438,273	14,684,067
Share based payments reserve	2,366,141	646,379
Accumulated Losses	(15,487,778)	(9,749,651)
<b>TOTAL EQUITY</b>	10,316,636	5,580,795

# IMEXHS LTD FINANCIAL REPORT 2019

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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### 25 EVENTS OCCURRING AFTER THE REPORTING PERIOD

#### **New Chairman**

Subsequent to the end of the financial year, the Company appointed a new Chairman on 12 March 2020.

#### Mr Douglas Flynn

Mr Flynn has held senior management roles and directorships in major companies in Australia and overseas.

Prior to moving to London in 1994 Mr Flynn had held senior roles in ICI Australia and News Limited after it acquired ASX listed Davies Brothers Ltd where he had been chief executive.

While based in London he was successively Managing Director of News International plc chief executive of Aegis Group plc and chief executive of Rentokil Initial plc

In mid-2008, Mr Flynn returned to Australia and has been a director of HKEX listed Qin Jia Yuan Media, and ASX listed West Australian Newspapers, Seven West Media and chaired Isentia Ltd, APN Outdoor Ltd, Konekt Ltd and NextDC Ltd. He retired from the board of Seven West Media in 2013 to undertake the IPO of APN Outdoor which was subsequently sold in December 2018 to international operator JC Decaux. He retired from the board of iSentia in November 2017. In November 2019 Konekt Ltd was acquired by Quadrant PE owned APM. Mr Flynn remains chair of leading Australian data centre operator NextDC Limited.

Mr Flynn graduated in chemical engineering from the University of Newcastle, New South Wales. He received an MBA with distinction from Melbourne University in 1979.

Mr Flynn will be paid a fee of \$72,000 per annum plus superannuation.

Subject to shareholder approval, the Company will issue the following securities to Mr Flynn or his nominated entity as follows:

- 16,666,667 ordinary shares at 3 cents per share;
- 8,000,000 options with a strike price of 5.5 cents;
- 8,000,000 options with a strike price of 7 cents; and
- 12,000,000 options with a strike price of 3 cents, vesting when the Company's share price reaches or exceeds a 30-day VWAP of 12 cents.

#### **Coronavirus pandemic**

On 11 March 2020, the World Health Organisation recognised the COVID-19 as a pandemic. The Company has adopted remote working policies and procedures for its workforce to address the health and wellbeing of our employees. At this time the pandemic has not had an impact on our ability to deliver services.

The responses by governments and businesses has seen increased remote working, which the Company believes will showcase the tele-radiology capabilities of HIRUKO. We believe that this will provide increased awareness of our product, particularly with the increased attention from governments in this area.

Medical imaging through CT Scans and chest X-Rays form an essential part of the diagnosis for the COVID-19 virus. Consequently, the Company expects that the impact on its clients in the short-term will be a likely increase in in-patient medical imaging and a reduction in out-patient medical imaging from the deferral of non-urgent clinic visits.

The timing, extent of the impact and recovery from COVID-19 on our employees, customers and suppliers is unknown at this stage.

# IMEXHS LTD FINANCIAL REPORT 2019

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

The full impact of COVID-19 outbreak continues to evolve as at the date of this report. As such the Company is unable to estimate the effects of the COVID-19 outbreak on the Company's financial position, liquidity and operations in the financial year 2020.

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

### 26 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a number of financial risks, including interest rate risk, foreign exchange risk, credit risk and liquidity risk.

The Group uses different methods to measure different types of risk it is exposed to. These methods include sensitivity analysis in the case of interest rate risk and foreign exchange risk, and ageing analysis for credit risk.

Financial risk management is carried out by the board.

#### Market Risk

##### Cash flow and fair value interest rate risk

The group's main interest rate risk arises from borrowings with variable rates, which expose the group to cash flow interest rate risk. Group policy is to have mainly fixed rate loans directly. During 2019 and 2018, the group's borrowings at variable rate were denominated in Colombian Pesos. The group's borrowings and receivables are carried at amortised cost.

