

1 March 2017

ASX Announcements Office  
Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2000

**HALF YEAR REPORT – NOTE DISCLOSURE CORRECTION**

On 28 February 2017, ResApp Health Limited released its half year financial report for the period ended 31 December 2016 (“**Financial Report**”).

The figures included in the table in Note 6 on page 13 of the Financial Report relating to the valuation of the Director Options issued on 10 November 2016 were misstated (“**Note Disclosure**”).

Following consultation with the Company’s auditors an amended financial report is attached correcting only the Note Disclosure contained in the report.

Accordingly, no changes are required to the consolidated statement of financial position, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows.

Yours faithfully



Nicki Farley  
Company Secretary



**ResApp Health Limited**

**ABN 51 094 468 318**

**AMENDED CONSOLIDATED INTERIM FINANCIAL REPORT  
for the half year ended 31 December 2016**

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## **CORPORATE INFORMATION**

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These financial statements are for ResApp Health Limited and its controlled entity (“the Group”). Unless otherwise stated, all amounts are presented in \$AUD.

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 2 to 4. The directors’ report is not part of the financial statements.

### **Directors**

Dr Tony Keating (*appointed 2 July 2015*)  
Dr Roger Aston (*appointed 2 July 2015*)  
Mr Chris Ntoumenopoulos (*appointed 21 January 2015*)  
Mr Brian Leedman (*appointed 19 February 2016*)

### **Company Secretary**

Ms. Nicki Farley (*appointed 7 November 2012*)

### **Registered Office**

Level 24  
44 St Georges Tce  
PERTH WA 6000

### **Principal Place of Business**

Level 8  
127 Creek St  
BRISBANE QLD 4000

### **Share Registry & Register**

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

### **Contact Information**

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Fax: 08 9218 8875

### **Web Site**

[www.resapphealth.com.au](http://www.resapphealth.com.au)

### **Auditors**

Grant Thornton Audit Pty Ltd  
Level 1, 10 Kings Park Road  
WEST PERTH WA 6005

### **Solicitors**

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

### **Bankers**

National Australia Bank  
100 St Georges Tce  
PERTH WA 6000

### **Stock Exchange Listing**

ResApp Health Limited  
ASX Code: RAP

## **DIRECTORS' REPORT**

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The directors of ResApp Health Limited (“the Company”) and its controlled entity (“the Group”) submit herewith the interim financial statements of the Group for the half year ended 31 December 2016.

### **Directors and Executive Details**

The following persons acted as directors of the Group during or since the end of the half year:

Dr Tony Keating (appointed 2 July 2015)  
Dr Roger Aston (appointed 2 July 2015)  
Mr Chris Ntoumenopoulos (appointed 21 January 2015)  
Mr Brian Leedman (appointed 19 February 2016)

### **Principal Activities**

During the half-year, the Company continued the development and commercialisation of the ResApp technology for the purpose of providing digital health care solutions for respiratory disease.

### **Operating Results**

The loss after tax of the Group for the half year ended 31 December 2016 was \$7,553,278 (31 December 2015: loss \$1,500,948).

### **Review of Operations**

#### **Operational Review**

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. MGH is a 1,000-bed academic medical centre located in Boston, Massachusetts. Each year, 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, MGH topped the Nature Index list of health care organizations for most publications in leading scientific journals. MGH has always been among the top few hospitals each year on the U.S. News & World Report list of “America's Best Hospitals.”

On 18 August 2016, the Company announced positive 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 in Perth and one at the Wesley Hospital in Brisbane to record adult asthma and chronic obstructive pulmonary disease (COPD) patients' breathing and cough sounds alongside comprehensive lung function tests.

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

On 3 October 2016, the Company announced further positive results from its adult clinical study at Joondalup Health Campus and the Wesley Hospital. The Company's cough sound-based algorithms achieved between 91% and 100% accuracy for distinguishing adult patients with chronic obstructive pulmonary disease (COPD), asthma or pneumonia from subjects with no discernible respiratory disease. In addition, the new analysis demonstrated accuracy of 100% for distinguishing patients with an upper respiratory tract infection (URTI) from the no respiratory disease group (not previously reported). The differential diagnosis of asthma versus COPD, pneumonia versus asthma and pneumonia versus COPD (not previously reported) was achieved at an accuracy in the range of 88% and 94%. As was found in the paediatric study, the algorithms were able to correctly detect lower

## **DIRECTORS' REPORT**

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respiratory tract disease in 84% of adult patients who were initially diagnosed as clear by experienced clinicians using stethoscopes but were finally diagnosed as having a lower respiratory tract disease after additional clinical testing.

On 21 October 2016 the Company announced that it had received its first institutional review board (IRB) approval at Cleveland Clinic for the SMARTCOUGH-C study, a prospective, multi-site, double blind study that will evaluate the efficacy of the ResAppDx software application in the diagnosis of childhood pneumonia and other respiratory conditions from cough sounds. The study aims to recruit up to 1,111 patients between the ages of 29 days and 12 years. The co-primary efficacy endpoints of the study are the diagnosis of pneumonia compared to radiologic and clinical diagnosis. Secondary endpoints are diagnosis of other common childhood respiratory diseases such as upper respiratory tract infection, croup, bronchiolitis and asthma/reactive airways disease compared with a clinical diagnosis. Three US hospital sites are participating in the study and the study is registered on the US National Institutes of Health clinical trials database at [clinicaltrials.gov](http://clinicaltrials.gov) (NCT02973282).

The Company subsequently announced that it had also received IRB approval at the Massachusetts General Hospital for the SMARTCOUGH-C study on 11 November 2016 and at Baylor College of Medicine and Texas Children's Hospital on 16 November 2016.

On 9 December 2016 the Company announced the initiation of its SMARTCOUGH-C study and that the first patients had been enrolled.

### **Corporate Review**

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 16 September 2016 the Company issued 2 million Employee Incentive Options (exercisable at \$0.45, expiring 16 September 2019) pursuant to the terms of the Company's Employee Incentive Plan. The Company also issued 2 million Consultancy Incentive Options (exercisable at \$0.45, expiring 16 September 2019) and 2 million Consultancy Incentive Options (exercisable at \$0.75, expiring 16 September 2019) which were issued as part consideration for consultancy services provided.

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

On 10 November 2016 the Company issued 7.2 million Tranche 1 Director Incentive Options (exercisable at \$0.45, expiring 10 November 2019) and 7.4 million Tranche 2 Director Incentive Options (exercisable at \$0.75, expiring 10 November 2019), as approved by Shareholders at the Company's Annual General Meeting on 2 November 2016.

On 9 November 2016 the Company confirmed the appointment of new auditors Grant Thornton Audit Pty Ltd replacing Greenwich & Co Audit Pty Ltd.

On 16 December 2016 the Company issued 5,250,000 Shares on conversion of 5,250,000 Unlisted Options (exercisable at \$0.026 on or before 31 December 2016).

### **Subsequent Events**

On 10 January 2017 the Company announced that it had entered into a two-year expanded research collaboration with Massachusetts General Hospital (MGH) alongside MGH's participation in the Company's SMARTCOUGH-C study. Working together, the Company and MGH will perform additional analysis of the SMARTCOUGH-C study data, use the SMARTCOUGH-C dataset to investigate the state of respiratory disease clinical practice today

## **DIRECTORS' REPORT**

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and evaluate the efficacy of the Company's cough-based diagnostic test in additional respiratory disease indications.

On 14 February 2017 the Company issued 250,000 Options (exercisable at \$0.45; expiring 31 October 2020) and 500,000 Options (exercisable at \$0.45; expiring 12 December 2020) pursuant to the terms of the Company's Employee Incentive Plan.

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

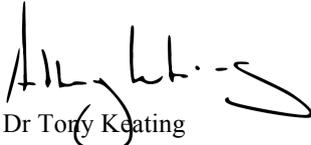
### **Dividends**

No dividend has been proposed or paid.

