

## 1. Company details

Name of entity:	Optiscan Imaging Limited
ABN:	81 077 771 987
Reporting period:	For the half-year ended 31 December 2020
Previous period:	For the half-year ended 31 December 2019

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## 2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	60.4% to	533,574
Loss from ordinary activities after tax attributable to the owners of Optiscan Imaging Limited	down	37.5% to	(751,715)
Loss for the half-year attributable to the owners of Optiscan Imaging Limited	down	37.5% to	(751,715)

### *Dividends*

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

### *Comments*

The loss for the consolidated entity after providing for income tax amounted to \$751,715 (31 December 2019: \$1,203,481).

## Financial performance

During the 6 month period to 31 December 2020 (H1FY21), the consolidated entity generated ordinary revenue of \$533,574 from sales, system rentals and the provision of services, compared to \$332,684 in the previous corresponding period.

The consolidated entity also recorded research and development incentive income for H1FY21 \$289,640, an increase of \$7,662 from the previous corresponding period (2019: \$281,978). Income of \$249,569 from the BioMedTech Horizons program grant was also received.

Total expenses for H1FY21, excluding research and development and intellectual property expenses, were \$1,172,470, a decrease of \$146,245 from the corresponding period (2019: \$1,318,715). Research and development and intellectual property expenses were \$665,839, an increase of \$162,592 from the previous corresponding period of \$503,247.

## Financial position

The net assets increased by \$8,744,553 to \$10,292,876 at 31 December 2020 (30 June 2020: \$1,548,323) primarily due to the capital raising completed by the Company during the half year which raised \$9,813,499.

The working capital position of the consolidated entity as at 31 December 2020 resulted in an excess of current assets over current liabilities of \$10,053,550 (30 June 2020: \$1,264,761).

Net cash used in operating activities was \$176,037, a decrease of \$834,510 compared to the corresponding period (2019: operating cash outflows of \$1,010,547). The Company recorded an increase in receipts from research and development tax incentives and other government grants during the period amounting to \$961,242 (2019: \$226,506).

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### 3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>1.62</u>	<u>0.34</u>

The net tangible assets per ordinary security has been calculated excluding the Right of use asset amount.

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### 4. Control gained over entities

Not applicable.

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### 5. Loss of control over entities

Not applicable.

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### 6. Dividends

#### *Current period*

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

#### *Previous period*

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

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### 7. Dividend reinvestment plans

Not applicable.

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### 8. Details of associates and joint venture entities

Not applicable.

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### 9. Foreign entities

#### *Details of origin of accounting standards used in compiling the report:*

Not applicable.

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### 10. Audit qualification or review

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

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

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## 11. Attachments

*Details of attachments (if any):*

The Interim Report of Optiscan Imaging Limited for the half-year ended 31 December 2020 is attached.

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## 12. Signed

Signed \_\_\_\_\_

A handwritten signature in black ink, appearing to be "D. Lurie", written over a horizontal line.

Date: 25 February 2021

Darren Lurie  
Executive Chairman

# **Optiscan Imaging Limited**

**ABN 81 077 771 987**

**Interim Report - 31 December 2020**

Directors	Mr Darren Lurie (Executive Chairman) Dr Philip Currie (Non-executive Director) Mr Graeme Mutton (Non-executive Director) Mr Ron Song (Non-executive Director)
Company secretary	Mr Justin Mouchacca
Registered office	16 Miles Street Mulgrave, Victoria, 3170 Phone No.: (03) 9598 3333 Fax No.: (03) 9562 7742
Principal place of business	16 Miles Street Mulgrave, Victoria, 3170 Phone No.: (03) 9598 3333 Fax No.: (03) 9562 7742
Share register	Computershare Investor Registry Services Yarra Falls 452 Johnston Street Abbotsford, Victoria, 3067 Phone No.: (03) 9415 5000
Auditor	Grant Thornton Audit Pty Ltd Collins Square, Tower 5, 727 Collins Street, Melbourne VIC 3008 Australia
Stock exchange listing	Optiscan Imaging Limited securities are listed on the Australian Securities Exchange (ASX code: OIL)
Website	<a href="http://www.optiscan.com">www.optiscan.com</a>

**Optiscan Imaging Limited**  
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**31 December 2020**



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Dear Shareholder,

On behalf of the board of Optiscan Imaging Ltd, it gives me great pleasure to present our half yearly report for the 6 months to 31 December 2020 (December 2020 Half Year).

