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

Appendix 4E - Preliminary Final Report
for the financial year ended 30 June 2017

Results for announcement to market	Up / Down	% Change	2017 $	2016 $
Revenue from ordinary activities	Up	147%	204,317	82,633
Loss after tax from ordinary activities attributable to members	Down	213%	(10,032,750)	(3,207,577)
Loss attributable to members	Down	213%	(10,032,750)	(3,207,577)

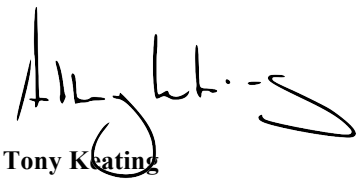
Dividend Information	Amount per share	Franked Amount per share
Dividend – current reporting period	Nil	Nil
Dividend – previous reporting period	Nil	Nil

Net Tangible Asset Backing per Ordinary Share	cents
Net tangible asset backing per ordinary share – current reporting period	1.39
Net tangible asset backing per ordinary share – previous reporting period	2.10

Commentary on the Results for the Period
During the year ended 30 June 2017, the Company increased its research and development activities. A large portion of the net loss for the current year is also made up of the valuation of options issued during the year.

The loss for the prior year is attributable to operating activities and research and development costs incurred following the acquisition of ResApp Diagnostics.

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



Tony Keating
Managing Director and Chief Executive Officer

Dated at Brisbane this 31st day of August 2017

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for the financial year ended 30 June 2017

PRINCIPAL ACTIVITIES

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

REVIEW OF OPERATIONS

Operational Review

US SMARTCOUGH-C Study

During the period, the Company commenced its SMARTCOUGH-C study in the United States (US). SMARTCOUGH-C is a multi-site, double blind, prospective clinical study to investigate ResAppDx for the diagnosis of respiratory disease in infants and children using cough sounds. The co-primary endpoints of the study are the diagnosis of pneumonia compared to clinical and radiologic diagnosis. Secondary endpoints are diagnosis of upper respiratory tract infection, lower respiratory involvement, croup, asthma/reactive airways disease and bronchiolitis compared with a clinical diagnosis.

On 21 October 2016, the Company announced that it is had received its first institutional review board (IRB) approval at the Cleveland Clinic for the SMARTCOUGH-C study. The Company subsequently announced that it had also received IRB approval at the Massachusetts General Hospital (MGH) on 11 November 2016 and at Baylor College of Medicine and Texas Children's Hospital on 16 November 2016.

On 9 December 2016, ResApp confirmed the initiation of its SMARTCOUGH-C study in the US.

On 10 January 2017, the Company announced that it had entered into a two-year expanded research collaboration with MGH alongside MGH's participation in ResApp's SMARTCOUGH-C study. Working together, ResApp 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 ResApp's cough-based diagnostic test in additional respiratory disease indications.

On 15 March 2017, the Company provided an update on its SMARTCOUGH-C study confirming recruitment locations included multiple emergency departments, urgent care facilities and primary care offices at each of the three participating hospitals, with 478 participants having been enrolled as of 10 March 2017.

On 19 April 2017, the Company announced its intention to extend the SMARTCOUGH-C study through to the end of May and increase maximum recruitment to 1,500 patients. Enrolment in the study had progressed well across eleven recruitment locations maintained by the three participating hospitals, however the incidence of pneumonia and croup among study patients had been unseasonably low.

On 19 June 2017, the Company announced that it has completed enrolment in its SMARTCOUGH-C study with a total of 1,245 patients enrolled across the three participating hospitals, all located in the United States. With enrolment complete, the study entered the data verification phase, where clinical and radiologic adjudication were conducted for the remaining patients and final source data verification site visits performed.

Subsequent to the end of the period 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).

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REVIEW OF OPERATIONS (CONTINUED)

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 had 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 did not meet the predefined study endpoint.

The Company proposes completing a second US paediatric pivotal clinical study this US winter as well as continuing and completing its adult program, including its US adult pivotal study which is also set to begin this US winter.

Australian Clinical Studies

During the period, the Company continued its Australian paediatric clinical studies at Joondalup Health Campus (JHC) and Princess Margaret Hospital in Perth and its Australian adult studies at JHC and Wesley Hospital in Brisbane.