### **Auditor's independence declaration**

The auditor's independence declaration is included on page 5 of this report.

Signed in accordance with a resolution of the directors



Dr Tony Keating  
Director

Brisbane  
1<sup>st</sup> March 2017

Level 1  
10 Kings Park Road  
West Perth WA 6005

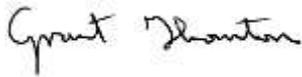
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**Auditor's Independence Declaration  
To The Directors of ResApp Health Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of ResApp Health Limited for the half-year ended 31 December 2016, 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 review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



P W Warr  
Partner - Audit & Assurance

Perth, 28 February 2017

Grant Thornton Audit Pty Ltd ACN 130 913 594  
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

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**Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income  
 for the half year ended 31 December 2016**

	Note	Consolidated	
		31 Dec 2016 \$	31 Dec 2015 \$
Interest revenue		66,547	32,899
Administration expenses		(1,172,381)	(546,683)
Research and development costs		(1,300,113)	(551,723)
Share based payment expense	6	(4,942,922)	(434,518)
Amortisation	4	(202,372)	-
Finance costs		(2,037)	(923)
<b>(Loss)/Profit before income tax</b>		<b>(7,553,278)</b>	<b>(1,500,948)</b>
Income tax benefit		-	-
<b>(Loss)/Profit for the half year</b>		<b>(7,553,278)</b>	<b>(1,500,948)</b>
Other comprehensive income for the half year		-	-
<b>Total comprehensive income for the half year</b>		<b>(7,553,278)</b>	<b>(1,500,948)</b>
Loss per share attributable to the members of ResApp Health Limited (basic and diluted) (cents)		<b>(1.16)</b>	<b>(0.32)</b>

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

**Consolidated Interim Statement of Financial Position**  
 as at 31 December 2016

	Note	Consolidated	
		31 Dec 2016 \$	30 June 2016 \$
<b>Current assets</b>			
Cash and cash equivalents		12,171,124	13,735,219
Trade receivables		67,877	100,495
Other receivables		24,880	20,890
Other assets		56,595	6,231
<b>Total current assets</b>		<b>12,320,476</b>	<b>13,862,835</b>
<b>Non-current assets</b>			
Intangibles (net)	4	2,226,087	2,428,459
<b>Total non-current assets</b>		<b>2,226,087</b>	<b>2,428,459</b>
<b>Total assets</b>		<b>14,546,563</b>	<b>16,291,294</b>
<b>Current liabilities</b>			
Trade and other payables		816,439	221,550
Annual leave provision		28,434	23,386
<b>Total current liabilities</b>		<b>844,873</b>	<b>244,936</b>
<b>Total liabilities</b>		<b>844,873</b>	<b>244,936</b>
<b>Net assets</b>		<b>13,701,690</b>	<b>16,046,358</b>
<b>Equity</b>			
Issued capital	5	21,781,211	21,515,523
Equity-settled benefits reserves	6	6,200,892	1,257,970
Accumulated losses		(14,280,413)	(6,727,135)
<b>Total equity</b>		<b>13,701,690</b>	<b>16,046,358</b>

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

**Consolidated Interim Statement of Changes in Equity**  
 for the half year ended 31 December 2016

	Fully paid ordinary shares \$	Equity-settled benefits reserve \$	Accumulated losses \$	Total \$
<b>Balance at 30 June 2015</b>	<b>4,004,499</b>	-	<b>(3,519,558)</b>	<b>484,941</b>
<b>Comprehensive Income</b>				
Loss for the half year	-	-	(1,500,948)	(1,500,948)
<b>Total comprehensive income for the half year</b>	-	-	<b>(1,500,948)</b>	<b>(1,500,948)</b>
<b>Transactions with owners, in their capacity as owners, and other transfers</b>				
Options issued during the half year	-	434,518	-	434,518
Shares issued during the half year	6,250,000	-	-	6,250,000
Costs directly attributable to issue of share capital	(280,460)	-	-	(280,460)
<b>Total transactions with owners and other transfers</b>	<b>5,969,540</b>	<b>434,518</b>	-	<b>6,404,058</b>
<b>Balance at 31 Dec 2015</b>	<b>9,974,039</b>	<b>434,518</b>	<b>(5,020,506)</b>	<b>5,388,051</b>
<b>Balance at 30 June 2016</b>	<b>21,515,523</b>	<b>1,257,970</b>	<b>(6,727,135)</b>	<b>16,046,358</b>
<b>Comprehensive Income</b>				
Loss for the half year	-	-	(7,553,278)	(7,553,278)
<b>Total comprehensive income for the half year</b>	-	-	<b>(7,553,278)</b>	<b>(7,553,278)</b>
<b>Transactions with owners, in their capacity as owners, and other transfers</b>				
Options issued during the half year	-	4,942,922	-	4,942,922
Shares issued during the half year	265,688	-	-	265,688
Costs directly attributable to issue of share capital	-	-	-	-
<b>Total transactions with owners and other transfers</b>	<b>265,688</b>	<b>4,942,922</b>	-	<b>5,208,610</b>
<b>Balance at 31 Dec 2016</b>	<b>21,781,211</b>	<b>6,200,892</b>	<b>(14,280,413)</b>	<b>13,701,690</b>

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

**Consolidated Interim Statement of Cash Flows**  
 for the half year ended 31 December 2016

	<b>Consolidated</b>	
	<b>Note</b>	<b>31 Dec 2015</b>
	<b>31 Dec 2016</b>	<b>31 Dec 2015</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Cash payments to suppliers and employees	<b>(1,890,303)</b>	(1,135,314)
Interest paid	<b>(2,037)</b>	(923)
Interest received	<b>62,557</b>	22,749
<b>Net cash flows used in operating activities</b>	<b>(1,829,783)</b>	(1,113,488)
<b>Cash flows from investing activities</b>		
Cash received on acquisition of ResApp Diagnostics	-	31,872
<b>Net cash flows provided by investing activities</b>	-	31,872
<b>Cash flows from financing activities</b>		
Proceeds from issue of share capital	<b>265,688</b>	5,000
Costs of capital raising	-	(337,524)
<b>Net cash flows (used in)/provided by financing activities</b>	<b>265,688</b>	(332,524)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,564,095)</b>	(1,414,140)
Cash and cash equivalents at the beginning of the financial half-year	<b>13,735,219</b>	4,097,129
<b>Cash and cash equivalents at the end of the financial half-year</b>	<b>12,171,124</b>	2,682,989

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

**Consolidated Interim Notes to the Financial Statements  
 for the half year ended 31 December 2016**

**Note 1 Statement of Compliance and Basis of Preparation**

**Statement of Compliance**

These half year financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2016 and any public announcements made by ResApp Health Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The accounting policies have been consistently applied by the Company and are consistent with those in the June 2016 financial report. The half-year report does not include full disclosures of the type normally included in an annual financial report.

**Note 2 Significant Accounting Policies**

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

**Note 3 Adoption of New and Revised Australian Accounting Standards**

The Company adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory or became available for early adoption in the current period. None of the Standards adopted had a material impact upon these financial statements.

**Note 4 Intangibles**

	<b>Consolidated</b>	
	<b>31 Dec 2016</b>	<b>30 June 2016</b>
	<b>\$</b>	<b>\$</b>
Licensed IP (gross)	2,428,459	2,428,459
Amortisation	(202,372)	-
<b>Total Intangibles (net)</b>	<b>2,226,087</b>	<b>2,428,459</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.

<b>Country</b>	<b>Application Number</b>	<b>Title</b>
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

**Consolidated Interim Notes to the Financial Statements  
 for the half year ended 31 December 2016**

**Note 4 Intangibles (continued)**

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.

**Subsequent measurement**

All intangible assets are accounting 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. The Company 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 impairment testing.

**Note 5 Issued Capital**

	<b>No</b>	<b>\$</b>
<b>Fully paid ordinary shares and authorised capital</b>		
Balance as at 1 July 2015	249,273,353	4,004,499
Issue of fully paid ordinary shares on 2 July 2015 <sup>1</sup>	200,000,000	4,000,000
Issue of fully paid ordinary shares on 2 July 2015 <sup>1</sup>	93,750,000	1,875,000
Issue of fully paid ordinary shares on 2 July 2015 <sup>1</sup>	18,749,000	375,000
Costs directly attributable to issue of share capital	-	(280,460)
Balance as at 31 December 2015	<u>561,773,353</u>	<u>9,974,039</u>
Balance as at 1 July 2016	648,820,852	21,515,523
Issue of fully paid ordinary shares on 15 July 2016 <sup>2</sup>	375,000	9,750
Issue of fully paid ordinary shares on 22 July 2016 <sup>3</sup>	750,000	19,500
Issue of fully paid ordinary shares on 16 September 2016 <sup>4</sup>	187,500	4,875
Issue of fully paid ordinary shares on 7 October 2016 <sup>5</sup>	2,437,500	63,375
Issue of fully paid ordinary shares on 26 October 2016 <sup>6</sup>	1,218,750	31,688
Issue of fully paid ordinary shares on 16 December 2016 <sup>7</sup>	5,250,000	136,500
Costs directly attributable to issue of share capital	-	-
Balance as at 31 December 2016	<u>659,039,602</u>	<u>21,781,211</u>

<sup>1</sup>Pursuant to the Company's replacement Prospectus dated 26 May 2015, the Company issued 200,000,000 shares under the Public Offer, 18,749,999 shares under the Facilitation Offer and 93,750,000 shares under the Vendor Offer.

<sup>2</sup>On 15 July 2016, 375,000 shares were issued on the conversion of unlisted options at \$0.026 per share.

<sup>3</sup>On 22 July 2016, 750,000 shares were issued on the conversion of unlisted options at \$0.026 per share.

<sup>4</sup>On 16 September 2016, 187,500 shares were issued on the conversion of unlisted options at \$0.026 per share.

<sup>5</sup>On 7 October 2016, 2,437,500 shares were issued on the conversion of unlisted options at \$0.026 per share.

<sup>6</sup>On 26 October 2016, 1,218,750 shares were issued on the conversion of unlisted options at \$0.026 per share.

<sup>7</sup>On 16 December 2016, 2,250,000 shares were issued on the conversion of unlisted options at \$0.026 per share.

**Consolidated Interim Notes to the Financial Statements  
 for the half year ended 31 December 2016**

**Note 6 Equity-Settled Benefits Reserve**

	\$
<b>Options for fully paid ordinary shares and authorised capital</b>	
Balance as at 1 July 2015	-
Fair value of options issued and expensed to profit and loss <sup>1</sup>	434,518
Balance as at 31 December 2015	434,518
	\$
<b>Options for fully paid ordinary shares and authorised capital</b>	
Balance as at 1 July 2016	1,257,970
Fair value of options issued and expensed to profit and loss <sup>2</sup>	4,942,922
Balance as at 31 December 2016	6,200,892

<sup>1</sup> During the six month period ended 31 December 2015, ResApp Health Limited issued the following unlisted options which were expensed as share based payments:

- 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.

<sup>2</sup> During the six month period ended 31 December 2016, ResApp Health Limited issued the following options which were expensed as share based payments:

- 2,000,000 Employee Incentive Options were issued to Employees on 16 September 2016 pursuant to the terms of the Company's Employee Incentive Plan. The Options are exercisable at \$0.45 and expire on 16 September 2019. One third of the Employee Incentive Options vest immediately with the remaining two thirds vesting in equal quarterly instalments over 2 years from the date of issue if the employee remains employed by the Company. The options are valued for the vesting period as at 31 December 2016.
- 2,000,000 Consultancy Incentive Options were issued to consultants on 16 September 2016, being exercisable at \$0.45 and expiring on 16 September 2019.
- 2,000,000 Consultancy Incentive Options were issued to consultants on 16 September 2016, being exercisable at \$0.75 and expiring on 16 September 2019.
- 7,200,000 Director Incentive Options were issued to Directors on 10 November 2016, being exercisable at \$0.45 and expiring on 10 November 2019, as approved by Shareholders at the Company's Annual General Meeting on 2 November 2016.
- 7,400,000 Director Incentive Options were issued to Directors on 10 November 2016, being exercisable at \$0.75 and expiring on 10 November 2019, as approved by Shareholders at the Company's Annual General Meeting on 2 November 2016.

**Consolidated Interim Notes to the Financial Statements  
 for the half year ended 31 December 2016**

**Note 6 Equity-Settled Benefits Reserve (continued)**

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.

	<b>Options expiring 2-Jul-20</b>	<b>Options expiring 2-Jul-20</b>	<b>Options expiring 2-Jul-20</b>	<b>Options expiring 22-Sep-20</b>	<b>Options expiring 22-Sep-20</b>	<b>Options expiring 29-Apr-19</b>
<b>Grant date</b>	2-Jul-15	2-Jul-15	2-Jul-15	22-Sep-15	22-Sep-15	29-Apr-16
<b>Dividend yield</b>	0%	0%	0%	0%	0%	0%
<b>Expected volatility</b>	110%	110%	110%	110%	110%	110%
<b>Risk-free interest rate</b>	1.92%	1.92%	1.92%	1.92%	1.92%	2.00%
<b>Option exercise price</b>	\$0.025	\$ 0.05	\$0.10	\$0.05	\$0.10	\$0.28
<b>Expected life (years)</b>	5	5	5	5	5	3
<b>Share price on date of grant</b>	\$0.021	\$ 0.021	\$0.021	\$0.03	\$0.03	\$0.210
<b>Value attributable to the options in the equity settled benefits reserve at 31 Dec 16</b>	\$95,000	\$85,000	\$150,000	\$66,006	\$38,512	\$585,445
	<b>Options expiring 29-Apr-19</b>	<b>Options expiring 16-Sep-19</b>	<b>Options expiring 16-Sep-19</b>	<b>Options expiring 16-Sep-19</b>	<b>Options expiring 10-Nov-19</b>	<b>Options expiring 10-Nov-19</b>
<b>Grant date</b>	29-Apr-16	16-Sep-16	16-Sep-16	16-Sep-16	10-Nov-16	10-Nov-16
<b>Dividend yield</b>	0%	0%	0%	0%	0%	0%
<b>Expected volatility</b>	110%	100%	100%	100%	104%	104%
<b>Risk-free interest rate</b>	2.00%	1.48%	1.48%	1.48%	1.48%	1.48%
<b>Option exercise price</b>	\$0.30	\$ 0.45	\$ 0.45	\$0.75	\$0.45	\$0.75
<b>Expected life (years)</b>	3	3	3	3	3	3
<b>Share price on date of grant</b>	\$0.210	\$ 0.430	\$ 0.430	\$0.430	\$0.440	\$0.440
<b>Value attributable to the options in the equity settled benefits reserve at 31 Dec 16</b>	\$238,007	\$219,772*	\$527,454	\$439,545	\$2,009,593	\$1,746,558

**Note 7 Segment Reporting**

The Group has identified its operating segment as medical technology and is used by the board of directors in assessing performance and determining the allocation of resources. The reportable segment is represented by the primary consolidated statements forming the interim financial report for the half-year ended 31 December 2016.

