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

Appendix 4E – Preliminary Final Report for the Year Ended 30 June 2018

Results for announcement to market	Up / Down	% Change	2018 $	2017 $
Revenue from ordinary activities	Down	57%	87,007	204,317
Loss after tax from ordinary activities attributable to members	Down	35%	(6,533,435)	(10,032,750)
Loss attributable to members	Down	35%	(6,533,435)	(10,032,750)

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	0.53
Net tangible asset backing per ordinary share – previous reporting period	1.39

Commentary on the Results for the Period

During the year ended 30 June 2018, the Company was principally engaged in research and development activities. A large portion of the total expenses (49%) for the current year is made up of costs associated with R&D. The loss for the prior year is attributable to operating activities, research and development costs and the valuation of options issued during that year.

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 2018

PRINCIPAL ACTIVITIES

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

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 study endpoints were based on the diagnosis of pneumonia, croup, bronchiolitis, asthma/reactive airways disease, lower respiratory tract disease and upper respiratory tract infection.

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 skewed the results. In addition, ResApp subsequently found material variances in clinical adjudication that further skewed the results.

A preliminary analysis indicated that the study was unlikely to meet its predefined endpoints for diagnosis of childhood respiratory disease.

US SMARTCOUGH-C-2 Study

During the period, the Company announced it proposed completing a second US paediatric pivotal clinical study over the US winter. SMARTCOUGH-C-2 is a prospective, multi-site, double-blind study designed as a follow-on from ResApp's SMARTCOUGH-C study, which was found to not be a representative evaluation of ResAppDx due to a range of issues during execution and clinical adjudication. SMARTCOUGH-C-2 was a refined study with an array of enhanced procedures and features developed in collaboration with the participating hospitals.

The SMARTCOUGH-C-2 study enrolled 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 SMARTCOUGH-C-2 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 8 January 2018, the Company announced it had enrolled the first patient in its SMARTCOUGH-C-2 study in the United States.

Subsequent to the end of the period, on 1 August 2018 the Company announced the completion of enrolment in its SMARTCOUGH-C-2 study with a total of 1,470 patients having been enrolled at three hospital sites in the United States. With enrolment complete, the study entered the data verification phase in which final quality assurance, clinical and radiologic adjudication were conducted for the remaining patients, and final source data verification site visits performed.

Australian Paediatric Clinical Study

During the period, the Company continued to enrol children in its Australian paediatric clinical study, Breathe Easy. On 4 September 2017, ResApp announced it would 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 Health Campus had recruited patients for double-blind prospective analysis with 230 patients recruited as at September 2017.

Subsequent to the end of the period, on 2 August 2018 the Company announced the completion of paediatric enrolment in the prospective, double-blind stage of its Breathe Easy study. A total of 681 paediatric patients had been recruited at Joondalup Health Campus and Princess Margaret Hospital in Perth.

With enrolment completed, the Breathe Easy study entered the data verification phase, where final quality assurance as well as clinical adjudication will be conducted for the remaining patients. Following data verification, an independent team of health researchers from Curtin University will prepare top-line results.

Australian Adult Clinical Study

During the period, adult patients continued to be recruited in the Breathe Easy Australian clinical study.

On 18 December 2017 the Company announced further positive results from its Australian adult clinical study. These results demonstrated, for the first time, accurate differential diagnosis of pneumonia and acute asthma in a real-world intended use population of adult patients with a board range of respiratory illnesses. The results also demonstrated 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. All results were obtained using leave-one-out cross-validation.

On 28 June 2018 the Company advised that recruitment in its Australian double-blind, prospective adult study is progressing well with 567 adults enrolled as of 27 June 2018.

Obstructive Sleep Apnoea Study

On 10 April 2018 the Company announced that it is conducting clinical proof-of-concept studies in obstructive sleep apnoea (OSA) and had received excellent preliminary results. ResApp had developed new machine-learning algorithms to measure the severity of OSA from a patient's overnight breathing and snoring sounds recorded using a smartphone placed on a bedside table. The Company is working with Dr Philip Currie and Dr Ivan Ling of Cardio Respiratory Sleep (CRS) to recruit patients at Hollywood Private Hospital and The Park Private Hospital in Perth, Australia.