The December 2020 Half Year represents a period of continued, substantial progress for Optiscan as we:

- successfully raised \$9.8m, with the funding round led by cornerstone investor, Orchid Capital Investments Pte. Ltd, a member of the Clermont Group (Clermont Group). The Clermont Group is an international business group headquartered in Singapore, which builds and invests in businesses in the healthcare, financial services and aerospace industries, and where its operating companies employ over 6,000 people around the world,
- commenced a trial with approximately 150 patients, to improve screening, diagnosis, and treatment of oral cancer with the University of Melbourne's Melbourne Dental School supported by a MedTech Horizons Program grant for \$971,000,
- progressed the requirements for seeking approval from the United States Food and Drug Administration (FDA) to market the InVivage® clinical device for use in the United States with an initial application targeting human oral cancer screening and surgical margin determination,
- continued to work with leading cancer centres in the United States and Australia, in the oral cancer application, including Memorial Sloan Kettering Cancer Center (MSKCC) in New York, Melbourne Dental School, Royal Melbourne Hospital, Peter MacCallum Cancer Centre and the Australian Centre for Oral Oncology Research and Education,
- continued our co-operation with Carl Zeiss Meditec in neurosurgery, and
- received ethics approval from the Melbourne Health Human Research Ethics Committee for stage 3 of our human breast cancer study to be conducted at the Royal Melbourne Hospital, Frances Perry House and the Epworth Hospital.

We continued our focus on operating costs, resulting in cash outflows from operating activities of \$176k for the half-year.

We continued our engagement with the FDA as well as clinical thought leaders, ensuring we remain on track to deliver on our vision to become a leading global medical imaging and diagnostics company.

It has been a period of substantial progress for Optiscan with much more to achieve in the coming year and beyond.

Yours sincerely,



Darren Lurie  
CEO and Executive Chairman

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Optiscan Imaging Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2020.

### **Directors**

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

Mr Darren Lurie (Executive Chairman)  
Dr Philip Currie (Non-executive Director)  
Mr Graeme Mutton (Non-executive Director)  
Mr Ron Song (Non-executive Director) (appointed 10 February 2021)

### **Principal activities**

The principal activity of the consolidated entity during the year was the development and commercialisation of confocal endomicroscopes. The consolidated entity carries out its principal activity through the development of the "InVivage", Optiscan's own clinical device, Optiscan's collaboration with Carl Zeiss Meditec (CZM) and developing new pre-clinical applications for Optiscan products and services.

### **Coronavirus (COVID-19) Pandemic**

The company has maintained its COVID-19 working arrangements during the half year with company staff working both remotely and from the company premises. Due to the nature of their activities, the majority of staff were able to work remotely from the company premises and many activities, particularly those in relation to preparations for the submission to the United States Food & Drug Administration ('FDA'), were able to continue during the year. The layout of the company premises is well-suited to the continuation of production during periods of restriction as production staff can be isolated from other staff.

#### *Overall financial impact on business*

The impact of the Coronavirus (COVID-19) pandemic has limited the consolidated entity's ability to market its products through on-site demonstrations both in Australia and overseas. Travel restrictions have meant interaction with potential customers has been limited to video conferencing. Recently, restrictions have been partially lifted, allowing some demonstrations to take place.

#### *Business continuity*

The consolidated entity has been able to progress the manufacture of products in preparation for commencement of clinical trials, undertaking of regulatory testing and potential customer orders. In line with government advice, staff who can work from home were encouraged to do so.

#### *Well-being of employees*

We remained committed to keeping our employees and families safe and ensuring ongoing health and well-being during this trying time. We have implemented a COVID-19 safe plan at our premises and provided additional supplies of face masks, antibacterial wipes and hand sanitiser in our workplace.

#### *Funding structure*

The board continued to regularly review the consolidated entity's funding requirements during the pandemic and actively investigate government funding and other programs to support the consolidated entity. During the half-year the Company raised approximately \$9.8 million in additional funding to assist the consolidated entity with its working capital and funding requirements.



