

Island Pharmaceuticals Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	Island Pharmaceuticals Limited
ABN:	48 641 183 842
Reporting period:	For the half-year ended 31 December 2023
Previous period:	For the half-year ended 31 December 2022

2. Results for announcement to the market

				\$
Loss from ordinary activities after tax attributable to the owners of Island Pharmaceuticals Limited	down	28.3%	to	(1,155,076)
Loss for the half-year attributable to the owners of Island Pharmaceuticals Limited	down	28.3%	to	(1,155,076)

Dividends

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

Comments

The loss for the consolidated entity after providing for income tax amounted to \$1,155,076 (31 December 2022: \$1,610,783).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	0.78	2.20

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

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

Previous period

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

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

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

Not applicable.

10. Audit qualification or review

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

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

11. Attachments

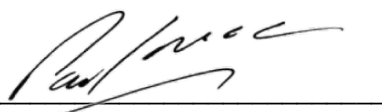
Details of attachments (if any):

The Half-year Financial Report of Island Pharmaceuticals Limited for the half-year ended 31 December 2023 is attached.

12. Signed

Authorised for release by the Board.

Signed



Paul MacLeman
Executive Chair

Date: 26 February 2024

Island Pharmaceuticals Limited

ABN 48 641 183 842

Half-year Financial Report - 31 December 2023

Island Pharmaceuticals Limited
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31 December 2023

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Directors	Dr Paul MacLeman - Executive Chairman Dr David Foster - Executive Director Dr David Brookes - Non-Executive Director Mr Albert Hansen - Non-Executive Director Dr Anna Lavelle - Non-Executive Director
Company secretaries	Cameron Jones and Stephanie Vipond (appointed 1 December 2023) Peter Webse (resigned 1 December 2023)
Registered office	c/- Bio101 Financial Advisory Pty Ltd Suite 201 697 Burke Road Camberwell, VIC 3124
Principal place of business	Suite 201 697 Burke Road Camberwell VIC 3124
Share register	Automic Pty Ltd Deutsche Bank, Tower Level 5 126 Phillip Street Sydney NSW 2000
Auditor	William Buck Level 20, 181 William Street Melbourne VIC 3000
Solicitors	K&L Gates Level 25 525 Collins Street Melbourne Victoria 3000
Stock exchange listing	Island Pharmaceuticals Limited shares are listed on the Australian Securities Exchange (ASX code: ILA)
Website	www.islandpharmaceuticals.com

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Island Pharmaceuticals Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2023.

Directors

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

Director

Dr Paul MacLeman - Executive Chairman
Dr David Foster - Executive Director
Dr David Brookes - Non-Executive Director
Mr Albert Hansen - Non-Executive Director
Dr Anna Lavelle - Non-Executive Director

Company secretary

Cameron Jones and Stephanie Vipond (appointed 1 December 2023)
Peter Webse (resigned 1 December 2023)

Principal activities

Island Pharmaceuticals Limited is a mid-clinical stage biotechnology Company listed on the Australian Securities Exchange (ASX: ILA). Island is a drug research and repurposing Company. The Group strategy is to repurpose small molecules as antivirals, which may allow for rapid development of treatments or preventative measures against emerging viruses.

Significant changes in the state of affairs

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

Financial update

The loss for the consolidated entity after providing for income tax amounted to \$1,155,076 (31 December 2022: \$1,610,783).

Island's operating cash outflows for the half year was \$1,351,296 (31 December 2022: \$1,324,836) and reported closing cash of \$976,048 at 31 December 2023 (30 Jun 2023 \$1,998,263).

Review of operations

During this reporting period Island progressed its plans to execute a rapid path to the clinic for ISLA-101 - a drug with a very well-known safety profile, being repurposed, initially as a potential preventative for dengue fever.

ISLA-101 Single Ascending Dose study makes strong progress

The Island Pharmaceuticals team worked tirelessly through H1 FY24 to prepare for the ISLA-101 Single Ascending Dose study. The aim of this study is to ensure that administered doses can safely achieve blood concentrations of ISLA-101 that are predicted to be effective against the dengue virus.

On 25 September 2023 Island announced it had executed an agreement with Beyond Drug Development (Beyond) under which Beyond had been appointed as the Contract Research Organisation (CRO) to run the study. Under the same agreement, Island appointed Scientia Clinical Research as the trial site for the study. Scientia Clinical Research is based in Sydney, Australia. The study is being run in Australia to enable Island to make full use of the Research & Development Tax Incentive scheme.

On 7 November 2023 Island received Human Research Ethics Committee (HREC) approval to commence its Single Ascending Dose study for ISLA-101. Subject screening then commenced on 13 November 2023.

On 24 November 2023, Island dosed the first cohort in its Single Ascending Dose study for ISLA-101. Study will ensure that administered doses can safely achieve blood concentrations of ISLA-101 that are predicted to be effective against the dengue virus.

On 12 December 2023, Island announced it had dosed all eight subjects in the second cohort of its ISLA-101 Single Ascending Dose study. Dosing of the second cohort followed confirmation from the Safety Review Committee that the first cohort of healthy subjects demonstrated good tolerability to ISLA-101.

On 22 December 2023 Island announced that it received approval to commence dosing its third, and final cohort, in its Single Ascending Dose study for ISLA-101. This followed a review of results from the second cohort by the Safety Review Committee, which concluded that the second dose was also safe and well-tolerated.

Post the reporting period, the third cohort was dosed. Upon a review of the data the Safety Review Committee determined that all 3 doses were safe and well-tolerated.

Other ISLA-101 developments

On 7 July 2023 Island announced grant research support for the planned ISLA-101 Phase 2a human clinical trial (PEACH study) in dengue fever. The grant was awarded to The Research Foundation for the State University of New York (SUNY), at Upstate Medical University in Syracuse, New York, which is partnering with Island to advance development of ISLA-101.

Pipeline development and intellectual property

Island continues to explore pipeline development opportunities with priorities being molecules with clinical history, that may be eligible for a Priority Review Voucher and that may be viewed favourably by non-dilutive funding sources. In addition, other opportunities are being explored following active participation in recent partnering and investor meetings.

On 13 September 2023, Island was granted a key patent by the United States Patent and Trademark Office (USPTO) covering methods of preventing or delaying the onset of the symptoms of dengue fever.

On 2 November 2023 Island was granted a key Australian patent for ISLA-101 by IP Australia. The patent grant entitled "Method of Viral Inhibition" was issued under Australian Patent No 2021205039, with an expiration date of 16 April 2034. Claims of the patent are directed to the method of treating or preventing flavivirus infections by administering ISLA-101.

Corporate - presentations

Through the period the Company also presented to shareholders, potential investors and partnering targets through a number of forums.

From 9-10 August 2023, Island attended the invitation only Dengue Endgame Summit, hosted by The State University of New York Upstate Medical's Institute for Global Health. Island CEO and Managing Director, Dr David Foster joined infectious disease experts from around the world at the two-day conference in Syracuse to discuss the current state of dengue and potential ways to control this global issue.

From 11-13 September 2023 Island CEO and Managing Director, Dr David Foster attended H.C. Wainwright 25th Annual Global Investment Conference, which was a valuable networking opportunity where he met with a number of existing and potential investors. Post quarter, from 4-6 October 2023 Island CEO and Managing Director, Dr David Foster attended the virtual edition of Pharma Meeting Brazil 2023, which is an initiative designed to connect foreign and Latin America companies in the pharmaceutical and healthcare sectors. Given the incidence of dengue and other mosquito borne viruses in Latin America this meeting provides exciting opportunities to interface directly with potential local partners.

On 13 October 2023 Island released its 2023 Annual Report, which can be [accessed here](#).

From 1-3 November 2023, Island's Executive Chairman Dr Paul MacLeman attended the annual AusBiotech Conference in Brisbane, Australia. AusBiotech is Australia's leading biotech industry event, fostering collaboration and networking opportunities for the sector.

The company held its Annual General Meeting on 16 November 2023. The resolutions were voted in accordance with the Notice of Annual General Meeting previously advised to the Australian Securities Exchange. Resolutions 2, 3, 4, 5 and 6 were passed on a poll, with Resolution 3 (Approval of increased placement capacity) and Resolution 4 (Adoption of new constitution) being passed by a sufficient majority as special resolutions. Resolution 1 (Adoption of Remuneration Report) received a first strike.

Post period, from 8-11 January 2024, Island CEO & Managing Director Dr David Foster attended J.P. Morgan Healthcare Conference 2024 in San Francisco, U.S As part of the conference schedule, Dr Foster presented at the EGB Ventures annual investor dinner and held 1:1 meetings with a number of prospective investors. David also participated in a number of prospective business development discussions with potential industry partners.

Corporate – people and funding

On 10 November 2023 Island announced that it had received \$386,345 via the Research and Development (R&D) Tax Incentive from the Australian Taxation Office (ATO) for the financial year ended 30 June 2023.

On 15 December 2023 Island advised that it had executed a loan agreement with Radium Capital for prepayment of its forecast FY24 R&D Tax Incentive claim. Under the loan facility, Island is able to access up to 80% of its accrued RDTI rebate. Early access to these funds provided additional working capital to progress development of ISLA-101.

On 1 December 2023, Island announced that Cameron Jones and Stephanie Vipond of Bio101 Financial Advisory were appointed as Joint Company Secretaries of the Company. Cameron's appointment complements his role of Chief Financial Officer of the Company, which he has held since IPO. The appointments follow the resignation of Mr Peter Webse as Company Secretary, who held the role of Company Secretary since July 2020.

Post period, Island appointed Nick McCoy as Vice President Clinical Development, replacing Teresa Byrne who resigned to take a full-time position. Mr McCoy is an experienced clinical research professional having worked across the pharmaceutical, biotechnology and medical device industries. His experience spans multiple therapeutic areas and all phases of clinical research within large global organisations and smaller privately held companies. Island thanks Teresa for all of her valuable input over the last two years.

Dividends

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

Matters subsequent to the end of the financial half-year

On 26 February 2024, the Company launched a fully underwritten non-renounceable rights offer to raise approximately \$1.95million (before costs).

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Auditor's independence declaration

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

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

On behalf of the directors



Paul MacLeman
Executive Chair

26 February 2024

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

To the directors of Island Pharmaceuticals Limited

As lead auditor for the review of Island Pharmaceuticals Limited for the half-year ended 31 December 2023, 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 review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

William Buck

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

N. S. Benbow

N. S. Benbow
Director
Melbourne, 26 February 2024

Island Pharmaceuticals Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2023

	Note	31 Dec 2023 \$	31 Dec 2022 \$
Revenue and other income			
Grant income		10,000	-
R&D Grant Income	5	949,051	-
Interest Income		3,769	4,559
Total revenue and other income		962,820	4,559
Expenses			
Research and development expenses		(1,280,794)	(670,238)
Corporate and administration expenses		(483,912)	(415,761)
Share based payment expense		-	(198,802)
Employee benefits expense		(140,250)	(266,564)
Professional services expenses		(226,600)	(85,959)
Effect of changes in foreign exchange rates		26,514	30,982
Finance costs		(12,854)	(9,000)
Total expenses		(2,117,896)	(1,615,342)
Loss before income tax expense		(1,155,076)	(1,610,783)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Island Pharmaceuticals Limited		(1,155,076)	(1,610,783)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		7,459	16
Other comprehensive income for the half-year, net of tax		7,459	16
Total comprehensive income for the half-year attributable to the owners of Island Pharmaceuticals Limited		<u>(1,147,617)</u>	<u>(1,610,767)</u>
		Cents	Cents
Basic and diluted earnings per share	6	(1.42)	(1.98)

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

Island Pharmaceuticals Limited
Consolidated statement of financial position
As at 31 December 2023

	Note	31 Dec 2023 \$	30 Jun 2023 \$
Assets			
Current assets			
Cash and cash equivalents		976,048	1,998,263
GST input tax credits receivable		68,718	17,231
Accrued research and development tax credits		562,706	-
Prepayments		158,647	33,725
Total current assets		<u>1,766,119</u>	<u>2,049,219</u>
Total assets		<u>1,766,119</u>	<u>2,049,219</u>
Liabilities			
Current liabilities			
Trade and other payables	7	554,268	213,159
Borrowings	8	507,830	-
Employee benefits		66,265	50,687
Total current liabilities		<u>1,128,363</u>	<u>263,846</u>
Total liabilities		<u>1,128,363</u>	<u>263,846</u>
Net assets		<u>637,756</u>	<u>1,785,373</u>
Equity			
Issued capital		19,900,792	19,900,792
Reserves		1,370,197	1,647,838
Accumulated losses		<u>(20,633,233)</u>	<u>(19,763,257)</u>
Total equity		<u>637,756</u>	<u>1,785,373</u>

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

Island Pharmaceuticals Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2023

	Issued capital \$	Foreign exchange reserve \$	Share-based payment reserve \$	Restructure reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2022	19,900,792	1,325	1,798,231	(12,647,904)	(4,734,299)	4,318,145
Loss after income tax expense for the half-year	-	-	-	-	(1,610,783)	(1,610,783)
Other comprehensive income for the half-year, net of tax	-	16	-	-	-	16
Total comprehensive income for the half-year	-	16	-	-	(1,610,783)	(1,610,767)
<i>Transactions with owners in their capacity as owners:</i>						
Vesting of share-based payments	-	-	198,802	-	-	198,802
Balance at 31 December 2022	<u>19,900,792</u>	<u>1,341</u>	<u>1,997,033</u>	<u>(12,647,904)</u>	<u>(6,345,082)</u>	<u>2,906,180</u>
	Issued capital \$	Foreign exchange reserve \$	Share-based payment reserve \$	Restructure reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2023	19,900,792	1,383	1,646,455	-	(19,763,257)	1,785,373
Loss after income tax expense for the half-year	-	-	-	-	(1,155,076)	(1,155,076)
Other comprehensive income for the half-year, net of tax	-	7,459	-	-	-	7,459
Total comprehensive income for the half-year	-	7,459	-	-	(1,155,076)	(1,147,617)
<i>Transactions with owners in their capacity as owners:</i>						
Transfer of fair value on expired options	-	-	(285,100)	-	285,100	-
Balance at 31 December 2023	<u>19,900,792</u>	<u>8,842</u>	<u>1,361,355</u>	<u>-</u>	<u>(20,633,233)</u>	<u>637,756</u>

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

Island Pharmaceuticals Limited
Consolidated statement of cash flows
For the half-year ended 31 December 2023

	31 Dec 2023 \$	31 Dec 2022 \$
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of GST)	(1,751,410)	(1,329,395)
Interest received	3,769	4,559
R&D tax incentive received	386,345	-
Other government grants	10,000	-
Net cash used in operating activities	<u>(1,351,296)</u>	<u>(1,324,836)</u>
Net cash from investing activities	<u>-</u>	<u>-</u>
Cash flows from financing activities		
Proceeds from borrowings	386,300	-
Repayment of borrowings	(78,958)	(72,578)
Interest and other finance costs paid	(3,905)	(3,600)
Net cash from/(used in) financing activities	<u>303,437</u>	<u>(76,178)</u>
Net decrease in cash and cash equivalents	(1,047,859)	(1,401,014)
Cash and cash equivalents at the beginning of the financial half-year	1,998,263	4,787,454
Effects of exchange rate changes on cash and cash equivalents	25,644	46,619
Cash and cash equivalents at the end of the financial half-year	<u><u>976,048</u></u>	<u><u>3,433,059</u></u>

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

Note 1. General information

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

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.

Island Pharmaceuticals Limited (the 'Company') is a Company domiciled in Australia. The condensed consolidated interim financial statements of the Company as at and for the six months ended 31 December 2023 comprise the Company and its subsidiary entities (together referred to as the "Group" and individually as "Group entities").

The financial statements were authorised for issue, in accordance with a resolution of directors, on 26 February 2024.

Note 2. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

New or amended Accounting Standards and Interpretations adopted

The 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, there was no impact on the amounts recognised in current or prior period and no expected significant changes in future periods.

The adoption of these new or amended Accounting Standards and Interpretations did not have an impact on the interim financial statements of the Consolidated Entity.

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

Note 3. Going concern

The financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

For the six-month period ended 31 December 2023 the entity has incurred a loss after tax of \$1,155,076 and incurred a net cash outflow from operating activities of \$1,351,296. As at 31 December 2023, the group has had net assets of \$637,756 and cash reserves of \$976,048.

As at 31 December 2023, the Company had material agreements relating to research and development activities of \$373,502 (30 June 2023: \$nil). Under the agreements, the Company is committed to making payments over future periods.

The ability of the Company to continue as a going concern is principally dependent upon the ability of the Company to secure funds by raising capital from equity markets and managing cash flow in line with the available funds. These conditions indicate material uncertainty that may cast significant doubt about the ability of the Company to continue as a going concern.

Note 3. Going concern (continued)

The directors have considered a cash flow forecast, which indicates that the Company will be required to obtain additional capital in order to have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report. Subsequent to year end, the Company engaged PAC Partners Securities Pty Limited to lead an rights issue offer to raise approximately \$1.95million (before costs) through the issue of 32,507,388 shares at an offer price of \$0.06 per share with attaching options. PAC Partners have also agreed to fully underwrite the offer. The directors also considered the other following matters in their cashflow forecast, all of which are contingent upon future matters which may eventuate:

- The Company can scale down its operations sufficiently (and narrow the scope of its planned activities) should the above capital raising not occur;
- The Company's management and directors have written to the Company advising of their intention to not call or to defer contractually entitled amounts owing to them, in the event that cash outflows associated with those contracted amounts jeopardise the reserves of available working capital of the Company;
- The Company holds no leases over 3+ months;
- The Company has the ability to raise additional capital as an ASX Listed Company.
- The Company can explore other sources of funding or debt.

Based on the cash flow forecasts and other factors referred to above, the directors are satisfied that the going concern basis of preparation is appropriate and the directors are confident of the Company's ability to raise additional funds as and when they are required.

Should the Company be unable to achieve the matters as described above, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Company be unable to continue as a going concern and meet its debt when they fall due.

Note 4. Operating segments

A segment is a component of the Group entity that earns revenues or incurs expenses whose results are regularly reviewed by the chief operating decision makers and for which discrete financial information is prepared. The Group has no operating segments, management review financial information on a consolidated basis. They have established entities in countries other than Australia, however the activities outside of Australia are considered immaterial for the purposes of segment reporting, noting the CEO is based in the United States of America and contracted with Island Pharmaceuticals Limited.

Note 5. R&D Grant Income

	31 Dec 2023	31 Dec 2022
	\$	\$
R&D Grant Income	949,051	-

During the period ending 31 December 2023 the Company received its FY2023 R&D refund of \$386,345. The balance of the R&D grant revenue recorded relates to the partially accrued FY2024 of \$562,706.

Note 6. Loss per share

	31 Dec 2023	31 Dec 2022
	\$	\$
Loss after income tax attributable to the owners of Island Pharmaceuticals Limited	(1,155,076)	(1,610,783)
	Number	Number
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	81,268,468	81,268,468

Note 6. Loss per share (continued)

	Cents	Cents
Basic and diluted earnings per share	(1.42)	(1.98)

Options are not considered to be dilutive therefore options are not included in the calculation of diluted loss per share. As at the reporting date there are 9,770,268 options (31 December 2022: 15,824,882) issued, there are no options issued and currently in the money that could potentially dilute basic earning per shares in the future.

Note 7. Trade and other payables

	31 Dec 2023 \$	30 Jun 2023 \$
Trade payables	458,020	112,503
Accrued expenses	86,521	95,863
Other payables	9,727	4,793
	<u>554,268</u>	<u>213,159</u>

Note 8. Borrowings

	31 Dec 2023 \$	30 Jun 2023 \$
Insurance Financing ¹	118,440	-
R&D Advance Loan ²	389,390	-
	<u>507,830</u>	<u>-</u>

¹ Unsecured loan with Hunter Premium Finance for insurance policies with a fixed rate of 4.95%, repayable in 10 equal instalments with the final payment in June 2024.

² The loan facility is with Innovation Structured Finance Co., LLC serviced via Radium Capital and is an advance on 80% of the Company's R&D Tax Incentive (RDTI) for the financial year ending 30 June 2024 and the 2024FY RDTI is security. The interest rate for the loan facility is 16% per annum. Repayment is timed to coincide with receipt of Island's 2024FY RDTI refund.

Note 9. Commitments and contingencies

The directors are of the opinion that there are no significant commitments and contingencies requiring disclosure for the Company as at 31 December 2023 (30 June 2023: \$nil) other than those already disclosed within the going concern commentary in note 3.

Note 10. Events after the reporting period

On 26 February 2024, the Company launched a fully underwritten non-renounceable rights offer to raise approximately \$1.95million (before costs).

No other matter or circumstance has arisen since 31 December 2023 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.

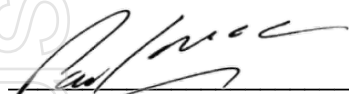
Island Pharmaceuticals Limited
Directors' declaration
31 December 2023

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



Paul MacLeman
Executive Chair

26 February 2024

Independent auditor's review report to the members of Island Pharmaceuticals Limited

Report on the half-year financial report



Our conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Island Pharmaceuticals Limited (the Company), and its controlled entities (together, the Group) does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the half-year then ended; and
- complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

What was reviewed?

We have reviewed the accompanying half-year financial report of the Group, which comprises:

- the consolidated statement of financial position as at 31 December 2023,
- the consolidated statement of profit or loss and other comprehensive income for the half-year then ended,
- the consolidated statement of changes in equity for the half-year then ended,
- the consolidated statement of cash flows for the half-year then ended,
- notes to the financial statements, including a material accounting policy information, and
- the directors' declaration.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material Uncertainty Related to Going Concern

We draw attention to Note 3 within the half-year financial report, which states that the Group incurred a net loss after tax of \$1,155,076 and net cash outflows from operations of \$1,351,296 for the half-year ended 31 December 2023. As stated in Note 3, these events and conditions, along with other matters as set forth in Note 3, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibilities of the directors for the financial report

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

Auditor's responsibilities for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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



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



N. S. Benbow
Director
Melbourne, 26 February 2024