The entity is exposed to interest rate risk at the date of this report via its cash holdings.

The exposure of the group's borrowings to interest rate changes and the contractual re-pricing dates of the borrowings at the end of the reporting period are as follows:

	2019	% of total loans	2018	% of total loans
Variable rate borrowings	6,866	0.3%	15,160	8.0%
Fixed rate borrowings (no repricing dates)	2,306,864	99.7%	173,331	92.0%
	2,313,730	100.0%	188,491	100.0%

An analysis by maturities is provided below. The percentage of total loans shows the proportion of loans that are currently at variable rates in relation to the total amount of borrowings.

##### Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities that are denominated in a currency that is not the entity's functional currency. Individual transactions are assessed, and forward exchange contracts are used to hedge the risk where deemed appropriate.

While the Group as a whole has assets and liabilities in different currencies, individual entities in the Group do not have a significant foreign exchange exposure to receivables or payables in currencies that are not their functional currency.

The Company's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollars, was as follows:

# IMEXHS LTD FINANCIAL REPORT 2019

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

	31 Dec 2019			31 Dec 2018		
	COP	USD	EUR	COP	USD	EUR
	\$	\$	\$	\$	\$	\$
Cash	938,661	-	-	18,284	-	-
Trade and other debtors	2,537,490	246,708	-	3,421,409	444,579	-
Trade and other payables	389,768	32,706	9,909	809,430	614,221	388,918

Based on the financial instruments held at 31 December 2018, had the Australian dollar weakened by 5% against the Colombian Peso, US Dollar and Euro, with all other variables held constant, the Group's pre-tax profit for the year would have been \$149,228 higher (2018: \$103,585 higher). If the Australian dollar had strengthened the corresponding impact would have been a decrease in pre-tax profit by the same amount.

### Price risk

The Group is not exposed to significant price risk.

### **Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk principally arises from customers, cash and cash equivalents, and deposits with banks and financial institutions.

For banks and financial institutions, the creditworthiness is assessed prior to entering into arrangements and approved by the Board.

For customers, the maximum exposure to credit risk at the reporting date is the higher of the carrying value and fair value of each receivable. Risk control involves the assessment of the credit quality, taking into account financial position, past experience and other factors. The utilisation of credit limits is regularly monitored.

The Group has increased its expected credit loss provisions to take a more conservative approach on overdue amounts. On this basis, the loss allowance for trade receivables is as follows:

	31 December 2019					Total
	Current	< 3 months	3-6 months	6-12 months	> 12 months	
Trade receivables	2,388,217	241,109	92,148	105,837	749,626	3,576,937
ECL %	0%	4%	50%	75%	100%	
Loss Allowance	-	9,389	46,074	79,378	749,626	884,467

	31 December 2018					Total
	Current	< 3 months	3-6 months	6-12 months	> 12 months	
Trade receivables	1,347,278	1,272,481	216,599	227,574	562,214	3,626,146
ECL %	0%	0%	13%	24%	37%	
Loss Allowance	-	-	25,020	49,298	189,000	263,318

# IMEXHS LTD FINANCIAL REPORT 2019

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

The closing loss allowance for trade receivables as at 31 December 2019 reconciles to the opening loss allowance as follows:

	2019	2018
	\$	\$
Opening loss allowance at 1 January	263,318	181,245
Increase in loss allowance recognised in profit or loss during the year	666,222	74,512
Amounts recovered during the year	(43,756)	-
Foreign Exchange Differences	(1,316)	7,561
Closing 31 December	884,467	263,318

### Liquidity risk

The entity manages liquidity risk by monitoring forecast cash flows and ensuring sufficient cash reserves are on hand to meet obligations. Refer Note 7.