**Consolidated Interim Notes to the Financial Statements  
 for the half year ended 31 December 2016**

**Note 8 Commitments and Contingent Liabilities**

	<b>Consolidated</b>	
	<b>31 Dec 2016</b>	<b>30 June 2016</b>
	<b>\$</b>	<b>\$</b>
<b>Operating lease commitments</b>		
Not later than 1 year	64,719	68,463
Later than 1 year but not later than 5 years	193,846	203,838
<b>Total operating lease commitments</b>	<b>258,565</b>	<b>272,301</b>
<b>Company secretary commitments</b>		
Not later than 1 year	16,000	32,000
<b>Total company secretarial commitments</b>	<b>16,000</b>	<b>32,000</b>
<b>Research expenditure commitments</b>		
Not later than 1 year	754,121	170,376
Later than 1 year but not later than 5 years	152,608	492,141
<b>Total research expenditure commitments</b>	<b>906,728</b>	<b>662,517</b>
<b>Clinical study commitments</b>		
Not later than 1 year	594,005	-
Later than 1 year but not later than 5 years	-	-
<b>Total clinical study commitments</b>	<b>594,005</b>	<b>-</b>
	<b>Consolidated</b>	
	<b>31 Dec 2016</b>	<b>30 June 2016</b>
	<b>USD</b>	<b>USD</b>
<b>Clinical study commitments</b>		
Not later than 1 year	1,403,869	-
Later than 1 year but not later than 5 years	210,492	-
<b>Total clinical study commitments</b>	<b>1,614,360</b>	<b>-</b>

As at 31 December 2016 the Company had no known contingent liabilities.

**Consolidated Interim Notes to the Financial Statements  
for the half year ended 31 December 2016**

**Note 9 Subsequent Events**

On 10 January 2017 the Company announced that it had entered into a two-year expanded research collaboration with Massachusetts General Hospital (MGH) alongside MGH's participation in the Company's SMARTCOUGH-C study. Working together, the Company and MGH will perform additional analysis of the SMARTCOUGH-C study data, use the SMARTCOUGH-C dataset to investigate the state of respiratory disease clinical practice today and evaluate the efficacy of the Company's cough-based diagnostic test in additional respiratory disease indications.

On 14 February 2017 the Company issued 250,000 Options (exercisable at \$0.45; expiring 31 October 2020) and 500,000 Options (exercisable at \$0.45; expiring 12 December 2020) pursuant to the terms of the Company's Employee Incentive Plan.

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

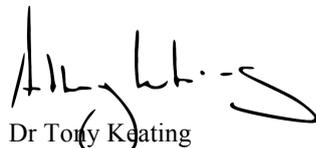
**Directors' Declaration**

The directors of the Group declare that:

- (1) The attached financial statements and notes are in accordance with the *Corporations Act 2001*, including:
  - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
  - (b) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the half-year ended on that date.
- (2) The directors' opinion that there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

On behalf of the Board



Dr Tony Keating  
Director

Brisbane  
1st March 2017

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## **INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF RESAPP HEALTH LIMITED**

We have reviewed the accompanying half-year financial report of ResApp Health Limited (the Company), which comprises the consolidated financial statements being the interim statement of financial position as at 31 December 2016, and the interim statement of profit or loss and other comprehensive income, interim statement of changes in equity and interim statement of cash flows for the half-year ended on that date, notes comprising a summary of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

### **Directors' Responsibility for the Half-year Financial Report**

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

### **Auditor's Responsibility**

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the ResApp Health Limited consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of ResApp Health Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

### **Independence**

In conducting our review, we complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the Directors of ResApp Health Limited on 28 February 2017, would be in the same terms if provided to the Directors as at the date of this auditor's review report.

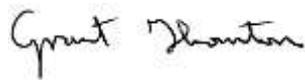
### **Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of ResApp Health Limited is not in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

### **Other Matter**

On 28 February 2017, the Company released its half year financial report for the period ended 31 December 2016. There are no changes to our Conclusion or the consolidated interim statement of financial position as at 31 December 2016, or the consolidated interim statement of profit or loss and other comprehensive income, consolidated interim statement of changes in equity and consolidated interim statement of cash flows for the half-year ended on that date, however, the note disclosure for equity-settled benefits reserve Note 6 was misstated. This has resulted in a retraction of our original review report dated 28 February 2017 and the issue of this review report.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



P W Warr  
Partner - Audit & Assurance

Perth, 1 March 2017