

APPENDIX 4D

Half-year Report for the period ending 31 December 2014

1. Name of entity

NARHEX LIFE SCIENCES LIMITED

ABN	Reporting Period	Previous Corresponding Period
51 094 468 318	Half year ended 31 December 2014	Half year ended 31 December 2013

2. Results for Announcement to the Market

Financial Results				31 December 2014
Revenues from ordinary activities (<i>item 2.1</i>)	Up	17,520%	to	151,003
Profit from ordinary activities after tax attributable to members (<i>item 2.2</i>)	Up	107%	to	15,183
Net profit for the period attributable to members (<i>item 2.3</i>)	Up	107%	to	15,183
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>):	The current profit for the period is due to \$150,621 of debts which were forgiven and written off as the Company. The prior year loss is attributable to operating costs.			

3. NTA Backing

	Current Period	Previous Corresponding Period
Net tangible assets per ordinary share (<i>Item 3</i>)	0.11 cents	0.10 cents

4. Control gained over entities

Details of entities over which control has been gained or lost (<i>item 4</i>)	N/A
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5. Dividends paid and payable

Details of dividends or distribution payments (<i>item 5</i>)	No dividends or distributions are payable.
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6. Dividend reinvestment plans

Details of dividend or distribution reinvestment plans (<i>item 6</i>)	There is no dividend reinvestment program in operation for Narhex Life Sciences Limited
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7. Details of associates

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

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

Narhex Life Sciences Limited

ABN 51 094 468 318

Interim Financial Report
for the half year ended 31 December 2014

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CORPORATE INFORMATION

These financial statements are for Narhex Life Sciences Limited (the “Company”). Unless otherwise stated, all amounts are presented in \$AUD.

A description of the Company’s operations and of its principal activities is included in the review of operations and activities in the directors’ report on pages 2 to 3. The directors’ report is not part of the financial statements.

Directors

Mr Adam Sierakowski (Chairman) *(appointed as Alternate Director on 16 May 2013, resigned as Alternate Director on 20 December 2013 and appointed on 20 December 2013)*

Dr. Robert Ramsay (Director) *(appointed 20 December 2013)*

Mr Chris Ntoumenopoulos (Director) *(appointed 21 January 2015)*

Mr Cyril D’Silva (Director) *(appointed 16 May 2013, resigned on 21 January 2015)*

Company Secretary

Ms Nicki Farley

Registered and Principal Office

Level 24, 44 St Georges Tce,
PERTH WA 6000

Auditors

Somes Cooke
Level 2, 35 Outram St
WEST PERTH WA 6005

Share Registry & Register

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

Solicitors

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

Bankers

National Australia Bank
100 St Georges Tce
PERTH WA 6000

Stock Exchange Listing

Narhex Life Sciences Limited is listed on
the Australian Securities Exchange.
ASX Code : NLS

Contact Information

Ph: 08 6211 5099
Fax: 08 9218 8875

Web Site

www.narhex.com.au

Directors' report

The directors of Narhex Life Sciences Limited (the "Company") submit herewith the interim financial statements of the Company for the half year ended 31 December 2014.

Directors and executive details

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

Mr Adam Sierakowski (Director) (*appointed as Alternate Director on 16 May 2013, resigned as Alternate Director on 20 December 2013 and appointed on 20 December 2013*)

Dr. Robert Ramsay (Director) (*appointed 20 December 2013*)

Mr Chris Ntoumenopoulos (Director) (*appointed 21 January 2015*)

Mr Cyril D'Silva (Director) (*appointed 16 May 2013, resigned on 21 January 2015*)

Principal activities

On 2 October 2014 the Company announced it had entered into a binding Heads of Agreement ("HOA") with ResApp Diagnostics Pty Ltd ("ResApp") to acquire 100% of the Australian based medical device company. During the period the Company undertook due diligence activities in relation to the acquisition of ResApp.

Operating results

The profit after tax of the Company for the half year ended 31 December 2014 was \$15,183 (31 December 2013: loss \$213,285).

REVIEW OF OPERATIONS

ResApp Transaction

On 2 October 2014, the Company announced it had entered into the HOA to acquire all of the issued capital of ResApp. ResApp through the exclusive licence it has been granted by the University of Queensland ("UQ") is developing mobile medical applications for the diagnosis and management of respiratory disease. The technology is based on a machine learning algorithm that uses sound alone to diagnose and measure the severity of a respiratory condition. The algorithm has been tested for pneumonia and asthma diagnosis in a clinical proof of concept study of 91 patients by UQ through funding from the Bill and Melinda Gates Foundation.