### Maturity analysis of financial liabilities

The tables below analyse the group's financial liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 31 December 2019	< 6 months	6-12 months	Between 1 and 2 years	Between 2 and 5 Years	Total Contractual Cash Flows	Carrying Amount
Trade payables	870,151	-	-	-	870,151	870,151
Lease liabilities	40,574	-	-	-	40,574	40,574
Borrowings	6,866	116,567	1,562,484	627,814	2,313,730	1,542,301
	917,591	116,567	1,562,484	627,814	3,224,455	2,453,026

At 31 December 2018	< 6 months	6-12 months	Between 1 and 2 years	Between 2 and 5 Years	Total Contractual Cash Flows	Carrying Amount
Trade payables	1,897,472	-	-	-	1,897,472	1,897,472
Borrowings	8,716	17,144	-	162,631	188,491	188,491
	1,906,188	17,144	-	162,631	2,085,963	2,085,963

### Fair Value Measurement

For all assets and liabilities net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments of which the entity has no holdings in. Financial assets where the carrying amount exceeds net fair values have not been written down as the Group intends to hold these assets to maturity. The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

There are no financial assets or liabilities that are carried at fair value in the financial statements therefore no additional disclosures have been made with respect to fair value measurement.

# IMEXHS LTD FINANCIAL REPORT 2019

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

### 27 CONTINGENT LIABILITIES

There were no contingent liabilities as at the date of this report.

### 28 INCOME TAX

#### Major Components of income tax expense:

	<b>Consolidated 2019 \$</b>	<b>Consolidated 2018 \$</b>
<b>Accounting profit/(loss) before income tax</b>	(6,042,631)	(4,795,347)
Income tax expense/(benefit) at the Company's statutory rate of 28.5% (2018: 28.5%)	(1,722,150)	(1,366,674)
Tax effect of:		
Adoption of AASB 15	-	(275,054)
Provision for accounts receivable	190,815	9,269
Provision for inventories	18,178	-
Non-deductible taxes	156,703	4,585
Non-deductible employee contributions	8,793	1,583
Non-deductible interest, fines and levies	29,842	32,633
Non-deductible financial transactions levy	6,718	2,564
Other non-deductible expenses	131,400	1,228,607
Effect of overseas tax rates	96,623	11,438
Deferred tax assets not recognised	1,083,077	351,049
Income tax applied to companies in tax loss in overseas jurisdiction	41,468	21,698
Current income tax expense	41,468	21,698
Movement in deferred taxes	(81,811)	69,881
Adjustment of tax for prior period	-	239
Income tax (benefit)/expense	(40,343)	91,818

#### Deferred Tax Liabilities comprise:

	<b>Consolidated 2019 \$</b>	<b>Consolidated 2018 \$</b>
Provision for doubtful debts	-	52,034
Provision for warranty commitments	-	30,189
	-	82,223

No deferred tax assets have been recognised as it is not probable within the immediate future that tax profits will be available against which deductible temporary differences can be utilised.

The benefit for tax losses will only be obtained if:

- the Company derives future assessable income in Australia of a nature and of an amount sufficient to enable the benefit from deductions for the losses to be realised;
- the Company continues to comply with the conditions for deductibility imposed by tax legislation in Australia; and
- there are no changes in tax legislation in Australia which will adversely affect the Company in realising the benefit from deductions for the losses.

# IMEXHS LTD FINANCIAL REPORT 2019

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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### 29 SEGMENT INFORMATION

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

# IMEXHS LTD FINANCIAL REPORT 2019

## DIRECTORS' DECLARATION

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The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 36 to 66 are in accordance with the Corporations Act 2001 and:
  - a. comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - b. give a true and fair view of the financial position as at 31 December 2019 and of the performance for the financial year ended on that date of the Company and entity; and
  - c. complies with International Financial Reporting Standards as disclosed in note 1.
2. the Chief Executive Officer and Chief Financial Officer have each declared that:
  - a. the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
  - b. the financial statements and notes for the financial year comply with Accounting Standards; and
  - c. the financial statements and notes for the financial year give a true and fair view.
3. in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Doug Flynn

Chairman

Dated this 30 March 2020

## INDEPENDENT AUDITOR'S REPORT

To the members of ImExHS Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of ImExHS Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2019 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We 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 report.

