

APPENDIX 4D

Half-year Report for the period ending 31 December 2017

1. Name of entity

RESAPP HEALTH LIMITED

ABN	Reporting Period	Previous Corresponding Period
51 094 468 318	Half year ended 31 December 2017	Half year ended 31 December 2016

2. Results for Announcement to the Market

Financial Results	Up / Down	% Change	to	31 December 2017
Revenues from ordinary activities (<i>item 2.1</i>)	Down	14.9%	to	56,641
Loss from ordinary activities after tax attributable to members (<i>item 2.2</i>)	Down	57.8%	to	(3,186,761)
Net loss for the period attributable to members (<i>item 2.3</i>)	Down	57.8%	to	(3,186,761)
Final and interim dividends (<i>item 2.4</i>)	It is not proposed that either a final or interim dividend be paid.			
Record date for determining entitlements to the dividend (<i>item 2.5</i>)	N/A			
Brief explanation of any of the figures reported above (<i>item 2.6</i>):	<p>The current loss for the period is consistent with the operations of the Group and also takes into account the estimated R&D rebate receivable.</p> <p>The prior period loss was mainly attributable to share based payment expenses arisen from options issued during the period.</p>			

3. NTA Backing

	Current Period	Previous Corresponding Period
Net tangible assets per ordinary share (<i>Item 3</i>)	0.98 cents	1.74 cents

4. Control gained over entities

Details of entities over which control has been gained or lost (<i>item 4</i>)	N/A
--	-----

5. Dividends paid and payable

Details of dividends or distribution payments (<i>item 5</i>)	No dividends or distributions are payable.
---	--

6. Dividend reinvestment plans

Details of dividend or distribution reinvestment plans (<i>item 6</i>)	There is no dividend reinvestment program in operation for ResApp Health Limited.
--	---

7. Details of associates

Details of associates and joint venture entities (<i>item 7</i>)	N/A
--	-----

8. Foreign entities

Foreign entities to disclose which accounting standards are used in compiling the report (<i>item 8</i>)	N/A
--	-----

9. Review Opinion

Details of any audit dispute or qualification (<i>item 9</i>)
There are no audit disputes or qualifications to the review opinion.



ResApp Health Limited
ABN 51 094 468 318

**CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

Contents to the Financial Report

Corporate Information	1
Directors' Report	2
Auditor's Independence Declaration	5
Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income	6
Consolidated Interim Statement of Financial Position	7
Consolidated Interim Statement of Changes in Equity	8
Consolidated Interim Statement of Cash Flows	9
Notes to the Consolidated Interim Financial Statements	10
Directors' Declaration	17
Independent Auditor's Review Report	18

Corporate Information

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 Nathan Buzza (*appointed 28 December 2017*)

Mr Brian Leedman (*appointed 19 February 2016, resigned 28 December 2017*)

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 12, 250 St Georges Tce
PERTH WA 6000

Contact Information

Ph: 08 6211 5099

Fax: 08 9218 8875

Web Site

www.resapphealth.com.au

Auditors

Grant Thornton Audit Pty Ltd
Level 43, 152-158 St Georges Tce
PERTH WA 6000

Solicitors

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

Bankers

National Australia Bank
100 St Georges Tce
PERTH WA 6000

Stock Exchange Listing

ResApp Health Limited

ASX Code: RAP

Directors' Report

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 2017.

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 Nathan Buzza (appointed 28 December 2017)

Mr Brian Leedman (appointed 19 February 2016, resigned 28 December 2017)

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 2017 was \$3,186,761 (31 December 2016: loss \$7,553,278).

REVIEW OF OPERATIONS

Operational Review

US SMARTCOUGH-C Study

On 9 August 2017, the Company announced top-line data from its multi-site, double blind, prospective clinical study to investigate ResAppDx for the diagnosis of respiratory disease in infants and children using cough sounds. The predefined study endpoints were based on achieving greater than 75% for positive percent agreement (PPA) and negative percent agreement (NPA) for the diagnosis of pneumonia, croup, bronchiolitis, asthma/reactive airways disease (RAD), lower respiratory tract disease (LRTD) and upper respiratory tract infection (URTI).

In the final data review, prior to the un-blinding of the study data, ResApp identified at least two issues with the clinical data. Contrary to instructions and training, a high number of patients were treated before clinical research staff recorded their cough sounds. A high number of recordings were also found to contain a second person's cough sounds or an unacceptable amount of background noise and interference. These issues are known to affect cough sound analysis and their presence has skewed these preliminary results. ResApp subsequently found material variances in clinical adjudication that further skewed the preliminary results.

