



**ResApp Health Limited
(formerly Narhex Life Sciences Limited)**

ABN 51 094 468 318

**CONSOLIDATED ANNUAL REPORT
for the year ended 30 June 2016**

CONTENTS TO THE CONSOLIDATED FINANCIAL REPORT

Corporate information	1
Directors' report	2
Corporate governance statement.....	9
Auditor's independence declaration	21
Consolidated statement of profit or loss and other comprehensive income for the financial year ended 30 June 2016.....	22
Consolidated statement of financial position as at 30 June 2016	23
Consolidated statement of changes in equity for the financial year ended 30 June 2016	24
Consolidated statement of cash flows for the financial year ended 30 June 2016	25
Notes to the consolidated financial statements.....	26
Directors' declaration	45
Independent auditor's report.....	46
ASX additional information.....	48

Corporate information

This annual report is for ResApp Health Limited (formerly Narhex Life Sciences Limited) and its controlled entity (“the Group”). Unless otherwise stated, all amounts are presented in Australian Dollars.

A description of the Group’s operations and of its principal activities is included in the review of operations and activities in the directors’ report on pages 5 to 8. The directors’ report is not part of the financial statements.

Directors

Dr Roger Aston (*appointed 2 July 2015*)

Dr Tony Keating (*appointed 2 July 2015*)

Mr Brian Leedman (*appointed 19 February 2016*)

Mr Chris Ntoumenopoulos (*appointed 21 January 2015*)

Mr Adam Sierakowski (*resigned on 22 March 2016*)

Dr Robert Ramsay (*resigned on 2 July 2015*)

Company Secretary

Ms Nicki Farley

Registered and Principal Office

Level 24
44 St Georges Tce,
PERTH WA 6000

Auditors

Greenwich & Co Audit Pty Ltd
Level 2, 35 Outram St
PERTH WA 6005

Share Registry & Register

Link Market Services Ltd
Level 2, 178 St Georges Tce
PERTH WA 6000

Solicitors

Price Sierakowski Corporate
Level 24, 44 St Georges Tce
PERTH WA 6000

Bankers

National Australia Bank
100 St Georges Tce
PERTH WA 6000

Stock Exchange Listing

ResApp Health Limited Limited
(formerly Narhex Life Sciences) is listed on
the Australian Securities Exchange.
ASX Code: RAP (formerly NLS)

Contact Information

Ph: 08 6211 5099
Fax: 08 9218 8875

Web Site

www.resapphealth.com.au

Directors' report

The directors of ResApp Health Limited (formerly Narhex Life Sciences Limited) (“the Company”) and its controlled entity (“the Group”) submit herewith the annual financial statements of the Group for the financial year ended 30 June 2016. These financial statements cover the period from 1 July 2015 to 30 June 2016. In order to comply with the provision of the Corporations Act 2001, the directors' report is as follows:

The names and particulars of the directors of the Company during or since the end of the financial year are:

Dr Roger Aston

Non-Executive Chairman (appointed 2 July 2015)

Dr Roger Aston, BSc (Hons) PhD is currently the Chairman of OncoSil Medical. He has had extensive experience on boards of many pharmaceutical companies, and has been Chief Executive Officer of Pitney Pharmaceuticals Ltd, PSIMedica, pSiOncology Pte Ltd, Peptech and Cambridge Antibody Technology.

In 2001, Dr Aston co-founded pSivida Limited. He served as the Chief Executive Officer of Mayne Pharma Group Limited until 15 February 2012. During his career, Dr Aston has been closely involved in start-up companies and major pharmaceutical companies. Aspects of his experience include FDA and EU product registration, clinical trials, global licensing agreements, fundraising through private placements, and a network of contacts within the pharmaceutical, banking and stock broking sectors.

Dr Aston is both a scientist and a seasoned biotechnology entrepreneur, with a successful track record in both fields. He currently has several executive and non-executive board positions with prominent biotechnology companies.

Interest in Shares and Options

Dr Aston holds 8,437,500 ordinary shares and 8,437,500 performance shares indirectly in the Company.

Dr Aston holds nil options in the Company.

Directorships held in other listed entities

During the past three years Dr Aston has served as a Director for the following other listed companies:

- (a) Immuron Limited – appointed 25 May 2012;
- (b) Regeneus Limited – appointed 21 September 2012;
- (c) PharmAust Limited – appointed 12 August 2013;
- (d) Oncosil Medical Limited – appointed 28 March 2013;
- (e) IDT Australia Limited – appointed 20 March 2012, resigned 20 November 2014; and
- (f) Polynovo Limited – appointed 15 November 2013, resigned 10 September 2014.

Dr Tony Keating

Chief Executive Officer and Managing Director (appointed 2 July 2015)

Dr Tony Keating has over 10 years' experience in commercialising technology. Dr Keating created the initial business strategy for ResApp and has led the commercialization of ResApp's technology to date. Previously, Dr Keating was Director, Commercial Engagement at UniQuest Pty Ltd, one of the global leaders in commercialisation of university technology. While at UniQuest, Dr Keating held roles as interim Chief Executive Officer and Non-Executive Director for a number of privately-held, venture-capital funded start-up companies. Prior to joining UniQuest Dr Keating held business development and engineering management roles at Exa Corporation, a US-based software company that is now listed on the NASDAQ.

Directors' report (continued)

Dr Tony Keating

**Chief Executive Officer and Managing Director
(appointed 2 July 2015)**

Dr Keating holds a Bachelor of Engineering, a Master of Engineering Science and a Doctor of Philosophy (Mechanical Engineering) from The University of Queensland. Dr Keating also has an Executive Certificate of Management and Leadership from the MIT Sloan School of Management, and is a Graduate Member of the Australian Institute of Company Directors.

*Interest in Shares
and Options*

Dr Keating holds nil shares in the Company.
Dr Keating holds 20,000,000 options in the Company.

*Directorships held in
other listed entities*

During the past three years Dr Keating has not held directorship of any other ASX listed companies.

Mr Brian Leedman

**Executive Director and Vice President, Corporate Affairs
(appointed 19 February 2016)**

Mr Leedman is a marketing and investor relations professional with over 10 years' experience in the biotechnology industry. Mr Leedman was co-founder of ResApp Diagnostics Pty Ltd which was acquired by Narhex Life Sciences Ltd to form ResApp Health. Prior to ResApp, Mr Leedman co-founded Oncosil Medical Limited and Biolife Science Limited (acquired by Imugene Limited). Mr Leedman previously served for 10 years as Vice President, Investor Relations for pSivida Corp which is listed on the ASX and NASDAQ. He is currently the WA chairman of AusBiotech, the association of biotechnology companies in Australia.

Mr Leedman holds a Bachelor of Economics and a Masters of Business Administration from the University of Western Australia.

*Interest in Shares
and Options*

Mr Leedman holds 30,060,000 ordinary shares and 23,250,000 performance shares indirectly in the Company.
Mr Leedman holds 1,875,000 options in the Company.

*Directorships held in
other listed entities*

During the past three years Mr Leedman has served as a Director for the following other listed companies:

- (a) Alcidion Group Limited – appointed 28 July 2016;

Mr Chris Ntoumenopoulos

**Non-Executive Director
(appointed 21 January 2015)**

Mr Ntoumenopoulos was a partner at CPS Capital, a WA based Stockbroking and Corporate Advisory firm. He has worked in financial markets for the past 12 years, focusing on Capital Raisings, Portfolio Management and Corporate Advisory. Mr Ntoumenopoulos has advised and funded numerous ASX companies from early stage venture capital, through to IPO. He is an executive director of various private companies which span across finance, technology and medical sectors.

Mr Ntoumenopoulos has a Bachelor of Commerce degree from the University of WA, majoring in Money and Banking, Investment Finance and Electronic Commerce.

*Interest in Shares
and Options*

Mr Ntoumenopoulos holds 2,109,375 shares indirectly in the Company.
Mr Ntoumenopoulos holds nil options in the Company.

Directors' report (continued)

Mr Chris Ntoumenopoulos

Non-Executive Director (appointed 21 January 2015)

Directorships held in other listed entities

During the past three years Mr Ntoumenopoulos has served as a Director for the following other listed companies:

- (a) Race Oncology Ltd – appointed 27 April 2016;

Mr Adam Sierakowski

Non-Executive Director (resigned 22 March 2016)

Mr Sierakowski is a lawyer and founding director of the legal firm Price Sierakowski. He has over 20 years' experience in legal practice, much of which he has spent as a corporate lawyer consulting and advising on a range of transactions to a variety of large private and listed public entities. He is the co-founder and director of Perth based corporate advisory business, Trident Capital, where he has for years advised a variety of large private and public companies on structuring their transactions and coordinating fundraising both domestically and overseas.

Mr Sierakowski has held a number of board positions with ASX listed companies and is currently a member of the Australian Institute of Company Directors and the Association of Mining and Exploration Companies.

Interest in Shares and Options

Mr Sierakowski holds 15,823,477 ordinary shares indirectly in the Company. Mr Sierakowski holds nil options in the Company.

Directorships held in other listed entities

During the past three years Mr Sierakowski has served as a Director for the following other listed companies:

- (b) Flexiroam Limited – appointed 18 March 2015;
- (c) Coziron Resources Limited – appointed 21 October 2010;
- (d) Kinetiko Energy Limited – appointed 20 December 2012; and
- (e) iWebGate Limited – appointed 23 July 2012, resigned 12 February 2016.

Dr Robert Ramsay

Non-Executive Director (resigned 2 July 2015)

Dr Ramsay is a geologist with over 30 years' experience working with Rio Tinto, Striker Resources, BHP Billiton, and several junior explorers. During 20 years with Rio Tinto and Striker Resources, Dr Ramsay specialized in diamond exploration and the assessment of diamond-pipe prospectivity using indicator-mineral geochemistry. Most recently Dr Ramsay was the Senior Project Geologist with Speewah Metals Ltd where he was responsible for the planning and implementation of drilling programmes from discovery through to a JORC compliant resources of 4.7 Billion tonnes on the V-Ti-magnetite along with mapping and drilling of an epithermal, vein style deposit of fluorite adjacent to the V-Ti-magnetite deposit leading to the expansion of a JORC compliant resource of 6.7Mt.

Interest in Shares and Options

Dr Ramsay holds nil shares in the Company.
Dr Ramsay holds nil options in the Company.

Directorships held in other listed entities

During the past three years Dr Ramsay has served as a Director for the following other listed companies:

- (a) Coziron Resources Limited – appointed 20 December 2012.

Directors' report (continued)

Ms Nicki Farley

**Company Secretary
 (appointed 7 November 2012)**

Ms Farley has over 10 years' experience working within the legal and corporate advisory sector providing advice in relation to capital raisings, corporate and securities laws, mergers and acquisitions and general commercial transactions. Ms Farley also holds a number of company secretarial roles for ASX listed companies. Ms Farley holds a Bachelor of Laws and Arts from the University of Western Australia.

Directors' meetings

The following table sets out the number of directors' meetings held during the financial year and the number of meetings attended by each director (while they were a director).

Directors	Board of Directors	
	Eligible to Attend	Attended
Dr Roger Aston ¹	6	6
Dr Tony Keating ¹	6	6
Mr Brian Leedman ²	2	2
Mr Chris Ntoumenopoulos	6	6
Mr Adam Sierakowski ³	4	4
Dr Robert Ramsay ⁴	-	-

¹ Dr Aston and Dr Keating were appointed on 2 July 2015

² Mr Leedman was appointed on 19 February 2016

³ Mr Sierakowski resigned on 22 March 2016

⁴ Dr Ramsay resigned on 2 July 2015

The Board of Directors also approved fifteen (15) circular resolution during the year ended 30 June 2016 which were signed by all Directors of the Company. The audit, compliance and corporate governance committee is performed by the Board of Directors.

Principal activities

During the year, the Company acquired 100% of ResApp Diagnostics Pty Ltd ("ResApp Diagnostics") and continued the development and commercialisation of ResApp Diagnostic's technology for the purpose of providing health care solutions for respiratory disease.

Operating results and financial position

The net loss for the year ended 30 June 2016 was \$3,207,577 compared with a net loss of \$489,321 for the previous year. The Company had a net asset position as at 30 June 2016 of \$16,046,358 (2015: \$484,941). The loss for the current year is attributable to operating activities and research and development costs incurred following the acquisition of ResApp Diagnostics. The prior year loss was attributable to increased legal services performed in relation to the acquisition of ResApp Diagnostics Pty Ltd.

Review of operations

Acquisition of ResApp Diagnostics Pty Ltd

On 2 July 2015, the Company announced that the Share Sale Agreement dated 20 February 2015 between the Company, ResApp Diagnostics Pty Ltd, the Shareholders of ResApp Diagnostics Pty Ltd and UniQuest had completed with the Company acquiring 100% of ResApp Diagnostics Pty Ltd ("ResApp") following its successful raising of \$4 million.

Directors' report (continued)

Review of operations (continued)

Acquisition of ResApp Diagnostics Pty Ltd (continued)

In accordance with the Company's Replacement Prospectus dated 26 May 2015 and as approved by Shareholders at the General Meeting held on 27 May 2015, the following securities were issued (on a post consolidation basis):

- Public Offer – 200,000,000 Shares at \$0.02 per Share having raised \$4 million;
- Vendor Offer – 93,750,000 Shares and 93,750,000 Performance Shares issued in consideration for the acquisition of ResApp;
- Facilitation Offer – 18,749,999 Shares to the Facilitators for services provided; and
- Incentive Options – 20 million Incentive Options.

In addition, the Company changed its name from Narhex Life Sciences Limited to ResApp Health Limited and was reinstated to official quotation on the ASX on 14 July 2015 under the new ASX Code "RAP".

Following completion of the acquisition, Dr Tony Keating was appointed to the Board of the Company in the position of Managing Director and Chief Executive Officer. Dr Roger Aston was appointed as a non-executive director, replacing Dr Rob Ramsay. Dr Aston was subsequently appointed as Chairman of the Company, replacing Mr Adam Sierakowski who remained on the Board as a non-executive director until 22 March 2016. Mr Brian Leedman was appointed as an executive director of the Company on 19 February 2016.

Paediatric Clinical Studies

Following reinstatement, the Company made significant progress with its paediatric clinical study at Joondalup Health Campus (JHC) in Perth, Western Australia. The study focuses on gathering data from patients with a variety of respiratory conditions with the aim of further optimizing the ResApp algorithms for pneumonia and asthma as well as broadening the validation to other common respiratory conditions.

The Company subsequently announced Princess Margaret Hospital (PMH), an internationally recognised paediatric facility in Perth as the second site to participate in the existing study.

On 30 September 2015, the Company announced positive preliminary results from its clinical study for diagnosis of asthma and viral pneumonia. On 10 November 2015 further positive preliminary results were released from its paediatric clinical study underway at JHC and PMH. These November preliminary results, prepared by the team led by Associate Professor Udantha Abeyratne at The University of Queensland (UQ), were based on a 338 subject dataset. The results expanded the platform to diagnose bronchiolitis, croup and upper respiratory tract infection (URTI) at very high levels of accuracy (greater than 96%) and showed accurate (89-99%) differential diagnosis of patients with one respiratory disease from patients with other respiratory diseases. The new diseases (plus viral pneumonia and asthma/viral-induced wheeze reported in the September preliminary results) cover the majority of respiratory conditions that commonly occur in children.

On 2 March 2016 a further update was provided on the paediatric clinical study being undertaken at JHC and PMH. Enrolments continued at a fast pace, with 598 subjects (481 confirmed respiratory disease cases and 117 control cases) enrolled in the study. ResApp's diagnostic tool achieved overall accuracy levels in excess of 90% when used to differentiate between lower respiratory tract diseases and URITs with no lower respiratory tract involvement, and achieved 99% accuracy when distinguishing between patients with a lower respiratory tract disease and subjects with no discernible respiratory tract disease. In addition, ResApp's tool was able to correctly detect lower respiratory tract disease in 80% of patients who were initially diagnosed as clear by experienced clinicians using stethoscopes – but were finally diagnosed as having a lower respiratory tract disease after clinical testing.

On 31 March 2016, ResApp provided a further update on the paediatric clinical study on an expanded 524 subject dataset on which ResApp's algorithms continued to demonstrate high levels of accuracy for differential diagnosis of patients with respiratory disease. In these results 97% of patients with lower respiratory tract disease that were initially diagnosed as clear by experienced clinicians using stethoscopes were correctly detected by the ResApp algorithm. ResApp also provided preliminary results for the separation of bacterial and atypical pneumonia from viral pneumonia with accuracy of 89% and 92% respectively.

Directors' report (continued)

Review of operations (continued)

Adult Clinical Studies

On 14 December 2015 the Company announced that it has received approval to enrol its first adult patient at JHC. The Emergency Department (ED) at JHC provides emergency services to nearly 100,000 patients per year (80,000 adults and 20,000 children), making it one of Australia's busiest EDs. The study will gather data from adults presenting to the ED with respiratory conditions such as upper respiratory tract infections, bronchitis, pneumonia, asthma and chronic obstructive pulmonary disease. The aim of the study is to demonstrate that ResApp's technology, shown to be highly accurate for diagnosis of childhood respiratory conditions, can be extended to adults.

On 26 February 2016 the Company announced that it had received approval to enrol adult patients at the Wesley Hospital in Brisbane, Australia. The Wesley Emergency Centre (WEC) is one of the largest private emergency departments in Australia. The WEC is the second site participating in ResApp's adult clinical study.

On 7 June 2016 the Company announced that it had enrolled 322 adult patients (236 confirmed respiratory disease cases and 86 control cases) in its first adult study at Joondalup Health Campus. ResApp confirmed that enrolment at the WEC had also commenced.

On 21 June 2016 the Company announced positive preliminary results from its first clinical study in adults underway at JHC confirming that the study had enrolled a total of 322 adult patients. The preliminary results on a 143 patient subset of the available data, prepared by the team led by Associate Professor Udantha Abeyratne at The University of Queensland, demonstrate similarly high levels of sensitivity, specificity and accuracy as previously reported in ResApp's paediatric study. These preliminary results show high levels of accuracy for distinguishing adult patients with COPD (96% accuracy), asthma (92% accuracy) or pneumonia (100% accuracy) from subjects with no discernible respiratory disease using ResApp's cough-based diagnostic technology. Distinguishing the group of asthma and COPD patients from the no respiratory disease group was also achieved at an accuracy of 94%. The differential diagnosis of asthma versus COPD, and pneumonia versus asthma was achieved at an accuracy in the range of 95% to 96%.

FDA approval process

On 31 December 2015 the Company confirmed that it has filed a Pre-Submission package with the United States Food and Drug Administration (FDA) for ResApp's diagnostic mobile software application (app). The FDA's Pre-Submission Program is designed to provide applicants the opportunity to obtain targeted feedback from the FDA in response to questions related to their marketing application, clinical study protocols or data requirements prior to a premarket submission. The Pre-Submission package was prepared with the assistance of Experien Group, LLC, a firm of highly experienced Silicon Valley-based FDA consultants who have an excellent track record of FDA regulatory submission approvals and clearances.

On 14 March 2016 the Company announced a Pre-Submission Meeting had been held with the FDA regarding ResApp's diagnostic mobile software application, ResAppDx. During the meeting ResApp received targeted feedback from the FDA regarding the proposed US regulatory pathway, clinical study protocols, planned non-clinical evaluations and data requirements. ResApp confirmed that it will pursue a direct *de novo* premarket submission for ResAppDx, initially for paediatric use. A submission for adult use will be prepared in parallel and will be submitted shortly after the paediatric submission. The *de novo* pathway is designed for innovative medical devices (i.e. those which have no predicate device) where controls provide a reasonable assurance of safety and effectiveness. The *de novo* process leads to a Class I or Class II classification and has a 120-day review cycle, compared to a 90-day review period for a 510(k).

The Company also confirmed that it will perform pivotal clinical studies at one or more US hospitals to provide a key portion of the clinical data required to support both paediatric and adult submissions. The balance of the required data will be gathered from pivotal studies at previously established Australian sites.

Directors' report (continued)

Review of operations (continued)

Collaboration with Leading Humanitarian Organisation

On 7 March 2016 the Company announced it had signed a non-binding memorandum of understanding with a leading humanitarian organisation and UniQuest (the main commercialisation company of The University of Queensland), to enter into a partnership to field test ResApp's smartphone-based pneumonia diagnostic tool in the developing world. ResApp, UniQuest and the humanitarian organisation will work together to secure one or more field sites in the developing world.

Capital Raisings

On 20 April 2016 the Company announced it had raised \$12.5 million pursuant to a placement which was significantly oversubscribed. 62,500,000 Shares were issued at \$0.20 per share to new and existing institutional and sophisticated investors. The Company also issued 1,016,250 Advisory Shares together with 4,500,000 Advisory Options (exercisable at \$0.28, expiring 29 April 2019, escrowed 12 months from issue) and 1,866,667 Advisory Options (exercisable at \$0.30, expiring 29 April 2019, escrowed 12 months from issue).

Funds raised under the Placement will be used to expedite US FDA approval for the adult diagnostic test, expand US market opportunity into in-clinic use, expand global opportunity into Europe and Asia, and accelerate development of respiratory disease management tools.

During the financial year, 23,531,250 unlisted options (expiring 31 December 2016) were exercised at \$0.026 raising a total of \$611,812 (refer to note 20).

Subsequent Events

On 20 July 2016 the Company announced that it is planning to conduct a clinical study with the Massachusetts General Hospital (MGH) for the ResAppDx US paediatric study. The Company also announced that the MGH is a 1,000-bed academic medical centre located in Boston, Massachusetts. Each year, the MGH admits more than 50,000 patients, delivers nearly 4,000 babies and records 1.5 million outpatient visits, including more than 100,000 Emergency Department visits. In 2015, the MGH topped the Nature Index list of health care organizations for most publications in leading scientific journals. The MGH also has always been among the top few hospitals each year on the U.S. News & World Report list of "America's Best Hospitals."

In July 2016, the Company issued a total of 1,125,000 Shares on the conversion of 1,125,000 unlisted options at \$0.026 per share.

On 4 August 2016, the Company confirmed it had received notification from ASIC that it had consented to the resignation of the Company's auditor Somes Cooke. The incoming auditor is Greenwich & Co Audit Pty Ltd. The reason for the change is due to legal restructuring associated with Somes Cooke merging with other accounting firms.

On 15 August 2016, the Company announced positive initial results that demonstrated the potential for measuring the severity of asthma or viral wheeze in children using cough sounds. The Company also announced that it had begun working with two lung function test laboratories, one at Joondalup Health Campus (JHC) in Perth and one at the Wesley Hospital in Brisbane to record adult asthma and chronic obstructive pulmonary disease (COPD) patients' breathing and cough sounds alongside comprehensive lung function tests.

On 15 September 2016, the Company, in partnership with UniQuest (the main commercialisation company of The University of Queensland), shipped smartphones to a leading global humanitarian organisation under the terms of a non-binding memorandum of understanding to field-test ResApp's smartphone-based respiratory disease diagnostic tool in the developing world.

On 16 September 2016 the Company issued 2 million Employee Incentive Options pursuant to the terms of the Company's Employee Incentive Plan. The Options are exercisable at \$0.45 and expire on 16 September 2019.

One third of the Employee Incentive Options vest immediately with the remaining two thirds vesting in equal quarterly instalments over 2 years from the date of issue if the employee remains employed by the Company. The Options have been issued to provide an incentive and reward for employees for their contributions to the Company.

Directors' report (continued)

Review of operations (continued)

Subsequent Events (continued)

On 16 September 2016 the Company also issued 2 million Consultancy Incentive Options exercisable at \$0.45 and 2 million Consultancy Incentive Options exercisable at \$0.75. The Consultancy Incentive Options expire on 16 September 2019 and have been issued as part consideration for consultancy services provided.

In addition, on 16 September 2016 the Company issued 187,500 Shares on the conversion of 187,500 Unlisted Options (exercisable at \$0.026 on or before 31 December 2016).

Except for the events noted above, no material events have occurred subsequent to the reporting date.

Future developments

The Group will continue the development and commercialisation of the ResApp technology for the purpose of providing health care solutions to assist doctors and consumers diagnose respiratory disease.

Environmental issues

The Group's operations are not subject to significant environmental regulations under the law of the Commonwealth or of a State, or Territory.

Dividends

No amounts have been paid or declared by way of dividend by the Group since the end of the previous financial year and the Directors do not recommend the payment of any dividend.