On 3 October 2016, ResApp announced further positive results from its Australian adult study. ResApp'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 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 18 August 2016, the Company announced preliminary clinical 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 28 April 2017, ResApp announced that it had signed an exclusive worldwide license agreement with UniQuest for an additional diagnostic tool that complements ResApp's existing cough-based diagnostic technology. The tool is a set of machine learning algorithms that use a combination of clinical features to screen for childhood pneumonia. Unlike ResAppDx, it does not use cough sound analysis, but relies on commonly-taken measurements such as heart rate, temperature, presence of chest in-drawing or oxygen saturation.

Appendix 4E - Preliminary Final Report
for the financial year ended 30 June 2017

REVIEW OF OPERATIONS (CONTINUED)

On 22 June 2017, the Company provided an update on its Australian paediatric clinical study. A total of 1,127 children had been enrolled, and for most disease groups patient numbers had more than doubled since previous results. The dataset and machine learning algorithms were optimised to match the design of the SMARTCOUGH-C study as closely as possible. ResAppDx achieved between 90% and 100% PPA and between 89% and 96% NPA with clinical diagnosis of primary upper respiratory tract infection (i.e. with no comorbidities), croup, lower respiratory tract involvement, asthma/reactive airways disease (RAD) and bronchiolitis. For pneumonia, ResAppDx demonstrated 89% PPA and 79% NPA with clinical diagnosis. The lower NPA reflects the higher uncertainty in the current method of clinical diagnosis of pneumonia and in particular the clinical overlap between pneumonia, bronchiolitis and asthma/RAD, which can occur at the same time.

Doctors Without Borders / Médecins San Frontières (MSF)

On 15 September 2016, the Company, in partnership with UniQuest (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. The Company subsequently named this humanitarian organisation partner as Doctors Without Borders/Médecins San Frontières (MSF), who are moving towards starting a clinical study of ResAppDx in a lower income rural context setting.

Corporate Review

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

Subsequent to the end of the period, on 23 August 2017 the Company announced the appointed of Dr Philip Currie to its Scientific Advisory Board. Dr Currie is a cardiologist with more than 35 years in cardiology both in the US and in Australia with extensive experience in medical research, clinical cardiology and business.

Subsequent Events

As noted above, subsequent to the end of the period 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. 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 had skewed the preliminary results. Preliminary analysis indicated that the SMARTCOUGH-C 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 Company indicated that it proposes completing a second US paediatric pivotal clinical study this US winter as well as continuing and completing its adult program, including its US adult pivotal study which is also set to begin this US winter.

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the financial year ended 30 June 2017

		Consolidated	
	Note	2017 $	2016 $
Interest income		**204,317**	82,633
Other income	1	**1,143,368**	-
Administration costs	3	**(2,573,594)**	(1,428,488)
Research and development costs	4	**(3,462,380)**	(1,093,896)
Finance costs		**(4,861)**	(2,708)
Amortisation	2	**(269,829)**	-
Doubtful debts expense		**-**	(330,600)
Share based payment expense	7	**(5,069,771)**	(434,518)
Loss before income tax		**(10,032,750)**	(3,207,577)
Income tax benefit		**-**	-
Loss for the year		**(10,032,750)**	(3,207,577)
Other comprehensive income for the year		**-**	-
Total comprehensive income for the year		**(10,032,750)**	(3,207,577)
Loss per share (basic and diluted) (cents)	8	**(1.53)**	(0.65)

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

Consolidated Statement of Financial Position
as at 30 June 2017

	Note	Consolidated 2017 $	Consolidated 2016 $
Current assets			
Cash and cash equivalents		**8,554,764**	13,735,219
Trade receivables		**83,852**	100,495
Other receivables	5	**1,164,395**	20,890
Other assets		**26,096**	6,231
Total current assets		**9,829,107**	13,862,835
Non-current assets			
Intangibles (net)	2	**2,158,630**	2,428,459
Total non-current assets		**2,158,630**	2,428,459
Total assets		**11,987,737**	16,291,294
Current liabilities			
Trade and other payables		**584,354**	221,550
Annual leave provision		**54,316**	23,386
Total current liabilities		**638,670**	244,936
Total liabilities		**638,670**	244,936
Net assets		**11,349,067**	16,046,358
Equity			
Issued capital	6	**21,781,211**	21,515,523
Reserves	7	**6,327,741**	1,257,970
Accumulated losses		**(16,759,885)**	(6,727,135)
Total equity		**11,349,067**	16,046,358

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

Consolidated Statement of Changes in Equity
for the financial year ended 30 June 2017

	Fully paid ordinary shares $	Equity-settled benefits reserve $	Accumulated losses $	Total $
Consolidated				
Balance at 1 July 2015	**4,004,499**	**-**	**(3,519,558)**	**484,941**
Loss for the year	-	-	(3,207,577)	(3,207,577)
Total comprehensive income	**-**	**-**	**(3,207,577)**	**(3,207,577)**
Transactions with owners, in their capacity as owners				
Issue of options	-	1,257,970	-	1,257,970
Issue of shares	19,565,062	-	-	19,565,062
Costs directly attributable to issue of share capital	(2,054,038)	-	-	(2,054,038)
Balance at 30 June 2016	**21,515,523**	**1,257,970**	**(6,727,135)**	**16,046,358**
Consolidated				
Balance at 1 July 2016	**21,515,523**	**1,257,970**	**(6,727,135)**	**16,046,358**
Loss for the year	-	-	(10,032,750)	(10,032,750)
Total comprehensive income	**-**	**-**	**(10,032,750)**	**(10,032,750)**
Transactions with owners, in their capacity as owners				
Issue of options	-	5,069,771	-	5,069,771
Issue of shares	265,688	-	-	265,688
Costs directly attributable to issue of share capital	-	-	-	
Balance at 30 June 2017	**21,781,211**	**6,327,741**	**(16,759,885)**	**11,349,067**

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

Consolidated Statement of Cash Flows
for the financial year ended 30 June 2017

	Note	Consolidated 2017 $	Consolidated 2016 $
Cash flows from operating activities			
Cash payments to suppliers and employees		**(5,645,463)**	(2,467,614)
Interest paid		**(4,861)**	-
Interest received		**204,181**	41,443
Net cash flows used in operating activities		**(5,446,143)**	(2,426,171)
Cash flows from investing activities			
Cash acquired on acquisition of ResApp Diagnostics		**-**	31,872
Net cash flows provided by investing activities		**-**	31,872
Cash flows from financing activities			
Proceeds from issue of share capital		**265,688**	13,116,789
Costs of capital raising		**-**	(1,084,400)
Net cash flows (used in)/provided by financing activities		**265,688**	12,032,389
Net (decrease)/increase in cash and cash equivalents		**(5,180,455)**	9,638,090
Cash and cash equivalents at the beginning of the financial year		**13,735,219**	4,097,129
Cash and cash equivalents at the end of the financial year		**8,554,764**	13,735,219

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

Consolidated Notes to the Financial Statements
for the financial year ended 30 June 2017

Note 1 Other Income

Management applied judgement to estimate the amount of Research & Development rebate (R&D rebate) available to the Group for the financial year ended 30 June 2017 to be $629,435. In August 2017, the Group received an R&D rebate of $513,933 for the financial year ended 30 June 2016.

Note 2 Intangibles

	Consolidated	
	2017	**2016**
	$	**$**
Intangibles	**2,428,459**	2,428,459
Amortisation	**(269,829)**	-
	2,158,630	2,428,459

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.

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 3 Administration Expenses

	Consolidated	
	2017	**2016**
	$	**$**
Corporate fees	**-**	-
Consulting fees	**(187,000)**	(81,833)
Director fees and employee costs	**(1,243,282)**	(653,937)
Professional fees (including legal fees)	**(237,244)**	(137,323)
Other administration expenses	**(906,068)**	(555,395)
	(2,573,594)	(1,428,488)

Consolidated Notes to the Financial Statements
for the financial year ended 30 June 2017

Note 4 Research and Development Costs

During the period, the Group incurred research and development costs associated with its technology and clinical studies in both Australia and the United States. These research and development costs do not include costs of employees involved in research and development.