**Operational and financial review**  
**Financial performance**

The loss for the consolidated entity after providing for income tax amounted to \$751,715 (31 December 2019: \$1,203,481).

During the 6 month period to 31 December 2020 (H1FY21), the consolidated entity generated ordinary revenue of \$533,574 from sales, system rentals and the provision of services, compared to \$332,684 in the previous corresponding period.

The consolidated entity also recorded research and development incentive income for H1FY21 \$289,640, an increase of \$7,662 from the previous corresponding period (2019: \$281,978). Income of \$249,569 from the BioMedTech Horizons program grant was also received.

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**Financial position**

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**“INVIVAGE” ORAL CANCER SCREENING AND/OR SURGICAL MARGIN**

Optiscan has developed the “InVivage” clinical device as its own hand-held confocal endomicroscope. The initial intended use for the InVivage device is Oral Cancer Screening and/or Surgical Margin determination. The same device is also intended to be used for other clinical applications.

***United States Food & Drug Administration (“FDA”) feedback regarding 510(k) Pathway for InVivage™ device***

During the period Optiscan received written feedback from the Center for Devices and Radiological Health (CDRH) of the FDA in response to specific questions raised by the Company following its meeting with the FDA in January 2020 and subsequent written submissions made in late June 2020.

Following this feedback, Optiscan continued to prepare its submission for 510(k) clearance to market the InVivage™ device for legal sale in the United States in Oral Cancer Screening and/or Surgery.

During the period Optiscan commenced the third party validation and verification testing required to be completed for the 510(k) submission. Optiscan and the Melbourne Dental School also commenced the dosing study for the topical use of fluorescein, indicated by the FDA as one of the requirements for Optiscan’s intended 510(k) application.

***Oral Cancer Studies***

Three Oral Cancer studies and trials were either underway or awaiting ethics approval in Australia and the United States for the use of Optiscan technology in Oral Cancer Screening and the visualisation of the cellular architecture of the Oral Cavity. These studies are being conducted by world-leading hospitals and researchers including at Memorial Sloan Kettering Cancer Centre in New York, Melbourne Dental School, Peter MacCallum Cancer Centre, Royal Melbourne Hospital in Melbourne and the Australian Centre for Oral Oncology Research and Education in Perth.

### ***BioMedTech Horizons Program grant for 150 patient Oral Cancer Study at Melbourne Dental School***

During the period, Optiscan was awarded a BioMedTech Horizons Program grant for \$971,000 to assist the University of Melbourne's Melbourne Dental School to undertake a trial with approximately 150 patients, to improve screening, diagnosis, and treatment of oral cancer.

The BioMedTech Horizons Program is an initiative of the Medical Research Future Fund, operated by MTPConnect. It is designed to foster innovative collaborative health technology development, and stimulate collaboration across disciplines and between the research, industry, and technology sectors to maximise entrepreneurship and idea potential.

Professor Michael McCullough, Professor of Oral Medicine at the Melbourne Dental School, said "What we want to ascertain through our trial is how we can use Optiscan's technology to microscopically see tumour cells in our clinic, helping us to assess the tissue, and to determine if a biopsy or surgery is required there and then."

### **BREAST CANCER SURGICAL MARGIN ASSESSMENT TRIAL**

Following the completion of stages 1 and 2 of Optiscan's 4 stage breast cancer surgical margin assessment trial, conducted in conjunction with Dr Peter Willsher (Breast Surgeon with the Breast Cancer Research Centre – Western Australia) and Dr Jespal Gill (Consultant Anatomical Pathologist of Western Diagnostic Pathology), Optiscan worked with leading Melbourne Breast Surgeon, Professor Bruce Mann and the Medical Device Partnering Program (MDPP) to establish a 20 patient study at the Royal Melbourne Hospital, Frances Perry House and the Epworth Hospital as part of stage 3 of the trial. Funding from the MDPP will be used for this study, which will also be conducted in conjunction with pathologists, Optiscan representatives and the Breast Cancer Network Australia.

Ethics approval from the Melbourne Health Human Research Ethics Committee for stage 3 was received and the required site approvals, protocols and research agreements were finalised after the end of the period.

### **CARL ZEISS MEDITEC AG (CZM) COLLABORATION AGREEMENT**

During the period, Optiscan was informed by CZM that the CONVIVO® and the Sterile Sheath (which acts as a sterile barrier between the probe of the CONVIVO® and the tissue in the brain) have both been registered on the Australian Register of Therapeutic Goods enabling those devices to be lawfully supplied for use in Neurosurgery in Australia. These registrations are in addition to approvals previously received by CZM to market the CONVIVO® in the United States and Europe as CZM continues the full commercialization of the CONVIVO®, developed as part of the co-operation agreement between CZM and Optiscan.

Optiscan received orders from CZM for components in excess of \$150,000 in this period and orders for a further \$350k were received subsequent to the end of the First Half. Discussions are ongoing regarding orders for the provision of further products, software and other services.

### **FIVE2 (VIEWNVIVO) – FLUORESCENCE IN VIVO ENDOMICROSCOPY LABORATORY DEVICE**

Optiscan continued to develop its off-shore distribution model and pipeline of sales opportunities in the First Half.

#### ***China***

During the period the Company sold two (2) of its FIVE2 (ViewnVivo) system to customers in China. Optiscan continued to work closely with both of its distributors to develop their pipeline of prospective customers, notwithstanding the limitations placed on travel and on-site demonstrations due to COVID-19.

Optiscan took part in a number of State and Federal Government initiatives to increase its profile in China including:

- (1) the Zhejiang International Technology Business Matching Webinar with an estimated 60,000 online viewers;
- (2) a virtual conference delivered by Austrade in partnership with biopharmaceutical giant AstraZeneca, Wuxi iCampus and CSIRO; and
- (3) the Melbourne Dental School and Optiscan presentation of the collaborative oral cancer in vivo imaging clinical study to leading dental hospitals in Shanghai at The 2nd China Smart Health and Medical Conference 2020.

### **Asia Pacific**

During the period Optiscan engaged Dr Joseph Jiafu as a consultant to assist the Company to establish distribution arrangements in Japan, South Korea, Singapore and other APAC countries (excluding China). Dr Jiafu is a microscopy expert and the former Asia Pacific In Vivo product leader for PerkinElmer Inc.

Following Dr Jiafu's appointment, Optiscan appointed J&H Technology as its exclusive distributor in Taiwan for the FIVE2(ViewnVivo) in the pre-clinical research market. J&H Technology was founded in 2000 and is a distributor for leading United States and European pre-clinical suppliers including ThermoFisher Scientific, PerkinElmer and Miltenyi Biotec.

### **North America**

Optiscan established new North America distributor arrangements with Advanced Microscopy Consultancy Services Inc ('AMCS') to provide technical, marketing and sales services to the Company in the United States and Canada. AMCS possesses significant pre-clinical microscopy and imaging expertise as well as multiple contacts in the research community. The Company ended its previous distribution agreement with Scintica Instrumentation Inc ('Scintica') although it continues to explore potential opportunities to work with Scintica.

## **CAPITAL RAISING AND CORPORATE**

During the period Optiscan raised \$9,813,499 via a placement to sophisticated and professional investors at an issue price of \$0.0825 (8.25 cents) per share (Placement). For every four Placement Shares, one free attaching option was issued, exercisable at \$0.15 (15 cents) per option and with an expiry date of 9 June 2023 (Placement Option).

Orchid Capital Investments Pte. Ltd, a member of the Clermont Group (Clermont Group), was the cornerstone investor in the Placement. Clermont Group is an international business group headquartered in Singapore. Clermont Group builds and invests in businesses in the healthcare, financial services and aerospace industries, and its operating companies employ over 6,000 people around the world.

During the period, Optiscan received its Research and Development Tax Credit for the 2020 financial year (Tax Credit) of \$701k. Proceeds were used to discharge the Company's loan, including associated interest and costs arranged by Radium Capital and secured against this Tax Credit.