Under the terms of the HOA, the parties are to execute a formal Share Sale Agreement based on the following terms:

The Company will issue:

- 250,000,000 fully paid ordinary Consideration Shares; and
- 250,000,000 fully paid ordinary Milestone Shares. These shares are to be issued pro rata to the ResApp shareholders within 7 days of ResApp or the company achieving \$20 million in gross revenues or an acquisition event by NLS.

Following settlement of the acquisition, ResApp will be entitled to nominate up to three people for appointment to the Board of NLS.

The HOA is subject to a number of conditions as follows:

1. The terms and conditions of the UQ Sub-License being satisfactory to NLS;
2. NLS successfully completing a capital raising and other requirements in order to facilitate recompliance with Chapters 1 and 2 of the ASX Listing Rules, if required;
3. NLS and ResApp obtaining all required shareholder and regulatory approvals;
4. NLS procuring the resignation of existing directors;
5. ResApp Shareholders agreeing to execute the Share Sale Agreement; and
6. NLS and ResApp completing their due diligence on the other, to their absolute satisfaction.

Settlement of the purchase of ResApp may require the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules, which cannot occur until the Company has received shareholder approval.

Directors' report

REVIEW OF OPERATIONS (CONTINUED)

Capital Raising

During the period, the Company announced it would undertake a sophisticated placement to raise \$900,000 at \$0.005 by issuing 180 million shares to be completed in two tranches. Sophisticated investors who participate in the placement are entitled to be issued one free attaching option for every 2 shares subscribed for. The free attaching options are exercisable at \$0.01 and have an expiry date of 31 December 2016, as approved by Shareholders at the Company's Annual General Meeting held on 26 November 2014.

On 17 December 2014 the Company announced it had completed Tranche 1 of a Capital Raising issuing 110 million Shares at \$0.005 to raise \$550,000, together with 55 million free attaching options.

Funds raised will be used for working capital and the costs associated with re-compliance with Chapters 1 & 2 of the ASX Listing Rules.

Subsequent events

Board Changes

On 22 January 2015, the Company announced that Mr Chris Ntoumenopoulos has been appointed as a non-executive director of the Company replacing Mr Cyril D'Silva. Mr Adam Sierakowski, an existing non-executive director was also appointed as Chairman of the Company.

Share Sale Agreement

On 20 February 2015, the Company executed a formal Share Sale Agreement ("SSA") to acquire 100% of ResApp. The Company agreed to acquire all the issued capital of ResApp in consideration for the Company agreeing to issue the following:

- 250,000,000 fully paid ordinary Consideration Shares (on a pre-Consolidation basis); and
- 250,000,000 Performance Shares (on a pre-Consolidation basis) which will convert into 250,000,000 fully paid ordinary Shares (on a pre-Consolidation basis) in the capital of the Company upon ResApp and any subsidiaries of ResApp (or, if Narhex or any Related Entity of Narhex is licensed to use Licensed IP, Narhex and that Related Entity) achieving aggregated gross revenue of \$20,000,000 in the five years commencing on the day Narhex is readmitted to quotation on ASX after recompliance with Chapters 1 and 2 of the Listing Rules.

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

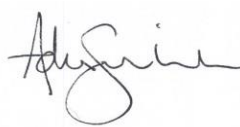
Dividends

No dividend has been proposed or paid.

Auditor's independence declaration

The auditor's independence declaration is included on page 4 of this report.

Signed in accordance with a resolution of the directors



Mr Adam Sierakowski
Chairman

Perth
24th February 2015

Auditor's Independence Declaration

**Condensed statement of profit or loss and other comprehensive income
for the half year ended 31 December 2014**

	Note	31 December 2014 \$	31 December 2013 \$
Interest revenue		382	-
Other revenue	6	150,621	857
Administration expenses		(135,562)	(213,737)
Finance costs		<u>(258)</u>	<u>(405)</u>
Profit/(loss) before income tax		15,183	(213,285)
Income tax benefit		<u>-</u>	<u>-</u>
Profit/(loss) for the year		<u>15,183</u>	<u>(213,285)</u>
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>15,183</u>	<u>(213,285)</u>
Earnings per share (basic and diluted) (cents)		(0.00)	(0.04)