Preliminary results from ResApp's study achieved 86% sensitivity and 83% specificity for identifying patients with an apnoea hypopnea index (AHI) greater than or equal to 15 (patients with moderate and severe sleep apnoea) compared with simultaneous in-laboratory polysomnography scored using the current 2012 AASM scoring criteria. These results were obtained using ten-fold cross-validation on a large cohort of 731 patients. ResApp is now looking to confirm these findings in a double-blind prospective study.

Subsequent to the end of the period, the Company confirmed that recruitment in its double-blind prospective study had progressed well, with 312 patients recruited as of 11 July. The Company is targeting a minimum of 500 patients and expects to reach this target in the third quarter of the 2018 calendar year.

Letter of Intent with German Private Hospital Network for Pilot Project

On 24 April 2018 the Company announced that it has signed a letter of intent (LOI) with a German private hospital network to run a pilot project to test the applicability and integration of ResAppDx, ResApp's smartphone application for diagnosing acute respiratory disease, within a German hospital structure. The partners will work together to design and run a six-month pilot project at one or more of the network's hospitals in Germany at no-cost to ResApp.

At the completion of the project ResApp has agreed to grant the network an exclusive, no-cost license to use ResAppDx in their hospitals in Germany for six months and a non-exclusive, no-cost license for an additional six months. Successful completion of the pilot may lead to the network negotiating a commercial licensing agreement for use in their hospitals.

DARPA Warfighter Analytics using Smartphones for Health Research Program with Lockheed Martin

Subsequent to the end of the quarter, on 16 August 2018, the Company announced that it had entered into a partnership with Lockheed Martin in the Defense Advanced Research Projects Agency (DARPA) Warfighter Analytics using Smartphones for Health (WASH) program. The WASH program will build a software suite to predict warfighter readiness and potential chronic and acute illness in a variety of contexts using only a standard cell phone instead of other specialized, expensive medical devices.

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 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 the completion of enrolment in its SMARTCOUGH-C-2 study with a total of 1,470 patients having been enrolled at three hospital sites in the United States.

In addition, on 2 August 2018 the Company announced the completion of paediatric enrolment in the prospective, double-blind stage of its Breathe Easy study. A total of 681 paediatric patients had been recruited at Joondalup Health Campus and Princess Margaret Hospital in Perth.

On 16 August 2018 the Company announced that it has partnered with Lockheed Martin in the Defense Advanced Research Projects Agency (DARPA) Warfighter Analytics using Smartphones for Health (WASH) program. The WASH program will build a software suite to predict warfighter readiness and potential chronic and acute illness in a variety of contexts using only a standard cell phone instead of other specialized, expensive medical devices.

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 2018

	Note	Consolidated 2018 $	Consolidated 2017 $
Interest income		**87,007**	204,317
Other income	1	**998,579**	1,143,368
Administration costs	3	**(3,016,029)**	(2,573,594)
Research and development costs	4	**(3,730,734)**	(3,462,380)
Finance costs		**(4,107)**	(4,861)
Amortisation		**(134,914)**	(269,829)
Doubtful debts expense		**-**	-
Share based payment expense		**(733,237)**	(5,069,771)
Loss before income tax		**(6,533,435)**	(10,032,750)
Income tax benefit		**-**	-
Loss for the year		**(6,533,435)**	(10,032,750)
Other comprehensive income for the year		**-**	-
Total comprehensive income for the year		**(6,533,435)**	(10,032,750)
Loss per share (basic and diluted) (cents)	8	**(0.99)**	(1.53)

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

Consolidated Statement of Financial Position
as at 30 June 2018

	Note	Consolidated 2018 $	Consolidated 2017 $
Current assets			
Cash and cash equivalents		**3,397,899**	8,554,764
Trade receivables		**44,556**	83,852
Other receivables	5	**935,902**	1,164,395
Other assets		**50,802**	26,096
Total current assets		**4,429,159**	9,829,107
Non-current assets			
Intangibles (net)	2	**2,023,716**	2,158,630
Total non-current assets		**2,023,716**	2,158,630
Total assets		**6,452,875**	11,987,737
Current liabilities			
Trade and other payables		**775,311**	584,354
Annual leave provision		**135,048**	54,316
Total current liabilities		**910,359**	638,670
Total liabilities		**910,359**	638,670
Net assets		**5,542,516**	11,349,067
Equity			
Issued capital	6	**21,774,858**	21,781,211
Reserves	7	**7,060,978**	6,327,741
Accumulated losses		**(23,293,320)**	(16,759,885)
Total equity		**5,542,516**	11,349,067

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

Consolidated Statement of Changes in Equity
for the financial year ended 30 June 2018

	Fully paid ordinary shares $	Equity-settled benefits reserve $	Accumulated losses $	Total $
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**
Consolidated				
Balance at 1 July 2017	**21,781,211**	**6,327,741**	**(16,759,885)**	**11,349,067**
Loss for the year	-	-	(6,533,435)	(6,533,435)
Total comprehensive income	**-**	**-**	**(6,533,435)**	**(6,533,435)**
Transactions with owners, in their capacity as owners				
Issue of options	-	733,237	-	733,237
Issue of shares	-	-	-	-
Costs directly attributable to issue of share capital	(6,353)	-	-	(6,353)
Balance at 30 June 2018	**21,774,858**	**7,060,978**	**(23,293,320)**	**5,542,516**

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

Consolidated Statement of Cash Flows
for the financial year ended 30 June 2018

	Note	Consolidated 2018 $	Consolidated 2017 $
Cash flows from operating activities			
Cash payments to suppliers and employees		**(6,460,268)**	(5,645,463)
Interest paid		**(4,107)**	(4,861)
Interest received		**108,166**	204,181
Other (R&D rebate)		**1,205,697**	
Net cash flows used in operating activities		**(5,150,512)**	(5,446,143)
Cash flows from investing activities			
Cash acquired on acquisition of ResApp Diagnostics		**-**	-
Net cash flows provided by investing activities		**-**	-
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		**(5,156,865)**	(5,180,455)
Cash and cash equivalents at the beginning of the financial year		**8,554,764**	13,735,219
Cash and cash equivalents at the end of the financial year		**3,397,899**	8,554,764

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

Consolidated Notes to the Financial Statements
for the financial year ended 30 June 2018

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 2018 to be $935,902. In addition, the Company has applied for an overseas ruling in relation to R&D expenditure incurred overseas. If the application is successful the Company expects to be able to claim a further R&D Rebate of $812,198 in relation to expenditure incurred during the 30 June 2018 financial year. In April 2018, the Group received an R&D rebate of $689,524 for the financial year ended 30 June 2017.

Note 2 Intangibles

	Consolidated	
	2018	**2017**
	$	$
Intangibles (licences held over patent)	**2,428,459**	2,428,459
Amortisation[1]	**(404,743)**	(269,829)
	2,023,716	2,158,630

[1] The Group 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.

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

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

Consolidated Notes to the Financial Statements
for the financial year ended 30 June 2018

Note 3 Administration Expenses

	Consolidated	
	2018 $	**2017 $**
Consulting fees	**(189,864)**	(187,000)
Director fees and employee costs	**(1,980,359)**	(1,243,282)
Professional fees (including legal fees)	**(222,030)**	(237,244)
Other administration expenses	**(623,776)**	(906,068)
	(3,016,029)	(2,573,594)

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 of America. These research and development costs do not include costs of employees involved in research and development.

Note 5 Other Receivables

		Consolidated	
	Note	**2018 $**	**2017 $**
Interest receivable		-	21,027
R&D rebate receivable	1	**935,902**	1,143,368
		935,902	1,164,395

Note 6 Issued Capital

	No	**$**
Fully paid ordinary shares and authorised capital		
Balance as at 1 July 2016	**648,820,852**	**21,515,523**
Shares issued 15 July 2016 for conversion of unlisted options[(i)]	375,000	9,750
Shares issued 22 July 2016 for conversion of unlisted options[(ii)]	750,000	19,500
Shares issued 16 September 2016 for conversion of unlisted options[(iii)]	187,500	4,875
Shares issued 7 October 2016 for conversion of unlisted options[(iv)]	2,437,500	63,375
Shares issued 26 October 2016 for conversion of unlisted options[(v)]	1,218,750	31,688
Shares issued 16 December 2016 for conversion of unlisted options[(vi)]	5,250,000	136,500
Balance as at 30 June 2016	**659,039,602**	**21,781,211**
Balance as at 1 July 2017	**659,039,602**	**21,781,211**
No shares issued during the period	-	-
Costs directly attributable to issue of share capital	-	(6,353)
Balance as at 30 June 2018	**659,039,602**	**21,774,858**

[(i)] On 15 July 2016, 375,000 shares were issued on the conversion of unlisted options at $0.026 per share.
[(ii)] On 22 July 2016, 750,000 shares were issued on the conversion of unlisted options at $0.026 per share.
[(iii)] On 16 September 2016, 187,500 shares were issued on the conversion of unlisted options at $0.026 per share.
[(iv)] On 7 October 2016, 2,437,500 shares were issued on the conversion of unlisted options at $0.026 per share.

Consolidated Notes to the Financial Statements
for the financial year ended 30 June 2018

(v) On 26 October 2016, 1,218,750 shares were issued on the conversion of unlisted options at $0.026 per share.
(vi) 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 2016	1,257,970
Fair value of options issued[1]	5,069,771
Balance as at 30 June 2017	6,327,741

	$
Balance as at 1 July 2017	6,327,741
Fair value of options issued[2]	733,237
Balance as at 30 June 2018	7,060,978

[1] 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

Consolidated Notes to the Financial Statements
for the financial year ended 30 June 2018

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.

[2] During the year ended 30 June 2018, 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 30 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 30 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 30 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 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 during the years ended 30 June 2017 and 2018.

	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**	**Options expiring 31-Oct-20**
Grant date	16-Sep-16	16-Sep-16	16-Sep-16	10-Nov-16	10-Nov-16	14-Feb-17
Dividend yield	0%	0%	0%	0%	0%	0%
Expected volatility	100%	100%	100%	104%	104%	100%
Risk-free interest rate	1.48%	1.48%	1.48%	1.48%	1.48%	1.48%
Option exercise price	$0.45	$0.45	$0.75	$0.45	$0.75	$0.45
Expected life (years)	3	3	3	3	3	3.7
Share price on date of grant	$ 0.430	$ 0.430	$0.430	$0.440	$0.440	$0.370
Value attributable to the options in the equity settled benefits reserve at 30 June 2018	$489,882*	$527,454	$439,545	$2,009,593	$1,746,558	$30,020*

Consolidated Notes to the Financial Statements
for the financial year ended 30 June 2018

	Options expiring 12-Dec-20	Options expiring 13-Mar-21	Options expiring 1-May-21	Options expiring 1-Jun-20	Options expiring 18-Dec-20	Options expiring 18-Dec-20
Grant date	14-Feb-17	13-Mar-17	1-May-17	21-Jul-17	18-Dec-17	18-Dec-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%	1.95%	2.00%	2.00%
Option exercise price	$0.45	$0.45	$0.45	$0.75	$0.085	$0.085
Expected life (years)	3.8	4	4	2.8	3	3
Share price on date of grant	$0.370	$0.315	$0.320	$0.310	$0.091	$0.091
Value attributable to the options in the equity settled benefits reserve at 30 June 2018	$43,049*	$43,194*	$19,754*	$166,878	$200,749	$5,808

	Options expiring 18-Dec-20	Options expiring 18-Dec-20
Grant date	18-Dec-17	18-Dec-17
Dividend yield	0%	0%
Expected volatility	100%	100%
Risk-free interest rate	2.00%	2.00%
Option exercise price	$0.085	$0.140
Expected life (years)	3	3
Share price on date of grant	$0.091	$0.091
Value attributable to the options in the equity settled benefits reserve at 30 June 2018	$18,602	$22,366

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

Consolidated Notes to the Financial Statements
for the financial year ended 30 June 2018

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	
	2018	**2017**
	$	**$**
Attributable to ordinary equity holders (used in calculating basic and diluted EPS) – continuing operations.	**(6,533,435)**	(10,032,750)
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share adjusted for share consolidation[1]	**659,039,602**	655,480,955
Loss per share (basic and diluted) (cents)	**(0.99)**	(1.53)

[1] 55,966,667 options excluded from the calculation will have no impact due to the Group's loss-making position.

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 2018. These are the figures that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources.