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APPENDIX 4D

HALF-YEAR FINANCIAL REPORT

FOR THE PERIOD ENDED 30 JUNE 2016

This half-year financial report is provided to the Australian Securities Exchange (ASX) under ASX Listing Rule 4.2A.3.

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Reproductive Health Science Limited

ACN 010 126 708

Appendix 4D Information

Reporting Period

Half-year ended 30 June 2016

Comparative Period

Half year ended 30 June 2015

Results for announcement to the market

		<i>Percentage change</i>		<i>Amount</i>
		<i>%</i>		<i>\$</i>
Revenue from ordinary activities	up	15.6	to	20,760
Loss from ordinary activities after tax attributable to members of Reproductive Health Science Limited	up	31.6	to	(905,504)
Net loss attributable to members of Reproductive Health Science Limited	up	31.6	to	(905,504)

Dividend information

No dividend payable for the half year ended 30 June 2016 or the comparative period.

Net Tangible Assets per Security

	<i>30 Jun 16</i>	<i>30 Jun 15</i>
Net tangible assets per security	\$0.01	\$0.02

Other information

This report is based on the consolidated financial statements which have been reviewed by Ernst and Young.

Corporate information

ABN 84 010 126 708

Directors

Dr David Brookes (Non-Executive Chairman)

Dr Michelle Fraser (Managing Director)

Mr Johnathon Matthews

Dr Colin Matthews (Alternate for Mr Johnathon Matthews)

Ms Sue MacLeman

Mr Fabian Dwyer (Resigned 21 April 2016)

Company Secretary

Mr Raymond Ridge

Registered office

BioSA Incubator

40 - 46 West Thebarton Road

THEBARTON SA 5031

Principal place of business

BioSA Incubator

40 - 46 West Thebarton Road

THEBARTON SA 5031

Share Register

Link Market Services Limited

Level 12, 680 George Street

Sydney NSW 2000

Phone: 1300 554 474

Reproductive Health Science Limited's shares are listed on the Australian Securities Exchange (ASX) under the stock code 'RHS'.

Auditors

Ernst & Young

Australia

Directors' report

Your directors submit their report for the half-year ended 30 June 2016.

Directors

The names of the Company's directors in office during the half-year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Dr David Brookes (Chairman)
Dr Michelle Fraser (Managing Director)
Mr Johnathon Matthews
Ms Sue MacLeman
Mr Fabian Dwyer (Resigned 21 April 2016)

Review and results of operations

The Group has continued to progress the development and marketing of its products. A summary of key developments, during the period 1 January 2016 through to the date of this Directors Report, is as follows:

- The Company continues the commercialisation of EmbryoCollect™. In the half-year ended 30 June 2016, EmbryoCollect™ kit sales were \$12,160 and services, utilising the EmbryoCollect™ product, generated income of \$8,600. During the month of July 2016, further kit sales of \$12,000 were achieved, together with services income of \$1,500.
- In-Vitro Fertilisation (IVF) provider flindersfertility publicised the early success of their new PGS service offered in collaboration with RHS using EmbryoCollect™. The PGS service had significantly improved clinical pregnancy rates for patients with previous unsuccessful IVF histories (refer to ASX Announcement 4th April 2016).
- A report on the extensive validation of EmbryoCollect™ was released at the European Society of Human Reproduction and Embryology conference ("ESHRE") in Helsinki on 3rd – 6th July 2016. The report confirmed the high degree of accuracy of this product and its suitability for the IVF market.
- The Company also launched its second product, DOPlify™ at the ESHRE conference. DOPlify™ is used for the lysis and whole genome amplification of single or small numbers of cells. This kit uses RHS' advanced DOP-PCR developed for and initially validated as part of EmbryoCollect™. The product has also been validated for use in Next Generation Sequencing (NGS) and presented data on this at two key meetings, ESHRE and Preimplantation Genetic Diagnosis International Symposium.
- RHS filed a provisional patent on combined whole genome amplification and single gene specific PCR. This provides a unique and valuable approach to combined Preimplantation Genetic Diagnosis (PGD) and Preimplantation Genetic Screening (PGS). This addresses an unmet market need in the IVF application and serves as a model for expansion into broader applications, including cancer.
- With expiry of IP rights that have prevented RHS from entering the USA market until July 2016, RHS is now entering this market with both of its products. This includes formal discussions with significant service providers who perform genetic testing services for IVF

clinics in the USA. The USA marketing strategy will be augmented by RHS exhibiting at the American Society for Reproductive Medicine (“ASRM”) meeting in Salt Lake City in October 2016.

- RHS is holding discussions with a clinic in Europe regarding establishment of an in-house PGS service. With the launch of DOPlify™, RHS is also in discussions with Australian clinics regarding expansion of our PGS services to include microarray and NGS assessment. The Company has also commenced technical and commercial discussions with two overseas clinical groups on the establishment of a regional PGS service using RHS products.
- RHS held its third EmbryoCollect™ training course in March and is commencing DOPlify™ training courses in August. These training courses are an important avenue for increasing RHS’ brand awareness and providing advice and assistance to the market.

During the period ended 30 June 2016, the Group incurred a loss of \$905,504 (30 June 2015: \$688,113).

Auditor independence declaration

We have obtained the following independence declaration from our auditors, Ernst & Young.



Ernst & Young
121 King William Street
Adelaide SA 5000 Australia
GPO Box 1271 Adelaide SA 5001

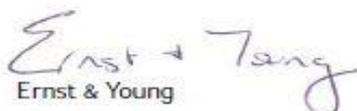
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Fax: +61 8 8417 1775
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Auditor’s Independence Declaration to the Directors of Reproductive Health Science Limited

As lead auditor for the review of Reproductive Health Science Limited for the half-year ended 30 June 2016, I declare 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.

This declaration is in respect of Reproductive Health Science Limited and the entities it controlled during the financial period.


Ernst & Young


Mark Phelps
Partner
Adelaide
31 August 2016

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read "David Brookes". The signature is written in a cursive style with a distinct loop at the end of the last name.

Dr David Brookes
Chairman
Adelaide, 31 August 2016

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Interim consolidated statement of comprehensive income

For the half-year ended 30 June 2016

	Note	30 June 2016 \$	30 June 2015 \$
Sales Revenue		20,760	17,957
Cost of Goods Sold		(9,162)	(15,921)
Gross Profit		11,598	2,036
Research and development tax incentive		278,104	269,114
Other income		43,303	27,692
Total Income		333,005	298,842
Expenses			
Salaries and benefits		(496,323)	(548,913)
Consultants and professional fees		(93,717)	(89,008)
Research and development		(54,210)	(42,620)
Rent and property expenses		(66,891)	(71,952)
Depreciation and amortisation		(35,642)	(42,659)
Travel costs		(75,301)	(75,290)
Other expenses		(98,152)	(89,668)
Finance costs		(5,215)	(5,275)
Doubtful debts		(10,464)	-
Share based payments	8	(302,594)	(21,570)
Loss before income tax expense		(905,504)	(688,113)
Income tax benefit/(expense)		-	-
Loss from continuing operations		(905,504)	(688,113)
Loss attributable to members of the parent entity		(905,504)	(688,113)
Other comprehensive income		-	-
Total comprehensive loss for the period		(905,504)	(688,113)
Loss per share:		<i>Cents</i>	<i>Cents</i>
Basic earnings per share	4	(0.015)	(0.013)
Diluted earnings per share	4	(0.015)	(0.013)

Interim consolidated statement of financial position

As at 30 June 2016

	Note	30 June 2016 \$	31 December 2015 \$
CURRENT ASSETS			
Cash and cash equivalents		597,715	1,455,483
Trade and other receivables		296,777	72,965
Inventories		51,779	-
Other current assets		14,301	22,871
TOTAL CURRENT ASSETS		960,572	1,551,319
NON-CURRENT ASSETS			
Property, plant and equipment		346,548	329,344
Intangible assets	5	64,170	66,519
TOTAL NON-CURRENT ASSETS		410,718	395,863
TOTAL ASSETS		1,371,290	1,947,182
CURRENT LIABILITIES			
Trade and other payables		280,237	251,667
Deferred Revenue		27,400	27,400
Interest-bearing loans and borrowings	6	36,404	35,159
Provisions		159,076	147,089
TOTAL CURRENT LIABILITIES		503,117	461,315
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	6	102,906	121,425
Provisions		17,793	14,058
TOTAL NON-CURRENT LIABILITIES		120,699	135,483
TOTAL LIABILITIES		623,816	596,798
NET ASSETS		747,474	1,350,384
EQUITY			
Contributed equity		12,239,599	12,239,599
Share based payments reserve	8	1,089,279	786,685
Accumulated losses		(12,581,404)	(11,675,900)
TOTAL EQUITY		747,474	1,350,384

Interim consolidated statement of changes in equity

For the half-year ended 30 June 2016

	Note	Issued capital ordinary \$	Share based payments reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 January 2016		12,239,599	786,685	(11,675,900)	1,350,384
<i>Comprehensive income</i>					
Loss for the period		-	-	(905,504)	(905,504)
Other comprehensive income/(expense)		-	-	-	-
Total comprehensive income/(loss) for the period		-	-	(905,504)	(905,504)
<i>Transactions with owners, in their capacity as owners and other transfers</i>					
Share based payments	8	-	302,594	-	302,594
Total transactions with owners and other transfers		-	302,594	-	302,594
Balance at 30 June 2016		12,239,599	1,089,279	(12,581,404)	747,474

Interim consolidated statement of changes in equity (Continued)

For the half-year ended 30 June 2016

Note	Issued capital ordinary \$	Share based payments reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 January 2015	11,016,655	759,376	(10,040,721)	1,735,310
<i>Comprehensive income</i>				
Loss for the period	-	-	(688,113)	(688,113)
Other comprehensive income/(expense)	-	-	-	-
Total comprehensive income/(loss) for the period	-	-	(688,113)	(688,113)
<i>Transactions with owners, in their capacity as owners and other transfers</i>				
Share based payments		21,570	-	21,570
Total transactions with owners and other transfers	-	21,570	-	21,570
Balance at 30 June 2015	11,016,655	780,946	(10,728,834)	1,068,767

Interim consolidated statement of cash flows

For the half-year ended 30 June 2016

Note	Half year ended 30 June 2016 \$	Half year ended 30 June 2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	24,005	11,179
Payments to suppliers and employees	(919,893)	(903,424)
Interest paid	(5,215)	(5,275)
Interest received	13,061	21,504
R&D Tax benefit received	-	157,377
EMDG grant received	63,927	-
Other income	8,000	-
NET CASH USED IN OPERATING ACTIVITIES	(816,115)	(718,639)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of intangible assets	(24,646)	-
Proceeds from sale of assets	544	31,416
Purchase of Property, Plant & Equipment	(277)	(80,431)
NET CASH USED IN INVESTING ACTIVITIES	(24,379)	(49,015)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	-	190,481
Finance lease repayments	(17,274)	(17,214)
NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES	(17,274)	173,267
Net (decrease) in cash and cash equivalents	(857,768)	(594,387)
Cash at the beginning of the period	1,455,483	1,518,601
CASH AT THE END OF THE PERIOD	597,715	924,214

Notes to the consolidated financial statements

For the half-year ended 30 June 2016

1. Corporate information

The interim condensed consolidated financial statements of Reproductive Health Science Limited and its subsidiaries (collectively, the Group) for the half-year ended 30 June 2016 were authorised for issue in accordance with a resolution of the directors on 31 August 2016.

Reproductive Health Science Limited is a for profit company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded. The Group's principal activities are the development and marketing of its biotechnology technologies.

2. Basis of preparation and changes to the Group's accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statement are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2015.

The interim condensed consolidated financial statements for the half-year ended 30 June 2016 have been prepared in accordance with AASB 134 Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2015.

3. Segment reporting

The Group has identified its operating segments based on internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group only operates in one business segment being the development and marketing of biotechnology technologies.

4. Earnings per share

The weighted average number of ordinary shares in the period ending 30 June 2016 is 59,005,165 (51,310,165 in the period ending 30 June 2015).

In accordance with AASB 133 'Earnings per Share', as potential ordinary shares may only result in a situation where their conversion results in an increase in loss per share or decrease in profit per share from continuing operations, no dilutive effect has been taking into account for the periods ended 30 June 2015 and 30 June 2016.

Notes to the consolidated financial statements

For the half-year ended 30 June 2016 (Continued)

5. Intangible assets

	30 June 16 (6 months) \$	31 Dec 15 (12 months) \$
Balance at the beginning of the period	66,519	1,770
Additional patent costs	1,635	72,291
Amortisation expense	(3,984)	(7,542)
	64,170	66,519

Costs incurred in obtaining patent protection are capitalised and amortised on a straight line basis over the life of the patent granted.

6. Interest-bearing loans and borrowings

	30 June 16 \$	31 Dec 15 \$
Obligations under finance lease		
Current	36,404	35,159
Non-current	102,906	121,425
Total	139,310	156,584

On 30 January 2015, the Group entered into a finance lease with its financier for the sum of \$190,481. The finance lease provides for fixed monthly payments, over a five year period, comprising principal and interest at 6.98%. Future minimum lease payments under the finance lease are as follows:

	\$	\$
Within one year	44,978	44,978
After one year but less than five years	112,444	134,933
-More than five years	-	-
Total minimum lease payments	157,422	179,911
Less amounts representing finance charges	(18,112)	(23,327)
Present value of minimum lease payments	139,310	156,584

The finance lease is secured over the relevant item of plant that the Group owns. Fair value approximates carrying value as there hasn't been a significant change in market rates.

Notes to the consolidated financial statements

For the half-year ended 30 June 2016 (Continued)

7. Contributed equity

	30 June 16	31 Dec 15
	\$	\$
Fully paid ordinary shares	12,239,599	12,239,599
	<u>12,239,599</u>	<u>12,239,599</u>
	Number	\$
Ordinary shares		
Balance at beginning of the period	59,005,165	51,310,165
Ordinary shares issued in the period	-	7,695,000
Balance at end of the period	<u>59,005,165</u>	<u>59,005,165</u>

8. Share based payments reserve

	30 June 16	31 Dec 15
	\$	\$
Share based payments reserve	1,089,279	786,685
	<u>1,089,279</u>	<u>786,685</u>
<i>Share based payments reserve</i>		
Opening balance 1 January	786,685	759,376
Fair value of share options issued	307,094	27,309
Fair value of options forfeited	(4,500)	-
	<u>1,089,279</u>	<u>786,685</u>
<i>Fair value of share options issued in the prior year to 31 December 2015</i>		
Issued in the half-year ended 30 June 2015		21,570
Issued in the half-year ended 31 December 2015		5,739
		<u>27,309</u>

The share option reserve comprises the fair value of options issued to directors of the Company and other parties.

Notes to the consolidated financial statements

For the half-year ended 30 June 2016 (Continued)

In accordance with shareholder approval at the Company's Annual General Meeting dated 25 May 2016, 4,250,000 unlisted options were issued to the directors of the Company. These options are exercisable at a price of \$0.21, at any time on or after 1 January 2017 and expire 31 May 2020.

The options were valued using a binomial option valuation method, using the following assumptions:

Volatility Rate:	68%
Estimated life	4 years
Risk free rate	1.83%
Number of steps	1,000

The total value pertaining to these options using the above assumptions amounted to \$232,305. None of the options contained vesting conditions and hence have been expensed in the Company's statement of comprehensive income for the half year ended 30 June 2016.

A further 1,500,000 unlisted options were issued to a director of the Company, in accordance with shareholder approval at the Company's Annual General Meeting dated 25 May 2016. These options are exercisable at a price of \$0.25, at any time on or after 1 January 2017 and expire 31 May 2020.

The options were valued using a binomial option valuation method, using the following assumptions:

Volatility Rate:	68%
Estimated life	4 years
Risk free rate	1.83%
Number of steps	1,000

The total value pertaining to these options using the above assumptions amounted to \$74,789. None of the options contained vesting conditions and hence have been expensed in the Company's statement of comprehensive income for the half year ended 30 June 2016.

As at 31 December 2015, the Company had an obligation to issue 300,000 unlisted options to a director, pursuant to their terms of engagement dated 1 September 2015. These options were subject to shareholder approval at the next Annual General Meeting. As these options did not contain any vesting conditions, other than shareholder approval, the assessed \$4,500 fair value of the options was expensed in the Company's statement of comprehensive income for the year ended 31 December 2015. As the director resigned effective 21 April 2016, prior to the

Notes to the consolidated financial statements

For the half-year ended 30 June 2016 (Continued)

Company's Annual General Meeting, the \$4,500 has been reversed from the share premium reserve in the half year ending 30 June 2016.

9. Events after the reporting period

There has not arisen any matters or circumstances, since the half year period ending 30 June 2016, which significantly affected or could materially impact the operations of the Group, the results of those operations, or the state of the Group in future years.

10. Going concern basis of accounting

In preparing this report, the Directors have made an assessment of the ability of the Group to continue as a going concern. As described in the Directors' report, the Company remains in the start-up phase of operations and is forecast to operate at an operating loss and cash flow deficit for the immediate forecast period. In considering their position, the Directors have had regard to the current cash reserves and forecasts of cash expenditure and income; together with the likelihood of being able to raise funds as needed. The Directors have concluded there are reasonable grounds to believe the Company is a going concern and will be able to continue to pay its debts as and when they become due and payable.

Should the Group not achieve its forecast trading result or not raise funds of a level or timing as required, there is material uncertainty as to whether the group will realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in the financial report.

Directors' declaration

In accordance with a resolution of the directors of Reproductive Health Science Limited, I state that:

In the opinion of the directors:

- a) The financial statements and notes of Reproductive Health Science Limited for the half-year ended 30 June 2016 are in accordance with the Corporations Act 2001, including:
 - i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the half-year ended on that date; and
 - ii. complying with Accounting Standard AASB 134 Interim Financial Reporting, and the *Corporations Regulations 2001*
- b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the board



Dr David Brookes
Chairman

31 August 2016

To the members of Reproductive Health Science Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Reproductive Health Science Limited, which comprises the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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 controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the 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 financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Reproductive Health Science Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

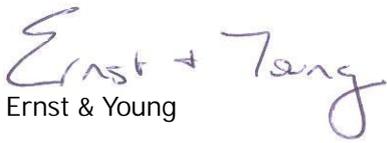
Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Reproductive Health Science Limited is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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Material Uncertainty Regarding Continuation as a Going Concern

Without modification to our conclusion, we draw attention to Note 10 in the financial report which describes the principal conditions that raise doubt about the entity's ability to continue as a going concern. The conditions set forth in Note 10, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.



Ernst & Young



Mark Phelps
Partner
Adelaide
31 August 2016

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