ResApp Health Limited and its Controlled Entities
ABN 51 094 468 318

Appendix 4E – Preliminary Final Report for the Year Ended 30 June 2020

Reporting Period

The reporting period for ResApp Health Limited is the year ended 30 June 2020 with the previous corresponding year to 30 June 2019.

Results for Announcement to the Market

	Up / Down	Change		2020 $	2019 $
Revenues from ordinary activities	-	-	-	-	-
Loss from ordinary activities after tax attributable to members	Up	56%	to	(8,469,158)	(5,439,459)
Net loss for the period attributable to members	Up	56%	to	(8,469,158)	(5,439,459)

Dividend Information	Amount per share	Franked amount per share
Dividend – current reporting period	Nil	Nil
Dividend – previous reporting period	Nil	Nil

	2020 Cents	2019 Cents
Net tangible asset backing per ordinary share	0.72	0.84

Commentary on the Results for the Period

Refer to the 'Review of Operations' section in the Directors' report attached for further explanation of the results.

Audit

The financial statements have been audited and an unqualified opinion has been issued.

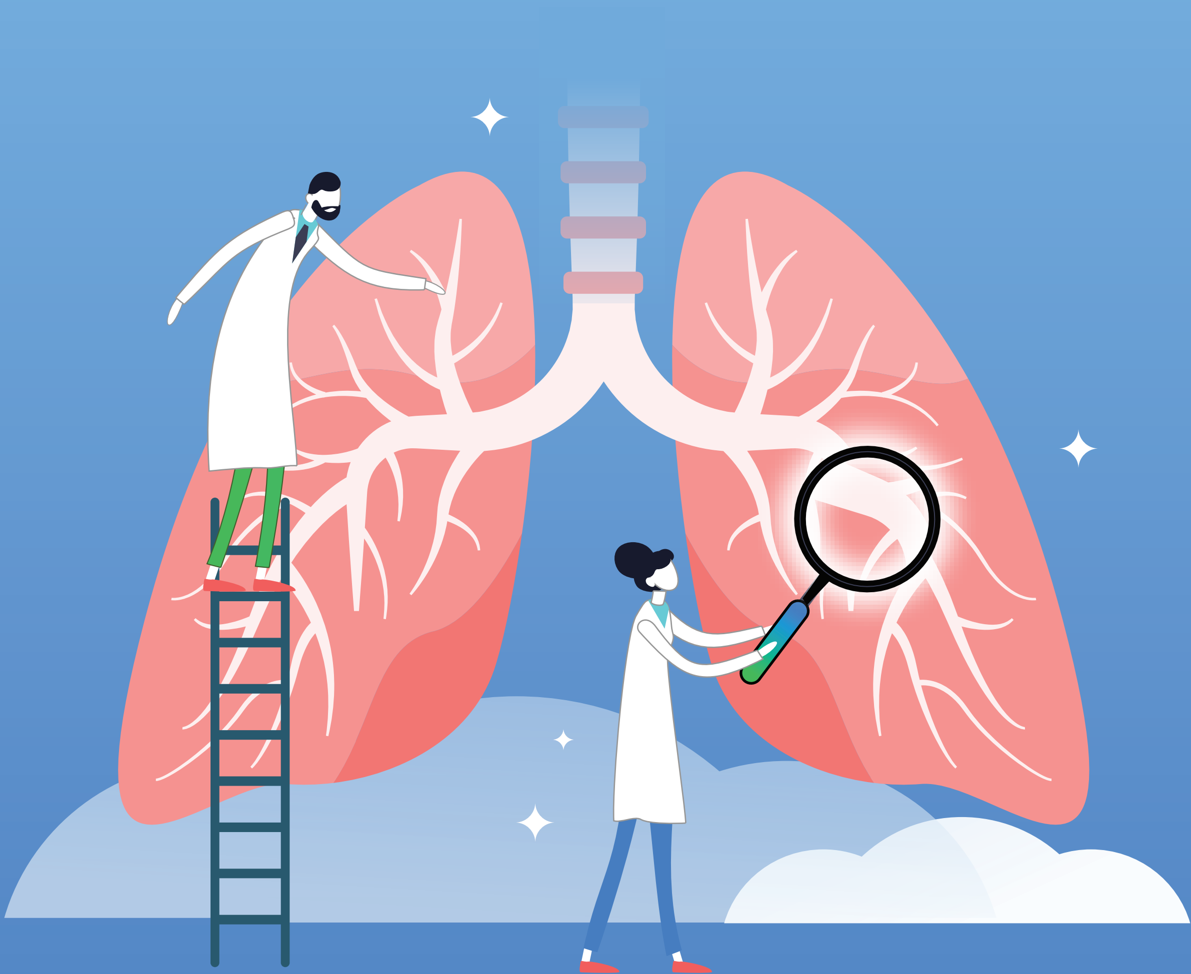
Attachment

The Annual Report of ResApp Health Limited for the year ended 30 June 2020 is attached.

Tony Keating
Director

Dated at Brisbane this 31st day of August 2020

ResApp HEALTH



ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

ResApp Health Limited

ABN 51 094 468 318

Contents to the Consolidated Financial Report

Corporate Information

This annual report is for ResApp Health Limited and its controlled entities ("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 7-10. 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 Chris Ntoumenopoulos *(appointed 21 January 2015)*
Dr Michael Stein *(appointed 6 April 2020)*
Mr Nathan Buzza (*appointed 28 December 2017*; *resigned 31 March 2020*)

Company Secretary
Ms Nicki Farley

Principal Office
Level 12, 100 Creek St
Brisbane QLD 4000
Phone: +61 7 3724 0035

Registered Office
Level 12, 100 Creek St
Brisbane QLD 4000
Phone: +61 7 3724 0035

Share Registry & Register
Link Market Services Ltd
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Perth WA 6000
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Bankers
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Contact Information
Phone: +61 8 6211 5099
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Auditors
Grant Thornton Audit Pty Ltd
Level 18, 145 Ann Street
Brisbane QLD 4000

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

Stock Exchange Listing
ResApp Health Limited
ASX Code: RAP

Web Site
www.resapphealth.com.au

Directors' Report

The Directors of ResApp Health Limited ("the Company") and its controlled entities ("the Group") submit herewith the annual financial statements of the Group for the financial year ended 30 June 2020. These financial statements cover the period from 1 July 2019 to 30 June 2020. 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 Aston is a scientist and seasoned biotechnology entrepreneur. He has been closely involved in start-up companies and major pharmaceutical companies. Aspects of his experience include US Food and Drug Administration (FDA) and European Union (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 has also held Directorships/Chairmanships with Clinuvel Ltd, HalcyGen Ltd, and Ascent Pharma Ltd, was a member of the AusIndustry Biological Committee advising the Industry Research and Development Board. More recently, Dr Aston was Executive Chairman of Mayne Pharma Group from 2009 to 2011 and later, CEO of Mayne Pharma Group.
Interest in Shares and Options	Dr Aston holds 8,437,500 ordinary shares indirectly in the Company. Dr Aston holds 500,000 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; resigned 29 April 2019; (c) PharmAust Limited – appointed 12 August 2013; and (d) Oncosil Medical Limited – appointed 28 March 2013.
Dr Tony Keating	**Chief Executive Officer and Managing Director** **(appointed 2 July 2015)** Dr Keating has over ten 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 was listed on the NASDAQ and later acquired by Dassault Systèmes. 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.

Directors' Report

Interest in Shares and Options	Dr Keating holds 10,000,000 shares in the Company. Dr Keating holds 1,475,000 options indirectly 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 Chris Ntoumenopoulos	**Non-Executive Director (appointed 21 January 2015)** Mr Ntoumenopoulos is the Managing Director of Twenty 1 Corporate. He has worked in financial markets for the past 15 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 3,109,375 shares indirectly in the Company. Mr Ntoumenopoulos holds 500,000 options in the Company.
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.
Dr Michael Stein	**Non-Executive Director (appointed 6 April 2020)** Dr Stein is currently acting CEO of immuno-oncology company, Valo Therapeutics. Immediately prior to Valo, Michael was the founding CEO of OxStem Ltd, an award-winning biotechnology spinout from the University of Oxford. Dr Stein previously served as founding CEO for Doctor Care Anywhere, a UK-based telemedicine platform acquired by Synergix in 2015. In 2001, he cofounded the Map of Medicine with University College London and was founding CEO. The Map was a set of clinical algorithms that represented the patient healthcare journey from suspected diagnosis to treatment across all healthcare settings. The Map was nationally licensed across NHS England and was acquired by Hearst Business Media in 2008. Dr Stein graduated as a medical doctor and biochemist from the University of Cape Town and with a doctorate in Physiological Sciences from the University of Oxford, which he attended as a Rhodes Scholar.
Interest in Shares and Options	Dr Stein holds no shares in the Company. Dr Stein holds no options in the Company.
Directorships held in other listed entities	During the past three years Dr Stein has not held directorship of any other ASX listed companies.
Mr Nathan Buzza	**Non-Executive Director (appointed 28 December 2017 and resigned 31 March 2020)** Mr Buzza is recognised as a technology pioneer in the evolution and implementation of specialised medical technology. Having founded Clinical

Directors' Report

Middleware provider CommtechWireless in 1992, Mr Buzza grew this business into a successful multinational with offices in the USA, Australia, Europe & Asia, deploying the technology across 8,000 locations worldwide.

In 2008, Mr Buzza negotiated the sale of CommtechWireless to Amcom Software and continued as GM for 18 months post acquisition. In 2010, Amcom Software was acquired by USA Mobility (now Spok) for $163.8m.

Nathan's accomplishments were recognized by Ernst & Young, where Nathan was awarded the "Entrepreneur of the Year" and by Business News as the "First Amongst Equals" as well as the WAITTA Life Time Achievement Award for his contributions to the Australian IT community.

Mr Buzza is the Chief Executive of Allure Capital, a boutique Venture Capital firm specialising in investing in medical technologies.

Mr Buzza studied a Bachelor of Commerce at Curtin University, majoring in Information Systems.

Interest in Shares and Options resignation.

Mr Buzza held no shares in the Company at the date of resignation.
Mr Buzza held 500,000 options in the Company at the date of resignation.

Directorships held in other listed entities

During the past three years Mr Buzza has served as a Director for the following listed companies:
(a) Alcidion Group Limited – appointed 22 February 2016, resigned 31 July 2017.

Ms Nicki Farley

Company Secretary
(appointed 7 November 2012)
Ms Farley has over 15 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' Report

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).

