Optiscan Annual Report FY2024

ABN 81 077 771 987
30 June 2024

Optiscan

Optiscan

Optiscan Imaging Limited (ASX:OIL) is a global leader in the development, manufacturing, and commercialisation of imaging technologies for medical, translational and pre-clinical applications. Its technology enables real-time, non-destructive, 3D, in-vivo digital imaging at the single-cell level, and bridges the gap between surgery and pathology.

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Corporate Directory

Directors

Mr Robert Cooke
Non-executive Chairman

Dr Camile Farah
Managing Director

Ms Karen Borg
Non-executive Director

Mr Ron Song
Non-executive Director

Mr Sean Gardiner
Non-executive Director

Company Secretary

Mr Justin Mouchacca

Notice of annual general meeting

The Company is proposing to hold its Annual General Meeting on Thursday 21 November 2024.

Registered office

16 Miles Street
Mulgrave, Victoria 3170
Phone No.: (03) 9538 3333

Principal place of business

16 Miles Street
Mulgrave, Victoria, 3170
Phone No.: (03) 9538 3333

Share register

Computershare Investor Registry Services
Yarra Falls
452 Johnson Street,
Abbotsford, Victoria, 3067
Phone No.: (03) 9415 5000

Auditor

William Buck
Level 20
181 William Street
Melbourne VIC 3000

Stock exchange listing

Optiscan Imaging Limited securities are listed on the Australian Securities Exchange (ASX code: OIL)

Website

www.optiscan.com

Corporate governance statement

www.optiscan.com/about-us/compliance

Major Achievements

Optiscan Imaging Limited ('Optiscan') achieved a host of development milestones over the course of its 12 months ended 30 June 2024 financial year (FY24). This year also saw Optiscan complete a capital raising that put in place the funding required for the Company to further advance its growth strategy, and significantly broadened its executive and scientific teams with several key hires.

- Completed a highly successful 1-for-3 entitlement offer, raising $16.7M
- Telepathology project passes the proof-of-concept stage
- Reveal of ground-breaking new microscopic medical imaging device, InVue™
- Optiscan collaboration with Mayo Clinic, via a know-how agreement
- Key leadership appointments at US subsidiary, Optiscan Imaging, Inc.
- Ongoing validation of Optiscan platform, including release of interim readout for Optiscan's Breast Cancer Intraoperative Assessment Study

Optiscan's Growing Footprint & Sales Pipeline

Expanding our business development and sales pipeline globally

Optiscan has significantly progressed its journey from Original Equipment Manufacturer (OEM) to a strategically focused, diversified healthcare sector business over FY24.

Our Focus

Optiscan has pivoted from an ambiguous OEM provider to a strategically focused, diversified, and optimized business.

The foundation we have laid positions us for legitimate growth and a path to become a global innovator in digital health.

Our collaboration with prestigious clinical collaborators like Mayo Clinic represents the next phase in our evolution.

The lucrative US Market remains our immediate focus.

We will continue to build on this momentum and invest in strategic initiatives and enhancements across the business, whilst remaining agile to market developements.

Chairman's Letter

Robert Cooke
Non-Executive Chairman

Optiscan realised a host of milestones in its stated development strategy over the 2024 financial year (FY24). This has seen a continued evolution in its platform, which bridges the gap between surgery and pathology, to the point where it is now underpinning a successful expansion into additional areas of clinical application.

Dear Shareholder

On behalf of Optiscan's Board of Directors, I am proud to say that your Company has achieved much over the 12 months ended 30 June 2024 financial year (FY24). Optiscan's proven and validated cutting-edge technology, which enables enhanced digital pathology and precision, has now evolved to the point where it is unambiguously delivering a dramatic improvement in medical outcomes across an ever-growing list of clinical applications.

Powered by a steady stream of development initiatives, Optiscan has steadily grown its suite of software and hardware offerings over the past 12 months, all underpinned by its unique MedTech platform. Your Board of Directors believe that these offerings will deliver improved cancer diagnosis and treatment outcomes. Success here will benefit our addressable markets, which extend across patients and their families, healthcare sector professionals and institutions, and health insurers.

Your Board is cognisant of the fact that ongoing success in developing the Optiscan platform will accelerate the delivery of the Company's stated commercialisation strategy.

To this end, we have continued to invest in research and development (R&D) work that further enhanced the intellectual property attached to our unique medical platform over the course of FY24. This R&D-specific capital expenditure has resulted in the advancement of multiple Optiscan platform-related projects, with a key tangible result recently flowing through in the form of the InVue™ reveal – and other deliverables are pending.

Your Board of Directors fully anticipate that the Company's development milestones over its FY24 will be closely followed by a host of other material achievements over the next 12 months and beyond. This as your Company continues to deliver on its stated growth strategy, including its moves to penetrate targeted additional addressable markets.

The clinical applications already identified for Optiscan's technology, including breast cancer, account for around 30% of all cancer cases in the large US market.

Now Optiscan is moving to also penetrate the digital health space that is forecast to grow at a rapid pace over coming years and be a $US946B market globally by 2030. Within this segment, the US robotic surgery service market, which is considered a key component of Optiscan's addressable market, and valued at US$1.8 billion in 2022, is expected to experience double-digit compound annual growth over coming years.

Optiscan's collaboration with the Mayo Clinic, which was announced to the market late in FY24, is a very exciting development. It will bring together experts from both organisations to develop a surgical robot-compatible endomicroscopic imaging system with an initial focus on robotic-assisted breast cancer surgery. As part of the collaboration, Mayo Clinic will have a financial interest in the Optiscan technology, which it will use to support its not-for-profit mission in patient care, education and research.

While Optiscan has been busy progressing its development strategy it has, at the same time, committed much time to moving along its clinical and regulatory pathways. Our team has remained agile and diligent in the face of changing US regulatory legislation and continues to work towards all aspects of US Food & Drug Administration (FDA) approval relating to our platform – be they device, device and drug or combination products related.

Optiscan is already well progressed in the delivery of its strategic transformation stage of its development strategy as the Company's FY25 gets underway in earnest. It has already successfully optimised operations, astutely invested in growth, expanded its product portfolio and cultivated strategic partnerships. From a market broadening perspective, Optiscan has also identified and set in motion plans to pursue new opportunities – be they clinical or geographic footprint oriented.

Now Optiscan is laying the groundwork for the next stage of its growth journey, which will see it implement an additional raft of strategic initiatives. These are expected to make Optiscan a digital health solutions leader with a full suite of digital health products and a producer of clinical devices for Precision Surgery, Gastrointestinal (GI), Vet and Robotics. These assets are expected to deliver Optiscan a large and growing market share in digital health sector.

On behalf of the entire Board, I would like to thank our management and staff for their hard work over the course of the Company's FY24. I also want to thank our loyal shareholders for their support, as Optiscan continues to successfully deliver on its development strategy. As a group, these stakeholders are providing the runway required for Optiscan to realise its aim of becoming a digital health solutions leader and a producer of clinical devices. This should, in turn, open the way for Optiscan to enjoy the fruits of material commercial success.

Robert Cooke
Non-Executive Chairman

CEO & Managing Director's Review

Dr Camile Farah
CEO & Managing Director

Optiscan achieved a host of operational milestones in its FY24, including new product reveals, as well as the locking in of some exciting partnership and collaboration agreements.

Dear Shareholders

Optiscan achieved much from both a financial and operational perspective over the course of its financial year ending 30 June 2024 (FY24). This period saw the Company advance its development strategy while simultaneously completing a successful capital raising and adding to its human capital resources.

Financial performance

During FY24, the consolidated entity generated ordinary revenue of $1,155,604 from sales, system rentals and the provision of services. This compared to $1,680,180 in the previous corresponding period, with the resultant FY24-on-FY23 decline in total revenue of around 31% mainly due to lower orders from Carl Zeiss Meditec (CZM).

Other income generated by Optiscan over FY24 totalled $2,378,064, more than double the equivalent FY23 figure of $968,813. Within this total, the Company recorded research and development (R&D) incentive income of $994,658, some 35% above the prior year amount of $737,570, with this strong uplift mainly due to higher R&D expenses incurred through the multiple R&D projects running in parallel. As Optiscan continues to invest in R&D to accelerate commercialisation, it has been successful in securing non-dilutive funding over the past 12 months. This has led to the significant increase in grant income received of $835,761 (up 318% on the FY23 figure of $200,103).

Optiscan's financial position further enhanced by grants

Optiscan received further strong support from grant providers over the course of its FY24 reporting period. In February 2024, the Company received a $3 million Cooperative Research Centres Projects (CRC-P) grant to work on its Edge-AI-enabled gastrointestinal (GI) endomicroscope.

The latter project, worth over $9m, will be led by Optiscan's Chief Technology Officer, Dr Sanchitha Fernando. It brings together Australian industry and science partners as well as research institutions, and is targeting the development of a miniature digital microscopy probe that can fit biopsy channels of most endoscopes and provide real-time, slide-free images with sub-cellular resolution. This strategic approach will keep our technology agnostic to endoscope manufacturers and broaden our appeal to all users of flexible scopes, increasing our potential market penetration.

New equity to fund growth initiatives

Early in FY24, Optiscan completed a 1-for-3 entitlement offer. This issue was first announced to the market in late FY23. It raised $16.7M (208.7M shares, priced at $0.08 per share). The Optiscan Board of Directors appreciated the support provided to this issue by two of our existing substantial shareholders, Peters Investments Pty Ltd and Orchid Capital Investments Pte. Ltd, who both acted as partial underwriters.

The additional equity provided by this raising ensured our Company has the required capital to undertake R&D projects for rigid and flexible surgical applications, improve core image capture capability, and advance Artificial Intelligence (AI) and Telepathology service solutions alongside the development of new clinical devices. Additionally, the capital raised will support clinical studies to meet FDA premarket notification requirements for new devices and clinical applications aligned to its product development program.

Some important development milestones were achieved in FY24

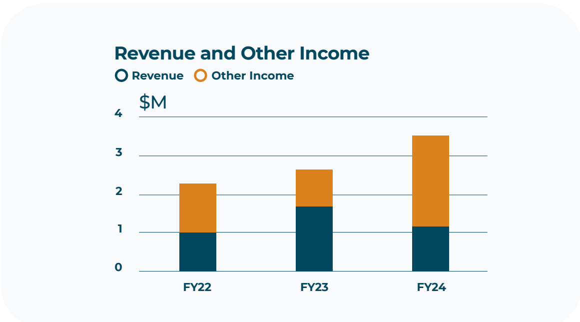
Partnership with Prolucid advanced

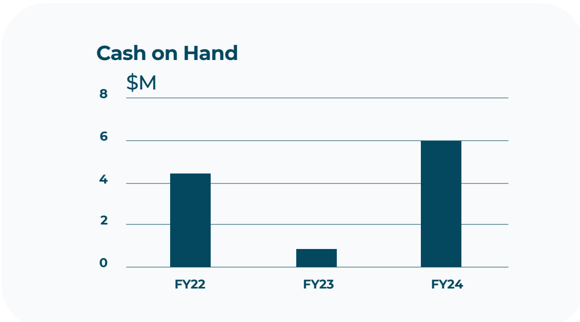
In August 2023, Optiscan announced that its telepathology project had passed the proof-of-concept stage. This milestone provided tangible evidence that the Company's partnership with Canadian-based software engineering firm Prolucid Technologies was making material progress with our Software as a Medical Device (SaMD) application. The targeted end result from this collaboration with Prolucid is the development of a high-performance telepathology platform that enables remote access for pathologists to undertake virtual biopsy assessments using Optiscan's proprietary slide-free, biopsy-free, high resolution single cell imaging technology.

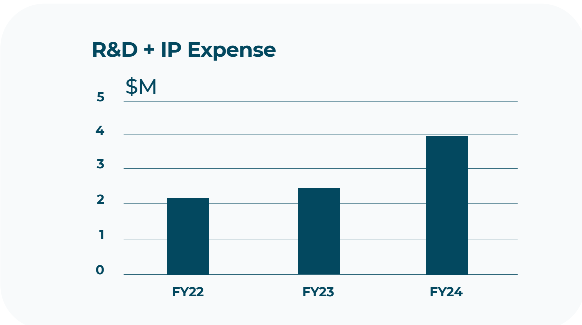
Getting this project to the proof-of-concept stage in FY24 effectively de-risks elements such as software latency, data capacity and infrastructure composition ahead of schedule. Anticipated for completion by the end of calendar year 2024, the software will be 100% owned, managed, and commercialised by Optiscan, and will effectively position the Company at the forefront of real-time digital telepathology.

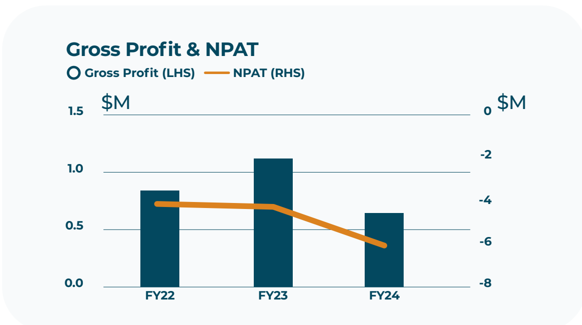
The Company also progressed its artificial intelligence (AI) collaboration with Prolucid as members of both companies worked together to build the first iteration of the machine learning (ML) algorithm required for in vivo oral cancer imaging. Progress is continuing on this important project, which will be facilitated by the completion of the telepathology project.

FY24 Financial Metrics









InVue™ hardware device reveal

In early June 2024, Optiscan announced the reveal of its ground-breaking new microscopic medical imaging device, InVue™, which is designed to enable precision surgery by putting real-time digital pathology access directly into the hands of surgeons. The device has been designed and manufactured in Melbourne by Optiscan in partnership with Australian-based industrial design firm Design + Industry.

The InVue™ device reveal is a clear sign that Optiscan is successfully expanding its product portfolio, in the process delivering a core component of the Company's growth strategy. Leveraging Optiscan's patented technology, the device is designed to be used by surgeons to gain immediate pathology insights in the operating theatre, to enable on-the-spot decision making, treatment adjustments and precision surgery.

This exciting development broadens the Company's ability to pursue clinical studies in breast cancer surgery in parallel to necessary clinical studies identified by the US FDA for the InVivage® oral cancer imaging device.

inVue
by Optiscan

Mayo Clinic Agreement

In mid-May 2024, Optiscan entered into a collaboration with Mayo Clinic, through a know-how agreement. Under the collaboration, Optiscan and Mayo Clinic are targeting the development of a digital confocal laser endomicroscopic imaging system for use in robotic-assisted surgery.

This exciting collaboration combines Optiscan's engineering expertise in digital endomicroscopic hardware and software development with Mayo Clinic's know-how in robotic surgery and quality patient care. The agreement, which covers a 24-month co-development plan, will bring together experts from both organisations to develop a surgical robot-compatible endomicroscopic imaging system with an initial focus on robotic-assisted breast cancer surgery.

MAYO CLINIC

New hires enhance skillset of executive team

In October 2023, Optiscan announced a number of key leadership appointments as part of its ongoing efforts to expand and appropriately resource the Company's subsidiary, Optiscan Imaging, Inc. in the United States (US).

Following an extensive search for exceptional talent, we welcomed Tim Rowe and Shayra Leon to our US leadership team. Their experience in business development and sales of preclinical imaging technology will be extremely valuable as we strategically pursue the Company's commercial interests in the US.

Then in April 2024, Optiscan announced the establishment of its US Regional Office in Rochester Minnesota, adjacent to the Mayo Clinic hospital campus providing easy access to their facilities and personnel, and to other strategic medical device companies in the Twin Cities of Minneapolis and St Paul.

This was accompanied by the appointment of US-based Heads of Clinical and Regulatory Affairs respectively. Their collective experience include in-depth knowledge of medical devices and clinical trials, sterilization, and medical device reprocessors at leading companies including STERIS, Richard Wolf Medical Instruments, and Sterilucent.

These US-based appointments highlight the strategic importance we place on the US market, which we expect to be a key source of recurring revenue generation.

Optiscan also strengthened its Group operational team during FY24. We appointed Brendan Fafiani to the role of Chief Operating Officer in November 2023. Brendan has assumed responsibility for Optiscan's operations at its Melbourne headquarters, leading the development of the Company's operational planning and overseeing its commercialisation strategy encompassing sales and marketing, as well as managing personnel, and customer and development efforts.

Brendan's appointment will ensure that your CEO can continue to focus on key investor relations, stakeholder engagement initiatives, clinical trials, and the US expansion plan.

Optiscan further validates the effectiveness of its platform

In mid-September 2023, an interim readout was released for Optiscan's Breast Cancer Intraoperative Assessment Study, which is being undertaken at the Royal Melbourne, Frances Perry and Epworth Hospitals. Supported by the Medical Device Partnering Program (MDPP), the primary objective of this study is to determine if real-time intraoperative imaging of excised breast tissue using Optiscan technology can detect involved surgical margins.

The interim readout on fixed and processed breast tumour and margin samples indicated that the Optiscan platform can provide images comparable to conventional histopathology for determination of presence of cancer and for determination of tumour involvement in surgical margins. Importantly, this was possible in all 15 resected tumours which underwent fixation, with final diagnoses including invasive lobular carcinoma and invasive carcinoma NST.

The interim readout additionally found that the Optiscan CLE probe could also identify and differentiate healthy marginal tissue from cancer involved margins in each case that was identified on gross sectioning and on final definitive histopathology. Assessment of fresh tissue produced excellent imaging quality, and fixation did not negatively affect quality of imaging compared to that of fresh tissue. Importantly, imaging could be achieved bedside or in the pathology lab.

Optiscan leadership team presents at key conferences

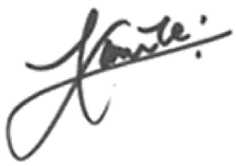
The Optiscan leadership team also continued to present at key industry conferences over its FY24. We presented at three prestigious international conferences over the early part of the year. The first was the 11th International Conference of the American Head and Neck Society (AHNS) in Montreal, Canada, the second was the 48th Brazilian Congress of Stomatology and Oral Pathology (SOBEP) in Curitiba, Brazil, and the third was the 23rd International Congress on Oral Pathology and Medicine in Cancun, Mexico.

All three of the abovementioned presentations did more than just give Optiscan the chance to showcase the groundbreaking advancements offered by the Company's real-time slide-free, biopsy-free confocal digital microscope technology. They also saw Optiscan highlight recent developments in telepathology and machine learning, and opportunities for the Company to undertake beneficial collaborations and partnerships.

I wish to take this opportunity to personally thank the entire Optiscan team for their hard work over the past 12 months. Due to their concerted efforts, the host of development milestones I have outlined in this review were delivered, and many others were progressed to the point where they too will soon become reality.

I also wish to thank the Board of Directors and our loyal shareholders for their ongoing support as Optiscan's team works towards development and commercialisation of the Company's unique hardware and software solutions that will enable real-time, non-destructive, 3D, in-vivo digital imaging at the single-cell level.

I look forward to updating shareholders on further product developments over coming months that clearly demonstrate our technology is bridging the gap between surgery and pathology.



Dr Camile Farah
CEO & Managing Director

Directors' Report

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

Principal activities

The principal activity of the consolidated entity during the year was the development of a suite of hardware and software solutions for real-time digital pathology and precision surgery under its own label, a collaboration with Carl Zeiss Meditec, and developing new pre-clinical markets for Optiscan's ViewnVivo® products and services.

Dividends

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

Operating and Financial review

The loss for the consolidated entity after providing for income tax amounted to $6,060,496 (30 June 2023: $4,351,500).

Financial performance

During the financial year ending 30 June 2024 (FY24), the consolidated entity generated ordinary revenue of $1,155,604 from sales, system rentals and the provision of services, compared to $1,680,180 in the previous corresponding period. The 31% decrease in sales revenue was mainly due to lower orders from Carl Zeiss Meditec (CZM).

Other income generated for the financial year was $2,378,064 (2023: $968,813). The Company recorded research and development incentive income of $994,658 (2023: $737,570), an increase by 35% mainly due to higher R&D expenses incurred through the multiple R&D projects running in parallel. As the Company continues to invest in R&D to accelerate commercialisation, the Company has been successful in FY24 securing non-dilutive funding through the CRC-P grant that will contribute $3m over the next 3 years. This has led to the significant increase in grant income received of $835,761 (2023: $200,103).

Directors

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

Mr Robert Cooke
Non-executive Chairman

Dr Camile Farah
Managing Director

Ms Karen Borg
Non-executive Director

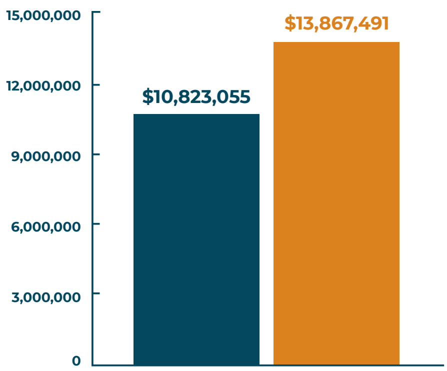
Mr Ron Song
Non-executive Director

Mr Sean Gardiner
Non-executive Director

Further investment in commercial and R&D activity for the financial period increased total expenses for FY24 to $9,594,164 (2023: $7,000,493). With higher investment in R&D over the year, the Company has been able to advance multiple R&D projects and also revealed its ground-breaking new microscopic medical imaging device, InVue™, which is designed to enable precision surgery. There was also increased business activities in the US with the establishment of the US Regional Office in Rochester Minnesota and the hiring of three key staff in the US to accelerate business development, clinical and regulatory affairs.

The net operating cash outflow for FY24 was $5,744,450 compared to $3,152,494 for the previous financial year. This higher cash outflow is due to increased R&D and commercial activities as outlined above.

Financial position



The net assets increased by $10,823,055 to $13,867,491 at 30 June 2024 (30 June 2023: $3,044,436).

The working capital position of the consolidated entity as at 30 June 2024 resulted in an excess of current assets over current liabilities of $13,311,323 (30 June 2023: $2,223,048).

The increase in net asset position was due to the successful capital rase in FY24, which is highlighted below.

Capital raise

During the reporting period, the Company raised $16,698,816 through a partially underwritten renounceable entitlement offer to fund its strategic portfolio expansion. The Offer was structured to raise funds through the issue of up to 208,735,201 shares in the Company at an issue price of $0.08 per share. The Company engaged substantial shareholders, Peters Investments Pty Ltd (Peters) and Orchid Capital Investments Pte. Ltd (Orchid) to partially underwrite the Offer.

The funds raised under the Offer will be used to further the Company's research and development (R&D) projects specifically for both rigid and flexible surgical applications, to develop improved image capture, AI and telepathology capabilities, to undertake clinical studies to satisfy the FDA in relation to premarket notification applications for new addressable markets, to increase the commercial exposure of the Company specifically in the US, and for general working capital purposes.


onyx
inVue
by Optiscan

Likely Developments

The Company has successfully advanced multiple R&D projects the past year and will continue to do so, through internal capabilities and through strategic partnerships. With the transformation of the Company from an original equipment manufacturer (OEM) to a private label manufacturer (PLM), the Company will continue to develop and release its suite of devices, following the reveal of the Company's next-generation InVue™ microscopic medical imaging device for precision surgery.

Following the know-how agreement signed with Mayo Clinic, there will be increased collaboration to develop a surgical robot-compatible endomicroscopic imaging system with an initial focus on robotic-assisted breast cancer surgery. Further clinical activities are likely to occur over the next year to advance the regulatory process.

With the establishment of the US Regional Office in Rochester Minnesota and the hiring of three key staff in the US, we expect increased business activity around business development, and clinical and regulatory affairs that will lead to future commercial success.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial year other than the items noted below:

- During the financial period, the Company issued 300,000 fully paid ordinary shares relating to conversion of unlisted options following receipt of exercise notices with different exercise prices.
- During the year, the Company issued 1,100,000 unlisted options to several employees, exercisable at $0.081 and $0.084 per option on or before 7 June 2027.
- During the reporting period, the Company raised $16,698,816 through a partially underwritten renounceable entitlement offer. 208,735,201 shares in the Company were issued at $0.08 per share. The funds raised will be used to funds its strategic portfolio expansion.

Matters subsequent to the end of the financial year

No other matter or circumstance has arisen since 30 June 2024 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.

Risk statement

The Group is committed to the effective management of risk to reduce uncertainty in its commercial activities and business outcomes and to protect and enhance shareholder value. There are various risks that could have a material impact on the achievement of the Group's strategic objectives and future prospects.

Key risks and mitigation activities associated with the Group's objectives are set out below:

1. Research and development risks

Biotechnology, scientific research, medical product development and the commercialisation of the results of that work can be considered high-risk undertakings. Investment in research and development (R&D) companies cannot be assessed on the same fundamentals as trading and manufacturing companies. The Company is reliant on the success of its R&D projects and the effective and successful commercialisation of the results of the Company's R&D. The Company is developing medical imaging systems which must undergo vigorous testing to satisfy regulatory authorities.

The development of new medical devices is an inherently high-risk process with a traditionally high rate of failure. There is no guarantee that the Company's R&D projects will be successful or prove themselves to be commercially effective and successful. The failure to achieve the objectives of the Company's R&D projects may prevent the Company from being able to commercialise a technology. This, in turn, may cause the Company to cease being able to operate as a going concern and have a serious adverse effect on the value of its securities. The Company strives to mitigate any potential product failures through its investment in R&D activities.

2. Manufacturing and supply chain risk

The Group relies on manufacturers to supply and manufacture key components of its products and is exposed to supply shortages, long order lead times and price increases. In addition, several of its existing suppliers are based in different countries which results in different lead times. The Group has taken active steps to manage these risks by exploring the relocation of some of its manufacturing and assembly elements to other countries, adopting a very specific focused discipline on managing its supplier relationships and procurement activities and increasing its inventory holdings of key products and product components, with inventory on hand having increased during the year.

3. Distribution network risk

The vast majority of the Group's sales are sold through its distribution network, with a number of formal distribution agreements in place across the regions in which it operates. These agreements include minimum purchase requirements and can, where deemed necessary, be terminated on relatively short notice. It remains important that the Group maintains good working relationships with its key distribution partners in order to enhance its growth prospects and financial performance. The Group's focus on developing highly innovative and sought after products and investment in client service capability with a view to supporting distributors and providing after sale service are mitigating factors which assist the Group in managing this risk. Further, the regular review of its distribution partners and the adjustment of coverage across regional and vertical markets is another mitigating factor that assists the Group in managing the distribution network risk.

4. Key personnel risk

The Group is reliant on its key management and technical personnel and the Group's future prospects are dependent on retaining and attracting suitably qualified personnel. The Group manages these risks by ensuring it adopts remuneration practices, incentive schemes and employment policies which promote staff retention and recruitment. The Group's employment agreements also allow it to limit the ability of key personnel to join competitors or compete directly with the Group.

5. Intellectual property risk

The Group has developed a range of proprietary items of Intellectual Property (IP) that are regarded as novel and inventive comprising know how, hardware, software, copyright and trademarks. The value of the Group's products is dependent on its ability to protect this IP. The Group manages this risk by ensuring that its dealings with employees, contractors and third parties are governed by legal agreements which support the Group's ownership and control over its IP and the disclosure of sensitive information belonging to the Group.

6. General economic conditions risks

The general economic climate may affect the performance of the Group. These factors include the general level of international and domestic economic activity, inflation and interest rates. These factors are beyond the control of the Group and their impact cannot be predicted.

Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Other current directorships:
Memphasys Limited (ASX: MEM), appointed 26 April 2022.
Former directorships (last 3 years):
None
Special responsibilities:
Member of Audit & Risk and Remuneration & Nomination Committees.
Interests in shares:
290,000 fully paid ordinary shares
Interests in options: None

Mr Robert Cooke
Non-executive Chairman
B. Health Administration, Grad. Dip. Acc and Fin

Robert is a highly strategic and results focussed private health care leader. With a 40+ year career in the health industry, his experience spans executive leadership of publicly listed and privately owned healthcare companies, and management of private and public hospitals in Australia, Asia and the UK. Robert has a proven track record in setting strategy and delivering successful outcomes for stakeholders and shareholders, highly effective interaction with the financial community, and holds a unique understanding of the complex dynamics of the health care industry.

Robert is currently the Managing Director of Connelly Partners, a specialised health care consulting company. Before establishing Connelly Partners in 2018, Robert was the Managing Director & CEO of Healthscope, one of Australia's leading private hospital/medical centre/pathology operators between 2010 and 2017. Robert has served as a Director of ASX listed and private equity owned health care companies within Australia and internationally, and currently serves on several health care boards including as Non-Executive Chair of Genesis Cancer Care, and Midas Healthcare, and Non-Executive Director of SMS Healthcare.

Other current directorships:
None
Former directorships (last 3 years):
None
Special responsibilities:
None
Interests in shares:
8,691,652 fully paid ordinary shares
Interests in options:
12,000,000 unlisted options

Dr Camile Farah
CEO & Managing Director
BDSc MDSc (OralMed OralPath) PhD GCEd (HE) GCExLead FRACDS (OralMed) MAICD AFCHSM CHM FOMAA FIAOO FICD FPFA FAIM FLWA

Camile is CEO & Managing Director of Optiscan Imaging Ltd and President of its US subsidiary Optiscan Imaging, Inc. Camile is a medtech executive and board director with a background in healthcare, medical research, industry and academia spanning 25 years. Camile holds multiple degrees and fellowships in pathology, oncology, higher education, business management and leadership, and is a prolific author and international speaker. Camile has held various senior leadership roles in public and private clinical, research and academic institutions in dentistry, maxillofacial medicine, oncology, and head and neck pathology.

Under Camile's leadership, Optiscan is undergoing a digital transformation developing digital pathology and precision surgery hardware and software solutions enabling live optical biopsy for diagnostic and surgical applications including cloud-based telepathology and AI/ML solutions for intraoperative digital workflows, an endomicroscopic imaging system for robotic-assisted surgery, and a growing portfolio of point-of-care products to tackle large addressable markets including oral, breast, gastrointestinal, and veterinary imaging. Camile has expanded Optiscan's geographical footprint and raised millions of dollars in dilutive and non-dilutive capital and overseen the establishment of strategic partnerships and collaborations.

Information on directors

Other current directorships:
Somnomed Ltd (ASX: SOM), appointed 26 November 2020.
Former directorships (last 3 years):
None
Special responsibilities:
Chair of the Audit & Risk Committee and member of the Remuneration & Nomination Committee.
Interests in shares:
99,716 fully paid ordinary shares
Interests in options: None

Ms Karen Borg
Non-executive Director
B. Arts

Karen is a highly regarded senior private and public sector leader, with significant experience in medical devices and technology, consumer products and government services. Karen has held senior roles in international and national commercial management, global marketing and government.

Karen is the former President (Asia Pacific and Middle East) of ResMed Inc (ASX: RMD) and prior to this held several senior roles with Johnson & Johnson Medical Devices, including Global Vice President (based in USA). Karen's most recent executive roles include CEO of Healthdirect and inaugural Chief Executive of Jobs for NSW, with both roles fostering relationships across all tiers of government. Karen is currently co-CEO of Somnomed Ltd (ASX: SOM), and is on the Board of The North Foundation and is the Interim Chair of the Australian Vaccine Research Alliance. Karen holds Bachelor of Arts from the University of Sydney and was a NSW finalist for Telstra Business Woman of the Year 2017.

Other current directorships: None
Former directorships (last 3 years):
None
Special responsibilities:
Chair of the Remuneration & Nomination Committee and member of the Audit & Risk Committee.
Interests in shares:
4,000,000 fully paid ordinary shares
Interests in options: None

Mr Ron Song
Non-executive Director

Ron had a 25-year business career in Australia before being headhunted in 1999 to assist in expanding a European motor vehicle franchise in Singapore.

In a short time, Ron assisted in developing the franchise into a highly profitable business. He subsequently expanded and developed a second company in the motor vehicle industry, Premium Automobiles Pte Ltd, where he was the Managing Director for seven years before advising and developing a premier Singaporean wellness company, Fabulous Image Lifestyle, which was successfully sold to a pan-Asian operator. Ron has established a network of business contacts in many areas of enterprise in Asia and Australia. He has contacts in the health sector in Asia as well as associations with businesses and the financial sector in Australia and Asia of value to Optiscan.

Information on directors

Mr Sean Gardiner
Non-executive Director
B. Com

Sean is a Managing Director and Head of Private Investments at the Clermont Group. Prior to joining Clermont, Sean worked at Morgan Stanley, where he spent 20 years in equity research across three locations and in seven different roles.

In 2000, he joined the London office, covering European Technology and Conglomerate stocks before, in 2005, moving to lead the EEMEA Telecom Services team. In early 2008, Sean transferred to Dubai to setup and manage the MENA Equity Research team. Sean relocated to Singapore in 2010 to oversee and manage the broader Asian research product as well as roll out ASEAN Real Estate coverage. In 2016, he was promoted to Head of ASEAN Research and ASEAN Equity Strategist. Prior to Morgan Stanley, Sean served his Chartered Accountancy articles in South Africa and he has a B.Com (PGDA) from the University of Cape Town.

Other current directorships: None
Former directorships (last 3 years): Energy World Corporation Ltd (ASX:EWC) (Appointed 8 March 2022 and resigned 2 May 2023)
Special responsibilities: Member of the Audit & Risk and the Remuneration & Nomination Committees.
Interests in shares: None
Interests in options: None

Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Mr Justin Mouchacca, CA
Company Secretary

Mr Mouchacca is a qualified Chartered Accountant with over 15 years' experience in public company responsibilities including statutory, corporate governance and financial reporting requirements. He graduated from RMIT University in 2008 with a Bachelor of Business majoring in Accounting. Mr Mouchacca completed the Chartered Accountants Program in 2011 and has been appointed Company Secretary and Financial Officer for a number of entities listed on the ASX and unlisted public companies. He specialises in the preparation of listing companies on stock exchanges, Corporations Act legislation, corporate governance policies, statutory report writing requirements, shareholder meeting requirements and assistance in the preparation of prospectuses, information memorandums and other disclosure documents.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2024, and the number of meetings attended by each director were:

	Full Board		Audit & Risk Committee		Remuneration & Nomination Committee	
	Attended	Held	Attended	Held	Attended	Held
Robert Cooke	6	6	1	1	1	1
Camile Farah	6	6	-	-	-	-
Karen Borg	6	6	1	1	1	1
Ron Song	6	6	1	1	1	1
Sean Gardiner	4	6	1	1	1	1

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward.

The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The reward framework is designed to align executive reward to shareholders' interests. The Board has considered that it should seek to enhance shareholders' interests by:

- having key commercial and R&D milestones form the core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors remuneration

The Constitution of the Company and the ASX Listing Rules establish an aggregate or maximum level of remuneration available to non-executive directors, to be divided amongst the directors as agreed. The aggregate amount approved by shareholders to be available for remuneration of non-executive directors is $400,000 per annum.

The Board has determined that non-executive directors shall receive only fixed remuneration by way of payment of fees. There is no variable, short term incentive remuneration for non-executive directors, nor is there any entitlement to retiring allowances or payments other than the statutory superannuation required by law.

Non-executive directors receive an annual fee for all services provided to the Company, including being a director of the Company and any of its subsidiaries, and for serving on board sub committees in accordance with the requirements of the Corporate Governance Policy.

Non-executive directors are encouraged to hold shares in the Company which have been purchased on market or through placements where participation by the directors has been approved by shareholders in general meeting. It is considered good governance for the directors to have a personal financial stake in the Company.

Executive remuneration

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration. The level of fixed remuneration is set so as to provide a base level of remuneration, which is both appropriate to the position and competitive in the market.

Fixed remuneration is reviewed as required by the Remuneration Committee, and the process consists of a review of Company and individual performance, and comparative remuneration in the market. All employees are provided with the opportunity to receive their fixed remuneration in both cash and benefits, subject to there being no change in overall cost to the Company. Compulsory superannuation contributions are included in the determination of fixed remuneration.

Variable Remuneration

The objectives and structure of the Group's policy on Variable Remuneration is set out below.

Variable Remuneration - Short Term Incentive (STI)

The objective of the STI program is to link the achievement of the Group's operational targets with the remuneration received by key management personnel with prime responsibility for meeting those targets. The total potential STI available is set at a level so as to provide sufficient incentive to the key management personnel to achieve the operational targets and such that the cost to the Company is reasonable in the circumstances.

Actual STI payments granted to key management personnel depend on the extent to which specific operating targets set at the beginning of the financial year are met. The operational targets consist of a number of Key Performance Indicators (KPI's) covering both financial and non-financial measures of performance. Typically included are such measures as achievement of budgeted financial outcomes and key milestones, for example, demonstrating clinical efficacy, achieving quality accreditation, obtaining regulatory clearance or measures such as control of expenditure or achievement of sales targets. The Board or Remuneration Committee establishes clear performance benchmarks, which must be met in order to trigger payments under the short term incentive scheme.

The aggregate amount of annual STI payments available for key management personnel and other executives is subject to the approval of the Remuneration Committee. Payments made are usually delivered as a cash bonus.

Variable Remuneration - Long Term Incentive (LTI)

Long term incentives are delivered to executives and employees by way of grant of options under either at the Board's discretion or through an Employee Share Option Plan (whichever is relevant or has been adopted at the time). The objective of the long term incentive plan is to reward executives and employees in a manner which aligns this element of remuneration with the creation of shareholder wealth.

The Board is responsible for the allocation of options, and determines the quantum of grants by reference to group and individual performance against targets.

Incentives and company performance

The link between incentive structure and company performance is an important aspect of remuneration philosophy. The purpose of the remuneration policies of the Group is to create an effective and transparent link between the incentives provided and the performance of the Group.

The Group is in the process of transition from a business predominantly engaged in research and development ("R&D") to one increasingly focused on commercialisation of its technology. Whilst substantial progress has been made, the transition from loss making R&D activities to profit making trading has not yet been completed. As a consequence, performance to date cannot appropriately be determined with conventional financial measurement tools. As the group has expensed all R&D expenditure incurred to date, losses have been reported so conventional earnings measures such as profit growth, EPS or dividend yield and payout are not applicable.

In view of the limited relevance of financial measurement tools, the Board of Directors has determined that the performance of the group is best reviewed in the context of achievement of key milestones. As such, STI is set based on achieving these milestones that will advance the company forward towards commercialisation of its technology.

Employment contracts

All staff including executives are engaged under rolling employment agreements. The contracts continue indefinitely subject to satisfactory performance, and provide one month's notice. Under the terms of the agreements:

- The Company may terminate the employment agreement by providing the requisite period of written notice or by providing payment in lieu of notice, based on the fixed component of remuneration. Any unvested options at the expiry of the notice period will be forfeited.
- On resignation any unvested options are forfeited.
- The Company may terminate the agreement at any time without notice if serious misconduct has occurred, in which case the executive

Voting and comments made at the Company's 23 November 2023 Annual General Meeting ('AGM')

At the 2023 AGM, 97.98% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2023. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables. The key management personnel of the consolidated entity consisted of the following directors of Optiscan Imaging Limited:

- Mr Robert Cooke - Non-executive Chairman
- Dr Camile Farah - CEO & Managing Director
- Ms Karen Borg - Non-executive Director
- Mr Ron Song - Non-executive Director
- Mr Sean Gardiner - Non-executive Director *
- Mr Darren Lurie - Managing Director (resigned 13 December 2021)

	Short term benefits			Post Employment Benefits	Long Term Benefits	Share-based Payments	
2024	Cash Salary and Fees ($)	STI Incentives Bonuses ($)	Annual Leave Expense ($)	Superannuation ($)	Long Service Leave ($)	Equity-settled options ($)	**Total ($)**
Non-Executive Directors:							
Robert Cooke	90,909	-	-	10,000	-	-	**100,909**
Ron Song	50,000	-	-	5,500	-	-	**55,500**
Karen Borg	50,000	-	-	5,500	-	-	**55,500**
Executive Directors:							
Camile Farah**	404,250	169,027	10,233	44,467	2,114	179,309	**809,400**
	595,159	**169,027**	**10,233**	**65,467**	**2,114**	**179,309**	**1,021,309**

*Sean Gardiner does not receive any remuneration as a board member
** STI conditions were based on achieving key financial, R&D and business objectives set by the Board. The amount paid in 2024 is 75% of the total possible award under the STI arrangement.

2023	Short term benefits			Post Employment Benefits	Long Term Benefits	Share-based Payments (re-stated)	
	Cash Salary and Fees ($)	STI Incentives Bonuses ($)	Annual Leave Expense ($)	Superannuation ($)	Long Service Leave ($)	Equity-settled options ($)	Total ($)
Non-Executive Directors:							
Robert Cooke	90,909	-	-	9,545	-	-	**100,454**
Ron Song	50,000	-	-	5,250	-	-	**55,250**
Karen Borg	50,000	-	-	5,250	-	2,149	**57,399**
Executive Directors:							
Camile Farah*	385,000	103,950	27,228	51,859	530	256,824	**825,391**
Darren Lurie**	-	65,000	-	-	-	-	**65,000**
	575,909	**168,950**	**27,228**	**71,904**	**530**	**258,973**	**1,103,494**

*Camile Farah's share-based payments have been adjusted in the current year to reflect a more appropriate vesting profile of the share price hurdles attached to the grant in the FY23 financial year. As this was a non-cash transaction no cash was transacted between Camile and the Group. The total adjustment for FY23 was calculated to be $25,130.
STI conditions were based on achieving key financial, R&D and business objectives set by the Board.

** Darren Lurie resigned as Managing Director on 13 December 2021

The proportion of remuneration linked to performance in STI or LTI and the fixed remuneration proportion are as follows:

	Fixed remuneration		At risk - STI		At risk - LTI	
	2024	2023	2024	2023	2024	2023
Non-Executive Directors:						
Robert Cooke	100%	100%	-	-	-	-
Ron Song	100%	100%	-	-	-	-
Karen Borg	100%	96%	-	-	-	4%
Executive Directors:						
Camile Farah*	57%	55%	21%	13%	22%	31%

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name	Dr Camile Farah
Title	Chief Executive Officer (CEO) and Managing Director
Agreement commenced	13th December 2021
Term of agreement	No fixed term.
Details	Fixed remuneration of $404,250 per annum plus superannuation of the greater of 10% or the statutory minimum. The CEO/Managing Director may terminate the Agreement by providing 6 months' notice in writing. The Company may terminate the Agreement by providing 12 months' notice in writing.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2024 (2023: Nil).

Options

On 9 March 2022 , the Company issued a total of 12,000,000 unlisted options to the Managing Director following receipt of shareholder approval at the Company's 2021 annual general meeting of holders. The options have an exercise price of $0.1925 (19.25 cents) per option, with 3,000,000 options being exercisable by 9 March 2025 and 9,000,000 options being exercisable by 9 March 2027. All of the options are subject to certain vesting conditions. Refer to vesting conditions noted below. The options were issued with the following vesting conditions:

- 1,000,000 options vest on 5pm EST on 12 December 2022 subject to continued employment as Managing Director and CEO;
- 2,000,000 options vest on 5pm EST on 12 December 2023 subject to continued employment as Managing Director and CEO;
- 3,000,000 options vest after the Company's volume weighted average share price is greater than or equal to $1.00 per share for a consecutive period of 15 trading days within 5 years following the date of issue;
- 3,000,000 options vest after the Company's volume weighted average share price is greater than or equal to $1.50 per share for a consecutive period of 15 trading days within 5 years following the date of issue;
- 3,000,000 options vest after the Company's volume weighted average share price is greater than or equal to $2.00 per share for a consecutive period of 15 trading days within 5 years following the date of issue.

* It is noted that when the options vest, the Managing Director will still be with the Company should he choose to exercise the options.

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Name	Number of options granted	Grant date	Vesting date, Vesting Price, and Exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Karen Borg	250,000	29-Jul-21	29-Oct-21	29-Jul-23	$0.209	$0.103
Karen Borg	250,000	29-Jul-21	29-Jan-22	29-Jul-23	$0.209	$0.103
Karen Borg	250,000	29-Jul-21	29-Apr-22	29-Jul-23	$0.209	$0.103
Karen Borg	250,000	29-Jul-21	29-Jul-22	29-Jul-23	$0.209	$0.103
Camile Farah	1,000,000	20-Jan-22	12-Dec-22	9-Mar-25	$0.1925	$0.067
Camile Farah	2,000,000	20-Jan-22	12-Dec-23	9-Mar-25	$0.1925	$0.076
Camile Farah*	3,000,000	20-Jan-22	15 day VWAP - $1.00	9-Mar-27	$0.1925	$0.081
Camile Farah**	3,000,000	20-Jan-22	15 day VWAP - $1.50	9-Mar-27	$0.1925	$0.068
Camile Farah***	3,000,000	20-Jan-22	15 day VWAP - $2.00	9-Mar-27	$0.1925	$0.058

* Options vest after the Company's volume weighted average share price is greater than or equal to $1.00 per share for a consecutive period of 15 trading days within 5 years following the date of issue.

** Options vest after the Company's volume weighted average share price is greater than or equal to $1.50 per share for a consecutive period of 15 trading days within 5 years following the date of issue.

*** Options vest after the Company's volume weighted average share price is greater than or equal to $2.00 per share for a consecutive period of 15 trading days within 5 years following the date of issue.

Options granted carry no dividend or voting rights.

The number of options over ordinary shares granted to and vested by directors and other key management personnel as part of compensation during the year ended 30 June 2024 are set out below:

Name	Number of options granted during the year 2024	Number of options granted during the year 2023	Number of options granted during the year 2024	Number of options granted during the year 2023
Karen Borg	-	-	-	250,000
Camile Farah	-	-	2,000,000	1,000,000

Details of options over ordinary shares granted, vested and lapsed for directors and other key management personnel as part of compensation during the years ended 30 June 2023 and 30 June 2024 are set out below:

Name	Grant date	Vesting date	Number of options granted	Value of options granted	Value of options vested	Number of options lapsed	Value of options vested
Karen Borg	29-Jul-21	29-Jul-23	250,000	25,785	25,785	(250,000)	(25,785)
Karen Borg	29-Jul-21	29-Jul-23	250,000	25,785	25,785	(250,000)	(25,785)
Karen Borg	29-Jul-21	29-Jul-23	250,000	25,785	25,785	(250,000)	(25,785)
Karen Borg	29-Jul-21	29-Jul-23	250,000	25,785	25,785	(250,000)	(25,785)
Camile Farah	20-Jan-22	12-Dec-22	1,000,000	67,000	67,000	-	-
Camile Farah	20-Jan-22	12-Dec-23	2,000,000	152,000	152,000	-	-
Camile Farah	20-Jan-22	Various	3,000,000	243,000	-	-	-
Camile Farah	20-Jan-22	Various	3,000,000	204,000	-	-	-
Camile Farah	20-Jan-22	Various	3,000,000	174,000	-	-	-

Additional information

The earnings of the consolidated entity for the five years to 30 June 2024 are summarised below:

	2024	2023	2022	2021	2020
Revenue	$1,155,604	$1,680,180	$1,013,039	$889,526	$1,190,712
Net loss before tax	($6,060,496)	($4,351,500)	($4,233,037)	($2,126,695)	($1,765,353)
Net loss after tax	($6,060,496)	($4,351,500)	($4,233,037)	($2,126,695)	($1,765,353)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2024	2023	2022	2021	2020
Share price at financial year start ($)	0.08	0.11	0.23	0.03	0.06
Share price at financial year end ($)	0.24	0.08	0.11	0.23	0.03
Basic earnings per share (cents per share)	(0.74)	(0.70)	(0.68)	(0.38)	(0.37)

Additional disclosures relating to key management personnel (KMP)

Shareholding

The number of shares in the Company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

Ordinary Shares	Balance at the start of the year	Holdings at date of appointment as KMP	Additions	Disposals/ Holdings at date of cessation as KMP	Balance at the end of the year
Robert Cooke	217,500	-	72,500	-	290,000
Camile Farah	6,524,985	-	2,166,667	-	8,691,652
Ron Song	3,000,000	-	1,000,000	-	4,000,000
Karen Borg	99,716	-	-	-	99,716
	9,842,201	**-**	**3,239,167**	**-**	**13,081,368**

Option holding

The number of options over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

Options over ordinary shares	Balance at the start of the year	Granted	Exercise	Lapsed	Balance at the end of the year
Karen Borg	1,000,000	-	-	(1,000,000)	-
Camile Farah	12,000,000	-	-	-	12,000,000
	13,000,000	**-**	**-**	**(1,000,000)**	**12,000,000**

Other transactions with key management personnel (KMP) and their related parties

There were no transactions with KMP and their related parties. This concludes the remuneration report, which has been audited.

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary shares of Optiscan Imaging Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under options
20-Jan-22	9-Mar-25	$0.1925	3,000,000
20-Jan-22	9-Mar-27	$0.1925	9,000,000
8-Oct-23	7-Jun-27	$0.081	400,000
6-Nov-23	7-Jun-27	$0.084	500,000
2-Apr-24	7-Jun-27	$0.084	200,000
			13,100,000

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

Shares issued on the exercise of options

The following ordinary shares of Optiscan Imaging Limited were issued during the year ended 30 June 2024 and up to the date of this report on the exercise of options granted:

Date options granted	Exercise price	Number of shares issued
20-Dec-18	$0.08	300,000

Indemnity and insurance of officers

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

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

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

Proceedings on behalf of the 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.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 23 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, 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 as disclosed in note 23 to the financial statements 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 (including Independence Standards) 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 advocate for the Company or jointly sharing economic risks and rewards.

Officers of the Company who are former partners of William Buck

There are no officers of the Company who are former partners of William Buck.

Auditor's independence declaration 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.

Auditor

William Buck was appointed as the auditor to replace Grant Thornton this financial year and continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Robert Cooke

Robert Cooke
Non-executive Chairman
30 August 2024

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the directors of Optiscan Imaging Limited

As lead auditor for the audit of Optiscan Imaging Limited for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

— no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

— no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Optiscan Imaging Limited and the entities it controlled during the year.

William Buck

William Buck Audit (VIC) Pty Ltd
ABN 59 116 151 136

A. A. Finnis
Director
Melbourne, 30 August 2024

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williambuck.com.au

Consolidated statement of profit or loss and other comprehensive income

	Note	2024 ($)	2023 ($)
Revenue	5	1,155,604	1,680,180
Cost of sales		(526,204)	(552,713)
Gross profit		629,400	1,127,467
Other income	6	2,378,064	968,813
Expenses			
Research & development and intellectual property expenses		(3,901,173)	(2,437,121)
Share-based payment expenses	7	(229,401)	(233,842)
Depreciation expense	7	(567,293)	(378,812)
Administration and general expenses		(4,346,386)	(3,365,711)
Finance costs		(23,707)	(32,294)
Loss before income tax expense		(6,060,496)	(4,351,500)
Income tax expense		-	-
Loss after income tax expense for the year attributable to the owners of Optiscan Imaging Limited		(6,060,496)	(4,351,500)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(399)	-
Other comprehensive income for the year, net of tax		(399)	-
Total comprehensive loss for the year attributable to the owners of Optiscan Imaging Limited		**(6,060,895)**	**(4,351,500)**

	Note	Cents	Cents
Basic loss per share	30	(0.74)	(0.70)
Diluted loss per share	30	(0.74)	(0.70)

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

Consolidated statement of financial position

	Note	2024 ($)	2023 ($)
Assets			
Current assets			
Cash and cash equivalents		6,101,137	875,371
Trade and other receivables	9	1,567,792	975,926
Inventories	10	2,000,088	1,437,471
Term deposits		5,130,891	-
Other		265,979	357,472
Total current assets		**15,065,887**	**3,646,240**
Non-current assets			
Property, plant and equipment	11	259,727	258,270
Intangibles	12	156,792	458,882
Right-of-use assets	13	147,582	308,579
Total non-current assets		**564,101**	**1,025,731**
Total Assets		**15,629,988**	**4,671,971**
Liabilities			
Current liabilities			
Trade and other payables	14	1,040,409	776,359
Lease liabilities	15	180,601	192,101
Loans	16	40,304	39,587
Provisions	17	493,250	415,145
Total current liabilities		**1,754,564**	**1,423,192**
Non-current liabilities			
Lease liabilities		-	180,600
Provisions	17	7,933	23,743
Total non-current liabilities		**7,933**	**204,343**
Total liabilities		**1,762,497**	**1,627,535**
Net Assets		**13,867,491**	**3,044,436**
Equity			
Issued capital	18	88,525,039	71,863,358
Reserves	19	581,574	2,123,152
Accumulated losses		(75,239,122)	(70,942,074)
Total equity		**13,867,491**	**3,044,436**

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

Consolidated statement of changes in equity

Consolidated	Issued capital ($)	Foreign currency translation reserve ($)	Share based payments reserve ($)	Accumulated losses ($)	Total equity ($)
Balance at 1 July 2022	**71,256,070**	**(4,435)**	**2,234,413**	**(66,893,639)**	**6,592,409**
Loss after income tax expense for the year	-	-	-	(4,351,500)	(4,351,500)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	**-**	**-**	**(4,351,500)**	**(4,351,500)**
Transactions with owners in their capacity					
Contributions of equity, net of transaction costs	(14,904)	-		-	(14,904)
Share-based payments	600,000	-	220,842		820,842
Exercise of options	22,192	-	(22,192)	-	-
Lapsed options	-	-	(305,476)	303,065	(2,411)
Balance at 30 June 2023	**71,863,358**	**(4,435)**	**2,127,587**	**(70,942,074)**	**3,044,436**

Consolidated	Issued capital ($)	Foreign currency translation reserve ($)	Share based payments reserve ($)	Accumulated losses ($)	Total equity ($)
Balance at 1 July 2023	**71,863,358**	**(4,435)**	**2,127,587**	**(70,942,074)**	**3,044,436**
Loss after income tax expense for the year	-	-	-	(6,060,496)	(6,060,496) (399)
Other comprehensive income for the year, net of tax		(399)	-	-	
Total comprehensive income for the year	-	**(399)**	**-**	**(6,060,496)**	**(6,060,895)**
Transactions with owners in their capacity					
Contributions of equity, net of transaction costs (note 18)	16,630,550	-	-	-	16,630,550
Share-based payments (note 31)	-	-	229,401	-	229,401
Exercise of options (note 19)	31,132	-	(7,132)	-	24,000
Lapse of share based payments (note 19)	-	-	(1,763,448)	1,763,448	-
Balance at 30 June 2024	**88,525,040**	**(4,834)**	**586,408**	**(75,239,122)**	**13,867,491**

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

Consolidated statement of cash flows

	Note	2024 ($)	2023 ($)
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		906,492	1,814,637
Payments to suppliers and employees (inclusive of GST)		(8,738,655)	(6,102,504)
Interest received		496,056	31,140
Receipt of research and development tax incentive		672,320	904,130
Receipt of government grants		919,337	200,103
Net cash used in operating activities	29	**(5,744,450)**	**(3,152,494)**
Cash flows from investing activities			
Payments for property, plant and equipment		(87,351)	(126,860)
Investment in term deposits		(5,145,506)	-
Net cash used in investing activities		**(5,232,857)**	**(126,860)**
Cash flows from financing activities			
Proceeds from issue of shares	18	16,698,816	-
Proceeds from exercise of share options		24,000	41,000
Share issue transaction costs		(104,499)	-
Repayment of borrowings		(203,587)	(188,184)
Repayment of lease liabilities		(207,434)	(227,299)
Net cash (used in) / generated from financing activities		**16,207,296**	**(374,483)**
Net increase / (decrease) in cash and cash equivalents		5,229,989	(3,653,837)
Cash and cash equivalents at the beginning of the financial year		875,371	4,529,208
Effects of exchange rate changes on cash and cash equivalents		(4,223)	-
Cash and cash equivalents at the end of the financial year		**6,101,137**	**875,371**

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

Notes to the financial statements

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 year. The financial statements are presented in Australian dollars, rounded to the nearest dollar, 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 30 August 2024. The directors have the power to amend and reissue the financial statements.