**Condensed statement of financial position
as at 31 December 2014**

	Note	31 December 2014 \$	30 June 2014 \$
CURRENT ASSETS			
Cash and cash equivalents		361,234	38,034
Trade receivables		14,037	5,514
Other receivables		290,000	290,000
Other assets		6,397	4,878
Total Current Assets		671,668	338,426
Total Assets		671,668	338,426
CURRENT LIABILITIES			
Trade and other payables		13,773	215,269
Annual leave provision		-	1,745
Total Current Liabilities		13,773	217,014
Total Liabilities		13,773	217,014
Net Assets		657,895	121,412
EQUITY			
Issued capital	4	3,672,949	3,151,649
Reserves	5	210,000	210,000
Accumulated losses		(3,225,054)	(3,240,237)
Total Equity		657,895	121,412

**Condensed statement of changes in equity
for the half year ended 31 December 2014**

	Fully paid ordinary shares \$	Equity-settled benefits reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2013	2,623,029	210,000	(2,661,849)	171,180
Loss for the year	-	-	(578,388)	(578,388)
Total recognised income and expense	-	-	(578,388)	(578,388)
Issue of shares	546,120	-	-	546,120
Costs directly attributable to issue of share capital	(17,500)	-	-	(17,500)
Balance at 30 June 2014	3,151,649	210,000	(3,240,237)	121,412
Profit for the year	-	-	15,183	15,183
Total recognised income and expense	-	-	15,183	15,183
Issue of shares	550,000	-	-	550,000
Costs directly attributable to issue of share capital	(28,700)	-	-	(28,700)
Balance at 1 July 2014	3,672,949	210,000	(3,225,054)	657,895

**Condensed statement of cash flows
for the half year ended 31 December 2014**

	Note	31 December 2014 \$	31 December 2013 \$
Cash flows from operating activities			
Cash payments to suppliers and employees		(198,224)	(144,526)
Interest paid		(259)	857
Interest received		383	(404)
Net cash flows used in operating activities		(198,100)	(144,073)
Cash flows from investing activities		-	-
Net cash flows used in investing activities		-	-
Cash flows from financing activities			
Proceeds from Issue of share capital		550,000	546,120
Costs of capital raising		(28,700)	-
Net cash flows provided by financing activities		521,300	546,120
Net decrease in cash and cash equivalents		323,200	402,047
Cash and cash equivalents at the beginning of the financial year		38,034	149,489
Cash and cash equivalents at the end of the financial year		361,234	551,536

**Notes to the condensed financial statements
for the half year ended 31 December 2014**

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 2014 and any public announcements made by Narhex Life Sciences 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 2014 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 half year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2014.

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current half year.

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 ISSUED CAPITAL

	31 December 2014	
	No	\$
Fully paid ordinary shares and authorised capital		
Balance at beginning of the financial period	484,729,407	3,151,649
Issue of fully paid ordinary shares on 19 December 2014	110,000,000	550,000
Costs directly attributable to issue of share capital	-	(28,700)
Balance at the end of the financial period	594,729,407	3,672,949

NOTE 5 RESERVES

	31 December 2014 \$		30 June 2014 \$

The share-based payment reserve represents unissued capital in respect of the company's issued unlisted options

Share based payment reserve	210,000	210,000
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**Notes to the condensed financial statements
for the half year ended 31 December 2014**

NOTE 6 OTHER REVENUE

During the year, the Company was low on funds to pay outstanding debts. The Directors resolved to write off 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. The amounts forgiven were for invoices dated from 1 September 2013 to 31 May 2014. There was also an amount written off as it is not claimable from the Australian Taxation Office.

NOTE 7 CONTINGENT LIABILITIES

As at 31 December 2014 the Company had no known contingent liabilities.

NOTE 8 SUBSEQUENT EVENTS

Board Changes

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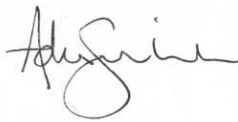
Directors' Declaration

The directors of the Company 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 Company's financial position as at 31 December 2014 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 Company 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

A handwritten signature in black ink, appearing to read 'Adam Sierakowski', is written over a light grey rectangular background.

Adam Sierakowski
Chairman

Perth
24th February 2015