	Board of Directors	
	Eligible to Attend	**Attended**
Dr Roger Aston	10	10
Dr Tony Keating	10	10
Mr Chris Ntoumenopoulos	10	9
Dr Michael Stein	2	2
Mr Nathan Buzza	8	8

PRINCIPAL ACTIVITIES

During the year, the Company continued the development and commercialisation of the ResApp 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 2020 was $8,469,158 compared with a net loss of $5,439,459 for the previous year. The Company had a net asset position as at 30 June 2020 of $6,998,902 (2019: $7,687,417).

During the year ended 30 June 2020, the Company was principally engaged in research and development (R&D) activities. A large portion of the total expenses, 69% for the current year, is made up of costs associated with R&D. The loss for the prior year is attributable to operating activities, research and development costs and administration costs during that year.

REVIEW OF OPERATIONS

Operational Review

ResAppDx Regulatory Approvals

In August 2019, ResApp received CE Mark certification for ResAppDx-EU, the world's first smartphone-based diagnostic test for respiratory disease in adults and children. CE Mark certification indicates that ResAppDx-EU meets the essential requirements of all the applicable European regulations as a Class IIa medical device and allows for its sale throughout the European Economic Area.

In October 2019, ResApp announced that ResAppDx-EU had received Australian Therapeutics Goods Administration (TGA) approval as a Class IIa medical device for paediatric use and is now listed on the Australian Register of Therapeutic Goods (ARTG). In February 2020, ResApp announced that it had received approval for adult use.

In March 2020, ResApp was advised by the US Food and Drug Administration (FDA) that ResApp's De Novo classification request for ResAppDx-US has not been approved and that additional information was required to demonstrate that the probable benefits of the device outweigh its probably risks. ResApp is working with regulatory consultants and will seek to further engage with the FDA to determine the company's next steps for ResAppDx in the US.

Directors' Report

ResAppDx Telehealth Partnerships

In November 2019, ResApp announced that the Company had entered into a non-binding memorandum of understanding (MOU) with Coviu, Australia's leading telehealth software platform, to integrate ResApp's acute respiratory diagnostic test, ResAppDx into Coviu's browser-based telehealth platform. In March 2020, ResApp announced that it had completed the initial integration of ResAppDx into Coviu's telehealth platform. A service agreement was subsequently signed in July 2020, allowing ResAppDx to be available on Coviu's web-based telehealth platform.

In March 2020, ResApp also entered into a Joint Development Agreement with Phenix Health to integrate ResAppDx into Phenix's Australian telehealth platform. In June 2020, ResApp signed a two-year, non-exclusive software licensing agreement with Phenix Health which allowed Phenix to use ResAppDx in their telehealth smartphone app. On both the Coviu and Phenix platforms, the per test license fee received by ResApp is in the previously targeted range of $5 to $10.

During July 2020, ResAppDx launched on both platforms.

ResAppDx in Emergency Departments and Clinics

In May 2020, ResApp announced that ResAppDx had been evaluated at a federal government-funded COVID-19 respiratory clinic. To assist during the COVID-19 pandemic, ResApp had provided the clinic a license for the clinical use of ResAppDx at no cost through to September 1, 2020. ResAppDx is being used by doctors at the clinic to triage patients who present with respiratory symptoms, helping identify illnesses such as lower respiratory tract infections, pneumonia, asthma exacerbations and chronic obstructive pulmonary disease (COPD) exacerbations.

During the March 2020 quarter, ResApp obtained UK Heath Research Authority approval for both adult and paediatric multi-site health economic evaluations of ResAppDx in UK accident and emergency (A&E) departments. Recruitment in these evaluations will be delayed until the demand placed on A&E departments from the COVID-19 pandemic has subsided.

During June 2020, ResApp announced that Sana Klinikum Litchtenberg, a hospital in Berlin, Germany, had obtained ethics approval for a pilot evaluation of ResAppDx. The pilot study will establish a baseline for the resource usage and costs associated with current care pathways for respiratory diagnosis in a German emergency department. The start of this study has been delayed due to COVID-19.

ResAppDx in Low and Middle-Income Regions

In December 2019, ResApp announced that it had received ethics approval from the Western Australian Aboriginal Health Ethics Committee for a pilot, double-blind study of its chronic obstructive pulmonary disease (COPD) screening smartphone application in an Indigenous Australian population. The study will recruit up to 200 subjects over a six-month period at the Geraldton Regional Aboriginal Medical Service, with recruitment in the study delayed due to COVID-19 restrictions. In June 2020, ResApp partnered with Ilara Health in Kenya to conduct a three-month evaluation of ResAppDx at five medical sites in Kenya. This evaluation is expected to begin in first the quarter FY2021.

SleepCheck

In September 2019, ResApp released positive results from its prospective, at-home sleep apnoea study demonstrating that ResApp's algorithms, which analyse a person's breathing and snoring sounds recorded using a smartphone placed on a bedside table, were able to accurately identify obstructive sleep apnoea when compared to a simultaneous at-home sleep study. For the three AHI thresholds under consideration (representing mild, moderate, and severe sleep apnoea) the area under the receiver operating characteristic curve was greater than 0.91, sensitivity was between 83-85%, and specificity was between 73-90%.

Directors' Report

During April 2020, ResApp announced SleepCheck, a regulatory-approved (CE Marked and TGA approved), clinically validated at-home sleep apnoea screening app that only requires a smartphone placed on the bedside table to assess a person's risk of sleep apnoea.

The app was subsequently launched on 29 June 2020 for iPhone in the Australian and UK App Stores.

Handheld and Wearable Device Development

In February 2020, ResApp successfully completed functional testing of both handheld and wearable prototype devices, with final sets of designs received during May 2020. These devices expand ResApp's product portfolio to address specific use cases. The Android-based ruggedized handheld will be a low-cost option for using ResAppDx in specific in-person clinical environments. The wearable monitor will provide an easily worn, unobtrusive platform for up to three days of continuous monitoring of patients with chronic respiratory disease. ResApp is expecting to receive CE Mark approval for the devices in the first quarter of FY2021.

Direct-to-Consumer App Development

In June 2020, ResApp announced that it had signed a memorandum of understanding with RB, the global health products manufacturer, to develop a smartphone app for consumers that utilizes ResApp's cough-based algorithms to identify different respiratory conditions and provide recommended next steps.

COVID-19 Impact Assessment

The World Health Organisation declared the COVID-19 outbreak as a pandemic on 11 March 2020. The COVID-19 pandemic is an on-going global pandemic which is affecting business through uncertainty, additional healthcare resource burden, travel restrictions and lockdowns. The uncertainty and restrictions associated with the COVID-19 pandemic are unlikely to be removed prior to the global availability of a vaccine.

At the beginning of the pandemic, the Company moved swiftly to ensure the safety of its employees while maintaining continuity of business operations. This included staff working from home and international travel restrictions. The Company continuously evaluates these policies based on government advice. As healthcare systems have to prioritise the treatment of patients with COVID-19, recruitment in clinical studies and health economic evaluations will likely be delayed until the demand placed on healthcare facilities from the pandemic has subsided.

The COVID-19 pandemic has increased the awareness of both telehealth and respiratory disease globally, which are key areas where the Company operates. The Company has seen an increase in interest in its products based on this increased awareness.

Corporate Review

In December 2019, ResApp received $1,798,086 (including interest of $964) from its Research and Development (R&D) tax incentive claim for the financial year ended 30 June 2019. The Australian Federal Government's R&D Tax Incentive program provides a cash refund on eligible research and development activities performed by Australian companies.

On 7 February 2020, the Group incorporated in the United Kingdom ResApp Health (UK) Limited, a wholly owned subsidiary of ResApp Health Limited.

In February 2020, ResApp completed a placement raising $5 million (before costs) from institutional and sophisticated investors. The Company issued 25,000,000 new ordinary shares at an issue price of $0.20 per share, with proceeds from the placement to be used to accelerate European commercialisation and for general working capital. The costs directly attributable to the capital raising amounted to $336,014.

Directors' Report

During the year, the Company issued a total of 16,988,977 Shares to Avanti Med Ltd in consideration for performance milestones achieved for the development of the handheld and wearable devices, pursuant to the terms of the device development agreement.

Subsequent Events

On 2 July 2020, the Company announced 20 million shares were acquired by Dr Keating on 1 July 2020 on the exercise of unlisted options. The Company received $1,375,000 as proceeds from the issuance of shares.

On 14 July 2020, the performance shares lapsed with the relevant performance milestone having not been achieved.

On 4 August 2020, the Company announced that SleepCheck was now available on the App Store in 36 countries, including most of Europe, Australia, New Zealand, Singapore and Hong Kong. SleepCheck had also been translated into German, French, Portuguese, Spanish and Italian.

No other 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.

Remuneration Report – Audited

Directors and Key Management Personnel

Dr Roger Aston *(appointed 2 July 2015)*
Dr Tony Keating *(appointed 2 July 2015)*
Mr Chris Ntoumenopoulos (*appointed 21 January 2015*)
Dr Michael Stein *(appointed 6 April 2020)*
Mr Nathan Buzza (*resigned 31 March 2020*)

Remuneration Policy

Non-Executive Directors Remuneration
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 qualifications appropriate to the development strategy of

Directors' Report

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 $400,000 per annum by shareholders on 15 November 2018. Directors' fees are reviewed annually. 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.

Executive Remuneration

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 qualifications 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.

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

CEO and Managing Director – Dr Tony Keating	
Fixed remuneration	$280,000 pa (inclusive of super)
Term	No fixed term. Contract continues until terminated in accordance with the terms of the Contract.
Termination notice by the individual/company	6 months
Other entitlements	Annual leave and long-service leave. Incentive Options under the Company's ESOP exercisable at $0.21, expiring 5 years from date of issue and vesting on satisfaction of the following specific performance milestones: (i) CE Mark approval – 325,000 Options (ii) FDA clearance – 325,000 Options (iii) Commercial release of hardware product – 325,000 Options

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

Remuneration Expense Details

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

2020	Short-term employee benefits Salary and fees $	Bonus $	Other $	Post employment benefits Super-annuation and annual leave $	Share-based payments Options and rights $	Total $	% consisting of share-based payments
Non-Executive Directors:							
Dr Roger Aston[1]	90,000	-	-	-	63,792	153,792	41%
Mr Chris Ntoumenopoulos[2]	55,000	-	-	-	63,792	118,792	54%
Mr Nathan Buzza[3]	41,250	-	-	-	63,792	105,042	61%
Dr. Michael Stein	-	-	-	-	-	-	0%
Executive Director:							
Dr Tony Keating[4]	255,708	-	-	26,259	166,749	448,716	37%
Total	**441,958**	**-**	**-**	**26,259**	**358,125**	**826,342**	

[1] Dr Aston's director fees were paid to Newtonmore Biosciences Pty Ltd.
[2] Mr Ntoumenopoulos's director fees were paid to Twenty1 Corporate Pty Ltd.
[3] Mr Buzza's director fees were paid to Allure Capital Pty Ltd.
[4] Dr Keating's director fees were paid to himself.

2019	Short-term employee benefits Salary and fees $	Bonus $	Other $	Post employment benefits Super-annuation and annual leave $	Share-based payments Options and rights $	Total $	% consisting of share-based payments
Non-Executive Directors:							
Dr Roger Aston[1]	90,000	-	-	-	-	90,000	0%
Mr Chris Ntoumenopoulos[2]	55,000	-	-	-	-	55,000	0%
Mr Nathan Buzza[3]	55,000	-	-	-	-	55,000	0%
Dr. Michael Stein	-	-	-	-	-	-	0%
Executive Director:							
Dr Tony Keating[4]	255,708	-	-	34,331	-	290,039	0%
Total	**455,708**	**-**	**-**	**34,331**	**-**	**490,039**	

[1] Dr Aston's director fees were paid to Newtonmore Biosciences Pty Ltd.
[2] Mr Ntoumenopoulos's director fees were paid to Twenty1 Corporate Pty Ltd.
[3] Mr Buzza's director fees were paid to Allure Capital Pty Ltd.
[4] Dr Keating's director fees were paid to himself.

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.

Directors' Report

Options and Rights Granted as Remuneration

On 19 June 2019, the Company announced 975,000 Employee Incentive Options under the Company's employee share and option plan, to be issued to Dr. Keating, subject to Shareholder Approval. The options are exercisable at $0.21 and expire five years from the date of issue. The options vest on the satisfaction of the following specific performance milestones:
(i) CE Mark approval – 325,000 Options
(ii) FDA clearance – 325,000 Options
(iii) Commercial release of hardware product – 325,000 Options

Dr Keating is required to be employed by the Company in order to exercise the Incentive Options.

As at the date of this report, 325,000 Options have vested as the performance milestone of CE Mark approval has been achieved.

On 28 November 2019, at the Annual General Meeting, the Shareholders approved the issuance of Managing Director Incentive Options to Dr. Keating. In addition, the Shareholders approved the issuance of Directors Incentive Options are as follows:
a. Dr. Aston – 500,000 Options
b. Mr. Ntoumenopoulos – 500,000 Options
c. Mr. Buzza – 500,000 Options
d. Dr. Keating – 500,000 Options

The Directors Incentive Options are exercisable at $0.43 and expire three years from the date of issue.

On 6 April 2020, the Company announced 500,000 Employee Incentive Options under the Company's employee share and option plan, to be issued to Dr. Stein, subject to Shareholder Approval. The options are exercisable at $0.16 (being a 20% premium to the volume weighted average price of the Company's shares calculated over the 20 trading days immediately prior to appointment) and expire three years from the date of issue.

Except above, no other options or rights were granted as remuneration to members of key management personnel as part of their remuneration package during the year ended 30 June 2020.

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 2019	Granted as remuneration during the year	Issued on exercise of options during the year	Net other changes during the year	Balance at 30 June 2020
Directors					
Dr Roger Aston	8,437,500[1]	-	-	-	8,437,500[1]
Dr Tony Keating	-	-	-	-	-
Mr Chris Ntoumenopoulos	3,109,375	-	-	-	3,109,375
Mr Nathan Buzza	-	-	-	-	-
Dr Michael Stein	-	-	-	-	-
Total	**11,546,875**	**-**	**-**	**-**	**11,546,875**

[1] Dr Aston's 8,437,500 performance shares subsequently lapsed on 14 July 2020.

Directors' Report

Each of the performance shares were to convert to one (1) fully paid ordinary share upon satisfaction of the relevant Milestone. Accordingly, the performance shares were to 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. On 14 July 2020, the performance shares lapsed with the relevant performance milestone having not been achieved.

The number of options held by the key management personnel of the Group as at 30 June 2020 are as follows:

	Balance at 1 July 2019	Granted	Forfeited/ Lapsed	Balance at 30 June 2020
Directors				
Dr Roger Aston	3,600,000	500,000	(3,600,000)	500,000
Dr Tony Keating	23,800,000	1,475,000	(3,800,000)	21,475,000
Mr Chris Ntoumenopoulos	3,600,000	500,000	(3,600,000)	500,000
Dr Michael Stein	-	-	-	-
Total	**31,000,000**	**2,475,000**	**(11,000,000)**	**22,475,000**

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 21, 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

Voting and Comments Made at the Company's 2019 Annual General Meeting

The Company received 88.94% of votes, of those shareholders who exercised their right to vote, in favour of the remuneration report for the 2019 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.

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors support and have adhered to principles of sound corporate governance. The Company continued to follow best practice recommendations as set out by 3rd edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. Where the Company has not followed best practice for any recommendation,

Directors' Report

explanation is given in the Corporate Governance Statement which is available on the Company's website at www.resapphealth.com.au/investor-relations/corporate-governance/.

Non-Audit Services

During the year $16,500 (excludes GST) was paid to Grant Thornton for the provision of non-audit services (2019: $15,700).

Auditor's Independence Declaration

The auditor's independence declaration is included on page 16 of the annual report.

Signed in accordance with a resolution of the directors

Tony Keating
Director

Brisbane
31st day of August 2020

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145 Ann Street
Brisbane QLD 4000

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F +61 7 3222 0444
E info.qld@au.gt.com
W www.grantthornton.com.au

Auditor's Independence Declaration

To the Directors of ResApp Health Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of ResApp Health Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

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

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

Cameron Smith

CDJ Smith
Partner – Audit & Assurance

Brisbane, 31 August 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Financial Year Ended 30 June 2020

		Consolidated	
		2020	2019
	Note	**$**	$
Interest income		**51,226**	94,117
Other income	4	**973,415**	2,732,370
General and administrative costs	5	**(2,942,357)**	(1,785,083)
Research and development costs	6	**(6,551,442)**	(6,480,863)
Loss before income tax		**(8,469,158)**	(5,439,459)
Income tax benefit	7	**–**	–
Loss for the year		**(8,469,158)**	(5,439,459)
Other comprehensive income for the year		**–**	–
Total comprehensive income for the year		**(8,469,158)**	(5,439,459)
Loss per share (basic and diluted) (cents)	18	**(1.20)**	(0.79)

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

Consolidated Statement of Financial Position
As at 30 June 2020

		Consolidated	
		2020	2019
	Note	**$**	$
Current assets			
Cash and cash equivalents	8	**5,775,253**	5,516,386
Other receivables	9	**809,230**	1,904,675
Prepayments		**71,818**	69,245
Total current assets		**6,656,301**	7,490,306
Non-current assets			
Fixed assets (net)	12	**340,792**	30,845
Intangibles (net)	13	**1,753,887**	1,888,802
Other financial asset	24	**103,673**	–
Total non-current assets		**2,198,352**	1,919,647
Total assets		**8,854,653**	9,409,953
Current liabilities			
Trade and other payables	14	**1,168,785**	1,473,929
Employee benefits provision	15	**277,109**	208,868
Lease liability	24	**137,891**	–
Total current liabilities		**1,583,785**	1,682,797
Noncurrent liabilities			
Employee benefits provision	15	**80,966**	39,739
Lease liability	24	**191,000**	–
Total noncurrent liabilities		**271,966**	39,739
Total liabilities		**1,855,751**	1,722,536
Net assets		**6,998,902**	7,687,417
Equity			
Issued capital	16	**35,944,770**	28,780,784
Share-based payment reserve	17	**1,772,183**	6,778,204
Foreign currency translation reserve		**(2,293)**	–
Accumulated losses		**(30,715,758)**	(27,871,571)
Total equity		**6,998,902**	7,687,417

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

Consolidated Statement of Changes in Equity
For the Year Ended 30 June 2020

	Fully paid ordinary shares $	Share-based payment reserve $	Foreign currency translation reserve $	Accumulated losses $	Total $
Balance at 1 July 2018	**21,774,858**	**7,060,978**	–	**(23,293,320)**	**5,542,516**
Loss for the year	–	–	–	(5,439,459)	(5,439,459)
Total comprehensive income	–	–	–	**(5,439,459)**	**(5,439,459)**
Transactions with owners, in their capacity as owners					
Issue of shares	7,500,000	–	–	–	7,500,000
Costs directly attributable to issue of share capital	(494,074)	–	–	–	(494,074)
Share based payments	–	578,434	–	–	578,434
Expiration/forfeiture of options	–	(861,208)	–	861,208	–
Balance at 30 June 2019	**28,780,784**	**6,778,204**	–	**(27,871,571)**	**7,687,417**
Balance at 1 July 2019	**28,780,784**	**6,778,204**	–	**(27,871,571)**	**7,687,417**
Loss for the year	–	–	–	(8,469,158)	(8,469,158)
Total comprehensive income	–	–	–	**(8,469,158)**	**(8,469,158)**
Transactions with owners, in their capacity as owners					
Issue of shares	7,500,000	–	–	–	7,500,000
Costs directly attributable to issue of share capital	(336,014)	–	–	–	(336,014)
Share based payments	–	618,950	–	–	618,950
Expiration/forfeiture of options	–	(5,624,971)	–	5,624,971	–
Foreign currency translation adjustment	–	–	(2,293)	–	(2,293)
Balance at 30 June 2020	**35,944,770**	**1,772,183**	**(2,293)**	**(30,715,758)**	**6,998,902**

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

Consolidated Statement of Cash Flows
For the Year Ended 30 June 2020

	Note	Consolidated 2020 $	2019 $
Cash flows from operating activities			
Cash payments to suppliers and employees		**(6,298,420)**	(6,802,915)
Receipts from customers		**75,962**	48,394
Interest received		**61,733**	81,335
R&D tax incentive and other grants received		**1,965,453**	1,821,878
Net cash flows used in operating activities	19	**(4,195,272)**	(4,851,308)
Cash flows from investing activities			
Acquisition of fixed assets		**(9,750)**	(36,131)
Investment in other financial asset		**(103,673)**	–
Net cash flows used in investing activities		**(113,423)**	(36,131)
Cash flows from financing activities			
Proceeds from issues of share capital		**5,000,000**	7,500,000
Costs of capital raising		**(336,014)**	(494,074)
Payment of lease liability		**(96,424)**	–
Net cash flows provided by financing activities		**4,567,562**	7,005,926
Net increase in cash and cash equivalents		**258,867**	2,118,487
Cash and cash equivalents at the beginning of the financial year		**5,516,386**	3,397,899
Cash and cash equivalents at the end of the financial year	8	**5,775,253**	5,516,386

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

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2020

Note 1 Reporting Entity

This annual financial report includes the financial statements and notes of ResApp Health Limited ("the Company ") and its controlled entities ("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 and principal office is Level 12, 100 Creek Street, Brisbane, Queensland, 4000.

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

Note 2 Going Concern

The financial statements have 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.

During the year ended 30 June 2020, the Group incurred a net loss after tax of $8,469,158 (2019: $5,439,459) and a net cash outflow from operating activities amounting to $4,195,272 (2019: $4,851,308). At 30 June 2020, the Group had cash and cash equivalents of $5,775,253, net assets of $6,998,902 and net working capital of $5,072,516.

In August 2019, ResApp received CE Mark certification for ResAppDx-EU, the world's first smartphone-based diagnostic test for respiratory disease in adults and children. In October 2019, ResApp announced that ResAppDx-EU had received Australian Therapeutics Goods Administration (TGA) approval as a Class IIa medical device for paediatric use and is now listed on the Australian Register of Therapeutic Goods (ARTG). In February 2020, ResApp announced that had received approval for adult use. These regulatory approvals allow the company to sell and market its products in Australia and Europe and begin generating revenue.

In February 2020, ResApp completed a placement raising $5 million (before costs) from institutional and sophisticated investors. The Company issued 25,000,000 new ordinary shares at an issue price of $0.20 per share, with proceeds from the placement to be used to accelerate European commercialisation and for general working capital. On 1 July 2020, the Company received additional funds of $1,375,000 as proceeds from the exercise of unlisted options.

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 Group's working capital requirements as at the date of this report.

Note 3 Significant Accounting Policies

<u>New Accounting Standards adopted as at 1 July 2019</u>

AASB 16 *Leases*

AASB 16 supersedes AASB 117, *Leases*, IFRIC 4, *Determining whether an Arrangement contains a Lease*, SIC-15, *Operating Leases-Incentives,* and SIC-27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statement of financial position. On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months, the Group has applied the optional exemptions to not recognise right-of-use asset but to account for the lease expense on a straight-line basis over the remaining lease term. Accordingly, no impact on the financial statements on the initial adoption of AASB 16. Refer to the new accounting policy set out below and to Notes 12 to 24 for the current period impact.

Notes to the Consolidated Financial Statements (continued)
For the Year Ended 30 June 2020

New Accounting Standards and Interpretations not yet mandatory or early adopted

At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards or amendments to existing Standards have been adopted early by the Group.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Group's financial statements.

Basis of Preparation

These financial statements include the financial statements of the ResApp Health Limited (the "Company"), and its controlled entities (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.

All amounts presented have been rounded to the nearest whole dollar.

Basis of Consolidation

The Group's financial statements consolidate those of the parent company and all of its subsidiaries as of 30 June 2020. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

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

Notes to the Consolidated Financial Statements (continued)
For the Year Ended 30 June 2020

Functional and Presentation Currency

The consolidated financial statements are presented in Australian dollars (AUD), which is also the functional currency of the parent company.

Foreign Currency Transactions and Balances

Foreign currency transactions are translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Foreign Operations

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the AUD are translated into AUD upon consolidation. The functional currencies of entities within the Group have remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into AUD at the closing rate at the reporting date. Income and expenses have been translated into AUD at the average rate over the reporting period. Exchange differences are charged or credited to other comprehensive income and recognised in the foreign currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to profit or loss and are recognised as part of the gain or loss on disposal.

Revenue Recognition

Revenue from contracts with customers is measured and recognised in accordance with the five-step model prescribed by AASB 15, *Revenue from Contracts with Customers*. First, contracts with customers within the scope of AASB 15 are identified. Distinct promises with the contract are identified as performance obligations. The transaction price of the contract is measured based on the amount of consideration the Group expects to be entitled from the customer in exchange for goods or services. Factors such as requirements around variable consideration, significant financing components, non-cash consideration, or amounts payable to customers also determine the transaction price.

Revenue is recognised when, or as, performance obligations are satisfied, which is when control of the promised goods or services is transferred to the customer. The Group does not currently have any material contracts with customers.

All revenue is stated net of the amount of goods and services tax (GST).

The Group also has other income comprised of government grants related to the research and development tax incentives and interest income.

<u>Interest income</u>

Interest income is recognised when it becomes receivable on a proportional basis taking in to account the interest rates applicable to the financial assets.

Notes to the Consolidated Financial Statements (continued)
For the Year Ended 30 June 2020

Government grants

Grants from government, including Australian Research and Development Tax Incentive (RDTI), are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Other government grants and subsidies such as 'Cash Flow boost' and JobKeeper payment scheme are recognised as other income when all the attached conditions have been satisfied.

Where a grant is received relating to research and development costs that have been expensed, the grant is recognised as other income when the grant becomes receivable.

When the grant relates to an asset, the cost of the asset is shown net of the grant or receivable.

Research and Development costs

Research and development costs include payroll, employee benefits and other employee related costs associated with product development. Technological feasibility for software products is reached shortly before products are released for commercial sale to customers. Costs incurred after technological feasibility is established are not material, and accordingly, all research and development costs are expensed when incurred.

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.

Financial Instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- amortised cost
- fair value through profit or loss (FVPL)
- equity instruments at fair value through other comprehensive income (FVOCI)
- debt instruments at fair value through other comprehensive income (FVOCI)

Notes to the Consolidated Financial Statements (continued)
For the Year Ended 30 June 2020

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Classifications are determined by both:

- The entity business model for managing the financial asset
- The contractual cash flow characteristics of the financial assets

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables, which is presented within other expenses.

Subsequent measurement financial assets

Financial assets at amortised cost
Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial assets at fair value through profit or loss (FVPL)
Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see below).

Equity instruments at fair value through other comprehensive income (Equity FVOCI)
Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI. Under Equity FVOCI, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss. Dividend from these investments continue to be recorded as other income within the profit or loss unless the dividend clearly represents return of capital.

Debt instruments at fair value through other comprehensive income (Debt FVOCI)
Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of collecting the contractual cash flows and selling the assets are accounted for at debt FVOCI.

Impairment of financial assets
AASB 9's impairment requirements use more forward looking information to recognize expected credit losses – the 'expected credit losses (ECL) model'. Instruments within scope include loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

Notes to the Consolidated Financial Statements (continued)
For the Year Ended 30 June 2020

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date. '12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

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

The Group assess impairment of trade receivables on a collective basis as they possess credit risk characteristics based on the days past due. The Group has nil trade receivables as at 30 June 2020.

Classification and measurement of financial liabilities
The Group's financial liabilities include trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Fixed Assets

<u>Computer equipment and office furniture</u>

Computer equipment and office furniture are initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Group's management. Computer equipment and office furniture are subsequently measured using the cost model, cost less subsequent depreciation and impairment losses.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of computer equipment and office furniture, with useful life of 2 to 3 years.

Gains or losses arising on the disposal of property and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

Notes to the Consolidated Financial Statements (continued)
For the Year Ended 30 June 2020

Leased Asset

As described earlier, the Group has applied the optional exemptions to not recognise right-of-use asset but to account for the lease expense on a straight-line basis over the remaining lease term and therefore comparative information has not been restated. This means comparative information is still reported under AASB 17 and IFRIC 4.

Accounting policy applicable from 1 July 2019

The Group as a lessee
For any new contracts entered into on or after 1 July 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group.
- The Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.
- The Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee
At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use asset has been included in fixed assets.

Notes to the Consolidated Financial Statements (continued)
For the Year Ended 30 June 2020

Accounting policy applicable before 1 July 2019

Operating Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as an expense on a straight-line basis over the term of the lease.

Lease incentives received under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

Intangible Assets

Intangible assets acquired separately are capitalised at cost, and if acquired as a result of a business combination, capitalised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to all classes of intangible assets. The useful lives of the intangible assets are assessed to be either finite or indefinite. Where amortisation is charged on intangible assets with finite lives, this expense is taken to the statement of profit or loss and other comprehensive income through the 'depreciation & amortisation expense' line item. Intangible assets with finite lives are tested for impairment where an indicator of impairment exists. Useful lives are examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Licensed Intellectual Property (IP) are recognised at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The Group has ascribed an estimated useful life of its Licenced Intellectual Property of 18 years from the date of acquisition, which is based on the expected usage and benefits derived over the patents' useful lives.

Gains or losses arising from the de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss and other comprehensive income when the intangible asset is derecognised.

Impairment of Non-financial 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.

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.

Notes to the Consolidated Financial Statements (continued)
For the Year Ended 30 June 2020

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.

Income Tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the notional income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets are only recognised for deductible temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantially enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or liability if they arose in a transaction other than a business combination that at the time of the transaction did not affect either accounting profit or taxable profit.

Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if there is reasonable certainty that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associates and interests in joint ventures where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances relating to amounts recognised directly in other comprehensive income or equity are also recognised directly in other comprehensive income or equity.

Provision

A provision is recognised in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount has been reliably estimated.

Employee Benefits

<u>Short-term employee benefits</u>
Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. Examples of such benefits include wages and salaries and non-monetary benefits. Short-term employee benefits and on-costs are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

<u>Other long-term employee benefits</u>
The Group's liabilities for long service leave are included in non-current employee benefits provisions as they are not expected to be settled wholly within 12 months after the end of the period in which the employees render the

Notes to the Consolidated Financial Statements (continued)
For the Year Ended 30 June 2020

related service. They are measured at the present value of the expected future payments to be made to employees. The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of service, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the timing of the estimated future cash outflows. Any re-measurements arising from experience adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

The Group presents employee benefit obligations as current liabilities in the statement of financial position if the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period, irrespective of when the actual settlement is expected to take place.

Share-Based Payments

The Group operates equity-settled share-based remuneration plans for its employees. None of the Group's plans feature any options for a cash settlement.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions).

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to share option reserve. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs are allocated to share capital up to the nominal (or par) value of the shares issued with any excess being recorded as share premium.

Goods and Services Tax (GST)

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

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

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.

Notes to the Consolidated Financial Statements (continued)
For the Year Ended 30 June 2020

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 judgements and estimates were 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. All intangible assets are accounted for using the cost model whereby costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite, if indicators the Group considers indicators are present. The Group has ascribed an estimated useful life of the intangibles of 18 years from the date of acquisition, which is based on the expected usage and benefits derived over the patents' useful lives. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to annual impairment indicators review.

Share based payment expenses
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Share based payments are disclosed in note 17.

R&D tax incentive
The R&D Tax Incentive is recognised when a reliable estimate of the amounts receivable can be made and management have assessed the likelihood of receipt as being high. For the year ended 30 June 2020, the Group has estimated the rebate which will be received within the next twelve months from reporting date and has accrued that amount as income in the statement of profit or loss and other comprehensive income.

Notes to the Consolidated Financial Statements (continued)
For the Year Ended 30 June 2020

Note 4 Other Income

	Consolidated	
	2020	2019
	$	$
R&D tax incentive	**729,122**	2,643,915
Other income and grant	**244,293**	88,455
	973,415	2,732,370

Management applied judgement to estimate the amount of R&D tax incentive available to the Group for the financial year ended 30 June 2020 to be $730,000 (2019: $1,798,000). On 13 March 2019, the Group received approval from AusIndustry for its application for an Advanced/Overseas Finding in respect to clinical study expenditure associated with its US-based paediatric and adult clinical studies for the diagnosis of respiratory disease using cough sounds. The finding covers financial years (FY) 2017/18, 2018/19 and 2019/20 and means that eligible overseas research and development expenditure, in addition to Australian expenditure, will be subject to a 43.5% cash rebate under the Australian Federal Government's R&D Tax Incentive Program. Accordingly, the company recognised additional R&D tax incentive income of $845,915 in 2019 in relation to its Advanced/Overseas finding for FY 2017/18. Total R&D tax incentive received in 2020 is $1,797,122 (2019: $1,781,817) which includes the R&D tax from Advanced/Overseas Finding.

Note 5 General and Administrative Costs

	Consolidated	
	2020	2019
	$	$
Employee costs and directors fees	**958,876**	493,823
Professional fees (including legal fees)	**339,333**	248,855
Consulting fees	**133,958**	202,583
Amortisation and depreciation	**112,509**	140,200
Share based payment expense	**373,461**	50,161
Other administration expenses	**1,024,220**	649,461
	2,942,357	1,785,083

Note 6 Research and Development Costs

	Consolidated	
	2020	2019
	$	$
Employee costs	**1,980,086**	1,763,872
Expenditure settled through issuance of shares (see Note 16)	**2,500,000**	–
Share based payment expense	**245,490**	528,273
Other research and development costs	**1,825,866**	4,188,718
	6,551,442	6,480,863

Notes to the Consolidated Financial Statements (continued)
For the Year Ended 30 June 2020

Note 7 Incomes Taxes

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:

	Consolidated	
	2020	2019
	$	$
Loss from continuing operations before tax expense	**(8,469,158)**	(5,439,459)
Prima facie income tax benefit at 27.5%	**(2,329,018)**	(1,495,851)
Adjustment for tax rate difference in foreign jurisdiction	**930**	–
Tax effect of:		
Non-deductible items		
Share based payments	**170,212**	159,069
Expenditure subject to R&D claim	**461,494**	1,136,667
Expenditure settled through issuance of shares	**137,500**	–
Entertainment	**347**	1,287
Others	**–**	–
Non-assessable R&D refund	**(200,509)**	(727,077)
Prima facie tax adjusted for permanent differences	**(1,759,044)**	(925,905)
Unrecognised deferred tax assets	**1,759,044**	925,905
Income tax expense	**–**	–
Unrecognised deferred tax balances		
The following deferred tax assets (at 27.5%) have not been brought to account:		
Unused tax losses	**4,984,836**	3,246,497
Other temporary differences	**442,997**	416,968
Total unrecognised deferred tax assets	**5,427,833**	3,663,465

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.

Note 8 Cash and Cash Equivalents

	Consolidated	
	2020	2019
	$	$
Cash at bank	**675,253**	957,558
Short-term deposits	**5,100,000**	4,558,828
	5,775,253	5,516,386

Notes to the Consolidated Financial Statements (continued)
For the Year Ended 30 June 2020

Note 9 Other Receivables

	Consolidated	
	2020	2019
	$	$
R&D tax rebate receivable	**730,000**	1,798,000
GST receivable	**76,955**	93,893
Interest receivable	**2,275**	12,782
	809,230	1,904,675

Note 10 Financial Instruments

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

	Consolidated	
	2020	2019
	$	$
Financial assets		
Cash and cash equivalents	**5,775,253**	5,516,386
Other receivables	**809,230**	1,904,675
Other financial asset	**103,673**	–
Total financial assets	**6,688,156**	7,421,061
Financial liabilities		
Trade and other payables	**1,168,785**	1,473,929
Total financial liabilities	**1,168,785**	1,473,929

(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.

Notes to the Consolidated Financial Statements (continued)
For the Year Ended 30 June 2020

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 3 to the financial statements.

ii. Credit risk management

The Company is not currently exposed to credit risk other than in the normal course of business. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

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.

	Consolidated	
	2020	2019
	$	$
Cash and cash equivalents		
AA- rated	**5,775,253**	5,516,386
	5,775,253	5,516,386

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.

	Consolidated	
	2020	2019
	$	$
Financial liabilities due for payment		
Trade and other payables	**1,168,785**	1,473,929
Total expected outflows	**1,168,785**	1,473,929
Financial assets – cash flow realisable		
Cash and cash equivalents	**5,775,253**	5,516,386
Other receivables	**809,230**	1,904,675
Other financial asset	**103,673**	–
Total anticipated inflows	**6,688,156**	7,421,061
Net inflow on financial instruments	**5,519,371**	5,947,132

Notes to the Consolidated Financial Statements (continued)
For the Year Ended 30 June 2020

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:

	Effective interest rate	Floating interest rate	1 year or less	Non-interest bearing	Total
	%	%	$	$	$
Consolidated					
30-Jun-20					
Financial assets					
Cash & cash equivalents	0.42%	–	5,775,253	–	5,775,253
Other receivables	–	–	–	809,230	809,230
Other financial asset	–	–	–	103,673	103,673
Total financial assets	**-**	**-**	**5,775,253**	**912,903**	**6,688,156**
Financial liabilities					
Trade and other payables	–	–	1,168,785	–	1,168,785
Total financial liabilities	–	–	**1,168,785**	–	**1,168,785**

	Effective interest rate	Floating interest rate	1 year or less	Non-interest bearing	Total
	%	%	$	$	$
Consolidated					
30-Jun-19					
Financial assets					
Cash & cash equivalents	2.15%	–	5,516,386	–	5,516,386
Other receivables	–	–	–	1,904,675	1,904,675
Total financial assets	–	–	5,516,386	1,904,675	7,421,061
Financial liabilities					
Trade and other payables	–	–	1,473,929	–	1,473,929
Total financial liabilities	–	–	1,473,929	–	1,473,929

Notes to the Consolidated Financial Statements (continued)
For the Year Ended 30 June 2020

Sensitivity analysis on interest rate risk

The Group has performed sensitivity analysis relating to its interest rate risk based on the Group's year end exposure. This sensitivity demonstrates the effect on after tax results and equity which could result from a movement in interest rates of +/- 0.25%.

	Consolidated	
	2020	2019
	$	$
Change in after tax loss		
Increase in interest rate by 0.25%	**13,009**	11,397
Decrease in interest rate by 0.25%	**(13,009)**	(11,397)

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.

	Consolidated 2020		**Consolidated 2019**	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
	$	**$**	**$**	**$**
Financial assets				
Cash and cash equivalents	5,775,253	**5,775,253**	5,516,386	**5,516,386**
Other receivables	809,230	**809,230**	1,904,675	**1,904,675**
Other financial asset	103,673	**103,673**	–	**–**
Total financial assets	6,688,156	**6,688,156**	7,421,061	**7,421,061**
Financial liabilities				
Trade and other payables	1,168,785	**1,168,785**	1,473,929	**1,473,929**
Total financial liabilities	1,168,785	**1,168,785**	1,473,929	**1,473,929**

Notes to the Consolidated Financial Statements (continued)
For the Year Ended 30 June 2020

Note 11 Interest in Subsidiaries

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

		% Equity Interest	
Name	**Country of Incorporation**	**2020**	**2019**
ResApp Diagnostics Pty Ltd[1]	Australia	100%	100%
ResApp Health (UK) Limited[2]	United Kingdom (UK)	100%	–

[1] Non-operating company; its primary activity is to hold the Licensed IP developed by UQ (see Note 13).
[2] Incorporated on 7 February 2020; its primary purpose is to conduct sales and marketing activities for the Group in the European region.

Note 12 Fixed Assets

	Office & IT Equipment	Right-of-Use Asset: Office Suite	Total
	$	$	$
Gross carrying amount			
Balance at 1 July 2018			
Additions	36,131	–	36,131
Balance at 30 June 2019	36,131	–	36,131
Less Accumulated depreciation			
Balance at 1 July 2018			
Depreciation	5,286	–	5,286
Balance at 30 June 2019	5,286	–	5,286
Net book values at 30 June 2019	**30,845**	**–**	**30,845**

	Office & IT Equipment	Right-of-Use Asset: Office Suite (see Note 24)	Total
	$	$	$
Gross carrying amount			
Balance at 1 July 2019	36,131	–	36,131
Additions	12,375	412,706	425,081
Disposals	(3,030)	–	(3,030)
Balance at 30 June 2020	45,476	412,706	458,182
Less Accumulated Depreciation			
Balance at 1 July 2019	5,286	–	5,286
Depreciation	9,333	103,176	112,509
Disposals	(405)	–	(405)
Balance at 30 June 2020	14,214	103,176	117,390
Net book values at 30 June 2020	**31,262**	**309,530**	**340,792**

Notes to the Consolidated Financial Statements (continued)

For the Year Ended 30 June 2020

Note 13 Intangibles

	Consolidated	
	2020	2019
	$	$
Licenced IP - Cost		
Balance at beginning of the year	**2,428,459**	2,428,459
Additions	–	–
Balance at end of the year	**2,428,459**	2,428,459
Licensed IP- Accumulated amortisation		
Balance at beginning of the year	**539,657**	404,743
Amortisation expense	**134,915**	134,914
Balance at end of the year	**674,572**	539,657
Net carrying value	**1,753,887**	1,888,802

The Group has ascribed an estimated useful life of the intangibles of 18 years from the date of acquisition, which is based on the expected usage and benefits derived over the patents' useful lives.

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

Country	**Patent Numbers**	**Title**
Australia	2013239327	A method and apparatus for processing patient sounds
United States	10,098,569	A method and apparatus for processing patient sounds
Japan	6,435,257	A method and apparatus for processing patient sounds
Korea	102081241	A method and apparatus for processing patient sounds
Nigeria	F/PT/C/2019/3579	A method and apparatus for a disease state diagnosis

Country	**Application Number**	**Title**
Australia	2017331813	A method and apparatus for automatic disease state diagnosis
China	201910202125.5	A method and apparatus for processing patient sounds
China	201780059397.3	A method and apparatus for automatic disease state diagnosis
Europe	13768257.1	A method and apparatus for processing patient sounds
Europe	17852006.0	A method and apparatus for automatic disease state diagnosis
India	201947016083	A method and apparatus for automatic disease state diagnosis
Indonesia	2019/02738	A method and apparatus for automatic disease state diagnosis
United States	16/336,269	A method and apparatus for automatic disease state diagnosis

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.

Notes to the Consolidated Financial Statements (continued)
For the Year Ended 30 June 2020

Note 14 Trade and Other Payables

	Consolidated	
	2020	2019
	$	$
Trade payables	**358,302**	591,874
PAYG withholding payable	**202,829**	172,400
Superannuation payable	**62,516**	53,005
Accrued expenses & others	**545,138**	656,650
	1,168,785	1,473,929

Note 15 Employee Benefits Provision

	Consolidated	
	2020	2019
	$	$
Current:		
Annual leave	**277,109**	208,868
Noncurrent:		
Long-service leave	**80,966**	39,739

The movements in the employee benefits provision accounts are as follows:

	Consolidated	
	Annual leave	**Long-service leave**
	$	$
Balance at 1 July 2018	135,048	–
Additional provisions	131,038	39,739
Amount utilised	(57,218)	–
Balance at 30 June 2019	**208,868**	**39,739**
Balance at 1 July 2019	208,868	39,739
Additional provisions	143,628	41,227
Amount utilised	(75,387)	–
Balance at 30 June 2020	**277,109**	**80,966**

Notes to the Consolidated Financial Statements (continued)
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Note 16 Issued Capital

	Number of Shares	$
Fully paid ordinary shares and authorised capital		
Balance as at 1 July 2018	**659,039,602**	**21,774,858**
Shares issued 24 September 2018 under Placement at $0.22 per share	34,090,910	7,500,000
Costs directly attributable to issue of share capital	–	(494,074)
Balance as at 30 June 2019	**693,130,512**	**28,780,784**
Balance as at 1 July 2019	**693,130,512**	**28,780,784**
Shares issued on 4 July 2019 pursuant to the terms of the Device Development Agreement	3,125,000	500,000
Shares issued 27 February 2020 under Placement at $0.22 per share	25,000,000	5,000,000
Shares issued on 27 February 2020 pursuant to the terms of the Device Development Agreement	4,773,068	1,000,000
Shares issued on 6 May 2020 pursuant to the terms of the Device Development Agreement	9,090,909	1,000,000
Costs directly attributable to issue of share capital	–	(336,014)
Balance as at 30 June 2020	**735,119,489**	**35,944,770**

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.

Performance Shares

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. 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 (14 July 2020). 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. 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 2020 and 2019. On 14 July 2020, the performance shares lapsed with the relevant performance milestone having not been achieved.

Notes to the Consolidated Financial Statements (continued)
For the Year Ended 30 June 2020

Device Development Agreement

On 28 May 2019, the Company entered into a device development agreement with Avanti Med Ltd (Avanti), a UK-based medical device manufacturer, to design, test and finalise two CE-marked devices: a low-cost ruggedized, handheld device and a small, wearable breathing monitor.

ResApp negotiated a fixed-price, milestone-based contract for the development of the devices. For each device, ResApp agreed to pay £75,000 in cash and issue AU$250,000 of ordinary shares on project commencement, with the number of shares calculated on the volume-weighted average price of shares in the 30 days preceding the commencement date. Avanti agreed to deliver the initial design and technical specifications within 3 weeks of signing. The balance of the project is divided into three milestones: delivery of functional prototypes, delivery of final designs and CE Mark approval. For each device, ResApp will make a fixed payment of AU$500,000 when each milestone is achieved, payable in cash or ordinary shares at the election of ResApp. The number of shares for the milestone payments will be calculated using 80% of (i) the volume-weighted average price of shares in the 30 days preceding the milestone or (ii) 10 cents, whichever is higher. If ResApp elects to pay the milestones payment in shares, it is proposed that the shares will be issued under the Company's 15% placement capacity. ResApp has termination rights during the project, including the right to terminate if target milestones are not met.

In May 2019, the Company paid £150,000 in cash which was recognised as research and development costs in the statement of profit and loss and other comprehensive income.

During the year, the Company issued a total of 16,988,977 Shares (equivalent to $2.5 million) to Avanti in consideration for performance milestones achieved for the development of the handheld and wearable devices, pursuant to the terms of the Device Development Agreement. The amount was recognised as research and development costs in the statement of profit and loss and other comprehensive income.

Capital risk management

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

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

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

The capital risk management policy remains unchanged from the 30 June 2019 Annual Report.

Note 17 Equity-Settled Benefits Reserve

	Number of Options	Equity-Settled Benefits Reserve $
Balance as at 1 July 2018	57,816,667	7,060,978
Options issued during the year	6,450,000	578,434
Options forfeited & lapsed during the year	(6,716,667)	(861,208)
Balance as at 30 June 2019	**57,550,000**	**6,778,204**

Notes to the Consolidated Financial Statements (continued)
For the Year Ended 30 June 2020

	Number of Options	Equity-Settled Benefits Reserve $
Balance as at 1 July 2019	57,550,000	6,778,204
Options issued during the year	4,675,000	618,950
Options forfeited & lapsed during the year	(23,300,000)	(5,624,971)
Balance as at 30 June 2020	**38,925,000**	**1,772,183**

During the year ended 30 June 2019, ResApp Health Limited issued the following options which were expensed as share-based payments:

- 1,950,000 Employee Incentive Options were issued to Employees on 11 February 2019 pursuant to the terms of the Company's Employee Incentive Plan. The Options are exercisable at $0.12 and expire on 11 February 2022. The Employee Incentive Options vest in equal quarterly instalments over 2 years from the date of issue if the employee remains employed by the Company. The options are valued at the date of issue and recognised for the vesting period to 11 February 2021.
- 200,000 Employee Incentive Options were issued to an Employee on 18 February 2019 pursuant to the terms of the Company's Employee Incentive Plan. The Options are exercisable at $0.11 and expire on 18 February 2022. The Employee Incentive Options vest in equal quarterly instalments over 2 years from the date of issue if the employee remains employed by the Company. The options are valued at the date of issue and recognised for the vesting period to 18 February 2021.
- 500,000 Employee Incentive Options were issued to an Employee on 25 February 2019 pursuant to the terms of the Company's Employee Incentive Plan. The Options are exercisable at $0.11 and expire on 25 February 2022. The Employee Incentive Options vest immediately. The options are valued at the date of issue and recognised for the vesting period to 25 February 2021.
- 700,000 Consultancy Incentive Options were issued to Consultants on 25 February 2019, being exercisable at $0.11, expiring on 25 February 2022 and vesting immediately.
- 200,000 Employee Incentive Options were issued to an Employee on 11 March 2019 pursuant to the terms of the Company's Employee Incentive Plan. The Options are exercisable at $0.11 and expire on 11 March 2022. The Employee Incentive Options vest in equal quarterly instalments over 2 years from the date of issue if the employee remains employed by the Company. The options are valued at the date of issue and recognised for the vesting period to 11 March 2021.
- 500,000 Consultancy Incentive Options were issued to a consultant on 6 May 2019, being exercisable at $0.19, expiring on 6 May 2022 and vesting immediately.
- 2,000,000 Consultancy Incentive Options were issued to a consultant on 6 May 2019, being exercisable at $0.19, expiring on 6 May 2024 and vesting on ResApp, any subsidiary of ResApp or a third party licensee achieving FDA clearance, CE marking or TGA approval of a sleep apnoea screening or diagnostic tool, or on the sale of ResApp's assets related to sleep apnoea screening or diagnosis.
- 400,000 Consultancy Incentive Options were issued to Consultants on 5 June 2019, being exercisable at $0.19, expiring on 5 June 2022 and vesting immediately.

During the year ended 30 June 2020, ResApp Health Limited issued the following options which were expensed as share-based payments:

- 975,000 Managing Director Incentive Options were issued to the Tony Keating on 28 November 2019 pursuant to the terms of the Company's Employee Incentive Plan. The Options are exercisable at $0.21 and expire on 20 December 2024. The Options will vest on the satisfaction of the following specific performance milestones: (a) CE Mark approval – 325,000 Options; (b) FDA clearance – 325,000 Options; and (c) Commercial release of hardware product – 325,000 Options. The option holder is required to be employed by the Company in order to exercise the Incentive Options. The options are valued at the date of issue and recognised for the vesting period to November 2021.

Notes to the Consolidated Financial Statements (continued)
For the Year Ended 30 June 2020

- 2,000,000 Director Incentive Options were issued to Directors on 28 November 2019 pursuant to the terms of the Company's Employee Incentive Plan. The Options are exercisable at $0.43 and expire on 20 December 2022. The Director Incentive Options vest immediately.
- 700,000 Employee Incentive Options were issued to Employees on 20 December 2019 pursuant to the terms of the Company's Employee Incentive Plan. The Options are exercisable at $0.32 and expire on 20 December 2022. The Employee Incentive Options vest in equal quarterly instalments over 2 years from the date of issue if the employee remains employed by the Company. The options are valued at the date of issue and recognised for the vesting period to 22 December 2021.
- 1,000,000 Employee Incentive Options were issued to Employee on 6 April 2020 pursuant to the terms of the Company's Employee Incentive Plan. The Options are exercisable at $0.16 and expire on 6 April 2023. 50% of the Employee Incentive Options vest after six months after the date of issue and the remaining options vest in equal quarterly instalments over 18 months from the date of issue if the employee remains employed by the Company. The options are valued at the date of issue and recognised for the vesting period to 6 April 2022.

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 during the years ended 30 June 2019 and 2020.

Grant date	Dividend yield	Expected volatility	Risk-free interest rate	Option exercise price	Expected life (years)	Share price on date of grant	Fair value on grant date	Value attributable to the options in the equity settled benefits reserve
2-Jul-15	0%	110%	1.92%	$0.03	5	$0.02	$0.02	$95,000
2-Jul-15	0%	110%	1.92%	$0.05	5	$0.02	$0.02	$85,000
2-Jul-15	0%	110%	1.92%	$0.10	5	$0.02	$0.02	$150,000
22-Sep-15	0%	110%	1.92%	$0.05	5	$0.02	$0.02	$66,006
22-Sep-15	0%	110%	1.92%	$0.10	5	$0.02	$0.02	$38,512
16-Sep-16	0%	100%	1.48%	$0.45	3	$0.43	$0.26	$527,454
16-Sep-16	0%	100%	1.48%	$0.45	3	$0.43	$0.26	$527,454
16-Sep-16	0%	100%	1.48%	$0.75	3	$0.43	$0.22	$439,545
10-Nov-16	0%	104%	1.48%	$0.45	3	$0.44	$0.28	$2,009,593
10-Nov-16	0%	104%	1.48%	$0.75	3	$0.44	$0.24	$1,746,558
14-Feb-17	0%	100%	1.48%	$0.45	3.8	$0.37	$0.24	$100,032
13-Mar-17	0%	100%	1.48%	$0.45	4	$0.32	$0.20	$74,907
1-May-17	0%	100%	1.48%	$0.45	4	$0.32	$0.20	$33,962
21-Jul-17	0%	100%	1.95%	$0.75	2.8	$0.31	$0.17	$166,878
18-Dec-17	0%	100%	2.00%	$0.09	3	$0.09	$0.13	$200,749
18-Dec-17	0%	100%	2.00%	$0.09	3	$0.09	$0.06	$5,808
18-Dec-17	0%	100%	2.00%	$0.09	3	$0.09	$0.06	$34,059
18-Dec-17	0%	100%	2.00%	$0.09	3	$0.09	$0.05	$18,602
18-Dec-17	0%	100%	2.00%	$0.14	3	$0.09	$0.04	$22,366
11-Feb-19	0%	126%	1.47%	$0.12	3	$0.09	$0.07	$24,481
18-Feb-19	0%	126%	1.47%	$0.11	3	$0.09	$0.06	$2,364
25-Feb-19	0%	126%	1.47%	$0.11	3	$0.09	$0.06	$31,639
25-Feb-19	0%	126%	1.47%	$0.11	3	$0.09	$0.06	$44,294
11-Mar-19	0%	126%	1.47%	$0.11	3	$0.09	$0.06	$2,121
6-May-19	0%	125%	1.47%	$0.19	3	$0.17	$0.12	$58,204
6-May-19	0%	125%	1.47%	$0.19	3	$0.17	$0.14	$227,331
5-Jun-19	0%	127%	1.00%	$0.19	3	$0.16	$0.11	$45,285
Balance at 30 June 2019								**$6,778,204**

Notes to the Consolidated Financial Statements (continued)
For the Year Ended 30 June 2020

Grant date	Dividend yield	Expected volatility	Risk-free interest rate	Option exercise price	Expected life (years)	Share price on date of grant	Fair value on grant date	Value attributable to the options in the equity settled benefits reserve
2-Jul-15	0%	110%	1.92%	$0.03	5	$0.02	$0.02	$95,000
2-Jul-15	0%	110%	1.92%	$0.05	5	$0.02	$0.02	$85,000
2-Jul-15	0%	110%	1.92%	$0.10	5	$0.02	$0.02	$150,000
22-Sep-15	0%	110%	1.92%	$0.05	5	$0.02	$0.02	$66,006
22-Sep-15	0%	110%	1.92%	$0.10	5	$0.02	$0.02	$38,512
14-Feb-17	0%	100%	1.48%	$0.45	3.8	$0.37	$0.24	120,038
13-Mar-17	0%	100%	1.48%	$0.45	4	$0.32	$0.20	$99,876
1-May-17	0%	100%	1.48%	$0.45	4	$0.32	$0.20	$50,942
18-Dec-17	0%	100%	2.00%	$0.09	3	$0.09	$0.06	$5,808
18-Dec-17	0%	100%	2.00%	$0.09	3	$0.09	$0.06	$46,958
18-Dec-17	0%	100%	2.00%	$0.09	3	$0.09	$0.05	$18,602
18-Dec-17	0%	100%	2.00%	$0.14	3	$0.09	$0.04	$22,366
11-Feb-19	0%	126%	1.47%	$0.12	3	$0.09	$0.07	$88,345
18-Feb-19	0%	126%	1.47%	$0.11	3	$0.09	$0.06	$8,861
25-Feb-19	0%	126%	1.47%	$0.11	3	$0.09	$0.06	$31,639
25-Feb-19	0%	126%	1.47%	$0.11	3	$0.09	$0.06	$44,294
6-May-19	0%	125%	1.47%	$0.19	3	$0.17	$0.12	$58,204
6-May-19	0%	125%	1.47%	$0.19	3	$0.17	$0.14	$274,133
5-Jun-19	0%	127%	1.00%	$0.19	3	$0.16	$0.11	$45,286
28-Nov-19	0%	89%	0.73%	$0.21	5	$0.28	$0.21	$102,956
28-Nov-19	0%	89%	0.72%	$0.43	3	$0.28	$0.13	$255,169
20-Dec-19	0%	89%	0.72%	$0.32	3	$0.26	$0.13	$24,202
6-Apr-20	0%	148%	0.25%	$0.16	3	$0.20	$0.16	$39,986
Balance at 30 June 2020								**$1,772,183**

Note 18 Loss Per Share

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

	Consolidated	
	2020	2019
	$	$
Loss attributable to ordinary equity holders (used in calculating basic and diluted EPS) – continuing operations.	**(8,469,158)**	(5,439,459)
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share adjusted for share consolidation[1]	**707,789,254**	685,191,533
Loss per share (basic and diluted) (cents)	**(1.20)**	(0.79)

[1] 29,850,000 options excluded from the calculation will have no impact due to the Group's loss-making position, as they are anti-dilutive.

Notes to the Consolidated Financial Statements (continued)
For the Year Ended 30 June 2020

Note 19 Notes to the Cash Flow Statements

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

	Consolidated	
	2020	2019
	$	$
Loss after income tax	**(8,469,158)**	(5,439,459)
Non-cash flows in loss after income tax:		
Research and development expenditures settled through issuance of shares	**2,500,000**	–
Share based payments	**618,951**	578,434
Depreciation and amortisation	**247,424**	140,200
Finance charges on lease liability	**12,609**	–
Changes in assets and liabilities relating to operating activities:		
Decrease (increase) in other receivables	**1,095,445**	(924,217)
Decrease/(increase) in prepayments	**(2,573)**	(18,443)
Increase (decrease) in trade and other payables	**(307,438)**	698,618
Increase (decrease) in provisions	**109,468**	113,559
Net cash flows used in operating activities	**(4,195,272)**	(4,851,308)

Note 20 Remuneration of Auditors

	Consolidated	
	2020	2019
	$	$
Audit and other non-audit services		
Grant Thornton Audit Pty Ltd:		
Audit and review of financial reports	**48,500**	40,000
Other services	**16,500**	15,700
	65,000	55,700

Notes to the Consolidated Financial Statements (continued)
For the Year Ended 30 June 2020

Note 21 Related Party Transactions

(a) Transactions with key management personnel

i. Key management personnel compensation

The aggregate compensation made to key management personnel of the Group is set out below:

	Consolidated	
	2020	2019
	$	$
Short term employee benefits	**441,958**	455,708
Post-employment benefits	**26,259**	34,331
Share-based payments	**358,125**	–
	826,342	490,039

ii. Transactions with key management personnel and related parties

Other than those transactions noted in the audited Remuneration Report, there were no related party transactions that occurred in the reporting period.

Note 22 Contingent Liabilities

The Directors of the Group are not aware of any contingent liabilities which require disclosure in the financial year ended 30 June 2020.

Note 23 Commitments

	Consolidated	
	2020	2019
	$	$
Sales and marketing commitments		
Not later than 1 year	**224,700**	–
Total sales and marketing commitments	**224,700**	–
Research and development commitments		
Not later than 1 year	**54,905**	51,200
Total research and development commitments	**54,905**	51,200
Operating lease commitments		
Not later than 1 year	–	19,549
Later than 1 year but not later than 5 years	–	–
Total operating lease commitments	–	19,549

Notes to the Consolidated Financial Statements (continued)
For the Year Ended 30 June 2020

Note 24 Leases

During the year, the Company signed a new three-year, lease agreement for office premises in Brisbane, Queensland with a commencement date of 1 October 2019. The lease agreement was accounted for under AASB 16 which resulted in the recognition of 'right of use asset' and 'lease liability' on the statement of financial position. Refer to Note 12 for the net book value of the 'right of use asset'.

The lease imposes a restriction that, the right-of-use asset can only be used by the Company. The Company can sublet the asset to another party, only if prior consent is obtained from the landlord. The Company is prohibited from selling or pledging the underlying leased asset as security. The Company must keep the property in a good state of repair and return the property in their original condition at the end of the lease. Further, the Company must insure items of fixed assets and incur maintenance fees on such items in accordance with the lease agreement.

Lease liability is presented in the statement of financial position as follows:

	Consolidated	
	2020	2019
	$	**$**
Lease liability - current	**137,891**	–
Lease liability - noncurrent	**191,000**	–
	328,891	–

Future minimum lease payments at 30 June 2020 were as follows:

	Within one year	Two to five years	Total
	$	$	$
30-Jun-20			
Lease payments	148,702	193,200	341,902
Finance charges	(10,811)	(2,200)	(13,011)
Net present values	**137,891**	**191,000**	**328,891**
30-Jun-19			
Lease payments	–	–	–
Finance charges	–	–	–
Net present values	–	–	–

The term-deposit of $103,673 is held as security for the bank guarantee as required for the lease agreement. The term-deposit is presented as "other financial asset" in the statement of financial position.

Note 25 Subsequent Events

On 2 July 2020, the Company announced 20 million shares were acquired by Dr Keating on 1 July 2020 on the exercise of unlisted options. The Company received $1,375,000 as proceeds from the issuance of shares.

On 14 July 2020, the performance shares lapsed with the relevant performance milestone having not been achieved.

Notes to the Consolidated Financial Statements (continued)
For the Year Ended 30 June 2020

On 4 August 2020, the Company announced that SleepCheck was now available on the App Store in 36 countries, including most of Europe, Australia, New Zealand, Singapore and Hong Kong. SleepCheck had also been translated into German, French, Portuguese, Spanish and Italian.

No other adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

The financial statements were approved by the Board on 31 August 2020.

Note 26 Segment Reporting

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 2020. These are the figures that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources.

Note 27 Parent Entity Information

The following detailed information is related to the parent entity, ResApp Health Limited, as at 30 June 2020 and 2019:

	2020	2019
	$	$
Current assets	**6,649,453**	7,484,907
Non-current assets	**2,908,107**	2,487,090
Total assets	**9,557,560**	9,971,997
Current liabilities	**1,577,648**	1,682,797
Non-current liabilities	**271,966**	39,739
Total liabilities	**1,849,614**	1,722,536
Contributed equity	**35,944,770**	28,780,784
Reserves	**1,772,183**	6,778,204
Accumulated losses	**(30,009,007)**	(27,309,527)
Total equity	**7,707,946**	8,249,461
Loss for the year	**(8,324,455)**	5,304,284
Other comprehensive income for the year	–	–
Total comprehensive loss for the year	**(8,324,455)**	5,304,284

Directors' Declaration

The Directors' of the Group declare that:

1. in the Directors' opinion, the financial statements and accompanying notes set out on pages 17 to 49 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 2020 and of its performance for the year ended on that date;

2. note 3 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 Company will be able to pay its debts as and when they become due and payable;

4. the remuneration disclosures included in pages 10 to 14 of the directors' report (as part of the audited Remuneration Report), for the year ended 30 June 2020, 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

Brisbane
31st day of August 2020

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Independent Auditor's Report

To the Members of ResApp Health Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of ResApp Health Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, 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, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

a Giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the year ended on that date; and

b Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

Key audit matters

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

Grant Thornton

Key audit matter	How our audit addressed the key audit matter
Intangible assets – license held over patent – refer to Notes 3 and 13.	
At 30 June 2020, the carrying value of intangible assets was $1,753,887. In accordance with AASB 138 *Intangible Assets*, the entity is required to assess at each reporting period the amortisation period and amortisation method for intangible assets. In accordance with AASB 136 *Impairment of Assets*, the entity must also assess if there are any indicators of impairment which may suggest the carrying value of the intangible assets is in excess of their recoverable amount. The intellectual property intangible assets are licenses held over patents. The patents are being utilised in researching and developing the Group's respiratory application technology. The process to assess the related amortisation period, method, and potential impairment triggers involves significant management judgement and subjectivity. This area is a key audit matter due to the degree of subjectivity involved in the estimates and assumptions used by management in the impairment analysis, and determination of the useful life of the intellectual property.	Our procedures included, amongst others: • Assessing the reasonableness of management's assessment of the amortisation period and amortisation method of intangible assets, pursuant to AASB 138; • Making enquiries of management to gain an understanding of their judgements and assumptions; • Reviewing management's impairment indicators review memorandum to assess the relevance of impairment indicators under AASB 136; • Evaluating the assumptions and conclusions included in management's impairment indicators review memorandum, including referencing data on project status, considering the market capitalisation of the company, and other potential indicators of impairment; • Considering the application of requirements under AASB 136 for identifying an asset that may be impaired; and • Reviewing the appropriateness of the related disclosures within the financial statements.
Measurement of research and development tax incentive rebate accrual – refer to Notes 3, 4 and 9	
The Group receives a 43.5% refundable tax offset (2019:43.5%) of eligible expenditure under the research and development (R&D) tax incentive scheme. An R&D plan is filed with AusIndustry in the following financial year and, based on this filing, the Group receives the incentive in cash. Management performs a detailed review of the Group's total research and development expenditure to determine the potential claim under the R&D tax incentive legislation. The Group recognises R&D tax incentive rebate income on an accruals basis, meaning that a receivable is recorded at the balance date based on the estimated claim that is yet to be received from the Australian Taxation Office. The receivable at year end for the incentive was $730,000. This represents an estimated claim for the period 1 July 2019 to 30 June 2020. This includes the overseas expenditure incurred, pursuant to the Certificate for Advance Finding received from the Department of Industry, Innovation and Science during the 2020 period. The R&D refundable tax offset represents a significant portion of income and assets recognised in the 2020 financial report. This area is a key audit matter due to the size of the accrual and because there is a degree of judgement and interpretation of the R&D tax legislation required by management to assess the eligibility and amount of the R&D expenditure and corresponding refundable tax offsets under the scheme.	Our procedures included, amongst others: • Obtaining the FY20 R&D incentive calculations prepared by management; • Considering the nature of the expenses against the eligibility criteria of the R&D tax incentive scheme to form a view about whether the expenses included in the estimate were likely to meet the eligibility criteria; • Assessing the eligible expenditure used to calculate the estimate to ensure it is in accordance with expenditure recorded in the general ledger; • Agreeing a sample of individual expenditure items included in the estimate to underlying supporting documentation to ensure that they have been appropriately recognised in the accounting records and that they are eligible expenditures; • Inspecting copies of relevant correspondence with AusIndustry and the ATO related to the claims; • Checking the mathematical accuracy of the claim calculations; and • Reviewing the appropriateness of the relevant disclosures in the financial statements.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Grant Thornton

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

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

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

Responsibilities of the Directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 10 to 14 of the Directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of ResApp Health Limited, for the year ended 30 June 2020 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

Cameron Smith

CDJ Smith
Partner – Audit & Assurance

Brisbane, 31 August 2020

ASX Additional Information

Pursuant to the Listing Rules of the Australian Securities Exchange, the shareholder information set out below was applicable as at 12 August 2020.

a) Distribution of Equity Securities

Analysis of numbers of shareholders by size of holding:

Distribution	Number of Shares	%	Number of Shareholders
1 to 1,000	253,494	0.03	590
1,001 to 5,000	4,992,935	0.66	1,625
5,001 to 10,000	9,264,972	1.23	1,170
10,001 to 100,000	118,151,058	15.65	3,132
100,001 and Over	622,457,030	82.43	1,071
	755,119,489	**100.00**	**7,588**

There were 1,649 shareholders holding less than a marketable parcel of ordinary shares.

b) Substantial Shareholders

ResApp Health Limited has received the following substantial shareholder notifications. As at 12 August 2020, no other substantial shareholder notices have been received.

Shareholder Name	Shares held at date of Notice	Percentage held at date of Notice (%)	Date of Notice
FIL Limited	60,848,856	9.23	21/06/2017
Freeman Road Pty Ltd <The Avenue A/C>	43,500,000	6.28	27/09/2018
Ian Francis Reynolds	36,930,633	5.60	21/09/2017

c) Twenty Largest Shareholders

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

	Shareholder	Number of Shares	%
1	HSBC Custody Nominees (Australia) Limited	69,891,549	9.26
2	Freeman Road Pty Ltd <The Avenue A/C>	40,500,000	5.36
3	J P Morgan Nominees Australia Pty Limited	17,600,530	2.33
4	BNP Paribas Nominees Pty Ltd <IB AU NOMS Retail DPR>	17,266,887	2.29
5	Mr Frank Weng Thong Chew	13,168,000	1.74
6	Mr Anthony James Keating	10,000,000	1.32
7	Equimetrixs Pty Ltd <The Newtonmore Superannuation Fund>	8,437,500	1.12
8	Narhex Life Sciences Developments Pty Ltd	7,997,005	1.06
9	CEM International (Asia) Pty Ltd	7,849,888	1.04
10	Mr Yongsheng Peng & Mrs Yuezhen Xie	4,798,502	0.64
11	LET Superannuation Pty Ltd <LET Super Fund A/C>	4,444,103	0.59

ASX Additional Information

	Shareholder	Number of Shares	%
12	Citicorp Nominees Pty Limited	4,436,079	0.59
13	Mr Victor John Wilk	4,400,000	0.58
14	Mr Trent Antony Goodrick	4,000,000	0.53
15	Wilk Holdings Pty Ltd <Wilk Superannuation Fund A/C>	4,000,000	0.53
16	Queensland Forest Industries Pty Ltd	3,806,830	0.50
17	Gardmac Pty Ltd <Macks Super Fund A/C>	3,681,395	0.49
18	Mr Jason Dennis Roberts <JD Roberts Family A/C>	3,431,954	0.45
19	Dr Geoffrey Waring	3,303,764	0.44
20	Sobol Capital Pty Ltd <BOC A/C>	3,109,375	0.41
	TOTAL	**236,123,361**	**31.27**

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

Incentive Options - $0.05; 22 September 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 September 2020

Number of Incentive Options	2,000,000
Number of Holders	1
Holders with more than 20%	Dr Udantha Abeyratne – 100%

Incentive Options- $0.14; 18 December 2020

Number of Incentive Options	500,000
Number of Holders	1
Holders with more than 20%	Dr Philip Currie – 100%

Incentive Options- $0.085; 18 December 2020

Number of Incentive Options	350,000
Number of Holders	2
Holders with more than 20%	Dr Paul Porter – 28.6%
	Dr Philip Currie – 71.4%

ASX Additional Information

Incentive Options- $0.11; 25 February 2022	
Number of Incentive Options	700,000
Number of Holders	2
Holders with more than 20%	Dr Scott Claxton – 28.6%
	Dr Paul Porter – 71.4%

Incentive Options- $0.19; 6 May 2022	
Number of Incentive Options	500,000
Number of Holders	1
Holders with more than 20%	Dr Philip Currie – 100%

Incentive Options- $0.19; 6 May 2024	
Number of Incentive Options	2,000,000
Number of Holders	1
Holders with more than 20%	Dr Philip Currie – 100%

Incentive Options- $0.19; 5 June 2022	
Number of Incentive Options	400,000
Number of Holders	2
Holders with more than 20%	Dr Naomi Fried – 50%
	Dr Joseph Kvedar – 50%

Employee Incentive Options	
ESOP Options - $0.45; 12 December 2020	500,000 Options – 1 holder
ESOP Options - $0.45; 13 March 2021	500,000 Options – 1 holder
ESOP Options - $0.45; 1 May 2021	250,000 Options – 1 holder
ESOP Options - $0.085; 18 December 2020	900,000 Options – 9 holders
ESOP Options - $0.12; 11 February 2022	1,950,000 Options – 9 holders
ESOP Options - $0.11; 18 February 2022	200,000 Options – 1 holder
ESOP Options - $0.11; 25 February 2022	500,000 Options – 1 holder
ESOP Options - $0.32; 20 December 2022	700,000 Options – 4 holders
ESOP Options - $0.43; 20 December 2022	2,000,000 Options – 4 holders
ESOP Options - $0.21; 20 December 2024	975,000 Options – 1 holder
ESOP Options - $0.16; 6 April 2023	1,000,000 Options – 1 holder

g) On Market Buy-Back

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

h) Restricted Securities

There are currently no restricted securities on issue.