Note 2. Material accounting policy information

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, 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.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

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').

Historical cost convention

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

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires Management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 30.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Optiscan Imaging Limited ('company' or 'parent entity') as at 30 June 2024 and the results of all subsidiaries for the year then ended. Optiscan Imaging Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity' or 'Group'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity 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 consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Revenue recognition

The consolidated entity recognises revenue as follows:

Revenue from contracts with customers
The consolidated entity predominantly derives revenue from the sale of goods and services to customers on normal credit terms. The performance obligations of these contracts are the delivery of the product or service, as the case may be, at which point revenue from the sale of goods or services is recognised. Provision of services is carried on an individual contract basis and relevant revenue is recognised over time as and when the completed service is delivered.

The consolidated entity's future obligations to transfer goods or services to a customer for which the Group has received consideration from the customer is recognised as a contract liability, and reports these amounts as such in its statement of financial position, until such time as the performance obligations are satisfied. If the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Sale of goods - medical devices
Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery. Delivery occurs when the goods have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer and parties have accepted the goods in accordance with the sales contract. Revenue from these sales is recognised based on the price specified in the contract, net of any miscellaneous charges or discounts if applicable.

Rendering of services
Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate. The provision of services varies but some relate to service contracts for repair of medical devices previously sold that is out of the warranty period and process policies which are requested from customers.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Grant income

When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where expenditure has been incurred that gives rise to an entitlement under a grant agreement, the grant income is accrued. Revenue is recognised only to the extent that there is reasonable assurance that the grant will be received and conditions attached will be complied with.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity makes use of a simplified approach in accounting for trade and other receivables and records any required loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the consolidated entity uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'first in firstout' basis. Cost comprise of direct materials. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets. The depreciation rates applied to the main classes of plant and equipment are:

Plant and equipment	**20% - 40%**
Production equipment	**20%**
R&D equipment	**20% - 40%**

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be Settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments
Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial, Trinomial or 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, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Optiscan Imaging Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

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 Binomial 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.

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

R&D tax incentive

Research and development tax incentive income is recognised at fair value when there is reasonable assurance that the income will be received. The expected future R&D tax incentive, for qualifying R&D expenditure for the current financial year, has been accrued and is also recognised on the statement of financial position. It has been established that the conditions of this future R&D incentive have been met and that the expected amount of the incentive can be reliably measured.

Note 4. Operating segments

Identification of reportable operating segments

The Group operated predominantly in the confocal microscope industry. The Group's sales comprise sales of goods within that segment. AASB 8 requires operating segments to be identified on the basis of internal reports about the components of the Group 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 Group as a whole in the business segment of confocal microscopes.

The majority of sales revenues are attributed to Germany, being 73% (2023: 77%), and other overseas markets 27% (2023: 23%). There was one other customer that contributed revenues greater than 10%, which amounted to $266,813 during the financial year (2023 one customer: $365,763).

All non-current assets are located in Australia.

Note 5. Revenue

	2024 ($)	2023 ($)
Sales revenue	1,155,604	1,680,180

Disaggregation of revenue

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

	2024 ($)	2023 ($)
Major product lines		
Sale of goods (goods transferred at a point in time)	1,074,188	1,624,931
Services provided (services provided at a point in time)	81,416	55,249
	1,155,604	**1,680,180**
Geographical regions		
Australia	12,906	3,790
Germany	842,704	1,293,978
Norway	-	4,428
China	266,813	-
United States	33,181	377,984
	1,155,604	**1,680,180**

Note 6. Other income

	2024 ($)	2023 ($)
Government grants - R&D tax incentive	994,658	737,570
Cooperative Research Centres - Projects (CRCP) grant	835,761	-
BioMedTech grant and Entrepreneurs' growth grant	-	200,103
Interest income	547,645	31,140
Other income	**2,378,064**	**968,813**

The refundable R&D tax offset is accounted for under AASB 120 Accounting for Government Grants and Disclosure of Government Assistance.

The R&D Tax Incentive program provides tax offsets for expenditure on eligible R&D activities. Optiscan, having expected aggregated annual turnover of under $20 million, is entitled to a refundable R&D credit of 43.5% on the eligible R&D expenditure incurred on eligible R&D activities.

The Company received grant income through the successful CRC-P grant application that will result in $3m contribution from the Federal Government over the next 3 years. This grant will accelerate product development to develop its Edge-AI enabled gastrointestinal flexible endomicroscope, and integrate AI into various areas of the Company's product offerings.

Note 7. Expenses

Loss before income tax includes the following specific expenses:

	2024 ($)	2023 ($)
Depreciation		
Plant and equipment	104,206	67,815
Buildings right-of-use assets	160,997	160,997
Intangibles amortisation	302,090	150,000
Total depreciation	**567,293**	**378,812**
Superannuation expense	322,102	291,868
Share-based payments expense	229,401	233,842
Employee benefits expense excluding superannuation	3,656,524	2,713,878

Note 8. Income tax expense

	2024 ($)	2023 ($)
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(6,060,496)	(4,351,500)
Tax at the statutory tax rate of 25%	(1,515,124)	(1,087,875)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	57,350	58,461
Non assessable gains	(264,977)	(184,392)
R&D Tax Incentive deductions foregone for tax offset	609,143	423,891
Expenditure not allowable for income tax purposes	1,194	864
Deferred tax assets/(liabilities) estimate not recognised	1,112,414	789,051
Income tax expense	-	-
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	56,938,663	52,489,004
Potential tax benefit @ 25%	14,234,666	13,122,251

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

Note 9. Current assets - trade and other receivables

	2024 ($)	2023 ($)
Trade receivables	397,554	163,368
R&D Tax incentive grant receivable	1,059,908	737,570
GST refund receivable	25,972	74,988
Other receivables	84,358	-
	1,170,238	**812,558**
Trade and other receivables	**1,567,792**	**975,926**

No expected credit loss provision (ECL) has been recorded upon review of all trade and other receivables, as the risk and materiality to the financial statements are low. Management are of the opinion that these receivables are reflective of fair value and should not be impaired.

The ageing of the past due but not impaired trade receivables are as follows:

	2024 ($)	2023 ($)
Not overdue	331,043	163,368
0 to 3 months overdue	66,511	-
Over 3 months overdue	-	-
	397,554	**163,368**

Note 10. Current assets - inventories

	2024 ($)	2023 ($)
As stated at the lower of cost or net realisable value:		
Raw materials and work in progress	1,607,594	1,051,119
Finished goods	392,494	386,352
	2,000,088	**1,437,471**

Cost of sales reflects the value of inventory sold in the period. No inventory items were impaired at 30 June 2024 (2023: Nil).

Note 11. Non-current assets - property, plant and equipment

	2024 ($)	2023 ($)
Plant and equipment - at cost	766,559	692,568
Less: Accumulated depreciation	(605,913)	(521,873)
	160,646	**170,695**
Production equipment - at cost	71,086	47,039
Less: Accumulated depreciation	(12,750)	(2,136)
	58,336	**44,903**
R&D equipment - at cost	61,149	53,524
Less: Accumulated depreciation	(20,404)	(10,852)
	40,745	**42,672**
	259,727	**258,270**

Reconciliations

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

	Plant and equipment ($)	Production equipment ($)	R&D equipment ($)	Total ($)
Balance at 1 July 2022	129,214	1,297	-	130,511
Additions	107,065	44,984	43,524	195,573
Depreciation expense	(65,584)	(1,378)	(852)	(67,814)
Balance at 30 June 2023	170,695	44,903	42,672	258,270
Additions	73,992	24,047	7,624	105,663
Depreciation expense	(84,041)	(10,614)	(9,551)	(104,206)
Balance at 30 June 2024	**160,646**	**58,336**	**40,745**	**259,727**

Note 12. Non-current assets - intangibles

	2024 ($)	2023 ($)
Cost		
Balance at 1 July	651,505	41,056
Acquired separately	-	610,449
Balance at 30 June	**651,505**	**651,505**
Accumulated amortisation		
Balance at 1 July	(192,623)	(41,056)
Amortisation expense	(302,090)	(151,567)
Impairment losses	-	-
Balance at 30 June	**(494,713)**	**(192,623)**
Net carrying amount		
At 1 July	458,882	-
At 30 June	**156,792**	**458,882**

Intangibles are mainly made up of Intellectual Property (IP) in the form clinical and histopathological datasets. Other software assets have been reclassified as intangibles in 2024 and the comparison 2023 has also been adjusted.

The estimated useful lives for intangibles for the current period are:

Datasets 2 years

Other software 5 years

Reconciliations

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

	Datasets ($)	Other software ($)	Total ($)
Balance at 1 July 2022	-	-	-
Additions	600,000	10,449	610,449
Amortisation expense	(150,000)	(1,567)	(151,567)
Balance at 30 June 2023	450,000	8,882	458,882
Additions	-	-	-
Amortisation expense	(300,000)	(2,090)	(302,090)
Balance at 30 June 2024	**150,000**	**6,792**	**156,792**

Note 13. Non-current assets - right-of-use assets

	2024 ($)	2023 ($)
Land and buildings - right-of-use	147,582	308,579

The consolidated entity leases land and buildings for its offices and manufacturing under agreements of between 1 to 5 years. The amount disclosed is for the head office on 16 Miles Street, Mulgrave Victoria 3170. The office lease runs for another year until May 2025.

Reconciliations

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

	Land and buildings ($)
Balance at 1 July 2022	469,576
Revaluation increments	-
Depreciation expense	(160,997)
Balance at 30 June 2023	308,579
Additions	-
Depreciation expense	(160,997)
Balance at 30 June 2024	**147,582**

Note 14. Current liabilities - trade and other payables

	2024 ($)	2023 ($)
Trade payables	539,875	524,475
Accrued expenses	408,660	180,702
Other creditors	91,874	71,182
	1,040,409	**776,359**

Refer to note 21 for further information on financial instruments.

Note 15. Lease liabilities

	2024 ($)	2023 ($)
Current liability		
Lease liabilities	180,601	192,101
Non-current liability		
Lease liabilities	-	180,600

The amount disclosed is for the head office on 16 Miles Street, Mulgrave Victoria 3170. The office lease runs for another year until May 2025. Refer to note 24 for further information on financial instruments.

Note 16. Current liabilities - loans

	2024 ($)	2023 ($)
Loans	40,304	39,587

The loan was from a commercial financial provider for insurance premium funding. No security or covenants were required for the loan.

Note 17. Provisions

	2024 ($)	2023 ($)
Current liability		
Annual leave	253,174	208,269
Long service leave	240,076	206,876
	493,250	**415,145**
Non-current liability		
Long service leave	7,933	23,743

Note 18. Equity - issued capital

	2024 Shares	2023 Shares	2024 ($)	2023 ($)
Ordinary shares - fully paid	835,340,803	626,305,602	88,525,039	71,863,358

Movements in issued capital

Details	Date	Shares	($)
Balance	1-Jul-22	619,405,602	71,256,070
Shares issued on exercise of options	1-Jul-22	200,000	17,932
Shares issued on exercise of options	8-Dec-22	400,000	29,863
Shares issued on exercise of options	8-Dec-22	100,000	8,966
Shares issued to acquire intellectual property	8-Dec-22	6,000,000	600,000
Shares issued on exercise of options	11-Jan-23	100,000	10,466
Shares issued on exercise of options	7-Jun-23	100,000	8,965
Capital raising costs			(68,904)
Balance	30-Jun-23	626,305,602	71,863,358
Shares issued for entitlement offer	13-Jul-23	109,808,760	8,784,701
Shares issued for entitlement offer	31-Jul-23	98,926,441	7,914,115
Shares issued on exercise of options	2-Nov-23	100,000	10,377
Shares issued on exercise of options	6-Dec-23	200,000	20,755
Capital raising costs			(68,267)
Balance	**30 June 2024**	**835,340,803**	**88,525,039**

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.

Capital risk management

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business/company or research and development (R&D) project was seen as value adding relative to the current company's share price at the time of the investment.

The capital risk management policy remains unchanged from the 30 June 2023 Annual Report.

Note 19. Equity - reserves

	2024 ($)	2023 ($)
Foreign currency reserve	(4,834)	(4,435)
Share-based payments reserve	586,408	2,127,587
	581,574	**2,123,152**

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Share-based payments reserve

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

Movements in reserves

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

	Foreign currency transaction reserve ($)	Share based payments reserve ($)	Total ($)
Balance at 1 July 2022	(4,435)	2,234,413	2,229,978
Share based payments expense	-	220,842	220,842
Transfer from share based payments reserve on exercise of options	-	(22,192)	(22,192)
Lapsed options	-	(305,476)	(305,476)
Balance at 30 June 2023	(4,435)	2,127,587	2,123,152
Other comprehensive income for the year	(399)	-	(399)
Share based payments expense	-	229,401	229,401
Transfer from share based payments reserve on exercise of options	-	(7,132)	(7,132)
Lapse of share based payments	-	(1,763,448)	(1,763,448)
Balance at 30 June 2024	**(4,834)**	**586,408**	**581,574**

Note 20. Equity - dividends

There were no dividends paid, recommended or declared during the current financial year (2023: nil).

Note 21. Financial instruments

Financial risk management objectives

The Group's principal financial instruments comprise receivables, payables, cash and short-term deposits, loans and, from time to time, convertible notes and derivatives.

In the context of the Group's overall risk profile, financial instruments do not represent the most significant exposure.

Commercial risk associated with our business partnerships, technology risk around future development and market risk relating to adoption of the technology will have considerably more impact on our risk profile than the risks relating to financial instruments.

The Group monitors its exposure to key financial risks, principally currency and liquidity risk, with the objective of achieving the Group's financial targets whilst protecting future financial security.

The Group enters into derivative transactions from time to time, mainly forward currency contracts. The purpose is to manage the currency risks arising from the Group's operations. These derivatives provide economic hedges, but do not qualify for hedge accounting and are based on limits set by the Board. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are foreign currency risk, liquidity risk, interest rate risk and credit 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 and foreign exchange rates. Liquidity risk is monitored through the development of future rolling cash flow forecasts and regular internal reporting. There is a lesser degree of risk management in relation to interest rate risk and credit risk, as these are considered to have less capacity to materially impact the Group's financial position at the present time.

The Board reviews and agrees policies for managing each of these risks as summarised below. Primary responsibility for identification and control of financial risks rests with the Board. It reviews and agrees policies for managing each of the risks, including the use of derivatives, hedging cover of foreign currency, credit allowances, and future cash flow forecast projections.

Market risk

Foreign currency risk

As nearly all of the Group's sales revenue and accounts receivable, as well as some expenses and inventory purchases, are denominated in United States Dollars and Euro, the Group's statement of financial position can be affected by significant movements in these exchange rates. At 30 June 2024, there were no economic hedges in place in respect of net foreign currency exposures, as there were no bank facilities in place.

At 30 June 2024, had the Australian Dollar moved by the same amount illustrated in the table below, with all other variables held constant, post-tax loss and equity would have been affected as follows:

	AUD strengthened			AUD weakened		
	% change	Effect on profit before tax ($)	Effect on equity ($)	% change	Effect on profit before tax ($)	Effect on equity ($)
2024						
Trade receivables	10%	39,755	39,755	10%	(39,755)	(39,755)
2023						
Trade receivables	10%	16,337	16,337	10%	(16,337)	(16,337)

Price risk

The consolidated entity is not exposed to any significant price risk.

Interest rate risk

The Group's exposure to market interest rates relates primarily to the Group's cash and cash equivalents. The impact of movements in interest rates is not material in the context of the Group's operations or trading results.

Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents and trade and other receivables. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note. The Group does not hold any credit derivatives to offset its credit exposure. The Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation. Risk limits are set for each individual customer, and are regularly monitored. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, the Group's exposure to credit risk arises from the possibility of default of the counter party. This is considered unlikely as the Group places cash and cash equivalents only with recognised Australian trading banks.

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Liquidity risk

The Group's objective is to maintain adequate funding of its activities. Capital management is a process of monitoring cash reserves and forecast cash requirements, and there are no externally imposed capital requirements.

The contractual maturities of the Group's and parent entity's financial assets and liabilities set out in the table are equivalent to the maturity analysis of financial assets and liability based on management's expectation. The amounts disclosed in the financial statements reflect the expected maturity of assets and liabilities.

Trade payables and other financial liabilities mainly originate from investments in working capital, principally inventories. These liabilities and relevant assets are considered in the Group's overall liquidity risk, which is monitored through review of forecasts of liquidity reserves on the basis of expected cash flow.

The Group's activities are funded from its cash reserves.

Fair value of financial assets and liabilities

The methods for estimating fair value are outlined in the relevant notes to the financial statements, and unless specifically stated, carrying value approximates fair value for all financial instruments.

The fair value of financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation transaction. Management has assessed that the fair value of cash and short-term deposits, trade receivables, and trade payables approximate their carrying amount due to the short term nature of the instruments.

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

2024	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
	($)	($)	($)	($)	($)
Non-derivatives					
Trade payables*	539,875	-	-	-	539,875
Accruals*	408,660	-	-	-	408,660
Loans	40,304	-	-	-	40,304
Lease liabilities	180,601	-	-	-	180,601
Other payables	91,874	-	-	-	91,874
Total non-derivatives	**1,261,314**	**-**	**-**	**-**	**1,261,314**

* These balance are non-interest bearing.

2023	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
	($)	($)	($)	($)	($)
Non-derivatives					
Trade payables*	524,475	-	-	-	524,475
Accruals*	180,702	-	-	-	180,702
Loans	39,587	-	-	-	39,587
Lease liabilities	192,101	180,600	-	-	372,701
Other payables	71,183	-	-	-	71,183
Total non-derivatives	**1,008,048**	**180,600**	**-**	**-**	**1,188,648**

* These balance are non-interest bearing.

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 22. Key management personnel disclosures

Directors

The following persons were directors of Optiscan Imaging Limited during the financial year:

Mr Robert Cooke	Non-executive Chairman
Dr Camile Farah	CEO & Managing Director
Mr Ron Song	Non-executive Director
Ms Karen Borg	Non-executive Director
Mr Sean Gardiner	Non-executive Director

Compensation

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

	2024 ($)	2023 ($)
Short-term employee benefits	774,419	772,087
Post-employment benefits	67,581	72,434
Share-based payments	179,309	258,973
	1,021,309	**1,103,494**

Note 23. Remuneration of auditors

William Buck was appointed as the auditor to replace Grant Thornton this financial year. During the financial year the following fees were paid or payable for services provided by William Buck, the auditor of the Company:

	2024 ($)	2023 ($)
Audit services - William Buck		
Audit or review of the financial statements	59,000	-
Other services - William Buck		
Tax services	9,005	-
	68,005	**-**

The table below outlines the fees paid to Grant Thornton when it was the auditor of the Company:

	2024 ($)	2023 ($)
Audit services - Grant Thornton		
Audit or review of the financial statements	-	119,560
Other services - Grant Thornton		
Tax services	-	15,310
Other professional services		5,156
	-	**140,026**

Note 24. Contingent liabilities

The group has contingent liabilities in relation to bank guarantees on issue at balance date amounting to $58,200 (2023: $52,625).

Note 25. Related party transactions

Parent entity
Optiscan Imaging Limited is the parent entity

Subsidiaries
Interests in subsidiaries are set out in note 27.

Key management personnel
Disclosures relating to key management personnel are set out in note 22 and the remuneration report included in the directors' report.

Transactions with Directors
There were no transactions with related parties of Directors during the financial year.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related entities at the current and previous reporting period.

Loans to/from related parties
There were no loans provided during the current and previous financial years.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at commercial rates.

Note 26. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	2024 ($)	2023 ($)
Profit/(Loss) after income tax	11,244	(355,269)
Total comprehensive income/(loss)	**11,244**	**(355,269)**

Statement of financial position

	2024 ($)	2023 ($)
Total current assets	11,008,263	494,802
Total assets	**11,158,263**	**944,802**
Total current liabilities	-	-
Total liabilities	**-**	**-**

	2024 ($)	2023 ($)
Equity		
Issued capital	88,614,693	71,953,013
Share-based payments reserve	586,408	2,127,587
Accumulated losses	(78,042,839)	(73,135,798)
Total Equity	**11,158,263**	**944,802**

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2024 and 30 June 2023.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2024 and 30 June 2023.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2024 and 30 June 2023.

Material accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 27. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2024	2023
Optiscan Pty Ltd	Australia	100%	100%
Optiscan Imaging, Inc.	United States	100%	100%

Note 28. Events after the reporting period

No other matter or circumstance has arisen since 30 June 2024 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 29. Reconciliation of loss after income tax to net cash used in operating activities

	2024 ($)	2023 ($)
Loss after income tax expense for the year	(6,060,496)	(4,351,500)
Adjustments for:		
Share-based payments	229,401	233,842
Finance costs	23,707	32,294
Depreciation	567,293	378,812
Other non-cash expense	33,010	70,394
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(591,866)	437,031
Increase in inventories	(562,618)	(168,332)
Decrease/(increase) in prepayments	106,360	(192,659)
Increase/(decrease) in trade and other payables	448,463	374,751
Increase in other provisions	62,296	32,873
Net cash used in operating activities	**(5,744,450)**	**(3,152,494)**

Note 30. Earnings per share

	2024 ($)	2023 ($)
Loss after income tax attributable to the owners of Optiscan Imaging Limited	(6,060,496)	(4,351,500)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	822,940,438	623,290,807
Weighted average number of ordinary shares used in calculating diluted earnings per share	822,940,438	623,290,807
	Cents	Cents
Basic earnings per share	(0.74)	(0.70)
Diluted earnings per share	(0.74)	(0.70)

As at 30 June 2024, the Group has 13,100,000 unlisted options on issue (30 June 2023: 13,800,000). These options are considered to be non-dilutive whilst the Group is in a loss position.

Note 31. Share-based payments

Employee Share-Based Payment Plans

The Company provides benefits to nominated employees and non-executive directors in the form of share-based payment transactions, whereby employees and non-executive directors render services in exchange for shares or rights over shares.

In the 2024 financial year, the Company issued 1,100,000 unlisted options to several employees, exercisable at $0.081 and $0.084 per option on or before 7 June 2027. The options were calculated based on the Black-Scholes model for share-based payments.

Set out below are summaries of options granted under the plan:

2024

Grant date	Expiry date	Exercise Price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
20-Dec-18	30-Nov-23	$0.08	800,000	-	(300,000)	(500,000)	-
29-Jul-21	29-Jul-23	$0.209	1,000,000	-	-	(1,000,000)	-
20-Jan-22	9-Mar-25	$0.1925	3,000,000	-	-		3,000,000
20-Jan-22	9-Mar-27	$0.1925	9,000,000	-	-	-	9,000,000
8-Oct-23	7-Jun-27	$0.081	-	400,000	-	-	400,000
6-Nov-23	7-Jun-27	$0.084	-	500,000	-	-	500,000
2-Apr-24	7-Jun-27	$0.084	-	200,000	-	-	200,000
			13,800,000	**1,100,000**	**(300,000)**	**(1,500,000)**	**13,100,000**

2023

Grant date	Expiry date	Exercise Price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
20-Dec-18	30-Nov-22	$0.05	900,000	-	(400,000)	(500,000)	-
20-Dec-18	31-May-23	$0.065	1,400,000	-	(400,000)	(1,000,000)	-
20-Dec-18	30-Nov-23	$0.08	900,000	-	(100,000)	-	800,000
19-Apr-21	19-Apr-23	$0.275	2,000,000	-	-	(2,000,000)	-
29-Jul-21	29-Jul-23	$0.209	1,000,000	-	-	-	1,000,000
20-Jan-22	9-Mar-25	$0.1925	3,000,000	-	-	-	3,000,000
20-Jan-22	9-Mar-27	$0.1925	9,000,000	-	-	-	9,000,000
			18,200,000	**-**	**(900,000)**	**(3,500,000)**	**13,800,000**

Set out below are the options exercisable at the end of the financial year:

Grant date	Expiry date	2024 Number	2023 Number
20-Dec-18	30-Nov-23	-	800,000
29-Jul-21	29-Jul-23	-	1,000,000
20-Jan-22	9-Mar-25	3,000,000	3,000,000
		3,000,000	**4,800,000**

The weighted average share price for options exercised was **$0.08.**

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

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
8-Oct-23	7-Jun-27	$0.073	$0.081	100.00%	-	4.30%	$0.045
6-Nov-23	7-Jun-27	$0.077	$0.084	100.00%	-	4.30%	$0.047
2-Apr-24	7-Jun-27	$0.079	$0.084	100.00%	-	4.30%	$0.049

All of the options granted in the current year are for employees, with each employee having their total options split into 3 equal tranches vesting on the anniversary dates (annually from Grant date) of continuous employment for 1 to 3 years.

Consolidated entity disclosure statement

Entity name	Entity type	Place formed / Country of incorporation	Ownership interest %	Tax residency
Optiscan Imaging Limited	Body corporate	Australia	N/A	Australia
Optiscan Pty Ltd	Body corporate	Australia	100%	Australia
Optiscan Imaging, Inc.	Body corporate	USA	100%	USA

Basis of preparation

This Consolidated entity disclosure statement (CEDS) has been prepared in accordance with the Corporations Act 2001 and includes information for each entity that was part of the Group as at the end of the financial year in accordance with AASB 10 Consolidated Financial Statements.

Determination of tax residency

Section 295 (3A)(vi) of the Corporation Act 2001 defines tax residency as having the meaning in the Income Tax Assessment Act 1997. The determination of tax residency involves judgement as there are different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

Australian tax residency

The Group has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5.

Foreign tax residency

Where necessary, the Group has used independent tax advisers in foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with (see section 295(3A)(vii) of the Corporations Act 2001).

Partnerships and Trusts

None of the entities noted above were trustees of trusts within the Group, partners in a partnership within the Group or participants in a joint venture within the group.

Directors' declaration

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2024 and of its performance for the financial 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;
- the information disclosed in the attached consolidated entity disclosure statement is true and correct.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Robert Cooke
Non-executive Chairman
30 August 2024

William Buck
ACCOUNTANTS & ADVISORS

Independent auditor's report to the members of Optiscan Imaging Limited

Report on the audit of the financial report

Our opinion on the financial report

In our opinion, the accompanying financial report of Optiscan Imaging Limited (the Company) and its subsidiaries (the Group) is in accordance with the *Corporations Act 2001*, including:

— giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year then ended; and

— complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What was audited?

We have audited the financial report of the Group, which comprises:

— the consolidated statement of financial position as at 30 June 2024,

— the consolidated statement of profit or loss and other comprehensive income for the year then ended,

— the consolidated statement of changes in equity for the year then ended,

— the consolidated statement of cash flows for the year then ended,

— notes to the financial statements, including material accounting policy information,

— the consolidated entity disclosure statement, and

— the directors' declaration.

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 auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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William Buck
ACCOUNTANTS & ADVISORS

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.

R&D tax incentive	Area of focus (refer also to notes 2, 3, & 9)	How our audit addressed the key audit matter
	Under the research and development (R&D) tax incentive scheme, the refundable R&D tax offset is the Group's corporate tax rate plus an 18.5% premium. A registration of R&D Activities Application is filed with AusIndustry in the following financial year and, based on this filing, the Group receives the incentive in cash. Management performed a detailed review of the Company's total R&D expenditure to determine the potential claim under the R&D tax incentive legislation. For the year ended 30 June 2024, the R&D amount claimed is $1.1 million. The process of calculating the R&D tax rebate and receivable balance requires judgement and specialised knowledge in identifying eligible expenditure, which gives rise to anticipated R&D tax incentives. Balances in relation to R&D tax incentives are therefore considered to be a key audit matter.	Our procedures included, amongst others: – Obtaining the 30 June 2024 R&D rebate calculations prepared by management and performing the following procedures: — Assessing the qualifications of managements independent expert engaged to review managements calculations; — Developing an understanding of the model, identifying and assessing the key assumptions in the calculation; — Testing included expenditure for reasonableness against the eligibility criteria; and — Testing the mathematical accuracy of the balance. – Comparing the estimates made in previous years to the amount of cash received after lodgement of the R&D tax claim; – Evaluating the disclosures in the financial report for appropriateness and consistency with accounting standards

Other information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly 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 (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001,* and

for such internal control as the directors determine is necessary to enable the preparation of:

- the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- the consolidated entity disclosure statement that is true and correct and is free of 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 have 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 at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

William Buck
ACCOUNTANTS & ADVISORS

Report on the Remuneration Report

Our opinion on the Remuneration Report

In our opinion, the Remuneration Report of Optiscan Imaging Limited, for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

What was audited?

We have audited the Remuneration Report included in of the directors' report for the year ended 30 June 2024.

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.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

A. A. Finnis
Director
Melbourne 30 August 2024

Shareholder information

The shareholder information set out below was applicable as at 14 August 2024.

Corporate Governance Statement

Refer to the Company's Corporate Governance statement at: https://www.optiscan.com/about-us/compliance

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Ordinary shares		Options over ordinary shares	
	Number of holders	% of total shares issued	Number of holders	% of total shares issued
1 to 1,000	722	0.05	-	-
1,001 to 5,000	1,052	0.36	-	-
5,001 to 10,000	464	0.45	-	-
10,001 to 100,000	1,007	4.32	-	-
100,001 and over	470	94.82	5	100.00
	3,715	**100.00**	**5**	**100.00**
Holding less than a marketable parcel	**1,204**	**-**	**-**	**-**

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number of holders	% of total shares issued
PETERS INVESTMENTS PTY LTD	220,000,000	26.34
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	158,857,676	19.02
IBSEN PTY LTD (NARULA FAMILY SET NO3 A/C)	38,500,000	4.61
CITICORP NOMINEES PTY LIMITED	36,084,792	4.32
HARECH PTY LTD (PORTER SUPER FUND A/C)	16,659,185	1.99
BNP PARIBAS NOMS PTY LTD	15,374,184	1.84
MR CHRIS GRAHAM + MRS DIANE GRAHAM (C & D GRAHAM S/F A/C)	13,000,000	1.56
DIXSON TRUST PTY LIMITED	8,474,270	1.01
CAMILE FARAH + MARIE MATIAS (FARAH & MATIAS FAMILY A/C)	8,000,000	0.96
BNP PARIBAS NOMS PTY LTD UOBKH A/C R'MIERS	7,377,386	0.88
SASH PTY LTD (KNEZEVIC SUPER FUND A/C)	6,937,964	0.83
KEBIN NOMINEES PTY LTD	6,035,479	0.72
IBSEN PTY LTD (IBSEN SUPERFUND A/C)	5,000,000	0.60
MR KAH CHIN LEE	5,000,000	0.60
MR ALFRED J WINKELMEIER + MRS CHRISTINE E WINKELMEIER (WINKELMEIER S/F A/C)	4,330,000	0.52
MR CHRISTOPHER JOHN MARTIN	4,209,448	0.50
MR WALLY KNEZEVIC	4,134,260	0.49
SEMBLANCE PTY LTD (GRAEME MUTTON RETIRE S/FUND)	4,000,000	0.48
MR JUBRAN WILLIAM TOAK + MR MELHEM WILLIAM TOAK	3,422,996	0.41
MR RAYMOND JOHN PORTER (CAMPSIE A/C)	3,386,679	0.41
	568,784,319	**68.09**

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued	13,100,000	5

Substantial holders

Substantial holders in the company are set out below:

	Ordinary shares	
	Number of holders	% of total shares issued
Peters Investments Pty Ltd	220,000,000	26.34
Orchid Capital Investments Pte Ltd	155,109,996	18.57
Ibsen Pty Ltd	43,500,000	5.21

Voting rights

The voting rights attached to ordinary shares are set out below:

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.

There are no other classes of equity securities.

On-market buy-back

There is no current on-market buy-back.

Head Office

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Australia

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Optiscan

Optiscan Imaging Ltd (ASX: OIL) is a global leader in the development, manufacture and commercialisation of endomicroscopic digital imaging technology solutions for medical, translational and pre-clinical applications.

Our unique technology offers real-time, 3D, in vivo imaging at the single-cell level, in a non-destructive manner that enables clinicians to make immediate informed decisions.

We are driven by delivering digital healthcare solutions giving healthcare providers and researchers high quality, live, microscopic images and associated tools.

Our technology helps facilitate earlier detection and management of disease thus improving patient outcomes and reducing the cost of curative medicine and associated procedures within healthcare systems.

We are united in the common pursuit of revolutionising healthcare with live digital microscopic solutions that enable immediate informed decisions, provide economic efficiencies within health systems and improve patient outcomes.

To learn more about Optiscan, visit www.optiscan.com or follow us on LinkedIn.