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

#### Emphasis of matter - Subsequent event

We draw attention to Note 25 of the financial report, which describes the non-adjusting subsequent event on the impact of the COVID-19 outbreak on the Group. Our opinion is not modified with respect to this matter.

#### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Revenue recognition

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>The Group recognises revenue in accordance with AASB 15 <i>Revenue from Contracts with Customers</i> (AASB 15).</p> <p>There are complexities and judgements associated with interpreting key revenue contracts entered into by the Group against the requirements of the accounting standard.</p> <p>Revenue recognition was a key audit matter due to:</p> <ul style="list-style-type: none"> <li>• The significance of revenue to understanding the financial results for users of the financial report; and</li> <li>• The complexity involved in applying AASB 15 requirements including the interpretation and accounting for contractual terms.</li> </ul>	<p>Our audit procedures in respect of this area included but were not limited to the following:</p> <ul style="list-style-type: none"> <li>• Discussing with management and critically assessing the financial impact of the revenue standard and the Group’s revenue recognition policies during the year;</li> <li>• Obtaining and reviewing a sample of contracts, considering the terms and conditions, performance obligations of these arrangements and assessing the accounting treatment under AASB 15;</li> <li>• Assessing a sample of revenue transactions through comparison to sales contracts signed by customers;</li> <li>• Evaluating whether revenue had been recorded in the correct period based on contractual terms for a sample of sales around the reporting date;</li> <li>• Assessing the adequacy of the disclosure in the Note 2, Note 3(b) and Note 4 in the financial report.</li> </ul>

### Carrying Value of Trade Receivables

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>The group's trade receivables balance as at 31 December 2019 is disclosed in Note 8 to the financial report.</p> <p>AASB 9 Financial Instruments (AASB 9) has been applied by the Group and requires an impairment measurement framework, referred to as Expected Credit Losses (ECLs).</p> <p>Due to the quantum of the assets and the judgment involved in determining the provision for ECLs as disclosed in Note 2 to the financial report, we have determined that the carrying value of the trade receivables is a key audit matter.</p>	<p>Our audit procedures in respect of this area included but were not limited to the following:</p> <ul style="list-style-type: none"> <li>• Verifying, on a sample basis, the recognition of accounts receivable in accordance with the group's accounting policies;</li> <li>• Re-calculating the impairment of the portfolio and the provision established by the entity;</li> <li>• Confirming the existence of the third party accounts receivable balances recorded at year-end;</li> <li>• Holding discussions with management regarding their assessment of the recoverability of trade receivables balances;</li> <li>• Assessing the adequacy of the disclosure in Note 2 and Note 8 to the financial report.</li> </ul>

### Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2019, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the Financial Report**

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar1.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf)

This description forms part of our auditor's report.

#### **Report on the Remuneration Report**

##### **Opinion on the Remuneration Report**

We have audited the Remuneration Report included in pages 17 to 26 of the directors' report for the year ended 31 December 2019.

In our opinion, the Remuneration Report of ImExHS Limited, for the year ended 31 December 2019, complies with section 300A of the *Corporations Act 2001*.

##### **Responsibilities**

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

**BDO Audit (WA) Pty Ltd**

**Dean Just**

**Director**

Perth, 30 March 2020

# IMEXHS LTD FINANCIAL REPORT 2019

## ASX SUPPLEMENTARY INFORMATION

### 1 Additional information for listed public companies

#### i) ASX additional information

Additional information required by the ASX Listing Rules and not disclosed elsewhere in this report is set out below. This information is effective as at 13 March 2020.

#### ii) Substantial shareholders

Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	% of total issued shares
DIGITAL IMAGING SOLUTIONS S.A.S	157,525,160	13.40%
MILLA PAULA INARI PALACIO	103,833,600	8.83%
JAAVA ASESORES INTEGRALES S.A.S	102,437,920	8.71%
VOLEGNA HOLDINGS PTY LTD <THE CSA TRUST>	62,009,480	5.27%

#### iii) Voting rights

##### a. Ordinary Shares

On a show of hands, every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

##### b. Options and Class A Performance Shares

No voting rights.

#### iv) Distribution schedule of fully paid ordinary shares as at 13 March 2020

Holdings ranges	Holders	Number held	% of total issued shares
1 – 1,000	583	42,247	0.00
1,001 – 5,000	138	397,286	0.03
5,001 – 10,000	48	404,433	0.03
10,001 – 100,000	290	14,716,703	1.25
100,001 and above	634	1,160,096,517	98.69
Totals	<b>1,693</b>	<b>1,175,657,186</b>	<b>100.00</b>

As at 13 March 2020 there were 834 shareholders holding an aggregate of 1,852,400 shares as unmarketable parcels.

# IMEXHS LTD FINANCIAL REPORT 2019

## ASX SUPPLEMENTARY INFORMATION

### v) Twenty largest shareholders

The names of the twenty largest holders of fully paid ordinary shares (including escrowed fully paid ordinary shares):

	Ordinary shares	
	Number held	% of total issued shares
DIGITAL IMAGING SOLUTIONS SAS	157,525,160	13.40
JAAVA ASESORES INTEGRALES SAS	102,437,920	8.71
VOLEGNA HOLDINGS PTY LTD <THE CSA A/C>	62,009,480	5.27
IRUKANDJI INVESTMENTS PTY LTD <LONGREACH FAMILY A/C>	59,391,800	5.05
RIO NEGRO PTY LTD <THE MEDALLO A/C>	44,441,800	3.78
HSBC CUSTODY NOMINEES (AUSTRALIA ) LIMITED	20,741,648	3.47
JAMES WOULFE & CATHERINE MARIA WOULFE <THE DEBHULBH FAMILY A/C>	23,525,320	2.00
TISIA NOMINEES PTY LTD <HENDERSON FAMILY A/C>	17,275,000	1.47
OAKTONE NOMINEES PTY LTD <GRIST SUPER FUND A/C>	16,000,000	1.36
VIRGINIA MARIN MUNOZ	14,542,840	1.24
CARMEN CECILIA ARANGO BONNET	14,542,840	1.24
JOHN ALEXANDER SANZ RAMIREZ	12,681,240	1.08
BANNABY INVESTMENTS PTY LIMITED ,BANNABY SUPER FUND A/C>	12,500,000	1.06
OPTIM8 PTY LTD <THE GIC SUPER FUND A/C>	12,454,520	1.06
BARRY ASSAF	11,100,550	0.94
SCOTT WALLACE WELLS	11,000,000	0.94
KOBIA HOLDINGS PTY LTD	10,000,000	0.85
GLIZE SUPER FUND PTY LTD	10,000,000	0.85
BNP PARIBAS NOMINEES PT LTD HUB 24 CUSTODIAL SERV LTD DRP	8,642,401	0.74
PAUL LOWRY & KIM WATSON <THE PAUL LOWRY FAMILY A/C>	8,302,840	0.71
	<b>649,115,359</b>	<b>55.21</b>

### vi) Restricted Securities

As at 13 March 2020 the following securities are subject to escrow:

- 530,000,000 Fully Paid Ordinary Shares escrowed until 3 September 2020
- 50,000,000 Class A Consideration Options expiring 30 June 2021 @ \$0.05 escrowed until 3 September 2020
- 50,000,000 Class B Consideration Options expiring 28 August 2023 @ \$0.0375 escrowed until 3 September 2020
- 50,000,000 Class C Consideration Options expiring 28 August 2023 @ \$0.0375 escrowed until 3 September 2020
- 30,000,000 Options expiring 30 June 2021 @ \$0.05 escrowed until 3 September 2020

# IMEXHS LTD FINANCIAL REPORT 2019

## ASX SUPPLEMENTARY INFORMATION

### vii) Unquoted equity securities

As at 13 March 2020, the number of unquoted equity securities that are on issue and the number of holders are:

#### A. 35,000,000 Options expiring 31 March 2021 @ \$0.025 – 8 holders

*Holders with more than 20%:*

Holder name	Holding	% of total
JK NOMINEES PTY LTD <THE JK SUPER FUND A/C>	7,250,000	20.71
OAKTONE NOMINEES PTY LTD <GRIST SUPER FUND A/C>	7,250,000	20.71
TISIA NOMINEES PTY LTD <HENDERSON FAMILY A/C>	7,250,000	20.71

#### B. 50,000,000 Class A Consideration Options expiring 30 June 2021 @ \$0.05 escrowed until 3 September 2020 – 14 holders

*Holders with more than 20%:*

Holder name	Holding	% of total
DIGITAL IMAGING SOLUTIONS SAS	15,287,254	30.57

#### C. 12,500,000 Options expiring 30 June 2021 @ \$0.0375 – 8 holders

*Holders with more than 20%:*

Holder name	Holding	% of total
SCOTT WELLS	5,000,000	40.00

#### D. 30,000,000 Options expiring 30 June 2021 @ \$0.05 escrowed until 3 September 2020 – 8 holders

*Holders with more than 20%:*

Holder name	Holding	% of total
JK NOMINEES PTY LTD <THE JK SUPER FUND A/C>	8,000,000	26.67
OAKTONE NOMINEES PTY LTD <GRIST SUPER FUND A/C>	8,000,000	26.67
TISIA NOMINEES PTY LTD <HENDERSON FAMILY A/C>	8,000,000	26.67

#### E. 40,000,000 Options expiring 31 March 2022 @ \$0.054 – 1 holder

*Holders with more than 20%:*

Holder name	Holding	% of total
DOMATORISARO PTY LTD	40,000,000	100.00

#### F. 5,000,000 Options expiring 30 September 2022 @ \$0.054 – 4 holders

*Holders with more than 20%:*

Holder name	Holding	% of total
JK NOMINEES PTY LTD <THE JK SUPER FUND A/C>	1,250,000	25.00
DENLIN NOMINEES PTY LTD	1,250,000	25.00
TISIA NOMINEES PTY LTD <HENDERSON FAMILY A/C>	1,250,000	25.00
MALEKULA PROJECTS PTY LTD	1,250,000	25.00

# IMEXHS LTD FINANCIAL REPORT 2019

## ASX SUPPLEMENTARY INFORMATION

### G. 50,000,000 Class B Consideration Options expiring 28 August 2023 @ \$0.0375 escrowed until 3 September 2020 – 14 holders

Holder with more than 20%:

Holder name	Holding	% of total
DIGITAL IMAGING SOLUTIONS SAS	15,287,254	30.57

### H. 50,000,000 Class C Consideration Options expiring 28 August 2023 @ \$0.0375 escrowed until 3 September 2020 – 14 holders

Holder with more than 20%:

Holder name	Holding	% of total
DIGITAL IMAGING SOLUTIONS SAS	15,287,254	30.57

### I. 4,000,000 Options expiring 25 October 2023 @ \$0.07 – 1 holder

Holder with more than 20%:

Holder name	Holding	% of total
THOMAS PASCARELLA	4,000,000	100.00

### J. 2,000,000 Options expiring 9 December 2023 @ \$0.053 – 1 holder

Holder with more than 20%:

Holder name	Holding	% of total
DOUGLAS LINGARD	2,000,000	100.00

### K. 750,000 Class A Performance Shares – 6 holders

Holder with more than 20%:

Holder name	Holding	% of total
IP PAYOVATION PTY LTD	196,190	26.16
MSQ NOMINEES PTY LTD <MSQ INVESTMENT TRUST NO. 1>	195,952	26.13

#### viii) On-Market Buy Back

There is currently no on-market buyback program.

#### ix) ASX Listing Rule 4.10.19

The Company has used its cash and assets in a form readily convertible to cash that it has at the time of re-listing of the Company's securities in a way consistent with its business objectives.