A preliminary analysis indicated that the study is unlikely to meet its predefined endpoints for diagnosis of childhood respiratory disease with the lower bound of the 95% confidence interval of both PPA and NPA with clinical diagnosis being below 75% of all diseases. The most promising result was for bronchiolitis, which achieved an 80% (95%CI 66%-91%) PPA and 95% (95%CI 94%-97%) NPA with clinical diagnosis, although due to the reduced number of bronchiolitis patients (caused by removing recordings with obvious issues) this result does not meet the predefined study endpoint.

US SMARTCOUGH-C-2 Study

During the period, the Company announced it proposes completing a second US paediatric pivotal clinical study this US winter. SMARTCOUGH-C-2 is a follow-on from ResApp's SMARTCOUGH-C study, which was not a

Directors' Report

representative evaluation of ResAppDx due to a range of issues during execution and clinical adjudication. SMARTCOUGH-C-2 is a refined study with an array of enhanced procedures and features developed in collaboration with the participating hospitals.

SMARTCOUGH-C-2 is a prospective, multi-site, double blind study that will evaluate the efficacy of the ResAppDx software application in the diagnosis of childhood respiratory diseases from cough sounds. The SMARTCOUGH-C-2 study will enrol patients aged 29 days to 12 years of age who present to a participating site with signs or symptoms of respiratory disease. The co-primary endpoints for the study are positive and negative percent agreement with clinical diagnosis for pneumonia, lower respiratory tract disease, viral lower respiratory tract infection, bronchiolitis, asthma/reactive airways disease, upper respiratory tract disease and croup. The clinical diagnosis will be made by an independent, centralised clinical adjudication committee using all available clinical data, including radiology and microbiology.

On 13 December 2017 the Company announced that it has received institutional review board (IRB) approval at Baylor College of Medicine and Texas Children's Hospital for the SMARTCOUGH-C-2 study. The Company subsequently announced that IRB approval had also been received at Massachusetts General Hospital (19 December 2017) and at Cleveland Clinic Children's Hospital (11 January 2018).

Subsequent to the end of the period, on 8 January 2018, the Company announced it had enrolled the first patient in its SMARTCOUGH-C-2 study in the United States and that it expects results from the study in the middle of calendar year 2018.

Australian Paediatric Clinical Study

During the period, the Company continued to enrol children in its Australian paediatric clinical study. On 4 September 2017, ResApp announced it plans to broaden its paediatric clinical strategy by reconfiguring its Australian study to directly support European (CE) and Australian (TGA) regulatory filings. Since early 2017, the Australian paediatric study at Joondalup Hospital has been recruiting patients for double-blind prospective analysis with 230 patients recruited as at September 2017. To support regulatory submissions, a team of clinicians will perform adjudication and Curtin University health researchers will provide independent statistical analysis.

Australian Adult Clinical Study

On 18 December 2017 the Company announced further positive results from its Australian adult clinical study. These results demonstrate, for the first time, accurate differential diagnosis of pneumonia and acute asthma in a real-world intended use population of adult patients with a broad range of respiratory illnesses. The results also demonstrate accurate identification of chronic obstructive pulmonary disease (COPD) and chronic asthma in patients referred for lung function testing (the gold standard for chronic respiratory disease diagnosis), as well as the ability to identify infective exacerbations in COPD patients.

The analysis was performed by the team led by Associate Professor Udantha Abeyratne at The University of Queensland. All results are from leave-one-out cross-validation.

Doctors Without Borders / Médecins San Frontières (MSF)

On 14 September 2017 the Company provided an update on the planned field evaluation of ResAppDx by Médecins Sans Frontières/Doctors Without Borders (MSF). Key staff at MSF have reaffirmed their belief in the potential of ResApp's core technology, however after reviewing the issues identified by ResApp in its SMARTCOUGH-C study, and the high cost of keeping the project open, MSF will not proceed with its planned field evaluation of ResAppDx at this point in time. ResApp and MSF will maintain their collaborative relationship

Directors' Report

and seek opportunities for field testing the technology once issues identified in the SMARTCOUGH-C study have been resolved.

Corporate Review

On 23 August 2017 the Company announced the appointment of Dr Philip Currie to its Scientific Advisory Board. Dr Currie is a cardiologist with more than 35 years in cardiology both in the United States and in Australia with extensive experience in medical research, clinical cardiology and business.