Indemnification of officers and auditors

The Group has not otherwise, during or since the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

Corporate governance statement

The Board is responsible for establishing the Company's corporate governance framework, the key features of which are set out below. In establishing its corporate governance framework, the Board has referred to the 3rd edition of the ASX Corporate Governance Councils' Corporate Governance Principles and Recommendations.

In accordance with ASX Listing Rule 1.1 Condition 13, the corporate governance statement discloses the extent to which the Company follows the recommendations. The Company will follow each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices will follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" reporting regime, where, after due consideration, the Company's corporate governance practices will not follow a recommendation, the Board has explained its reasons for not following the recommendation and disclosed what, if any, alternative practices the Company will adopt instead of those in the recommendation.

The following governance-related documents can be found on the Company's website at www.resapphealth.com.au, under the section marked "Corporate Governance":

- (a) Board Charter;
- (b) Board Performance Evaluation Policy;
- (c) Code of Conduct;
- (d) Audit Committee Charter;
- (e) Remuneration and Nomination Committee Charter;
- (f) Security Trading Policy;
- (g) Continuous Disclosure Policy;
- (h) Shareholder Communication and Investor Relations Policy;
- (i) Risk Committee Charter;
- (j) Risk Management Policy; and
- (k) Diversity Policy.

Directors' report (continued)
Corporate governance statement (continued)

Principle 1: Lay solid foundations for management and oversight

Recommendation 1.1

The Company has established the respective roles and responsibilities of its Board and management, and those matters expressly reserved to the Board and those delegated to management, and has documented this in its Board Charter.

The responsibilities of the Board include but are not limited to:

- (a) setting and reviewing strategic direction and planning;
- (b) reviewing financial and operational performance;
- (c) identifying principal risks and reviewing risk management strategies; and
- (d) considering and reviewing significant capital investments and material transactions.

In exercising its responsibilities, the Board recognises that there are many stakeholders in the operations of the Company, including employees, shareholders, co-ventures, the government and the community.

The Board has delegated responsibility for the business operations of the Company to the Chief Executive Officer and the management team. The management team, led by the Chief Executive Officer is accountable to the Board.

Recommendation 1.2

The Company undertakes appropriate checks before appointing a person, or putting forward to shareholders a candidate for election as a director and provides shareholders with all material information in its possession relevant to a decision on whether or not to elect a director.

The checks which are undertaken, and the information provided to shareholders, are set out in the Company's Remuneration and Nomination Committee Charter.

Recommendation 1.3

The Company has a written agreement with each of the Directors and the Incoming Directors and senior executives setting out the terms of their appointment. The material terms of any employment, service or consultancy agreement the Company, or any of its child entities, has entered into with its Chief Executive Officer, any of its directors, and any other person or entity who is a related party of the Chief Executive Officer or any of its directors will be disclosed in accordance with ASX Listing Rule 3.16.4 (taking into consideration the exclusions from disclosure outlined in that rule).

Recommendation 1.4

The Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board. The Company Secretary is responsible for the application of best practice in corporate governance and also supports the effectiveness of the Board by:

- (a) ensuring a good flow of information between the Board, its committees, and Directors;
- (b) monitoring policies and procedures of the Board;
- (c) advising the Board through the Chairman of corporate governance policies; and
- (d) conducting and reporting matters of the Board, including the despatch of Board agendas, briefing papers and minutes.

Recommendation 1.5

The Company has a Diversity Policy, the purpose of which is:

- (a) to outline the Company's commitment to creating a corporate culture that embraces diversity and, in particular, focuses on the composition of its Board and senior management; and
- (b) to provide a process for the Board to determine measurable objectives and procedures which the Company will implement and report against to achieve its diversity goals.

The Board intends to set measurable objectives for achieving diversity, specifically including gender diversity and will review and report on the effectiveness and relevance of these measurable objectives. However, due to the current size of the Board and management, these measurable objectives have not yet been set.

Directors' report (continued)
Corporate governance statement (continued)

Recommendation 1.6

The Chief Executive Officer will be responsible for evaluating the performance of the Company's senior executives in accordance with the process disclosed in the Company's Process for Performance Evaluations, which is currently being developed by the Board.

The Chair will be responsible for evaluating the performance of the Company's Chief Executive Officer in accordance with the process disclosed in the Company's Process for Performance Evaluations, which is currently being developed by the Board.

Recommendation 1.7

The Chair will be responsible for evaluating the performance of the Board, Board committees and individual directors in accordance with the process disclosed in the Company's Board performance evaluation policy.

This policy is to ensure:

- (a) individual Directors and the Board as a whole work efficiently and effectively in achieving their functions;
- (b) the executive Directors and key executives execute the Company's strategy through the efficient and effective implementation of the business objectives; and
- (c) committees to which the Board has delegated responsibilities are performing efficiently and effectively in accordance with the duties and responsibilities set out in the board charter.

This policy will be reviewed annually. During the reporting period, an evaluation of the Board, its committees and individual directors has taken place in accordance with the Company's policy.

Principle 2: Structure the board to add value

Recommendation 2.1

Due to the size of the Board, the Company does not have a separate nomination committee. The roles and responsibilities of a nomination committee are currently undertaken by the Board.

The duties of the full Board in its capacity as a nomination committee are set out in the Company's Remuneration and Nomination Committee Charter which is available on the Company's website.

When the Board meets as a remuneration and nomination committee it carries out those functions which are delegated to it in the Company's Remuneration and Nomination Committee Charter. Items that are usually required to be discussed by a Remuneration and Nomination Committee are marked as separate agenda items at Board meetings when required.

The Board has adopted a Remuneration and Nomination Committee Charter which describes the role, composition, functions and responsibilities of a Nomination Committee and is disclosed on the Company's website.

Recommendation 2.2

The mix of skills and diversity which the Board is looking to achieve in its composition is:

- (a) a broad range of business experience; and
- (b) technical expertise and skills required to discharge duties.

Recommendation 2.3

The Board considers the independence of directors having regard to the relationships listed in Box 2.3 of the Principles and Recommendations.

Currently the Board is structured as follows:

- (a) Dr Roger Aston (Chairman);
- (b) Dr Anthony Keating (Managing Director and CEO);
- (c) Mr Brian Leedman (Executive Director); and
- (d) Mr Chris Ntoumenopoulos (Non-executive Director).

Directors' report (continued)
Corporate governance statement (continued)

Recommendation 2.3 (continued)

Dr Keating and Dr Aston were appointed to the Board on 2 July 2015. Dr Keating is an executive director of the Company and is therefore a non-independent director. Dr Aston is an independent, non-executive Chairman of the Board. Mr Ntoumenopoulos is an independent director who was appointed to the Board on 21 January 2015. Mr Brian Leedman was appointed as an executive director of the Company on 19 February 2016. Mr Leedman is a non-independent director due to his executive role and his substantial shareholding in the Company.

Recommendation 2.4

Currently, the Board considers that membership weighted towards technical expertise is appropriate at this stage of the Company's operations. Accordingly, the Board does not have a majority of independent directors.

Recommendation 2.5

Dr Aston is an independent Chairman of the Board.

Recommendation 2.6

It is a policy of the Company, that new Directors undergo an induction process in which they are given a full briefing on the Company. Where possible this includes meetings with key executives, tours of the premises, an induction package and presentations. In order to achieve continuing improvement in Board performance, all Directors are encouraged to undergo continual professional development. Specifically, Directors are provided with the resources and training to address skills gaps where they are identified.

Principle 3: Act ethically and responsibly

Recommendation 3.1

The Company is committed to promoting good corporate conduct grounded by strong ethics and responsibility. The Company has established a Code of Conduct (Code), which addresses matters relevant to the Company's legal and ethical obligations to its stakeholders. It may be amended from time to time by the Board, and is disclosed on the Company's website.

The Code applies to all Directors, employees, contractors and officers of the Company. The Code will be formally reviewed by the Board each year.

Principle 4: Safeguard integrity in corporate reporting

Recommendation 4.1

Due to the size of the Board, the Company does not have a separate Audit Committee. The roles and responsibilities of an audit committee are undertaken by the Board. The full Board in its capacity as the audit committee is responsible for reviewing the integrity of the Company's financial reporting and overseeing the independence of the external auditors. The duties of the full Board in its capacity as the audit committee are set out in the Company's Audit Committee Charter which is available on the Company's website.

When the Board meets as an audit committee is carries out those functions which are delegated to it in the Company's Audit Committee Charter. Items that are usually required to be discussed by an Audit Committee are marked as separate agenda items at Board meetings when required.

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

The Board has adopted an Audit Committee Charter which describes the role, composition, functions and responsibilities of the Audit Committee and is disclosed on the Company's website.

Directors' report (continued)
Corporate governance statement (continued)

Recommendation 4.2

Before the Board approves the Company financial statements for each financial period it will receive from the Chief Executive Officer and the Chief Financial Officer (or equivalent) a declaration that, in their opinion, the financial records of the Company for the relevant financial period have been properly maintained and that the financial statements for the relevant financial period comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and the consolidated entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Recommendation 4.3

Under section 250RA of the Corporations Act, the Company's auditor is required to attend the Company's annual general meeting at which the audit report is considered, and does not arrange to be represented by a person who is a suitably qualified member of the audit team that conducted the audit and is in a position to answer questions about the audit. Each year, the Company will write to the Company's auditor to inform them of the date of the Company's annual general meeting.

In accordance with section 250S of the Corporations Act, at the Company's annual general meeting where the Company's auditor or their representative is at the meeting, the Chair will allow a reasonable opportunity for the members as a whole at the meeting to ask the auditor (or its representative) questions relevant to the conduct of the audit; the preparation and content of the auditor's report; the accounting policies adopted by the Company in relation to the preparation of the financial statements; and the independence of the auditor in relation to the conduct of the audit. The Chair will also allow a reasonable opportunity for the auditor (or their representative) to answer written questions submitted to the auditor under section 250PA of the Corporations Act.

Principle 5: Make timely and balanced disclosure

Recommendation 5.1

The Company is committed to:

- (a) ensuring that shareholders and the market are provided with full and timely information about its activities;
- (b) complying with the continuous disclosure obligations contained in the Listing Rules and the applicable sections of the Corporations Act; and
- (c) providing equal opportunity for all stakeholders to receive externally available information issued by the Company in a timely manner.

The Company has adopted a Disclosure Policy, which is disclosed on the Company's website. The Disclosure Policy sets out policies and procedures for the Company's compliance with its continuous disclosure obligations under the ASX Listing Rules, and addresses financial markets communication, media contact and continuous disclosure issues. It forms part of the Company's corporate policies and procedures and is available to all staff.

The Company Secretary manages the policy. The policy will develop over time as best practice and regulations change and the Company Secretary will be responsible for communicating any amendments. This policy will be reviewed by the Board annually.

Principle 6: Respect the rights of security holders

Recommendation 6.1

The Company provides information about itself and its governance to investors via its website at www.resapphealth.com.au. The Company is committed to maintaining a Company website with general information about the Company and its operations and information specifically targeted at keeping the Company's shareholders informed about the Company. In particular, where appropriate, after confirmation of receipt by ASX, the following will be posted to the Company website:

- (a) relevant announcements made to the market via ASX;
- (b) media releases;
- (c) investment updates;
- (d) Company presentations and media briefings;
- (e) copies of press releases and announcements for the preceding three years; and
- (f) copies of annual and half yearly reports including financial statements for the preceding three years.

Directors' report (continued)
Corporate governance statement (continued)

Recommendation 6.2

The Company has a Shareholder Communication and Investor Relations Policy which aims to ensure that Shareholders are informed of all major developments of the Company. The policy is disclosed on the Company's website. Information is communicated to Shareholders via:

- (a) reports to Shareholders;
- (b) ASX announcements;
- (c) annual general meetings; and
- (d) the Company website.

This Shareholder Communication and Investor Relations policy will be formally reviewed by the Board each year. While the Company aims to provide sufficient information to Shareholders about the Company and its activities, it understands that Shareholders may have specific questions and require additional information. To ensure that Shareholders can obtain all relevant information to assist them in exercising their rights as Shareholders, the Company has made available a telephone number and relevant contact details (via the website) for Shareholders to make their enquiries.

Recommendation 6.3

The Board encourages full participation of Shareholders at meetings to ensure a high level of accountability and identification with the Company's strategies and goals. However, due to the size and nature of the Company, the Board does not consider a policy outlining the policies and processes that it has in place to facilitate and encourage participating at meetings of shareholders to be appropriate at this stage.