### **Significant changes in the state of affairs**

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

- On 29 September 2020, the Company issued 29,466,500 fully paid ordinary shares, with an issue price of \$0.0825 (8.25 cents) per share, to professional and sophisticated investors in accordance with the capital raising as announced to ASX on 22 September 2020 and 25 September 2020.
- On 1 October 2020, the Company issued 89,485,000 fully paid ordinary shares, with an issue price of \$0.0825 (8.25 cents) per share, to professional and sophisticated investors in accordance with the capital raising as announced to ASX on 22 September 2020 and 25 September 2020.
- On 9 December 2020, the Company issued 29,737,875 unlisted options to professional and sophisticated investors in accordance with the capital raising as announced to ASX on 22 September 2020 and 25 September 2020 and following shareholder approval sought at the Company's 2020 Annual General Meeting of shareholders.

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

The following matters or circumstances have arisen since 31 December 2020 that have significantly affected, or may significantly affect, the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years:

- commencement of stage three of Optiscan's breast cancer study to be conducted by leading breast cancer surgeon, Professor Bruce Mann, and will involve 20 breast cancer patients at Royal Melbourne Hospital, Frances Perry House and Epworth Hospital using Optiscan's FIVE2/Viewnvivo endomicroscope.
- receipt of orders from CZM for approximately A\$350,000.

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**Auditor's independence declaration**

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

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

On behalf of the directors

A handwritten signature in black ink, appearing to read "D Lurie", written over a horizontal line.

Darren Lurie  
Executive Chairman

25 February 2021

## Auditor's Independence Declaration

### To the Directors of Optiscan Imaging Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Optiscan Imaging Limited for the period ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



M A Cunningham  
Partner – Audit & Assurance

Melbourne, 25 February 2021

**Optiscan Imaging Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2020**



		<b>Consolidated</b>	
	<b>Note</b>	<b>31 December 2020</b>	<b>31 December 2019</b>
		<b>\$</b>	<b>\$</b>
<b>Revenue</b>	5	533,574	332,684
Other income	6	553,020	285,797
<b>Expenses</b>			
Research & development and intellectual property expenses		(665,839)	(503,247)
Share-based payment expenses		(57,230)	(194,818)
Depreciation expense	7	(118,539)	(133,569)
Operations expenses		(459,679)	(630,386)
Other expenses		(20,022)	(10,471)
Finance costs		(38,544)	(27,013)
Administration		(478,456)	(322,458)
<b>Loss before income tax expense</b>		(751,715)	(1,203,481)
Income tax expense		-	-
<b>Loss after income tax expense for the half-year attributable to the owners of Optiscan Imaging Limited</b>		(751,715)	(1,203,481)
Other comprehensive income for the half-year, net of tax		-	-
<b>Total comprehensive income for the half-year attributable to the owners of Optiscan Imaging Limited</b>		<u>(751,715)</u>	<u>(1,203,481)</u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	11	(0.14)	(0.26)
Diluted earnings per share	11	(0.14)	(0.26)

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

	Consolidated	
	31 December	
Note	2020	30 June 2020
	\$	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	9,305,002	526,361
Trade and other receivables	303,830	758,434
Inventories	1,079,724	1,154,240
Other	215,286	70,639
Total current assets	<u>10,903,842</u>	<u>2,509,674</u>
<b>Non-current assets</b>		
Property, plant and equipment	122,217	158,202
Right-of-use assets	648,312	724,386
Other	52,625	52,625
Total non-current assets	<u>823,154</u>	<u>935,213</u>
<b>Total assets</b>	<u>11,726,996</u>	<u>3,444,887</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	432,503	481,286
Borrowings	-	375,797
Lease liabilities	140,410	133,516
Provisions	277,379	254,314
Total current liabilities	<u>850,292</u>	<u>1,244,913</u>
<b>Non-current liabilities</b>		
Lease liabilities	574,738	646,767
Provisions	9,090	4,884
Total non-current liabilities	<u>583,828</u>	<u>651,651</u>
<b>Total liabilities</b>	<u>1,434,120</u>	<u>1,896,564</u>
<b>Net assets</b>	<u>10,292,876</u>	<u>1,548,323</u>
<b>Equity</b>		
Issued capital	9 69,169,615	59,687,157
Reserves	2,408,887	2,404,796
Accumulated losses	<u>(61,285,626)</u>	<u>(60,543,630)</u>
<b>Total equity</b>	<u>10,292,876</u>	<u>1,548,323</u>

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

**Optiscan Imaging Limited**  
**Statement of changes in equity**  
**For the half-year ended 31 December 2020**



<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Foreign currency translation reserve \$</b>	<b>Share based payments reserve \$</b>	<b>Retained profits \$</b>	<b>Total equity \$</b>
Balance at 1 July 2019	59,392,382	(4,435)	2,214,116	(58,778,260)	2,823,803
Loss after income tax expense for the half-year	-	-	-	(1,203,481)	(1,203,481)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	(1,203,481)	(1,203,481)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs	338,195	-	(142,220)	-	195,975
Share options expense	-	-	194,818	-	194,818
Balance at 31 December 2019	<u>59,730,577</u>	<u>(4,435)</u>	<u>2,266,714</u>	<u>(59,981,741)</u>	<u>2,011,115</u>

<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Foreign currency translation reserve \$</b>	<b>Share based payments reserve \$</b>	<b>Retained profits \$</b>	<b>Total equity \$</b>
Balance at 1 July 2020	59,730,577	(4,435)	2,365,794	(60,543,613)	1,548,323
Loss after income tax expense for the half-year	-	-	-	(751,715)	(751,715)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	(751,715)	(751,715)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 9)	9,439,038	-	-	-	9,439,038
Share-based payments	-	-	57,230	-	57,230
Cancellation of options	-	-	(9,702)	9,702	-
Balance at 31 December 2020	<u>69,169,615</u>	<u>(4,435)</u>	<u>2,413,322</u>	<u>(61,285,626)</u>	<u>10,292,876</u>

*The above statement of changes in equity should be read in conjunction with the accompanying notes*



**Optiscan Imaging Limited**  
**Statement of cash flows**  
**For the half-year ended 31 December 2020**



Note	Consolidated	
	31 December 2020	31 December 2019
	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	517,511	231,557
Payments to suppliers and employees (inclusive of GST)	(1,658,601)	(1,471,532)
Interest received	3,811	2,922
Receipt of research and development tax incentive	701,242	226,506
Receipt of government grants	260,000	-
Net cash used in operating activities	<u>(176,037)</u>	<u>(1,010,547)</u>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	<u>(6,480)</u>	-
Net cash used in investing activities	<u>(6,480)</u>	-
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	9,813,500	-
Share issue transaction costs	(374,461)	(4,025)
Interest and other finance costs paid	(18,475)	(27,013)
Proceeds from borrowings	203,065	-
Repayment of borrowings	(578,862)	-
Repayment of lease liabilities	(83,609)	(95,923)
Net cash from/(used in) financing activities	<u>8,961,158</u>	<u>(126,961)</u>
Net increase/(decrease) in cash and cash equivalents	8,778,641	(1,137,508)
Cash and cash equivalents at the beginning of the financial half-year	<u>526,361</u>	<u>1,752,440</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>9,305,002</u></u>	<u><u>614,932</u></u>

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

### **Note 1. General information**

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

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

16 Miles Street  
Mulgrave, Victoria, 3170

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 25 February 2021.

### **Note 2. Significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

#### **New or amended Accounting Standards and Interpretations adopted**

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

### **Note 3. Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

#### *Share-based payment transactions*

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Barrier Pricing or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

### Note 3. Critical accounting judgements, estimates and assumptions (continued)

#### *Lease term*

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

#### *Employee benefits provision*

As discussed in note 2 of the Annual Report for the year ended 30 June 2020, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

### Note 4. Operating segments

#### *Identification of reportable operating segments*

The Company operated predominantly in the confocal endomicroscope industry within Australia. AASB 8 requires operating segments to be identified on the basis of internal reports about the components of the consolidated entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The board reviews the Company as a whole in the business segment of confocal endomicroscopes within Australia.

### Note 5. Revenue

	<b>Consolidated</b>	
	<b>31 December 2020</b>	<b>31 December 2019</b>
	<b>\$</b>	<b>\$</b>
Sales revenue	<u>533,574</u>	<u>332,684</u>
<i>Disaggregation of revenue</i>		
The disaggregation of revenue from contracts with customers is as follows:		
<i>Major product lines</i>		
Sale of goods (goods transferred at a point in time)	520,737	168,149
Services provided (services provided at a point in time)	12,837	164,535
	<u>533,574</u>	<u>332,684</u>
<i>Geographical regions</i>		
Australia	10,700	-
Germany	156,396	269,004
China	366,478	-
United States of America	-	63,680
	<u>533,574</u>	<u>332,684</u>

**Note 6. Other income**

	<b>Consolidated</b>	
	<b>31 December 2020</b>	<b>31 December 2019</b>
	<b>\$</b>	<b>\$</b>
Government grants - R&D tax incentive	289,640	281,978
COVID-19 government grants	10,000	-
BioMedTech Horizons program grant	249,569	-
Interest income	3,811	3,819
	<u>553,020</u>	<u>285,797</u>
Other income	<u>553,020</u>	<u>285,797</u>

**Note 7. Expenses**

	<b>Consolidated</b>	
	<b>31 December 2020</b>	<b>31 December 2019</b>
	<b>\$</b>	<b>\$</b>
Loss before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Plant and equipment	42,465	45,991
Buildings right-of-use assets	76,074	87,578
	<u>118,539</u>	<u>133,569</u>
Total depreciation	<u>118,539</u>	<u>133,569</u>
<i>Employee benefits expense</i>		
Employee benefits expense	861,458	751,690
	<u>861,458</u>	<u>751,690</u>

**Note 8. Non-current liabilities - lease liabilities**

	<b>Consolidated</b>	
	<b>31 December 2020</b>	<b>30 June 2020</b>
	<b>\$</b>	<b>\$</b>
Lease liability	574,738	646,767
	<u>574,738</u>	<u>646,767</u>

**Note 9. Equity - issued capital**

	<b>Consolidated</b>			
	<b>31 December 2020</b>	<b>30 June 2020</b>	<b>31 December 2020</b>	<b>30 June 2020</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$</b>	<b>\$</b>
Ordinary shares - fully paid	596,730,300	477,778,800	69,169,615	59,687,157
	<u>596,730,300</u>	<u>477,778,800</u>	<u>69,169,615</u>	<u>59,687,157</u>

**Note 9. Equity - issued capital (continued)**

*Movements in spare share capital*

Details	Date	Shares	Issue price	\$
Balance	1 July 2020	477,778,800		59,730,577
Issue of placement shares	29 September 2020	29,466,500	\$0.0825	2,430,986
Issue of placement shares	1 October 2020	89,485,000	\$0.0825	7,382,513
Capital raising costs		-	-	(374,461)
Balance	31 December 2020	<u>596,730,300</u>		<u>69,169,615</u>

*Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

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.

*Share buy-back*

There is no current on-market share buy-back.

**Note 10. Events after the reporting period**

The following matters or circumstances have arisen since 31 December 2020 that have significantly affected, or may significantly affect, the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years:

- commencement of stage three of Optiscan's breast cancer study to be conducted by leading breast cancer surgeon, Professor Bruce Mann, and will involve 20 breast cancer patients at Royal Melbourne Hospital, Frances Perry House and Epworth Hospital using Optiscan's FIVE2/Viewnivo endomicroscope.
- receipt of orders from CZM for approximately A\$350,000.

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**Note 11. Earnings per share**

	<b>Consolidated</b>	
	<b>31 December 2020</b>	<b>31 December 2019</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax attributable to the owners of Optiscan Imaging Limited	<u>(751,715)</u>	<u>(1,203,481)</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>536,928,363</u>	<u>470,963,583</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>536,928,363</u>	<u>470,963,583</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(0.14)	(0.26)
Diluted earnings per share	(0.14)	(0.26)

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors

A handwritten signature in black ink, appearing to read "D Lurie", written over a horizontal line.

Darren Lurie  
Executive Chairman

25 February 2021

# Independent Auditor's Review Report

To the Members of Optiscan Imaging Limited

## Report on the review of the half year-financial report

### Conclusion

We have reviewed the accompanying half-year financial report of Optiscan Imaging Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Optiscan Imaging Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of Optiscan Imaging Limited's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

### Directors' responsibility for the half year financial report

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



### Auditor's responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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



Grant Thornton Audit Pty Ltd  
Chartered Accountants



M A Cunningham  
Partner – Audit & Assurance

Melbourne, 25 February 2021