On 29 December 2017 ResApp announced the appointment of Mr Nathan Buzza as a Non-Executive Director, effective immediately. Mr Buzza is an experienced senior executive and director with 25 years' experience in software, electronics and medical technology. In addition, the Company confirmed the resignation of Mr Brian Leedman who had served on the board since February 2016. Mr Leedman is a co-founder of the company and will continue in his role as Vice President, Corporate Affairs.

Subsequent Events

As noted above, subsequent to the end of the period, the Company announced it had enrolled the first patient in its SMARTCOUGH-C-2 study in the United States and that it expects results from the study in the middle of calendar year 2018.

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

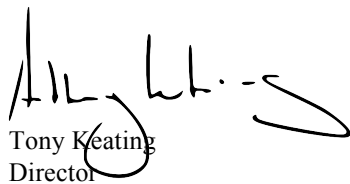
Dividends

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



Tony Keating
Director

Brisbane
28th day of February 2018

Central Park, Level 43
152-158 St Georges Terrace
Perth WA 6000

Correspondence to:
PO Box 7757
Cloisters Square
Perth WA 6850

T +61 8 9480 2000
F +61 8 9322 7787
E info.wa@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 review of ResApp Health Limited for the half-year ended 31 December 2017, 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 2018

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

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

Liability limited by a scheme approved under Professional Standards Legislation.

**Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income
 for the half year ended 31 December 2017**

	Note	Consolidated	
		31 Dec 2017 \$	31 Dec 2016 \$
Interest income		56,641	66,547
Other income	5	403,270	-
Administration expenses		(1,435,836)	(1,172,381)
Research and development costs		(1,738,733)	(1,300,113)
Share based payment expense	7	(402,607)	(4,942,922)
Amortisation	4	(67,457)	(202,372)
Finance costs		(2,039)	(2,037)
(Loss)/Profit before income tax		(3,186,761)	(7,553,278)
Income tax benefit		-	-
(Loss)/Profit for the half year		(3,186,761)	(7,553,278)
Other comprehensive income for the half year		-	-
Total comprehensive loss for the half year		(3,186,761)	(7,553,278)
Loss per share attributable to the members of ResApp Health Limited (basic and diluted) (cents)		(0.48)	(1.16)

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 2017

	Note	Consolidated	
		31 Dec 2017 \$	30 June 2017 \$
Current assets			
Cash and cash equivalents		5,795,076	8,554,764
Trade receivables		93,310	83,852
Other receivables	5	1,037,057	1,164,395
Other assets		58,074	26,096
Total current assets		6,983,517	9,829,107
Non-current assets			
Intangibles (net)	4	2,091,173	2,158,630
Total non-current assets		2,091,173	2,158,630
Total assets		9,074,690	11,987,737
Current liabilities			
Trade and other payables		434,119	584,354
Annual leave provision		82,011	54,316
Total current liabilities		516,130	638,670
Total liabilities		516,130	638,670
Net assets		8,558,560	11,349,067
Equity			
Issued capital	6	21,774,858	21,781,211
Equity-settled benefits reserves	7	6,730,348	6,327,741
Accumulated losses		(19,946,646)	(16,759,885)
Total equity		8,558,560	11,349,067

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 2017

	Fully paid ordinary shares \$	Equity-settled benefits reserve \$	Accumulated losses \$	Total \$
Balance at 30 June 2016	21,515,523	1,257,970	(6,727,135)	16,046,358
Comprehensive Income				
Loss for the half year	-	-	(7,553,278)	(7,553,278)
Total comprehensive income for the half year	-	-	(7,553,278)	(7,553,278)
Transactions with owners, in their capacity as owners, and other transfers				
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	-	-	-	
Total transactions with owners and other transfers	265,688	4,942,922	-	5,208,610
Balance at 31 Dec 2016	21,781,211	6,200,892	(14,280,413)	13,701,690
Balance at 30 June 2017	21,781,211	6,327,741	(16,759,885)	11,349,067
Comprehensive Income				
Loss for the half year	-	-	(3,186,761)	(3,186,761)
Total comprehensive income for the half year	-	-	(3,186,761)	(3,186,761)
Transactions with owners, in their capacity as owners, and other transfers				
Options issued during the half year	-	402,607	-	402,607
Shares issued during the half year	-	-	-	-
Costs directly attributable to issue of share capital	(6,353)	-	-	(6,353)
Total transactions with owners and other transfers	(6,353)	402,607	-	396,254
Balance at 31 Dec 2017	21,774,858	6,730,348	(19,946,646)	8,558,560