Recommendation 6.4

Shareholders are given the option to receive communications from, and send communication to, the Company and its share registry electronically. To ensure that shareholders can obtain all relevant information to assist them in exercising their rights as shareholders, the Company has made available a telephone number and relevant contact details (via the website) for shareholders to make their enquiries.

Principle 7: Recognise and manage risk

Recommendation 7.1

Due to the size of the Board, the Company does not have a separate Risk Committee. The Board is responsible for the oversight of the Company's risk management and control framework.

When the Board meets as a risk committee is carries out those functions which are delegated to it in the Company's Risk Committee Charter. Items that are usually required to be discussed by a Risk Committee are marked as separate agenda items at Board meetings when required.

The Board has adopted a Risk Committee Charter which describes the role, composition, functions and responsibilities of the Risk Committee and is disclosed on the Company's website.

The Board has adopted a Risk Management Policy, which is disclosed on the Company's website. Under the policy, responsibility and control of risk management is delegated to the appropriate level of management within the Company with the Chief Executive Officer having ultimate responsibility to the Board for the risk management and control framework.

The risk management system covers:

- (a) operational risk;
- (b) financial reporting;
- (c) compliance / regulations; and
- (d) system / IT process risk.

A risk management model is to be developed and will provide a framework for systematically understanding and identifying the types of business risks threatening the Company as a whole, or specific business activities within the Company.

Directors' report (continued)
Corporate governance statement (continued)

Recommendation 7.2

The Board will review the Company's risk management framework annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the Company faces and to ensure that the Company is operating within the risk appetite set by the Board.

Arrangements put in place by the Board to monitor risk management include, but are not limited to:

- (a) monthly reporting to the Board in respect of operations and the financial position of the Company; and
- (b) quarterly rolling forecasts prepared;

Recommendation 7.3

The Company does not have, and does not intend to establish, an internal audit function. To evaluate and continually improve the effectiveness of the Company's risk management and internal control processes, the Board relies on ongoing reporting and discussion of the management of material business risks as outlined in the Company's Risk Management Policy.

Recommendation 7.4

Given the speculative nature of the Company's business, it is subject to general risks and certain specific risks.

The Company has identified those economic, environmental and/or social sustainability risks to which it has a material exposure, and disclosed how it intends to manage those risks.

Principle 8: Remunerate fairly and responsibly

Recommendation 8.1

Due to the size of the Board, the Company does not have a separate remuneration committee. The roles and responsibilities of a remuneration committee are currently undertaken by the Board.

The duties of the full board in its capacity as a remuneration committee are set out in the Company's Remuneration and Nomination Committee Charter which is available on the Company's website.

When the Board meets as a remuneration committee is carries out those functions which are delegated to it in the Company's Remuneration and Nomination Committee Charter. Items that are usually required to be discussed by a Remuneration Committee are marked as separate agenda items at Board meetings when required.

The Board has adopted a Remuneration and Nomination Committee Charter which describes the role, composition, functions and responsibilities of the Remuneration Committee and is disclosed on the Company's website.

Recommendation 8.2

Details of the Company's policies on remuneration will be set out in the Company's "Remuneration Report" in each Annual Report published by the Company. This disclosure will include a summary of the Company's policies regarding the deferral of performance-based remuneration and the reduction, cancellation or claw-back of the performance-based remuneration in the event of serious misconduct or a material misstatement in the Company's financial statements.

Recommendation 8.3

The Company's Security Trading Policy includes a statement on the Company's policy on prohibiting participants in the Company's Employee Incentive Plan entering into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the Employee Incentive Plan.

Security Trading Policy

In accordance with ASX Listing Rule 12.9, the Company has adopted a trading policy which sets out the following information:

- (a) closed periods in which directors, employees and contractors of the Company must not deal in the Company's securities;
- (b) trading in the Company's securities which is not subject to the Company's trading policy; and
- (c) the procedures for obtaining written clearance for trading in exceptional circumstances.

Directors' report (continued)
Corporate governance statement (continued)

Security Trading Policy (continued)

The Company's Security Trading Policy is available on the Company's website.

Remuneration report (audited)

Remuneration Policy

The board policy is to remunerate non-executive directors at a level which provides the company with the ability to attract and retain directors with the experience and qualification appropriate to the development strategy of the company's Intellectual Property. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. This was set at \$200,000 per annum by shareholders on 18 November 2005. Directors' fees are reviewed annually. From 1 July 2015 to 31 May 2016, Chairman and non-executive director fees were \$72,000 and \$48,000 per annum respectively. From 1 June 2016, Chairman and non-executive director fees increased to \$90,000 and \$55,000 per annum respectively.

Non-executive directors' fees are not linked to the performance of the company. However to align directors interests with shareholder interests, the directors are encouraged to hold shares in the company.

The board policy is to remunerate executive directors at a level that provides the company with the ability to attract and retain executives with the experience and qualification appropriate to the development strategy of the company's Intellectual Property. During the financial year, the Group did not employ the use of remuneration consultants.

Executive Remuneration

The following table discloses the contractual arrangements with the Group's executive Key Management Personnel.

COMPONENT	CEO – Dr Tony Keating
Fixed remuneration	\$200,000 pa to 31 May 2016. \$280,000 pa from 1 June 2016
Contract duration	2 years commencing on 2 July 2015
Termination notice by the individual/company	6 months
Other entitlements	Annual leave
COMPONENT	Vice President, Corporate Affairs and Executive Director – Mr Brian Leedman
Fixed remuneration	\$75,000 pa to 31 May 2016. \$187,000 pa from 1 June 2016.
Contract duration	1.5 years commencing on 1 June 2016
Termination notice by the individual/company	3 months
Other entitlements	None

Relationship between the remuneration policy and company performance

Aside from the matters described above, no Director held or holds any contract for performance-based remuneration with the Company.

Directors' report (continued)
Remuneration report (audited) (continued)

Remuneration expense details for the year ended 30 June 2016

The directors incurred the following amounts as compensation for their services as directors and executives of the Group during the year:

2016	Short-term employee benefits			Post employment benefits	Share-based payment	Total \$	% Consisting of share-based payments \$
	Salary & fees \$	Bonus \$	Other \$	Superannuation \$	Options & rights \$		
Directors							
Dr Roger Aston ¹	72,210	-	-	-	-	72,210	-
Dr Tony Keating ²	188,737	-	-	17,930	330,000	536,667	62%
Mr Brian Leedman ³	78,083	-	-	-	-	78,083	-
Mr Chris Ntoumenopoulos ⁴	48,583	-	-	-	-	48,583	-
Mr Adam Sierakowski ⁵	34,968	-	-	-	-	34,968	-
Dr Robert Ramsay ⁶	-	-	-	-	-	-	-
Total	422,581	-	-	17,930	330,000	770,511	-

¹ Dr Aston was appointed on 2 July 2015 and his director fees were paid to Newtonmore Biosciences Pty Ltd.

² Dr Keating was appointed on 2 July 2015 and his director fees were paid to himself.

³ Mr Leedman was appointed on 19 February 2016 and his director fees were paid to himself.

⁴ Mr Ntoumenopoulos's director fees were paid to Sobol Capital Pty Ltd.

⁵ Mr Sierakowski resigned on 22 March 2016 and his director fees were paid to Trident Capital Pty Ltd.

⁶ Dr Ramsay resigned on 2 July 2015 and his director fees were paid to himself.

2015	Short-term employee benefits			Post employment benefits	Share-based payment	Total \$	% Consisting of share-based payments \$
	Salary & fees \$	Bonus \$	Other \$	Superannuation \$	Options & rights \$		
Directors							
Mr Cyril D'Silva ⁷	-	-	-	-	-	-	-
Mr Adam Sierakowski	48,000	-	-	-	-	48,000	-
Dr Robert Ramsay	48,000	-	-	-	-	48,000	-
Mr Chris Ntoumenopoulos	21,290	-	-	-	-	21,290	-
Total	117,290	-	-	-	-	117,290	-

⁷ Mr D'Silva resigned on 21 January 2015.

Directors' report (continued)
Remuneration report (audited) (continued)

Securities received that are not performance-related

No members of key management personnel are entitled to receive securities that are not performance-based as part of their remuneration package.

Options and rights granted as remuneration

Group KMP	Balance at 1 July 2015 (No.)	Grant date	Number	Value ¹	Exercised	Lapsed	Balance at 30 June 2016 (No.)
Tony Keating	-	2 July 2015	5,000,000	\$95,000	-	-	5,000,000
Tony Keating	-	2 July 2015	5,000,000	\$85,000	-	-	5,000,000
Tony Keating	-	2 July 2015	10,000,000	\$150,000	-	-	10,000,000
Total			20,000,000	\$330,000			20,000,000

¹ The fair value of incentive options granted and as shown in the table above has been determined in accordance with Australian Accounting Standards and will be recognised as an expense over the relevant vesting period to the extent that conditions necessary for vesting are satisfied.

Description of options issued as remuneration

Details of the options granted as remuneration to those key management personnel listed in the previous table are as follows:

Grant date	Issuer	Entitlement on exercise	Dates exercisable by	Exercise price	Value per option at grant date	Amount paid/payable by recipient
2 July 2015	ResApp Health Limited	1:1 ordinary share in ResApp Health Limited	2 July 2020	\$0.025	\$0.021	\$0.00
2 July 2015	ResApp Health Limited	1:1 ordinary share in ResApp Health Limited	2 July 2020	\$0.05	\$0.021	\$0.00
2 July 2015	ResApp Health Limited	1:1 ordinary share in ResApp Health Limited	2 July 2020	\$0.10	\$0.021	\$0.00

Option values at grant date were determined using the Black-Scholes method (note 16).

Key Management Personnel shareholdings

The number of ordinary shares in ResApp Health Limited held by each key management personnel of the Group during the financial year is as follows:

	Balance at 1 July 2015 or on date of appointment	Granted as remuneration during the year	Issued on exercise of options during the year	Net other changes during the year	Balance at 30 June 2016 or on date of resignation
2016					
Dr Roger Aston	8,437,500	-	-	-	8,437,500
Dr Tony Keating	-	-	-	-	-
Mr Brian Leedman	30,560,000	-	-	(500,000)	30,060,000
Mr Chris Ntoumenopoulos	-	-	-	2,109,375	2,109,375
Mr Adam Sierakowski	8,323,477	-	-	7,500,000	15,823,477
Dr Robert Ramsay	-	-	-	-	-
Total					

Directors' report (continued)
Remuneration report (audited) (continued)

Other equity-related Key Management Personnel transactions

There have been no other transactions involving equity instruments apart from those describe in the table above relating to options, rights and shareholdings.

Other transactions with Key Management Personnel and/for their related parties

There were no other transactions conducted between the Group and Key Management Personnel or their related parties, apart from those disclosed above and those disclosed in Note 20, that were conducted other than in accordance with normal employee, customer or supplier relationships on terms no more favourable than those reasonably expected under arm's length dealings with unrelated persons.

End of audited Remuneration Report

Directors' report (continued)

Voting and comments made at the Company's 2015 Annual General Meeting

The Company received more than 99% of votes, of those shareholders who exercised their right to vote, in favour of the remuneration report for the 2015 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or 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 any part of those proceedings.

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

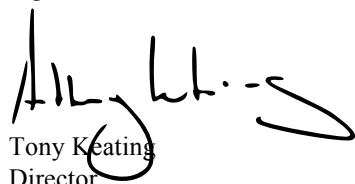
Non-audit services

During the year \$nil was paid to the auditor for the provision of non-audit services (2015: nil).

Auditor's independence declaration

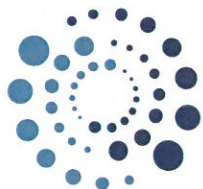
The auditor's independence declaration is included on page 21 of the annual report.

Signed in accordance with a resolution of the directors



Tony Keating
Director

Perth
28th day of September 2016



Auditor's Independence Declaration

To those charged with governance of ResApp Health Limited

As auditor for the audit of ResApp Health Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

Greenwich & Co Audit Pty Ltd
Greenwich & Co Audit Pty Ltd

Andrew May
Audit Director

Perth

28 September 2016

Consolidated statement of profit or loss and other comprehensive income for the financial year ended 30 June 2016

	Note	Consolidated 2016 \$	Company 2015 \$
Other revenue	7	82,633	173,427
Administration costs	8	(1,428,488)	(662,128)
Research and development costs	9	(1,093,896)	-
Finance costs		(2,708)	(620)
Doubtful debts expense	12	(330,600)	-
Share based payment expense	16	(434,518)	-
Loss before income tax		(3,207,577)	(489,321)
Income tax benefit	11	-	-
Loss for the year		(3,207,577)	(489,321)
Other comprehensive income for the year		-	-
Total comprehensive income for the year		(3,207,577)	(489,321)
Earnings per share (basic and diluted) (cents)	17	(0.65)	(0.24)

The accompanying notes form an integral part of this consolidated statement of profit or loss and other comprehensive income.

Consolidated statement of financial position as at 30 June 2016

	Note	Consolidated 2016 \$	Company 2015 \$
CURRENT ASSETS			
Cash and cash equivalents	18	13,735,219	4,097,129
Trade receivables		100,495	65,017
Other receivables	12	20,890	520,300
Other assets		6,231	98,143
Total Current Assets		13,862,835	4,780,589
NON-CURRENT ASSETS			
Intangibles	6	2,428,459	-
Total Non-Current Assets		2,428,459	-
Total Assets		16,291,294	4,780,589
CURRENT LIABILITIES			
Trade and other payables	13	221,550	487,126
Annual leave provision		23,386	-
Funds received in advance of share issue	14	-	3,808,522
Total Current Liabilities		244,936	4,295,648
Total Liabilities		244,936	4,295,648
Net Assets		16,046,358	484,941
EQUITY			
Issued capital	15	21,515,523	4,004,499
Reserves	16	1,257,970	-
Accumulated losses		(6,727,135)	(3,519,558)
Total Equity		16,046,358	484,941

The accompanying notes form an integral part of this consolidated statement of financial position.

Consolidated statement of changes in equity for the financial year ended 30 June 2016

	Fully paid ordinary shares \$	Equity-settled benefits reserve \$	Accumulated losses \$	Total \$
Company				
Balance at 1 July 2014	3,151,649	210,000	(3,240,237)	121,412
Loss for the year	-	-	(489,321)	(489,321)
Total comprehensive income	-	-	(489,321)	(489,321)
Transactions with owners, in their capacity as owners				
Expiration of options	-	(210,000)	210,000	-
Issue of shares	900,000	-	-	900,000
Costs directly attributable to issue of share capital	(47,150)	-	-	(47,150)
Balance at 30 June 2015	4,004,499	-	(3,519,558)	484,941
Consolidated				
Balance at 1 July 2015	4,004,499	-	(3,519,558)	484,941
Loss for the year	-	-	(3,207,577)	(3,207,577)
Total comprehensive income			(3,207,577)	(3,207,577)
Transactions with owners, in their capacity as owners				
Issue of options	-	1,257,970	-	1,257,970
Issue of shares	19,565,062	-	-	19,565,062
Costs directly attributable to issue of share capital	(2,054,038)	-	-	(2,054,038)
Balance at 30 June 2016	21,515,523	1,257,970	(6,727,155)	16,046,358

The accompanying notes form an integral part of this consolidated statement of changes in equity.

Consolidated statement of cash flows for the financial year ended 30 June 2016

	Note	Consolidated 2016 \$	Company 2015 \$
Cash flows from operating activities			
Cash payments to suppliers and employees		(2,467,614)	(394,163)
Interest paid		-	(620)
Interest received		41,443	2,506
Net cash flows used in operating activities	18	(2,426,171)	(392,277)
Cash flows from investing activities			
Advance to ResApp Diagnostics		-	(210,000)
Cash acquired on acquisition of ResApp Diagnostics	5	31,872	-
Net cash flows provided by/(used in) investing activities		31,872	(210,000)
Cash flows from financing activities			
Costs of capital raising		(1,084,400)	(233,628)
Proceeds from issue of share capital		13,116,789	900,000
Monies raised in advance of share issues		-	3,995,000
Net cash flows provided by financing activities		12,032,389	4,661,372
Net increase in cash and cash equivalents		9,638,090	4,059,095
Cash and cash equivalents at the beginning of the financial year		4,097,129	38,034
Cash and cash equivalents at the end of the financial year	18	13,735,219	4,097,129

The accompanying notes form an integral part of this consolidated statement of cash flows.

Notes to the consolidated financial statements

NOTE 1 REPORTING ENTITY

This annual financial report includes the financial statements and notes of ResApp Health Limited (formerly Narhex Life Sciences Limited) (“the Company”) and its controlled entity (“the Group”). The Group is a for-profit entity and is domiciled in Australia. The Group, through an exclusive license is developing smart phone applications for respiratory disease diagnostics and management. Its registered address is Level 24, 44 St George’s Terrace, Perth, Western Australia, 6000.

NOTE 2 GOING CONCERN

The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlements of liabilities in the ordinary course of business. The entity incurred an operating loss of \$3,207,577 for the year ended 30 June 2016 (2015: \$489,321) and a net cash outflow from operating activities amounting to \$2,426,171 (2015: \$392,277).

The Company successfully completed a public capital raising of \$4,000,000 under a Replacement Prospectus dated 26 May 2015, with the shares issued on 2 July 2015. The Company’s securities were re-instated to trading on 14 July 2015. Subsequent to this, the Company successfully raised \$12,500,000 under a sophisticated placement raising.

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. The Directors believe there are sufficient funds to meet the Company’s working capital requirements and as at the date of this report, the Company believes it can meet all liabilities as and when they fall due.

NOTE 3 NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS

There are a number of new Accounting standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Group and have not been applied in preparing these consolidated financial statements. The Group does not plan to adopt these standards early.

These standards are not expected to have a material impact on the Group in the current or future reporting periods.

NOTE 4 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These financial statements include the financial statements of the ResApp Health Limited (the “Company”), and its controlled entity (the “Group”). These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. Australian Accounting Standards are equivalent to International Financial Reporting Standards (“IFRS”). Compliance with Australian Accounting Standards ensures that these financial statements comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

Except for the cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The functional currency of the Group is measured using the currency of the primary economic environment in which the Group operates. These financial statements are presented in Australian dollars which is the Group’s functional and presentation currency.

Notes to the consolidated financial statements (continued)

NOTE 4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

a) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

b) Financial instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the Group becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transaction costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are then classified and measured as set out below.

Classification and Subsequent Measurement

All financial instruments of the Group are subsequently measured at amortised cost, using the effective interest rate method.

Amortised Cost

Amortised cost is calculated as a) the amount at which the financial asset or liability is measured at initial recognition; b) less principal repayments; c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and d) less any reduction for impairment.

Effective Interest Rate Method

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

Derecognition

Financial instruments are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the Group no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Notes to the consolidated financial statements (continued)

NOTE 4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Financial instruments (continued)

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangements.

c) Impairment of other tangible and intangible assets

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash generating unit) is reduced to its recoverable amount.

An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

Notes to the consolidated financial statements (continued)

NOTE 4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Income Tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable to or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the balance sheet liability method. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the balance sheet. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interest are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequence that would follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authorities and the company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the statement of profit or loss and other comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Research and development tax incentives

Research and development tax incentives are recognised as revenue during the financial period in which the claim for refund is made.

d) Intangibles: Research and development costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility, the Group is able to use or sell the asset, the Group has sufficient resources, and intent to complete the development and its costs can be measured reliably.

Notes to the consolidated financial statements (continued)

NOTE 4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Share-based payments

Equity-settled share-based payments are measured at fair value of the equity instrument at the grant date. Fair value is measured by the use of a Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

f) Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

g) Asset acquisitions

On 2 July 2015, ResApp Health Limited acquired 100% of all the rights and title to ResApp Diagnostics Pty Ltd through the issue of 93,750,000 Fully Paid Ordinary Shares and 93,750,000 Performance Shares to the Vendors as consideration for the acquisition.

When an asset acquisition does not constitute a business combination, the assets and liabilities are assigned a carrying amount based on their relative fair values in an asset purchase transaction and no deferred tax will arise in relation to the acquired assets and assumed liabilities as the initial recognition exemption for the deferred tax under AASB 112 applies. No goodwill will arise on the acquisition and transaction costs of the acquisition will be included in the capitalised cost of the asset.

i) New standards and interpretations not yet adopted

There are a number of new Accounting standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Group. They are available for early adoption at 30 June 2016, but have not been applied in preparing this financial report because the adoption would not materially impact this financial report.

j) Critical accounting judgements and key sources of estimation uncertainty

The directors make a number of estimates and assumptions in preparing general purpose financial statements. The resulting accounting estimates, will, by definition, seldom equal the related actual results. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods if relevant.

The following key judgement and estimate was made in preparing these financial statements:

Impairment of intangibles

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using calculations which incorporate various key assumptions.

Acquisition of asset not deemed a business combination

On 2 July 2015, ResApp Health Limited acquired 100% of all the rights and title to ResApp Diagnostics Pty Ltd through the issue of 93,750,000 Fully Paid Ordinary Shares and 93,750,000 Performance Shares to the Vendors as consideration for the acquisition. Judgement was applied in concluding that the acquisition does not constitute a business combination as per AASB 3 and as such must be accounted for as an asset acquisition. In making this decision, the Group determined that, at the time of the acquisition, ResApp Diagnostics Pty Ltd did not have inputs and processes applied to those inputs that have the ability to provide a return in the form of dividends, lower costs or other economic benefits directly to the investors or other owners, members or participants.

Share based payment expenses

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instrument at the date at which they are granted. The fair value of options granted is measured using the Black-Scholes option pricing model. The model uses assumptions and estimates as inputs.

Notes to the consolidated financial statements (continued)

NOTE 4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Critical accounting judgements and key sources of estimation uncertainty (continued)

Recoverability of loan to Golden Saint Minerals Guinee SA

The Company tests the recoverability of loan receivables annually. An assessment was carried out and it was deemed that a full provision for doubtful debts was appropriate to be recorded against the loan receivable from Golden Saint Minerals Guinee SA. (Note 12).

Taxation

Balances disclosed in the financial statements and the notes related to taxation, are based on the best estimates of directors, pending further assessment in the next financial year.

NOTE 5 INVESTMENT

The consolidated financial statements include financial statements of ResApp Health Limited and the following subsidiary:

<i>Name</i>	<i>Country of Incorporation</i>	<i>% Equity Interest</i>	
		<i>2016</i>	<i>2015</i>
ResApp Diagnostics Pty Ltd	Australia	100%	0%

ResApp Health Limited is the ultimate Australian parent entity and ultimate parent of the Group.

The acquisition of ResApp Diagnostics Pty Ltd was assessed by the Board and it was determined that the acquisition was an asset acquisition rather than a business combination as ResApp Diagnostics Pty Ltd was not considered to meet the definition of a “business” under AASB 3 Business Combinations.

	\$
Consideration for the acquisition.	
Ordinary shares ¹ (note 15)	1,875,000
Costs attributable to the acquisition ² (Note 15)	375,000
	2,250,000

	\$
The fair value of net assets acquired at the date of acquisition:	
Cash	31,872
Receivables	3,323
Intangible assets (Note 6)	2,428,459
Loan Payable	(213,654)
	2,250,000

¹ On 2 July 2015, ResApp Health Limited issued 93,750,000 Fully Paid Ordinary Shares and 93,750,000 Performance Shares to the Vendors of the acquisition, as consideration for the acquisition of 100% of the rights and title to ResApp Diagnostics Pty Ltd.

² On 2 July 2015, ResApp Health Limited issued 18,750,000 Fully Paid Ordinary Shares to the Facilitators of the acquisition, of ResApp Diagnostics Pty Ltd.

³ The Performance shares will convert upon achieving aggregated gross revenues of \$20,000,000 in the 5 years commencing on the day the Company is re-admitted to the official list of the ASX (14 July 2020). As the company has not generated revenues and do not deem any portion of the milestone to have yet been achieved, the performance shares have been ascribed no value as at 30 June 2016.

NOTE 6 INTANGIBLES

	Consolidated 2016 \$	Company 2015 \$
Intangibles (Note 5)	2,428,459	-
	2,428,459	-

Notes to the consolidated financial statements (continued)

NOTE 6 INTANGIBLES (CONTINUED)

The Licensed IP developed (and owned) by UQ and licensed to ResApp via UniQuest includes patent applications filed in five countries as well as those countries encompassed by the European Patent Convention. The patent applications all claim a priority date of 29/3/2012.

The following table summarises the patent applications.

Country	Application Number	Title
Australia	2013239327	A method and apparatus for processing patient sounds
United States	14/389291	A method and apparatus for processing patient sounds
Europe	13768257.1	A method and apparatus for processing patient sounds
Japan	2015-502020	A method and apparatus for processing patient sounds
China	201380028268.X	A method and apparatus for processing patient sounds
Korea	10-2014-7030062	A method and apparatus for processing patient sounds

In addition to these patent applications, ResApp has an exclusive license of the know-how (and trade secrets) in the set of mathematical features and classifier technology used for the diagnosis and severity measurement of pneumonia, asthma and COPD developed by the research team at UQ.

NOTE 7 OTHER REVENUE

During the current year, the other revenue comprised of bank interest earned.

During the prior year, with the Company having limited funds, the Directors, Trident Capital Pty Ltd and Trident Management Services Pty Ltd agreed to forgive amounts owing to Trident Capital Pty Ltd in relation to corporate advisory fees, office services fees, directors' fees and Trident Management Services Pty Ltd in relation to accounting fees and company secretarial fees.

	Consolidated 2016 \$	Company 2015 \$
Creditors debts forgiven	-	142,253
Other revenue	-	8,368
Interest income	82,633	22,806
	<u>82,633</u>	<u>173,427</u>

NOTE 8 ADMINISTRATION EXPENSES

	Consolidated 2016 \$	Company 2015 \$
Corporate fees	-	(45,000)
Consulting fees	(81,833)	(35,786)
Director fees and employee costs	(653,937)	(117,290)
Professional fees (including legal fees)	(137,323)	(275,286)
Other administration expenses	(555,395)	(188,766)
	<u>(1,428,488)</u>	<u>(662,128)</u>

Notes to the consolidated financial statements (continued)

NOTE 9 RESEARCH AND DEVELOPMENT COSTS

Following the acquisition of ResApp Diagnostics Pty Ltd, the Group incurred research and development costs associated with its technology and studies.

NOTE 10 REMUNERATION OF AUDITORS

	Consolidated 2016 \$	Company 2015 \$
Auditor of the Company		
Greenwich & Co Audit Pty Ltd ¹	21,500	-
Somes Cooke ¹	18,000	27,200
	<u>39,500</u>	<u>27,200</u>

¹ On 4 August 2016, the Company confirmed it had received notification from ASIC that it had consented to the resignation of the Company's auditor Somes Cooke. The incoming auditor is Greenwich & Co Audit Pty Ltd. The reason for the change is due to legal restructuring associated with Somes Cooke merging with other accounting firms.

NOTE 11 INCOME TAXES

	Consolidated 2016 \$	Company 2015 \$
(a) Income tax recognised in profit or loss		
Tax expense/(income) comprises:		
Current tax expense/(income)	-	-
Deferred tax expense/(income) relating to the origination and reversal of temporary differences	-	-
Total tax expense/(income)	-	-
(b) The prima face income tax expense on pre-tax accounting loss from operations reconciles to the income tax expense in the financial statements as follows:		
Loss from operations	(3,207,577)	(489,321)
Income tax benefit calculated at 30%	(962,273)	(146,796)
Tax effect of:		
- Other timing differences	104,605	1,126
- Non deductible items	139,771	51,669
- Capital raising costs	(13,374)	(11,875)
- Non assessable items	-	-
- Tax effect of current year revenue losses for which no deferred tax asset has been recognised	731,271	105,876
Income Tax Expense	-	-
(c) Unrecognised deferred tax balances		
The following deferred tax assets (at 30%) have not been brought to account:		
Unrecognised deferred tax asset – tax losses	1,459,276	729,009
Unrecognised deferred tax asset – other temporary differences	109,084	4,500
Unrecognised deferred tax liability – capitalised acquisition expenses claimed for tax purposes	-	-
Net deferred tax assets	<u>1,568,360</u>	<u>733,509</u>

The net deferred tax assets not brought to account will only be of a benefit to the Company if future assessable income is derived of a nature and amount sufficient to enable the benefits to be realised, the conditions for deductibility imposed by the tax legislation continue to be complied with and the Company is able to meet the continuity of ownership and/or continuity of business tests.

Notes to the consolidated financial statements (continued)

NOTE 12 OTHER RECEIVABLES

Loan Receivable from Golden Saint Minerals Guinea

On 30 December 2013, the Company entered into a loan agreement to advance \$290,000 to Golden Saint Minerals Guinea SA (“GSMG”) to provide working capital to GSMG. As at 30 June 2016, the principal loan amount of \$290,000 and interest of \$40,600 is due and receivable by GSMG. As at 30 June 2016, the Company made a provision for doubtful debts against the full amount of the loan receivable; that is, principal plus interest.

	Consolidated 2016 \$	Company 2015 \$
Loan receivable including interest receivable - GSMA	330,600	310,300
Provision for doubtful debts	(330,600)	-
Bank interest receivable	20,890	-
Loan receivable - ResApp Diagnostics Pty Ltd	-	210,000
	<u>20,890</u>	<u>520,300</u>

NOTE 13 TRADE AND OTHER PAYABLES

	Consolidated 2016 \$	Company 2015 \$
Trade and other payables ¹	160,513	389,620
Accruals	61,037	97,506
	<u>221,550</u>	<u>487,126</u>

¹ Amounts payable to related parties are detailed in note 16.

NOTE 14 FUNDS RECEIVED IN ADVANCE OF SHARE ISSUE

As at 30 June 2015, the Company had raised funds totalling \$3,995,000 under the Company’s Replacement Prospectus dated 26 May 2015 for which shares had yet to be issued. As at 30 June 2015 costs of \$186,478 had been incurred in relation to the funds raised. The shares were issued on 2 July 2015.

NOTE 15 ISSUED CAPITAL

	No.	\$
Fully paid ordinary shares and authorised capital		
Balance as at 1 July 2014	484,729,407	3,151,649
Shares issued 19 December 2014 ⁽ⁱ⁾	110,000,000	550,000
Shares issued 24 March 2015 ⁽ⁱⁱ⁾	60,000,000	300,000
Shares issued 26 June 2015 ⁽ⁱⁱⁱ⁾	3,750,000	50,000
Capital Consolidation 4 June 2015 ^(iv)	(409,206,054)	-
Costs directly attributable to issue of share capital	-	(47,150)
	<u>249,273,353</u>	<u>4,004,499</u>
Balance as at 30 June 2015		

Notes to the consolidated financial statements (continued)

NOTE 15 ISSUED CAPITAL (CONTINUED)

	No.	\$
Fully paid ordinary shares and authorised capital		
Balance as at 1 July 2015	249,273,353	4,004,499
Shares issued 2 July 2015 under Public Offer ^(v)	200,000,000	4,000,000
Shares issued 2 July 2015 for the acquisition of Resapp Diagnostics ^(v)	93,750,000	1,875,000
Shares issued 2 July 2015 under the Facilitation Offer ^(v)	18,749,999	375,000
Shares issued 22 January 2016 for conversion of options ^(vi)	18,093,750	470,438
Shares issued 11 February 2016 for conversion of options ^(vii)	187,500	4,875
Shares issued 29 April 2016 pursuant to Placement ^(viii)	62,500,000	12,500,000
Shares issued 29 April 2016 as Advisory Shares pursuant to Placement ^(ix)	1,016,250	203,250
Shares issued 18 May 2016 for conversion of unlisted options ^(x)	468,750	12,187
Shares issued 2 June 2016 for conversion of unlisted options ^(xi)	3,375,000	87,750
Shares issued 9 June 2016 for conversion of unlisted options ^(xii)	1,312,500	34,125
Shares issued 28 June 2016 for conversion of unlisted options ^(xiii)	93,750	2,437
Costs directly attributable to issue of share capital ^(xiv)	-	(2,054,038)
	648,820,852	21,515,523
Balance as at 30 June 2016		

⁽ⁱ⁾ On 19 December 2014, 110,000,000 shares were issued at \$0.005 per share under a Sophisticated Placement Raising.

⁽ⁱⁱ⁾ On 24 March 2015, 60,000,000 shares were issued at \$0.005 per share under a Sophisticated Placement Raising.

⁽ⁱⁱⁱ⁾ On 26 June 2015, 3,750,000 shares were issued at \$0.0133 per share under a Sophisticated Placement Raising.

^(iv) On 4 June 2015, the Company's issued capital was consolidated on a 3:8 basis as approved by Shareholders at the Company's General Meeting held on 27 May 2015.

^(v) Pursuant to the Company's Replacement Prospectus dated 26 May 2015, the Company issued 200,000,000 shares under the Public Offer, 93,750,000 shares under the Vendor Offer and 18,749,999 shares under the Facilitation Offer.

^(vi) On 22 January 2016, 18,093,750 shares were issued on the conversion of unlisted options at \$0.026 per share.

^(vii) On 11 February 2016, 187,500 shares were issued on the conversion of unlisted options at \$0.026 per share.

^(viii) On 29 April 2016, 62,500,000 shares were issued at \$0.20 per share pursuant to a Placement.

^(ix) On 29 April 2016, 1,016,250 shares were issued in consideration for fees for capital raising services.

^(x) On 18 May 2016, 468,750 shares were issued on the conversion of unlisted options at \$0.026 per share.

^(xi) On 2 June 2016, 3,375,000 shares were issued on the conversion of unlisted options at \$0.026 per share.

^(xii) On 9 June 2016, 1,312,500 shares were issued on the conversion of unlisted options at \$0.026 per share.

^(xiii) On 28 June 2016, 93,750 shares were issued on the conversion of unlisted options at \$0.026 per share.

^(xiv) Costs of capital comprises: \$203,250 relating to Advisory Shares (outlined above), \$823,452 relating to valuation of Unlisted Options issued on 29 April 2016 (Note 16), and other costs of \$1,027,336.

Fully paid ordinary shares carry one vote per share and carry the right to dividends. Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Notes to the consolidated financial statements (continued)

NOTE 16 EQUITY-SETTLED BENEFITS RESERVE

	\$
Balance as at 1 July 2015	-
Fair value of options issued ¹	1,257,970
Balance as at 30 June 2016	<u>1,257,970</u>

¹ During the financial year, ResApp Health Limited issued the following unlisted options:

- 5,000,000 unlisted options were issued to Dr Tony Keating on 2 July 2015, following shareholder approval at the General Meeting held on 26 November 2014. The options are to subscribe for ordinary fully paid shares in the Company at any time on or before 2 July 2020 at an exercise price of \$0.025.
- 5,000,000 unlisted options were issued to Dr Tony Keating on 2 July 2015, following shareholder approval at the General Meeting held on 26 November 2014. The options are to subscribe for ordinary fully paid shares in the Company at any time on or before 2 July 2020 at an exercise price of \$0.05.
- 10,000,000 unlisted options were issued to Dr Tony Keating on 2 July 2015, following shareholder approval at the General Meeting held on 26 November 2014. The options are to subscribe for ordinary fully paid shares in the Company at any time on or before 2 July 2020 at an exercise price of \$0.10.
- 3,000,000 unlisted options were issued to Dr Udantha Abeyratne on 22 September 2015, as approved by Shareholders at the General Meeting held on 30 November 2015. The options are to subscribe for ordinary fully paid shares in the Company at any time on or before 2 July 2020 at an exercise price of \$0.05.
- 2,000,000 unlisted options were issued to Dr Udantha Abeyratne on 22 September 2015, as approved by Shareholders at the General Meeting held on 30 November 2015. The options are to subscribe for ordinary fully paid shares in the Company at any time on or before 2 July 2020 at an exercise price of \$0.10.
- On 29 April 2016 the Company issued 4,500,000 Unlisted Options (exercisable at \$0.28, expiring 29 April 2019) and 1,866,667 Unlisted Options (exercisable at \$0.30, expiring 29 April 2019) in consideration for capital raising services provided. These options are escrowed for a period of 12 months to 29 April 2017.

The fair value of the options issued was estimated at the date of grant using the Black-Scholes option pricing model. The following table sets out the assumptions made in determining the fair value of the options granted.

	Options expiring 2-Jul- 2020	Options expiring 2-Jul- 2020	Options expiring 2-Jul- 2020	Options expiring 22-Sep- 2020	Options expiring 22-Sep- 2020	Options expiring 29-Apr- 2019	Options expiring 29-Apr- 2019
Grant date	2-Jul- 2015	2-Jul- 2015	2-Jul- 2015	22-Sep- 2015	22-Sep- 2015	29-Apr- 2016	29-Apr- 2016
Dividend yield	0%	0%	0%	0%	0%	0%	0%
Expected volatility	110%	110%	110%	110%	110%	110%	110%
Risk-free interest rate	1.92%	1.92%	1.92%	1.92%	1.92%	2.00%	2.00%
Option exercise price	\$0.025	\$ 0.05	\$0.10	\$0.05	\$0.10	\$0.28	\$0.30
Expected life (years)	5	5	5	5	5	3	3
Share price on date of grant	\$0.021	\$ 0.021	\$0.021	\$0.03	\$0.03	\$0.21	\$0.21
Value of the option as at 30 June 2016	\$95,000	\$85,000	\$150,000	\$66,006	\$38,512	\$585,445	\$238,007

Notes to the consolidated financial statements (continued)

NOTE 16 EQUITY-SETTLED BENEFITS RESERVE (CONTINUED)

As outlined at Note 5, during the year ended 30 June 2016, the Company issued 93,750,000 Performance Shares. The Performance Shares convert into fully paid ordinary shares on a 1:1 basis on the achievement of the milestone being the Company and any subsidiary (and if the Company or any related entity of the Company is licensed to use licensed IP, the Company and that related entity) achieving aggregated gross revenue of \$20 million in the five years commencing on the day the Company is readmitted to quotation on ASX. A holder of Performance Shares is entitled to receive notices of general meetings and financials reports of the Company but is not entitled to vote on any resolutions proposed at a general meeting of the Company, other than as specifically allowed for under the Corporations Act. The Performance Shares do not entitle a holder to any dividends and do not confer on a holder any right to participate in surplus profits or assets of the Company upon the winding up of the Company. The Performance Shares are not transferable and do not entitle the holder to participate in new issues of securities.

NOTE 17 LOSS PER SHARE

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	Consolidated 2016 \$	Company 2015 \$
Attributable to ordinary equity holders (used in calculating basic and diluted EPS) – continuing operations.	(3,207,577)	(487,578)
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share adjusted for share consolidation	491,713,750	205,330,089
Earnings per share (basic and diluted) (cents)	(0.65)	(0.24)

NOTE 18 NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of cash and cash equivalents

For the purpose of the cash flow statement, cash includes cash on hand and in banks and deposits at call, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the balance sheet as follows:

	Consolidated 2016 \$	Company 2015 \$
Cash at bank	13,735,219	4,097,129
	13,735,219	4,097,129

Notes to the consolidated financial statements (continued)

NOTE 18 NOTES TO THE CASH FLOW STATEMENT (CONTINUED)

(b) Reconciliation of loss for the period to net cash flows from operating activities

	Consolidated 2016 \$	Company 2015 \$
Loss after income tax	(3,207,577)	(489,321)
Non-cash flows in loss:		
Trade and other payables forgiven	-	(150,621)
Interest accrued	(20,300)	(20,300)
Share based payments	434,518	-
Bad debt	330,600	-
Bank fees	24	-
Changes in assets and liabilities relating to operating activities		
(Increase) in trade receivables	(35,478)	(59,503)
(Increase) in other receivables	(20,890)	-
Decrease/(increase) in other assets	91,912	(93,265)
(Decrease)/increase in trade and other payables	(22,366)	422,478
Increase/(decrease) in provisions:	23,386	(1,745)
Net cash flows from operating activities	<u>(2,426,171)</u>	<u>(392,277)</u>

Non-cash investing and financing activities are outlined at Note 5 and Note 15.

NOTE 19 FINANCIAL INSTRUMENTS

The Company's financial instruments consist mainly of deposits with banks and accounts receivable and payable.

	Note	Consolidated 2016 \$	Company 2015 \$
Financial Assets			
Cash and cash equivalents		13,735,219	4,097,129
Trade receivables		100,495	65,017
Other receivables		20,890	520,300
Total financial assets		<u>13,856,604</u>	<u>4,682,446</u>
Financial Liabilities			
Trade and other payables		221,550	487,126
Total financial liabilities		<u>221,550</u>	<u>487,126</u>

(a) Financial risk management policies

The Group's principal financial instruments comprise cash and short-term deposits and trade and other payables as disclosed in the financial statements. The main purpose of these financial instruments is to manage the working capital needs of the Group's operations. It is the Group's policy that no trading in financial instruments shall be undertaken. The board reviews and agrees policies for managing this risk is summarised below.

(i) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instruments are disclosed in Note 4 to the financial statements.

Notes to the consolidated financial statements (continued)

NOTE 19 FINANCIAL INSTRUMENTS (CONTINUED)

(ii) Credit risk management

The Company is not currently exposed to credit risk other than in the normal course of business and the loan from Golden Saint Minerals Guinea SA that has been fully provided for (Note 12).

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Credit risk related to balances with banks and other financial institutions is managed by the Board in accordance with approved board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard & Poor's rating of at least AA-. The following table provides information regarding the credit risk relating to cash and money market securities based on Standard & Poor's counterparty credit ratings.

	Note	Consolidated 2016 \$	Company 2015 \$
Cash and cash equivalents - AA rated		13,735,219	4,097,129
	18	13,735,219	4,097,129

(iii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

	Note	Consolidated 2016 \$	Company 2015 \$
Financial liabilities due for payment			
Trade and other payables		221,550	487,126
Total expected outflows		221,550	487,126
Financial assets – cash flow realisable			
Cash and cash equivalents	18	13,735,219	4,097,129
Trade receivables		100,495	65,017
Other receivables		20,890	520,300
Total anticipated inflows		13,856,604	4,682,446
Net inflow on financial instruments		13,635,054	4,195,320

Notes to the consolidated financial statements (continued)

NOTE 19 FINANCIAL INSTRUMENTS (CONTINUED)

(iv) Interest rate risk

The financial instruments which primarily expose the Company to interest rate risk are cash and cash equivalents. The Company's exposure to interest rate risk and the effective interest rate for classes of financial assets and financial liabilities is set out below:

	Note	Effective interest rate	Floating interest rate \$	1 year or less \$	1 to 5 years \$	Non-interest bearing \$	Total \$
Consolidated							
30 June 2016							
<i>Financial assets</i>							
Cash assets	18	0.95%	-	13,735,219	-	-	13,735,219
Trade receivables		-	-	-	-	100,495	100,495
Other receivables	11	-	-	-	-	20,890	20,890
Total financial assets		-	-	13,735,219	-	121,385	13,856,604
<i>Financial liabilities</i>							
Trade and other payables	13	-	-	-	-	221,550	221,550
Total financial liabilities			-	-	-	221,550	221,550
Company							
30 June 2015							
<i>Financial assets</i>							
Cash assets	18	1.50%	4,097,129	-	-	-	4,097,129
Trade receivables		-	-	-	-	65,017	65,017
Other receivables	12	7.00%	-	520,300	-	-	520,300
Total financial assets			4,097,129	520,300	-	65,017	4,682,446
<i>Financial liabilities</i>							
Trade and other payables	13	-	-	-	-	487,126	487,126
Total financial liabilities			-	-	-	487,126	487,126

(v) Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analyses.

The directors consider that the carrying amounts of financial assets and financial liabilities which are all recorded at amortised cost less accumulated impairment charges in these financial statements, approximate their fair values.

Notes to the consolidated financial statements (continued)

NOTE 19 FINANCIAL INSTRUMENTS (CONTINUED)

(v) Fair value of financial instruments (continued)

	Note	Consolidated 2016 Carrying Amount \$	Consolidated 2016 Fair Value \$	Company 2015 Carrying Amount \$	Company 2015 Fair Value \$
Financial assets					
Cash and cash equivalents	18	13,735,219	13,735,219	4,097,129	4,097,129
Trade receivables		100,495	100,495	65,017	65,017
Other receivables	12	20,890	20,890	520,300	520,300
Total financial assets		13,856,604	13,856,604	4,682,446	4,682,446
<i>Financial liabilities</i>					
Trade and other payables	13	221,550	221,550	487,126	487,126
Total financial liabilities		221,550	221,550	487,126	487,126

NOTE 20 RELATED PARTY TRANSACTIONS

(a) Transactions with key management personnel

i. Key management personnel compensation

The aggregate compensation made to key management personnel of the company and the Company is set out below:

	Consolidated 2016 \$	Consolidated 2015 \$
Short term employee benefits	422,581	117,290
Post-employment benefits	17,930	-
Termination benefits	-	-
Other benefits	-	-
Share-based payments	330,000	-
	770,511	117,290

ii. Transactions with key management personnel and related parties

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

A number of these entities transacted with the Company in the reporting period. The terms and conditions of the transactions with management persons and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's length basis.

Notes to the consolidated financial statements (continued)

NOTE 20 RELATED PARTY TRANSACTIONS (CONTINUED)

ii. Transactions with key management personnel and related parties (continued)

Company secretarial and accounting services

Adam Sierakowski is a Director and shareholder of Trident Management Services Pty Ltd (“Trident Management Services”), which provided the Company with accounting and company secretarial services. The amount incurred (ex gst) for the year ended 30 June 2016 was \$82,753 (2015: \$70,041). The amount payable as at 30 June 2016 was \$9,290. (2015: \$4,550). Debt forgiven and written off for the year ended 30 June 2016 was \$nil (2015: \$53,321 (ex gst)).

Corporate finance and office services

Adam Sierakowski is a Director and shareholder of Trident Capital Pty Ltd (“Trident Capital”) which provided corporate advisory services and also provides office accommodation. The amount incurred (ex gst) for the year ended 30 June 2016 was \$24,000 (2015: \$69,000). The amount payable as at 30 June 2016 was \$nil (2015: \$nil). Debt forgiven and written off for the year ended 30 June 2016 was \$nil (2015: \$76,000 (ex gst)).

Legal fees

Adam Sierakowski is a Director and shareholder of Price Sierakowski Pty Ltd (“Price Sierakowski”) which provides legal services. The amount incurred (ex gst) for the year ended 30 June 2016 was \$36,222 (2015: \$172,179). The amount payable as at 30 June 2016 was \$7,680 (2015: \$64,844).

Capital raising fees

Trident Capital provided capital raising services. The amount incurred (ex gst) for the year ended 30 June 2016 was \$22,550 (2015: \$27,500). The amount payable as at 30 June 2016 was nil (2015: \$22,000). On 2 July 2015, Trident Capital also received 9,375,000 facilitation shares in relation to the acquisition of ResApp Diagnostics Pty Ltd (Note 15).

Price Sierakowski provided capital raising services. The amount incurred (ex gst) for the year ended 30 June 2016 was \$28,548 (2015: \$33,724). The amount payable as at 30 June 2016 was nil (2015: \$11,592).

It is also noted that during the financial year, the Company paid capital raising fees to CPS Capital in respect to services provided. Whilst CPS is not a related party of the Company, Chris Ntoumenopoulos received a portion of these fees pursuant to his contractual arrangements with CPS for the capital raising services provided. Chris Ntoumenopoulos received \$32,316 and Sobol Capital Pty Ltd of which he is a Director and shareholder, received \$33,332.

Director fees

Amounts of Director fees incurred during the current and prior year are set out in the Remuneration Report in the Directors Report. The amount payable as at 30 June 2016 to Trident Capital Pty Ltd was \$nil (2015: \$4,000). The amount payable as at 30 June 2016 to Anthony Keating was \$21,309 (2015: \$nil). The amount payable as at 30 June 2016 to Sobol Capital Pty Ltd was \$4,583 (2015: \$4,000). The amount payable as at 30 June 2016 to Newtonmore Biosciences Pty Ltd was \$7,500 (2015: \$nil). The amount payable as at 30 June 2016 to Brian Leedman was \$nil (2015: \$nil).

NOTE 21 CONTINGENT LIABILITIES

The Directors of the Group are not aware of any contingent liabilities which require disclosure in the financial year ended 30 June 2016.

Notes to the consolidated financial statements (continued)

NOTE 22 COMMITMENTS

	Consolidated 2016 \$	Company 2015 \$
Operating lease commitments		
Not later than 1 year	68,463	16,000
Later than 1 year but not later than 5 years ¹	<u>203,838</u>	<u>-</u>
Total operating lease commitments	<u>272,301</u>	<u>16,000</u>
Company secretary commitments		
Not later than 1 year	<u>32,000</u>	<u>32,000</u>
Total company secretarial commitments	<u>32,000</u>	<u>32,000</u>
Research expenditure commitments		
Not later than 1 year ²	170,376	-
Later than 1 year but not later than 5 years ²	<u>492,141</u>	<u>-</u>
Total research expenditure commitments	<u>662,517</u>	<u>-</u>

¹ The Company signed a new lease agreement for office premises in Brisbane, Queensland.

