

Appendix 4E – Preliminary Final Report for the Year Ended 30 June 2016

<b>Results for announcement to market</b>	<b>Up / Down</b>	<b>% Change</b>	<b>2016 \$</b>	<b>2015 \$</b>
Revenue from ordinary activities	Up	262%	82,633	22,806
Loss after tax from ordinary activities attributable to members	Down	558%	(3,207,577)	(487,578)
Loss attributable to members	Down	558%	(3,207,577)	(487,578)

<b>Dividend Information</b>	<b>Amount per share</b>	<b>Franked Amount per share</b>
Dividend – current reporting period	Nil	Nil
Dividend – previous reporting period	Nil	Nil

<b>Net Tangible Asset Backing per Ordinary Share</b>	<b>cents</b>
Net tangible asset backing per ordinary share – current reporting period	2.10
Net tangible asset backing per ordinary share – previous reporting period	0.19

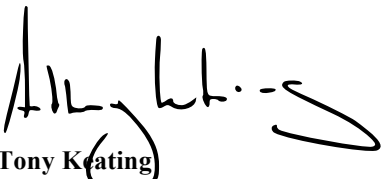
**Commentary on the Results for the Period**

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

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

**Audit**

This Preliminary Final Report is based on the Annual Financial Report which is in the process of being audited.



**Tony Keating**  
**Managing Director and Chief Executive Officer**

Dated at Perth this 31<sup>st</sup> day of August 2016

## Principal activities

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

## Operating results and financial position

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

## Review of operations

### *Acquisition of ResApp Diagnostics Pty Ltd*

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

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

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

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

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

### *Paediatric Clinical Studies*

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

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

On 30 September 2015, the Company announced positive preliminary results from its clinical study for diagnosis of asthma and viral pneumonia. On 10 November 2015 further positive preliminary results were released from its paediatric clinical study underway at JHC and PMH. These November preliminary results, prepared by the team led by Associate Professor Udantha Abeyratne at The University of Queensland (UQ), were based on a 338 subject dataset.

The results expanded the platform to diagnose bronchiolitis, croup and upper respiratory tract infection (URTI) at very high levels of accuracy (greater than 96%) and showed accurate (89-99%) differential diagnosis of patients with one respiratory disease from patients with other respiratory diseases. The new diseases (plus viral pneumonia and asthma/viral-induced wheeze reported in the September preliminary results) cover the majority of respiratory conditions that commonly occur in children.

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**Review of operations (continued)**

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

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

*Adult Clinical Studies*

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

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

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

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

*FDA approval process*

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

Appendix 4E – Preliminary Final Report for the Year Ended 30 June 2016

**Review of operations (continued)**

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

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

*Collaboration with Leading Humanitarian Organisation*

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

*Capital Raisings*

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

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

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

**Subsequent events**

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

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

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

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

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

Appendix 4E – Preliminary Final Report for the Year Ended 30 June 2016

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

	<b>Note</b>	<b>Consolidated 2016 \$</b>	<b>Company 2015 \$</b>
Other revenue	3	82,633	173,427
Administration costs	4	(1,428,488)	(662,128)
Research and development costs	5	(1,093,896)	-
Finance costs		(2,708)	(620)
Doubtful debts expense	6	(330,600)	-
Share based payment expense	10	(434,518)	-
<b>Loss before income tax</b>		<b>(3,207,577)</b>	<b>(489,321)</b>
Income tax benefit		-	-
<b>Loss for the year</b>		<b>(3,207,577)</b>	<b>(489,321)</b>
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year</b>		<b>(3,207,577)</b>	<b>(489,321)</b>
Earnings per share (basic and diluted) (cents)	11	(0.65)	(0.24)

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

**Consolidated statement of financial position as at 30 June 2016**

	Note	Consolidated 2016 \$	Company 2015 \$
<b>Current Assets</b>			
Cash and cash equivalents		13,735,219	4,097,129
Trade receivables		100,495	65,017
Other receivables	6	20,890	520,300
Other assets		6,231	98,143
<b>Total Current Assets</b>		<b>13,862,835</b>	<b>4,780,589</b>
<b>Non-Current Assets</b>			
Intangibles	2	2,428,459	-
<b>Total Non-Current Assets</b>		<b>2,428,459</b>	<b>-</b>
<b>Total Assets</b>		<b>16,291,294</b>	<b>4,780,589</b>
<b>Current Liabilities</b>			
Trade and other payables	7	221,550	487,126
Annual leave provision		23,386	-
Funds received in advance of share issue	8	-	3,808,522
<b>Total Current Liabilities</b>		<b>244,936</b>	<b>4,295,648</b>
<b>Total Liabilities</b>		<b>244,936</b>	<b>4,295,648</b>
<b>Net Assets</b>		<b>16,046,358</b>	<b>484,941</b>
<b>Equity</b>			
Issued capital	9	21,515,523	4,004,499
Reserves	10	1,257,970	-
Accumulated losses		(6,727,135)	(3,519,558)
<b>Total Equity</b>		<b>16,046,358</b>	<b>484,941</b>

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

Appendix 4E – Preliminary Final Report for the Year Ended 30 June 2016

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

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

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

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

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

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



## CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

### Impairment of intangibles

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

### Acquisition of asset not deemed a business combination

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

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

### Share based payment expenses

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

### Recoverability of loan to Golden Saint Minerals Guinee SA

The Company tests the recoverability of loan receivables annually. An assessment was carried out and it was deemed that a full provision for doubtful debts was appropriate to be recorded against the loan receivable from Golden Saint Minerals Guinee SA. (Note 6).

## NOTE 1 INVESTMENT

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

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

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

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

Consideration for the acquisition:	<b>\$</b>
Ordinary shares <sup>1</sup> (Note 9)	1,875,000
Costs attributable to the acquisition <sup>2</sup> (Note 9)	375,000
	<b>2,250,000</b>

**NOTE 1 INVESTMENT (CONTINUED)**

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

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

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

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

**NOTE 2 INTANGIBLES**

	<b>Consolidated</b>	<b>Company</b>
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Intangibles (Note 1)	2,428,459	-
	<b><u>2,428,459</u></b>	<b><u>-</u></b>

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

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

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

**NOTE 3 OTHER REVENUE**

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

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

**NOTE 4 ADMINISTRATION EXPENSES**

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

**NOTE 5 RESEARCH AND DEVELOPMENT COSTS**

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

**NOTE 6 OTHER RECEIVABLES**

*Loan Receivable from Golden Saint Minerals Guinea*

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

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

**NOTE 7 TRADE AND OTHER PAYABLES**

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

**NOTE 8 FUNDS RECEIVED IN ADVANCE OF SHARE ISSUE**

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

**NOTE 9 ISSUED CAPITAL**

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

**NOTE 9 ISSUED CAPITAL (CONTINUED)**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

<sup>(xiv)</sup> Costs of capital comprises: \$203,250 relating to Advisory Shares (outlined above), \$823,452 relating to valuation of Unlisted Options issued on 29 April 2016 (Note 10), and other costs of \$1,027,336.

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

**NOTE 10 EQUITY-SETTLED BENEFITS RESERVE**

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

<sup>1</sup> During the financial year, ResApp Health Limited issued the following unlisted options:

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

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

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

**NOTE 10 EQUITY-SETTLED BENEFITS RESERVE (CONTINUED)**

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

**NOTE 11 LOSS PER SHARE**

	<b>Consolidated</b>	<b>Company</b>
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>

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

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

**NOTE 12 SEGMENT NOTE**

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

**NOTE 13 PARENT ENTITY INFORMATION**

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

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Current assets	14,062,918	4,780,589
Non-current assets	2,250,000	-
<b>Total assets</b>	<b>16,312,918</b>	<b>4,780,589</b>
Current liabilities	244,935	4,295,648
Non-current liabilities	-	-
<b>Total liabilities</b>	<b>244,935</b>	<b>4,295,648</b>

**NOTE 13 PARENT ENTITY INFORMATION (CONTINUED)**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Contributed equity	21,515,524	4,004,499
Reserves	1,257,970	-
Accumulated Losses	(6,705,512)	(3,519,558)
<b>Total equity</b>	<b>16,067,982</b>	<b>484,941</b>
Loss for the year	(3,185,954)	(489,321)
Other comprehensive income for the year	-	-
<b>Total comprehensive loss for the year</b>	<b>(3,185,954)</b>	<b>(489,321)</b>