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 2017

	Consolidated	
	Note	31 Dec 2016
	31 Dec 2017	31 Dec 2016
	\$	\$
Cash flows from operating activities		
Cash payments to suppliers and employees	(3,338,238)	(1,890,303)
Interest paid	(2,039)	(2,037)
Interest received	70,637	62,557
R&D rebate received	516,305	-
Net cash flows used in operating activities	(2,753,335)	(1,829,783)
Cash flows from financing activities		
Proceeds from issue of share capital	-	265,688
Costs of capital raising	(6,353)	-
Net cash flows (used in)/provided by financing activities	(6,353)	265,688
Net (decrease)/increase in cash and cash equivalents	(2,759,688)	(1,564,095)
Cash and cash equivalents at the beginning of the financial half-year	8,554,764	13,735,219
Cash and cash equivalents at the end of the financial half-year	5,795,076	12,171,124

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 2017

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 2017 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 2017 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

In the half-year ended 31 December 2017, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2017.

AASB 9 Financial Instruments introduces new requirements for the classification and measurement of financial assets and liabilities and includes a forward-looking ‘expected loss’ impairment model and a substantially-changed approach to hedge accounting. When this standard is first adopted for the year ending 30 June 2019, there will be no material impact on the transactions and balances recognised in the financial statements.

AASB 15 Revenue establishes a new revenue recognition model and changes the expands and improves disclosures about revenue. When this standard is first adopted for the year ending 30 June 2019, there will be no material impact on the transactions and balances recognised in the financial statements.

AASB 16 Leases requires all leases, other than short term and low value asset leases to be accounted “on balance sheet”. When this standard is first adopted for the year ending 30 June 2019, there will be no material impact on the transactions and balances recognised in the financial statements.

The Company has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2017. As a result of this review the directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and therefore no change is necessary to Company accounting policies.

Consolidated Interim Notes to the Financial Statements
for the half year ended 31 December 2017

Note 4 Intangibles

	Consolidated	
	31 Dec 2017	30 Jun 2017
	\$	\$
Licensed IP	2,158,630	2,428,459
Amortisation	(67,457)	(269,829)
Total intangibles (net)	2,091,173	2,158,630

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.

Subsequent measurement

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. 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 Other Income

	Consolidated	
	31 Dec 2017	31 Dec 2016
	\$	\$
Estimated R&D rebate ¹	402,964	-
Other income	306	-
Total other income	403,270	-

¹ Management applied judgement to estimate the amount of Research & Development rebate (R&D rebate) available to the Group for the half year ended 31 December 2017 to be \$340,971. Management is also anticipating an additional \$61,993 R&D rebate for the financial year ended 30 June 2017, in addition to the \$629,435 previously estimated and included in the Group's Consolidated Annual Report for the year ended 30 June 2017.

Consolidated Interim Notes to the Financial Statements
for the half year ended 31 December 2017

Note 6 Issued Capital

	No	\$
Fully paid ordinary shares and authorised capital		
Balance as at 1 July 2016	648,820,852	21,515,523
Issue of fully paid ordinary shares on 15 July 2016 ¹	375,000	9,750
Issue of fully paid ordinary shares on 22 July 2016 ²	750,000	19,500
Issue of fully paid ordinary shares on 16 September 2016 ³	187,500	4,875
Issue of fully paid ordinary shares on 7 October 2016 ⁴	2,437,500	63,375
Issue of fully paid ordinary shares on 26 October 2016 ⁵	1,218,750	31,688
Issue of fully paid ordinary shares on 16 December 2016 ⁶	5,250,000	136,500
Costs directly attributable to issue of share capital	-	-
Balance as at 31 December 2016	659,039,602	21,781,211
Balance as at 1 July 2017	659,039,602	21,781,211
<i>No shares issued during the period</i>	-	-
Costs directly attributable to issue of share capital	-	(6,353)
Balance as at 31 December 2017	659,039,602	21,774,858

¹ On 15 July 2016, 375,000 shares were issued on the conversion of unlisted options at \$0.026 per share.

² On 22 July 2016, 750,000 shares were issued on the conversion of unlisted options at \$0.026 per share.

³ On 16 September 2016, 187,500 shares were issued on the conversion of unlisted options at \$0.026 per share.

⁴ On 7 October 2016, 2,437,500 shares were issued on the conversion of unlisted options at \$0.026 per share.

⁵ On 26 October 2016, 1,218,750 shares were issued on the conversion of unlisted options at \$0.026 per share.

⁶ On 16 December 2016, 5,250,000 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 2017**

Note 7 Equity-Settled Benefits Reserve

	\$
Options for fully paid ordinary shares and authorised capital	
Balance as at 1 July 2016	1,257,970
Fair value of options issued and expensed to profit and loss ¹	4,942,922
Balance as at 31 December 2016	6,200,892
	\$
Options for fully paid ordinary shares and authorised capital	
Balance as at 1 July 2017	6,327,741
Fair value of options issued and expensed to profit and loss ²	402,607
Balance as at 31 December 2017	6,730,348

¹ 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 at the date of issue and recognised for the vesting period to 31 December 2017.
- 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.

² During the six month period ended 31 December 2017, ResApp Health Limited issued the following options which were expensed as share based payments:

- 1,000,000 Employee Incentive Options were issued to an Employee on 21 July 2017 pursuant to the terms of the Company's Employee Incentive Plan. The Options are exercisable at \$0.45 and expire on 1 June 2020. One half of the Employee Incentive Options vest on 1 December 2017, and the remaining half vesting on 1 June 2018 if the employee remains employed by the Company. The options are valued at the date of issue and recognised for the vesting period to 31 December 2017.
- 1,500,000 Employee Incentive Options were issued to an Employee on 21 July 2017 pursuant to the terms of the Company's Employee Incentive Plan. The Options are exercisable at \$0.75 and expire on 1 June 2020. One half of the Employee Incentive Options vest on 1 December 2017, and the remaining half vesting on 1 June 2018 if the employee remains employed by the Company. The options are valued at the date of issue and recognised for the vesting period to 31 December 2017.
- 100,000 Employee Incentive Options were issued to an Employee on 18 December 2017, being exercisable at \$0.085 and expiring on 18 December 2020.
- 900,000 Employee Incentive Options were issued to Employees on 18 December 2017 pursuant to the terms of the Company's Employee Incentive Plan. The Options are exercisable at \$0.085 and expire on 18 December 2020. 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 31 December 2017.

**Consolidated Interim Notes to the Financial Statements
 for the half year ended 31 December 2017**

- 350,000 Consultancy Incentive Options were issued to consultants on 18 December 2017, being exercisable at \$0.085 and expiring on 18 December 2020.
- 500,000 Consultancy Incentive Options were issued to a consultant on 18 December 2017, being exercisable at \$0.14 and expiring on 18 December 2020.

The fair value of the options 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-20	Options expiring 2-Jul-20	Options expiring 2-Jul-20	Options expiring 22-Sep-20	Options expiring 22-Sep-20	Options expiring 29-Apr-19
Grant date	2-Jul-15	2-Jul-15	2-Jul-15	22-Sep-15	22-Sep-15	29-Apr-16
Dividend yield	0%	0%	0%	0%	0%	0%
Expected volatility	110%	110%	110%	110%	110%	110%
Risk-free interest rate	1.92%	1.92%	1.92%	1.92%	1.92%	2.00%
Option exercise price	\$0.025	\$ 0.05	\$0.10	\$0.05	\$0.10	\$0.28
Expected life (years)	5	5	5	5	5	3
Share price on date of grant	\$0.021	\$ 0.021	\$0.021	\$0.03	\$0.03	\$0.210
Value attributable to the options in the equity settled benefits reserve at 31 December 2017	\$95,000	\$85,000	\$150,000	\$66,006	\$38,512	\$585,445
	Options expiring 29-Apr-19	Options expiring 16-Sep-19	Options expiring 16-Sep-19	Options expiring 16-Sep-19	Options expiring 10-Nov-19	Options expiring 10-Nov-19
Grant date	29-Apr-16	16-Sep-16	16-Sep-16	16-Sep-16	10-Nov-16	10-Nov-16
Dividend yield	0%	0%	0%	0%	0%	0%
Expected volatility	110%	100%	100%	100%	104%	104%
Risk-free interest rate	2.00%	1.48%	1.48%	1.48%	1.48%	1.48%
Option exercise price	\$0.30	\$0.45	\$0.45	\$0.75	\$0.45	\$0.75
Expected life (years)	3	3	3	3	3	3
Share price on date of grant	\$0.210	\$ 0.430	\$ 0.430	\$0.430	\$0.440	\$0.440
Value attributable to the options in the equity settled benefits reserve at 31 December 2017	\$238,007	\$402,695**	\$527,454	\$439,545	\$2,009,593	\$1,746,558

Consolidated Interim Notes to the Financial Statements
for the half year ended 31 December 2017

	Options expiring 31-Oct-20	Options expiring 12-Dec-20	Options expiring 13-Mar-21	Options expiring 1-May-21	Options expiring 1-Jun-20	Options expiring 1-Jun-20
Grant date	14-Feb-17	14-Feb-17	13-Mar-17	1-May-17	21-Jul-17	21-Jul-17
Dividend yield	0%	0%	0%	0%	0%	0%
Expected volatility	100%	100%	100%	100%	100%	100%
Risk-free interest rate	1.48%	1.48%	1.48%	1.48%	1.95%	1.95%
Option exercise price	\$0.45	\$0.45	\$0.45	\$0.45	\$0.45	\$0.75
Expected life (years)	3.7	3.8	4	4	2.8	2.8
Share price on date of grant	\$0.370	\$0.370	\$0.315	\$0.320	\$0.310	\$0.310
Value attributable to the options in the equity settled benefits reserve at 31 December 2017	\$19,175**	\$27,496**	\$26,700**	\$11,341**	\$97,193*	\$116,920*

	Options expiring 18-Dec-20	Options expiring 18-Dec-20	Options expiring 18-Dec-20	Options expiring 18-Dec-20
Grant date	18-Dec-17	18-Dec-17	18-Dec-17	18-Dec-17
Dividend yield	0%	0%	0%	0%
Expected volatility	100%	100%	100%	100%
Risk-free interest rate	2.00%	2.00%	2.00%	2.00%
Option exercise price	\$0.085	\$0.085	\$0.085	\$0.140
Expected life (years)	3	3	3	3
Share price on date of grant	\$0.091	\$0.091	\$0.091	\$0.091
Value attributable to the options in the equity settled benefits reserve at 31 December 2017	\$5,808	\$931*	\$18,602	\$22,366

* subject to vesting conditions as disclosed in the narrative of this note 7.

** subject to vesting conditions as disclosed in the narrative of note 15 of the Group's Consolidated Annual Report for the year ended 30 June 2017.

Note 8 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 2017.

Consolidated Interim Notes to the Financial Statements
for the half year ended 31 December 2017

Note 9 Commitments and Contingent Liabilities

	Consolidated	
	31 Dec 2017	30 Jun 2017
	\$	\$
Operating lease commitments		
Not later than 1 year	96,137	26,649
Later than 1 year but not later than 5 years	70,004	193,846
Total operating lease commitments	166,141	220,495
Company secretary commitments		
Not later than 1 year	16,000	32,000
Total company secretarial commitments	16,000	32,000
Research expenditure commitments		
Not later than 1 year	101,738	341,138
Later than 1 year but not later than 5 years	-	-
Total research expenditure commitments	101,738	341,138

	Consolidated	
	31 Dec 2017	30 Jun 2017
	USD	USD
Clinical study commitments		
Not later than 1 year	1,912,978	880,087
Later than 1 year but not later than 5 years	-	-
Total clinical study commitments	1,912,978	880,087

As at 31 December 2017 the Company had no known contingent liabilities.

Note 10 Subsequent Events

Subsequent to the end of the period, the Company announced it had enrolled the first patient in its SMARTCOUGH-C-2 study in the United States and that it expects results from the study in the middle of calendar year 2018.

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

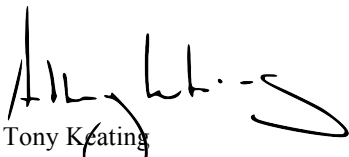
Directors' Declaration

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 2017 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



Tony Keating
Director

Brisbane
28th day of February 2018

Central Park, Level 43
152-158 St Georges Terrace
Perth WA 6000

Correspondence to:
PO Box 7757
Cloisters Square
Perth WA 6850

T +61 8 9480 2000
F +61 8 9322 7787
E info.wa@au.gt.com
W www.grantthornton.com.au

Independent Auditor's Review Report to the Members of ResApp Health Limited

Report on the Half Year Financial Report

Conclusion

We have reviewed the accompanying half year financial report of ResApp Health Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, and 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 half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of ResApp Health Limited does not give a true and fair view of the financial position of the Group as at 31 December 2017, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial reporting*.

Directors' Responsibility for the Half Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with 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 Group's financial position as at 31 December 2017 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.

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

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

Liability limited by a scheme approved under Professional Standards Legislation.

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 have complied with the independence requirements of the *Corporations Act 2001*.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



P W Warr
Partner – Audit & Assurance

Perth, 28 February 2018