² The research expenditure commitments are in accordance with agreements signed with UniQuest Pty Limited.

NOTE 23 SUBSEQUENT EVENTS

On 20 July 2016 the Company announced that it is planning to conduct a clinical study with the Massachusetts General Hospital (MGH) for the ResAppDx US paediatric study.

In July 2016, the Company issued a total of 1,125,000 Shares on the conversion of 1,125,000 unlisted options at \$0.026 per share.

On 4 August 2016, the Company confirmed it had received notification from ASIC that it had consented to the resignation of the Company's auditor Somes Cooke. The incoming auditor is Greenwich & Co Audit Pty Ltd. The reason for the change is due to legal restructuring associated with Somes Cooke merging with other accounting firms.

On 15 August 2016, the Company announced positive initial results that demonstrated the potential for measuring the severity of asthma or viral wheeze in children using cough sounds. The Company also announced that it had begun working with two lung function test laboratories, one at Joondalup Health Campus (JHC) in Perth and one at the Wesley Hospital in Brisbane to record adult asthma and chronic obstructive pulmonary disease (COPD) patients' breathing and cough sounds alongside comprehensive lung function tests.

On 15 September 2016, the Company, in partnership with UniQuest (the main commercialisation company of The University of Queensland), shipped smartphones to a leading global humanitarian organisation under the terms of a non-binding memorandum of understanding to field-test ResApp's smartphone-based respiratory disease diagnostic tool in the developing world.

On 16 September 2016 the Company issued 2 million Employee Incentive Options pursuant to the terms of the Company's Employee Incentive Plan. The Options are exercisable at \$0.45 and expire on 16 September 2019. One third of the Employee Incentive Options vest immediately with the remaining two thirds vesting in equal quarterly instalments over 2 years from the date of issue if the employee remains employed by the Company. The Options have been issued to provide an incentive and reward for employees for their contributions to the Company.

Notes to the consolidated financial statements (continued)

NOTE 23 SUBSEQUENT EVENTS (CONTINUED)

On 16 September 2016 the Company also issued 2 million Consultancy Incentive Options exercisable at \$0.45 and 2 million Consultancy Incentive Options exercisable at \$0.75. The Consultancy Incentive Options expire on 16 September 2019 and have been issued as part consideration for consultancy services provided.

In addition, on 16 September 2016 the Company issued 187,500 Shares on the conversion of 187,500 Unlisted Options (exercisable at \$0.026 on or before 31 December 2016).

Except for the events noted above, no material events have occurred subsequent to the reporting date.

NOTE 24 SEGMENT NOTE

The Group has identified its operating segment as medical technology. The reportable segment is represented by the primary consolidated statements forming the financial report for the year ended 30 June 2016. These are the figures that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

NOTE 25 PARENT ENTITY INFORMATION

The following detailed information is related to the parent entity, ResApp Health Limited, as at 30 June 2016 and 30 June 2015.

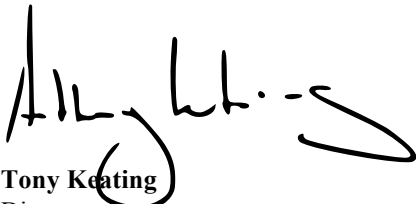
	2016	2015
	\$	\$
Current assets	14,062,918	4,780,589
Non-current assets	2,250,000	-
Total assets	16,312,918	4,780,589
Current liabilities	244,935	4,295,648
Non-current liabilities	-	-
Total liabilities	244,935	4,295,648
Contributed equity	21,515,524	4,004,499
Reserves	1,257,970	-
Accumulated Losses	(6,705,512)	(3,519,558)
Total equity	16,067,982	484,941
Loss for the year	(3,185,954)	(489,321)
Other comprehensive income for the year	-	-
Total comprehensive loss for the year	(3,185,954)	(489,321)

Directors' declaration

The Directors of the Group declare that:

1. in the Directors' opinion, the financial statements and accompanying notes set out on pages 21 to 43 are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Accounting Standards and the *Corporations Regulations 2001*; and
 - (b) give a true and fair view of the Group's financial position as at 30 June 2016 and of its performance for the year ended on that date;
2. note 4 confirms that the financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
3. in the directors' opinion, there are reasonable grounds to believe that the group will be able to pay its debts as and when they become due and payable;
4. the remuneration disclosures included in pages 16 to 19 of the directors' report (as part of the audited Remuneration Report), for the year ended 30 June 2016, comply with section 300A of the *Corporations Act 2001*; and

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



Tony Keating
Director

Perth
28th day of September 2016

Independent Auditor's Report

To the members of ResApp Health Limited

Report on the Financial Report

We have audited the accompanying financial report of ResApp Health Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Company and the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

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

In Note 4, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Opinion

In our opinion:

- (a) the financial report of ResApp Health Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the consolidated financial statements and notes also comply with *International Financial Reporting Standards* as disclosed in Note 4.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 16 to 19 of the directors' report for the year ended 30 June 2016. 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 in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of ResApp Health Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

Greenwich & Co Audit Pty Ltd
Greenwich & Co Audit Pty Ltd



Andrew May
Audit Director

28 September 2016

Perth

ASX Additional Information

Pursuant to the Listing Rules of the Australian Securities Exchange, the shareholder information set out below was applicable as at 21 September 2016.

A. Distribution of Equity Securities

Analysis of numbers of shareholders by size of holding:

Distribution	Number of Shares	%
1 to 1,000	251,715	0.04
1,001 to 5,000	3,553,564	0.55
5,001 to 10,000	6,519,415	1.00
10,001 to 100,000	83,268,211	12.81
100,001 and Over	556,540,447	85.60
	650,133,352	100.00

There were 540 shareholders holding less than a marketable parcel of ordinary shares.

B. Substantial Shareholders

An extract of the Company's Register of Substantial Shareholders (who hold 5% or more of the issued capital) is set out below:

Shareholder Name	Issued Ordinary Shares	
	Number	%
Freeman Road Pty Ltd <The Avenue A/C>	44,000,000	6.77
HSBC Custody Nominees (Australia) Limited	42,009,569	6.46

C. Twenty Largest Shareholders

The names of the twenty largest holders of quoted shares are listed below:

	Shareholder Name	Issued Ordinary Shares	
		Number	%
1	Freeman Road Pty Ltd <The Avenue A/C>	44,000,000	6.77
2	HSBC Custody Nominees (Australia) Limited	42,009,569	6.46
3	Mr Brian Leedman & Mrs Natasha Leedman	18,750,000	2.88
4	Narhex Life Sciences Developments Limited	15,000,000	2.31
5	ABN Amro Clearing Sydney Nominees Pty Ltd <Custodian A/C>	13,485,824	2.07
6	J P Morgan Nominees Australia Limited	10,926,641	1.68
7	Seamist Enterprises Pty Ltd	10,000,000	1.54
8	Citicorp Nominees Pty Limited	9,895,836	1.52
9	Mr Frank Weng Thong Chew	9,550,000	1.47
10	Trident Capital Pty Ltd	9,375,000	1.44
11	Dead Knick Pty Ltd	9,025,252	1.39
12	Uniquist Pty Ltd	8,437,500	1.30
13	Newtonmore Biosciences Pty Ltd <The Newtonmore Superannuation Fund>	8,437,500	1.30
14	Mr Brian Leedman & Mrs Natasha Leedman	6,810,000	1.05
15	Mr Victor John Wilk	6,400,000	0.98
16	Wilk Holdings Pty Ltd <The Wilk Super Fund A/C>	5,500,000	0.85
17	Tittel Pty Ltd	4,800,000	0.74
18	Tashtech Pty Ltd	4,500,000	0.69
19	Catl Pty Ltd <The Minto A/C>	4,000,000	0.62
20	Brispot Nominees Pty Ltd <House Head Nominee No. 1 A/C>	3,990,937	0.61
	Total	244,894,059	37.67

ASX Additional Information

D. Listed Options

As at the date of this report there were nil listed options on issue in the Company.

E. Voting Rights

In accordance with the Company's Constitution, voting rights in respect of ordinary shares are on a show of hands whereby each member present in person or by proxy shall have one vote and upon a poll, each share will have one vote.

F. Unquoted Securities

Unlisted Options - \$0.026; 31 Dec 2016

Number of Options	8,906,250
Number of Holders	8
Holders with more than 20%	J&L Peterson <S/F A/C> - 27.37% Brian & Natasha Leedman – 21.05%

Unlisted Options - \$0.28; 29 April 2019

Number of Options	4,500,000
Number of Holders	3
Holders with more than 20%	Jay-V Inc. – 61.11% Mr Robert Hamilton – 31.11%

Unlisted Options - \$0.30; 29 April 2019

Number of Options	1,866,667
Number of Holders	1
Holders with more than 20%	Jett Capital Advisors Pty Ltd - 100%

Performance Shares

Number of Performance Shares	93,750,000
Number of Holders	8
Holders with more than 20%	UniQuest Pty Ltd – 45% Brian Leedman & Natasha Leedman – 20%

Incentive Options - \$0.025; 2 July 2020

Number of Incentive Options	5,000,000
Number of Holders	1
Holders with more than 20%	Dr Tony Keating – 100%

Incentive Options - \$0.05; 2 July 2020

Number of Incentive Options	5,000,000
Number of Holders	1
Holders with more than 20%	Dr Tony Keating – 100%

ASX Additional Information

Incentive Options - \$0.10; 2 July 2020	
Number of Incentive Options	10,000,000
Number of Holders	1
Holders with more than 20%	Dr Tony Keating – 100%
Incentive Options - \$0.05; 22 Sept 2020	
Number of Incentive Options	3,000,000
Number of Holders	1
Holders with more than 20%	Dr Udantha Abeyratne – 100%
Incentive Options - \$0.10; 22 Sept 2020	
Number of Incentive Options	2,000,000
Number of Holders	1
Holders with more than 20%	Dr Udantha Abeyratne – 100%
Employee Incentive Options - \$0.45; 16 Sept 2019	
Number of Employee Incentive Options	2,000,000
Number of Holders	4
Consultancy Incentive Options - \$0.45; 16 Sept 2019	
Number of Consultancy Incentive Shares	2,000,000
Number of Holders	2
Holders with more than 20%	Dr Paul Porter – 50% Dr Udantha Abeyratne – 50%
Consultancy Incentive Options - \$0.75; 16 Sept 2019	
Number of Consultancy Incentive Shares	2,000,000
Number of Holders	2
Holders with more than 20%	Dr Paul Porter – 50% Dr Udantha Abeyratne – 50%

G. On Market Buy-Back

There is no current on market buy-back for any of the Company's securities.

H. Restricted Securities

Shares	No. Shares
Shares - Escrowed to 14 July 2017	57,187,499
Total	57,187,499

Unlisted Options	No. Shares
Unlisted Options (\$0.026; 31 Dec 2016) - Escrowed to 14 July 2017	5,250,000
Unlisted Options (\$0.28; 29 April 2019) - Voluntarily Escrowed to 29 April 2017	4,500,000
Unlisted Options (\$0.30; 29 April 2019) - Voluntarily Escrowed to 29 April 2017	1,866,667
Total	11,616,667

Performance Shares	No. Shares
Performance Shares - Escrowed 24 months to 14 July 2017	38,437,500
Total	38,437,500

I. Details Performance Shares

Each of the 93,750,000 Performance Shares will convert to one (1) fully paid ordinary share upon satisfaction of the relevant Milestone. Accordingly, the Performance Shares will convert into fully paid ordinary shares in the capital of the Company within 7 days of the release of the audited accounts in respect of the period in which ResApp and any subsidiaries of ResApp (or if the Company or any Related Entity of the Company is licensed to use the Licensed IP, the Company and that Related Entity) achieving aggregated gross revenue of \$20,000,000 in the five years commencing on the day the Company is readmitted to quotation on ASX, being 14 July 2015.

No Performance Shares were converted or cancelled during the period.

No performance milestones were met during the period.

J. ASX Listing Rule 4.10.19 Confirmation

The Directors of ResApp Health Limited confirm in accordance with ASX Listing Rule 4.10.19 that during the period from reinstatement to 30 June 2016, the Company has used its cash, and assets that are readily convertible to cash, in a way consistent with its business objectives.