Note 5 Other Receivables

		Consolidated	
	Note	2017 $	2016 $
Interest receivable		**21,027**	20,890
R&D rebate receivable	1	**1,143,368**	-
		1,164,395	20,890

Note 6 Issued Capital

	No	$
Fully paid ordinary shares and authorised capital		
Balance as at 1 July 2015	249,273,353	4,004,499
Shares issued 2 July 2015 under Public Offer [(i)]	200,000,000	4,000,000
Shares issued 2 July 2015 for the acquisition of ResApp Diagnostics [(i)]	93,750,000	1,875,000
Shares issued 2 July 2015 under the Facilitation Offer [(i)]	18,749,999	375,000
Shares issued 22 January 2016 for conversion of options [(ii)]	18,093,750	470,438
Shares issued 11 February 2016 for conversion of options [(iii)]	187,500	4,875
Shares issued 29 April 2016 pursuant to Placement [(iv)]	62,500,000	12,500,000
Shares issued 29 April 2016 as Advisory Shares pursuant to Placement [(iv)]	1,016,250	203,250
Shares issued 18 May 2016 for conversion of unlisted options [(vi)]	468,750	12,187
Shares issued 2 June 2016 for conversion of unlisted options [(vii)]	3,375,000	87,750
Shares issued 9 June 2016 for conversion of unlisted options [(viii)]	1,312,500	34,125
Shares issued 28 June 2016 for conversion of unlisted options [(ix)]	93,750	2,437
Costs directly attributable to issue of share capital [(x)]	-	(2,054,038)
Balance as at 30 June 2016	648,820,852	21,515,523
Balance as at 1 July 2016	648,820,852	21,515,523
Shares issued 15 July 2016 for conversion of unlisted options[(xi)]	375,000	9,750
Shares issued 22 July 2016 for conversion of unlisted options[(xii)]	750,000	19,500
Shares issued 16 September 2016 for conversion of unlisted options[(xiii)]	187,500	4,875
Shares issued 7 October 2016 for conversion of unlisted options[(xiv)]	2,437,500	63,375
Shares issued 26 October 2016 for conversion of unlisted options[(xv)]	1,218,750	31,688
Shares issued 16 December 2016 for conversion of unlisted options[(xvi)]	5,250,000	136,500
Costs directly attributable to issue of share capital	-	-
Balance as at 30 June 2017	659,039,602	21,781,211

Consolidated Notes to the Financial Statements
for the financial year ended 30 June 2017

Note 6 Issued Capital (continued)

(i) Pursuant to the Company's Replacement Prospectus dated 26 May 2015, the Company issued 200,000,000 shares under the Public Offer, 93,750,000 shares under the Vendor Offer and 18,749,999 shares under the Facilitation Offer.
(ii) On 22 January 2016, 18,093,750 shares were issued on the conversion of unlisted options at $0.026 per share.
(iii) On 11 February 2016, 187,500 shares were issued on the conversion of unlisted options at $0.026 per share.
(iv) On 29 April 2016, 62,500,000 shares were issued at $0.20 per share pursuant to a Placement.
(v) On 29 April 2016, 1,016,250 shares were issued in consideration for fees for capital raising services.
(vi) On 18 May 2016, 468,750 shares were issued on the conversion of unlisted options at $0.026 per share.
(vii) On 2 June 2016, 3,375,000 shares were issued on the conversion of unlisted options at $0.026 per share.
(viii) On 9 June 2016, 1,312,500 shares were issued on the conversion of unlisted options at $0.026 per share.
(ix) On 28 June 2016, 93,750 shares were issued on the conversion of unlisted options at $0.026 per share.
(x) Costs of capital comprises: $203,250 relating to Advisory Shares (outlined above), $823,452 relating to valuation of Unlisted Options issued on 29 April 2016 (Note 7), and other costs of $1,027,336.
(xi) On 15 July 2016, 375,000 shares were issued on the conversion of unlisted options at $0.026 per share.
(xii) On 22 July 2016, 750,000 shares were issued on the conversion of unlisted options at $0.026 per share.
(xiii) On 16 September 2016, 187,500 shares were issued on the conversion of unlisted options at $0.026 per share.
(xiv) On 7 October 2016, 2,437,500 shares were issued on the conversion of unlisted options at $0.026 per share.
(xv) On 26 October 2016, 1,218,750 shares were issued on the conversion of unlisted options at $0.026 per share.
(xvi) On 16 December 2016, 5,250,000 shares were issued on the conversion of unlisted options at $0.026 per share.

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

Note 7 Equity-Settled Benefits Reserve

	$
Balance as at 1 July 2015	-
Fair value of options issued[1]	1,257,970
Balance as at 30 June 2016	1,257,970

	$
Balance as at 1 July 2016	1,257,970
Fair value of options issued[2]	5,069,771
Balance as at 30 June 2017	6,327,741

[1] During the financial year ended 30 June 2016, ResApp Health Limited issued the following unlisted options:

- 5,000,000 unlisted options were issued to Dr Tony Keating on 2 July 2015, following shareholder approval at the General Meeting held on 26 November 2014. The options are to subscribe for ordinary fully paid shares in the Company at any time on or before 2 July 2020 at an exercise price of $0.025.
- 5,000,000 unlisted options were issued to Dr Tony Keating on 2 July 2015, following shareholder approval at the General Meeting held on 26 November 2014. The options are to subscribe for ordinary fully paid shares in the Company at any time on or before 2 July 2020 at an exercise price of $0.05.
- 10,000,000 unlisted options were issued to Dr Tony Keating on 2 July 2015, following shareholder approval at the General Meeting held on 26 November 2014. The options are to subscribe for ordinary fully paid shares in the Company at any time on or before 2 July 2020 at an exercise price of $0.10.
- 3,000,000 unlisted options were issued to Dr Udantha Abeyratne on 22 September 2015, as approved by Shareholders at the General Meeting held on 30 November 2015. The options are to subscribe for ordinary fully paid shares in the Company at any time on or before 2 July 2020 at an exercise price of $0.05.

Consolidated Notes to the Financial Statements
for the financial year ended 30 June 2017

Note 7 Equity-Settled Benefits Reserve (continued)

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

[2] During the financial year ended 30 June 2017, 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.
- 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.
- 750,000 Employee Incentive Options were issued to Employees on 14 February 2017, being exercisable at $0.45. 250,000 Options are expiring on 31 October 2020 with one third of the Options vesting on 31 October 2017 with the remaining two thirds vesting in equal quarterly instalments over 2 years from 31 October 2017 if the employee remains employed by the Company. 500,000 Options are expiring on 12 December 2020 with one third of the Options vesting on 12 December 2017 with the remaining two thirds vesting in equal quarterly instalments over 2 years from 12 December 2017, if the employee remains employed by the Company.
- 500,000 Employee Incentive Options were issued to Employees on 13 March 2017, being exercisable at $0.45 and expiring on 13 March 2021 with one third of the Options vesting on 13 March 2018 with the remaining two thirds vesting in equal quarterly instalments over 2 years from 13 March 2018, if the employee remains employed by the Company.
- 250,000 Employee Incentive Options were issued to Employees on 1 May 2017, being exercisable at $0.45 and expiring on 1 May 2021 with one third of the Options vesting on 1 May 2018 with the remaining two thirds vesting in equal quarterly instalments over 2 years from 1 May 2018, if the employee remains employed by the Company.

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.

Consolidated Notes to the Financial Statements
for the financial year ended 30 June 2017

Note 7 Equity-Settled Benefits Reserve (continued)

	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 30 June 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 30 June 2017	$238,007	$314,064*	$527,454	$439,545	$2,009,593	$1,746,558

Consolidated Notes to the Financial Statements
for the financial year ended 30 June 2017

Note 7 Equity-Settled Benefits Reserve (continued)

	Options expiring 31-Oct-20	Options expiring 12-Dec-20	Options expiring 13-Mar-21	Options expiring 1-May-21
Grant date	14-Feb-17	14-Feb-17	13-Mar-17	1-May-17
Dividend yield	0%	0%	0%	0%
Expected volatility	100%	100%	100%	100%
Risk-free interest rate	1.48%	1.48%	1.48%	1.48%
Option exercise price	$0.45	$0.45	$0.45	$0.45
Expected life (years)	3.7	3.8	4	4
Share price on date of grant	$0.370	$0.370	$0.315	$0.320
Value attributable to the options in the equity settled benefits reserve at 30 June 2017	$8,149*	$11,686*	$9,933*	$2,789*

* subject to vesting conditions as disclosed in note 7.

Note 8 Loss Per Share

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

	Consolidated 2017 $	Consolidated 2016 $
Attributable to ordinary equity holders (used in calculating basic and diluted EPS) – continuing operations.	**(10,032,750)**	(3,207,577)
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share adjusted for share consolidation	**655,480,955**	491,713,750
Loss per share (basic and diluted) (cents)	**(1.53)**	(0.65)

Note 9 Segment Note

The Group has identified its operating segment as medical technology. The reportable segment is represented by the primary consolidated statements forming the financial report for the year ended 30 June 2017. These are the figures that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources.