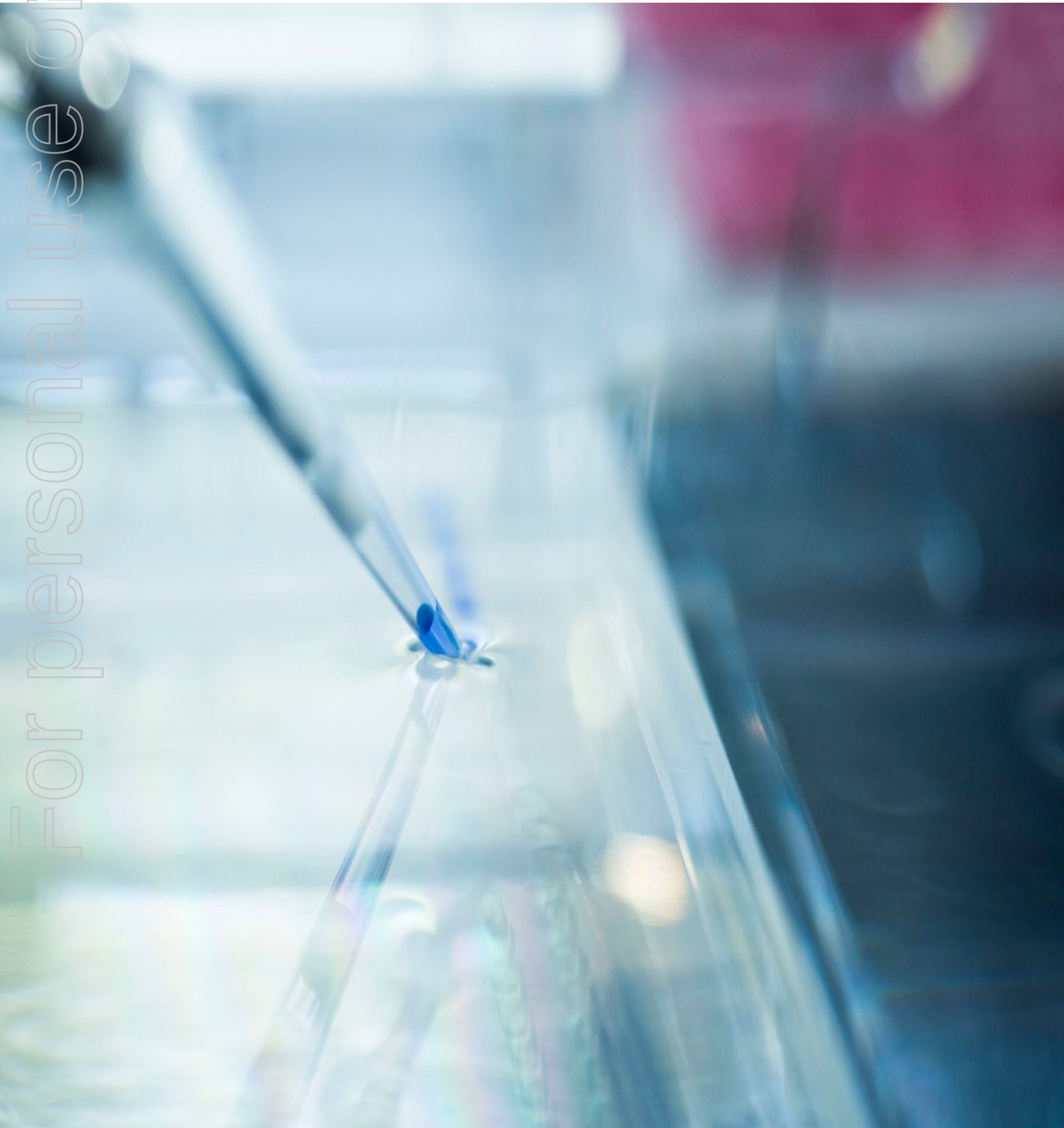
RHS
Unique Genomic Solutions

Annual Report 2016

REPRODUCTIVE HEALTH SCIENCE LTD ACN 010 126 708



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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

Company Secretary
Mr Ray 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

Chairman's letter to Shareholders

Dear Shareholders,

2016 was a year of solid progress towards returning shareholder value through the furthering of RHS' product development and a repositioning and expansion of the Company's scope. In particular, it has been an incredible achievement by the RHS' team to launch and establish DOPlify™ as a world leading product and to advance our PGS/PGD capabilities within budget and with a total loss for the financial year of $1.8m.

The repositioning of the Company over the last year is reflected in the proposed name change simplified to just RHS Ltd accompanied with the tag line Unique Genomic Solutions. There is no doubt that RHS' understanding of the molecular methods used in the IVF industry for PGS/PGD is at least the equal of any other organisation in the world and remains a founding passion in our pipeline of programs. The enabling WGA solution in EmbryoCellect™ evolved into our second product DOPlify™, which is applicable to micro amounts of genetic material that can be as little as a single cell, circulating "free" DNA or other limited genetic material. This product is a platform technology that has very broad applications across diagnostic and clinical medicine and extends into forensics and diverse non-human industries.

RHS has been undervalued but the appreciation of the Company's technology and know-how is growing. The achievements of 2016 were supported through a Rights Issue and placement to sophisticated investors raising $1.5m to accelerate our programs. We are focused on rewarding shareholder patience through revenue growth (pleasingly QOQ growth is occurring – albeit slower than forecast) and corporate relationships with major companies across the genomic industries that are evolving and maturing. I look forward to providing a further update at the AGM on the 26th of May.

There are many people to thank for the achievements thus far and as we look to the current year, RHS is positioned to emerge as a stable and significant contributor to the burgeoning genomics industry. In particular, this is an opportunity to draw attention to the unstinting efforts of our CEO Dr Michelle Fraser, who has worked tirelessly and with great expertise. Our CSO Dr Melinda Jasper and her team are again to be commended for their scientific contributions to our product development and for the professionalism and quality of our PGS services. The Board would also like to thank Mr Ray Ridge for his contribution as Company Secretary and CFO, most ably supported by Ms Oksana Mugalimova.

My thanks to fellow Board members Ms Sue MacLeman and Mr Johnathon Mathews for their contributions over this exciting stage of the Company's development; and to Professor Colin Matthews for his continued input as the Chair of the Scientific and Clinical Committee and as alternate Director for Johnathon. All at RHS are appreciative of the shareholder loyalty that has been demonstrated and the Company is now poised to expand and deliver on commercial objectives.

Dr David Brookes
Chairman

21 April 2017

Managing Director's letter to shareholders

Dear Shareholders,

In early 2016, RHS received its first reports of live births from our product customers as well as through our PGS services. This outcome was the motivation for the foundation of RHS and is particularly satisfying. It also provides the clinical validation of EmbryoCellect™. As announced to the market much later in the year (ASX :16 December 2016) Flinders Fertility relocated adjacent to RHS to more closely link their embryology laboratory with the PGS services offered by RHS. This relationship has presented the planned opportunity for scientific and clinical exchange to further optimise clinical outcomes for patients.

RHS released comprehensive EmbryoCellect™ performance data and confirmed that the product is globally competitive. This is the most comprehensive data of its type published and included single cell and 5 cell data mimicking the inputs from day 3 blastomere and day 5 trophectoderm biopsies from IVF embryos. Unfortunately despite the cell line and clinical positive validation, revenues from EmbryoCellect™ have been impacted by the shift towards NGS driven by the need to increase throughput and decrease cost per sample as PGS receives broader clinical uptake. EmbryoCellect™ is still cost competitive even at low sample numbers, providing a solution to clinics with smaller cycle numbers that would like to bring PGS in-house. Also, with the recent publication by RHS of a 5 hour protocol, the shortest array protocol on the market and significantly shorter than what is achievable using NGS, EmbryoCellect™ is a solution to comfortably support fresh embryo transfer with results available the day of biopsy.

The modified protocol required RHS to develop a new microarray hybridisation solution, creating a new product opportunity. Validation of uses for the hybridisation outside of EmbryoCellect™ are currently being planned with commercial collaborators.

2016 has been a particularly pleasing year for RHS with the launch of our second product DOPlify™ in August. DOPlify™ has allowed the expansion of PGS services to include array and NGS options. The recent release of external benchmarking data confirms the globally competitive performance of DOPlify™. This is in support of our own benchmarking data generated prior to and since the release of the product. The flexibility of DOPlify™ is unparalleled. RHS developed and patented a targeted enrichment protocol that allows specific amplification of regions of clinical significance during the whole genome amplification reducing allele drop-out, which can result in misdiagnosis. This represents a major advance in WGA and forms the basis for the RHS patent that entered PCT phase in March 2017. A number of corporate and academic evaluations and partnerships have been established on the back of this technical advance and we look forward to reporting on their progress as they mature.

In 2016, RHS welcomed Parallabs as our distributor in the UK. PGS has been increasingly adopted in the UK and at present is completely performed by service providers, all of whom RHS is already known to. As the use increases, clinics are considering bringing it in-house. Parallabs presents an opportunity to regularly interact on a practical and technical level through a long-standing established relationship as these clinics consider their options for PGS and PGD.

In September, RHS undertook a placement and Rights Issue raising $1,515,077 before costs to progress our business. This includes further development and evaluation of DOPlify™ workflows in advance of

expanding our market presence for this product. RHS also secured an Export Market Development Grant of $64k and R&D Tax Credit of $278k. The Company's claim for the R&D Tax Credit, for the 2016 year, will be lodged by the end of April.

In March, our third EmbryoCellect™ training course was held at RHS. This has been followed by five Webex training courses for DOPlify™ held with a number of end customer IVF clinics in Israel, China, Pakistan and Russia.

In 2016, RHS presented data at the European Society of Human Reproduction and Embryology in Helsinki (2 posters), Preimplantation Genetic Diagnosis International Symposium in Bologna (1 poster), the American Society for Reproductive Medicine in Salt Lake City (exhibited), the Fertility Society of Australia in Perth (oral presentation), the Asia Pacific Initiative on Reproduction in Jakarta (exhibited) and attended the Scientists In Reproductive Technologies meeting in Adelaide. Investor presentations were also given at the Bioshares Biotech Investment Summit in Queenstown and the Australia Biotech Invest meeting in Melbourne. 2017 has begun on a very positive note with RHS already being selected to present at the 9th Annual Biotech Showcase in San Francisco as well as 3 poster and 2 oral presentations at Preimplantation Genetic Diagnosis International Symposium in Valencia and will present a poster at the European Society of Human Reproduction and Embryology in July.

The engagement of a US-based Business Development Executive and a European-based marketing consultant, both of which commenced January 2017, have been pivotal to assist in our commercial push and Company repositioning.

The launch of our platform product DOPlify™ has provided the opportunity to reposition and rebrand RHS as a single cell genomics company. Our deep expertise in amplifying and assessing limited DNA, including single cell genomes, has positioned RHS as a global leader. The Company has recently exhibited at the American Association for Cancer Research, our first presence outside of the reproductive genomics market. The overwhelming positive response has encouraged RHS to demonstrate proof of principle with key collaborators for the rapidly emerging liquid biopsy market, which is the testing of circulating tumour cells and cell free tumour DNA, a market estimated to reach USD$13.4bn by 2020 with a CAGR of 24.3%.

I look forward to an exciting year for RHS as we consolidate our position in the reproductive genomics market and establish our presence in broader single cell genomics applications starting with cancer genomics.

Yours faithfully,

Michelle Fraser
Chief Executive Officer & Managing Director

21 April 2017

Directors' Report

Your directors submit their report for Reproductive Health Science Ltd ("RHS" or the "Company") for the year ended 31 December 2016.

Directors

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

Names, qualifications, experience and special responsibilities:

Non-Executive Chairman

Dr David Brookes *(MBBS, FACRRM, FAICD)*

Dr Brookes became involved in the biotechnology sector in the late 1990's as an analyst and currently works as a medical practitioner and biotechnology consultant. He is an independent director of ASX listed AtCor Medical Holdings Ltd, and Fellow of the Australian Institute of Company Directors. He joined AO Energy Ltd (now RHS) Board of Directors in 2013, and has held the role of Chairman since.

Dr Brookes has previously held roles as independent director of Living Cell Technologies Ltd (ASX listed) from 2007 to 2010, Chairperson from 2009 to 2010.

Dr Brookes graduated from Adelaide University in 1983, is a Fellow of the Australian College of Rural and Remote Medicine, and has a Diploma from the Royal Australian College of Obstetricians and Gynaecologists.

Managing Director

Dr Michelle Fraser *(PhD, Grad Dip Sci Tech Comm)*

Dr Fraser joined Reproductive Health Science as the inaugural chief executive officer in September 2007 and became a member of the Reproductive Health Science Pty Ltd Board in May 2012. In this role, she was responsible for key achievements including securing venture capital investment and leveraging State and Commonwealth Government Grants, in-licensing and out-licensing activities, intellectual property management and building the Reproductive Health Science commercial and clinical network.

Previously Business Development Manager at Bio Innovation SA, Dr Fraser provided commercialisation advice and assistance to bioscience companies, universities, research institutes and teaching and research hospitals, and was also part of the Bio Innovation SA team responsible for the establishment of venture capital fund Terra Rossa Capital. Dr Fraser has previously held the role of chief executive officer for two biotechnology start-up companies; Viswa Biotechnology Pty Ltd and BenEphex Biotechnologies Pty Ltd. Dr Fraser is currently a director of Westbourne Park Auto Repairs Pty Ltd and is a member of the Australian Institute of Company Directors.

Dr Fraser has a PhD in molecular biology and a Graduate Diploma of Science and Technology Commercialisation, both from the University of Adelaide. Dr Fraser has graduated from the Australian Institute of Company Directors.

Non-Executive Directors:
Mr Johnathon Matthews *(BEc, B Comm, LLB)*

Mr Matthews is the General Manager of The Pipette Company Pty Ltd (TPC), an Adelaide based specialist manufacturer and supplier of high quality micropipettes used in IVF procedures. Over the last decade he has actively contributed to developing and managing TPC's growth, with its products now being supplied to hospitals and IVF clinics in over 40 countries worldwide.

Prior to joining TPC, Mr Matthews worked at the Australian Treasury on microeconomic policy reform, the ASX where he was responsible for the ASX's relationship with over 100 listed companies, and at the Commonwealth Bank as a corporate analyst within its institutional banking division.

Mr Matthews holds a Bachelor of Economics, a Bachelor of Commerce and a Bachelor of Laws from The University of Adelaide and has completed postgraduate diplomas in Applied Finance & Investment and Legal Practice. He is also a graduate member of the Australian Institute of Company Directors (AICD).

Emeritus Professor Colin Matthews AO – *(alternate for Johnathon Matthews)*

Dr Matthews has been a director and shareholder of Reproductive Health Science since its establishment. He was a founding director of The Pipette Company Pty Ltd and currently a director of Flinders IVF.

Dr Matthews has also held the roles of founding director of Repromed Pty Ltd, a University owned Adelaide-based IVF clinic, and Chair of the Research Committee and Board Member of the Channel 7 Research Foundation.

Dr Matthews was appointed an Officer of the Order of Australia in 2013 for services to reproductive medicine and is a Distinguished Alumni of The University of Adelaide, and holds Life Memberships for The Fertility Society of Australia and The European Society of Human Reproduction and Embryology.

Ms Sue MacLeman *(BPharm, MMktg, MLaw, FACPP, FAICD)*

Ms MacLeman has enjoyed a distinguished career in biotechnology, medical technology and pharmaceuticals, having worked initially in hospital pharmacy roles before moving to the pharmaceuticals industry in development and commercialisation roles with Merck, Amgen and Bristol-Myers Squibb. She has also been senior executive, CEO and a Board member of a number of publicly-listed companies in both the United States and Australia.

Ms MacLeman is currently the Managing Director of the Medical Technologies and Pharmaceuticals Industry Innovation Growth Centre (MTPConnect) and also a non executive director of Oventus Medical Ltd.

Mr Fabian Dwyer *(BPharm, MBA, MRPharmS, FAICD), resigned as Director 21 April 2016*

Mr Dwyer has a background as an accomplished health care leader with deep management experience and has acted in a consulting capacity to a number of biotechnology companies.

After building a strong pharmacy background, including working for Baxter in Australia and the UK, Fabian completed an MBA (Bradford University) before returning to Australia to work in senior sales and marketing roles with several pharmaceutical companies. He then went on to lead Quintiles and Innovex, the largest providers of clinical research and commercialisation services to the Australian healthcare sector, for 7 years.

More recently Fabian was the Australian and New Zealand Managing Director of IMS Health Pty Ltd and then of Bausch + Lomb Pty Ltd. During his time in the industry, Fabian has served on a number of industry/government committees and taskforces and served on the Board of Medicines Australia in 2007.

Chief Financial Officer/Company Secretary
Mr Ray Ridge *(BA (Acc), CA, GIA (cert))*

Mr Ridge has held senior management positions in finance, compliance and commerce across a range of industries. He is currently CFO and Company Secretary for dual ASX- and AIM-listed Thor Mining PLC as well as CFO for ASX-listed Southern Gold Ltd. Mr Ridge has broad corporate experience including previous appointments as General Manager Commercial & Operations with the Utilities, Government and Power Business Group of Parsons Brinckerhoff, CFO of the Merchandise Division of Elders Ltd and a Senior Manager at Arthur Andersen.

Interests in the shares and options of the Company and related bodies corporate

As at the date of this report, the interests of the directors in the shares and options of Reproductive Health Science Limited were:

	Number of ordinary shares	Number of unlisted options
D Brookes	1,854,774	1,400,000
M Fraser	422,063	3,000,000
J Matthews[1]	11,960,700	675,000
C Matthews (alternate)[1]	11,960,700	-
S MacLeman	24,500	675,000

[1]11,960,700 shares are held jointly by J Matthews and C Matthews.

Principal activities
Reproductive Health Science Ltd's principal activities are the development and marketing of its biotechnology technologies, including its lead products EmbryoCellect™ for PGS (Pre-implantation Genetic Screening) and DOPlify™ WGA (Whole Genome Amplification kit).

Financial Results
During the year ended 31 December 2016, the Group incurred a loss of $1,809,225 (31 December 2015: $1,635,179).

Dividends
No dividend was paid or declared by the Company in the period and up to the date of this report. The Directors do not recommend that any amount be paid by way of dividend for the financial period ended 31 December 2016.

Review and results of operations
The Group has launched a new product, expanded its services offering, and continued to progress the commercialisation 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:

Expansion of IVF product offering to include NGS ("Next Generation Sequencing")

- In mid 2016, RHS launched a new product, DOPlify™. DOPlify™ captures RHS' exclusive know-how for the lysis and WGA ("Whole Genome Amplification") of a single or small number of cells providing a solution for multiplying the limited DNA in a single cell for a range of downstream applications. Whilst the product has been extensively validated using single or small numbers of fibroblasts or lymphocytes as well as IVF embryo biopsies, proof of principle is currently being generated for other limited template inputs including circulating tumour cells, circulating fetal cells and cell free DNA all obtained from liquid biopsies such as blood samples.
- RHS has since optimised a complete NGS workflow and now offers PGS services using either its microarray PGS product EmbryoCellect™ or using NGS incorporating DOPlify™.

- Added a Key Opinion Leader, Dr Tristan Hardy, to the Clinical and Scientific Advisory Committee, Chaired by Prof Colin Matthews. Dr Hardy has been a long-time collaborator with RHS and has a particular interest and expertise in the use of NGS in the reproductive genetics field.

Expansion of IVF Services Offering

- In vitro fertilisation ("IVF") provider Flinders Fertility publicised the early success of their new PGS service offered in collaboration with RHS using EmbryoCellect™. Flinders Fertility advised that the use of RHS' PGS service had resulted in a significant improvement in clinical pregnancy rates for the initial small group of IVF patients introduced to the service, all of whom had previous unsuccessful IVF histories (refer to ASX Announcement 4th April 2016).
- With the launch of DOPlify™, RHS has expanded its PGS services to include the option of requesting testing using the EmbryoCellect™ microarray or by NGS using DOPlify™, providing the full suite of PGS testing platforms. RHS is broadening its Australian customer base with this expanded offering and importantly, offering these two products together allows RHS to efficiently screen an embryo for changes in chromosome number. RHS is also generating proof of principle in the lead up to validation of the detection of smaller genetic changes or the inheritance of a genetic disease of targeted interest (for example Pre-implantation Genetic Diagnosis in the IVF application).
- Flinders Fertility re-located to the Thebarton TechInSA Incubator during the 2016 year, collocating with RHS. The re-location was completed in late November 2016 and RHS' PGS service provision was rapidly reinstated. The co-location with RHS provides a unique opportunity for scientific exchange and direct clinical feedback on the RHS service provision and the clinical benefits of PGS.
- RHS commenced PGS testing services to its third Australian IVF provider.
- The Company is holding technical and commercial discussions with select overseas clinical groups on the establishment of regional PGS capabilities using RHS products, and is also assessing requests to establish interstate PGS services in Australia.

Expansion of target markets for DOPlify™

- The Company has commenced reciprocal evaluations with significant overseas companies in NGS to explore the capabilities of DOPlify™ as a part of a range of single cell NGS workflows. Some of these evaluations involve the testing of DOPlify™ as a way to increase the amount of DNA available to input into existing multi-cell analysis products to expand the applications into the growing single cell market.
- 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 PGS. This addresses an unmet market need in the IVF application and serves as a model for expansion into broader applications, including cancer.
- DOPlify™ was chosen for evaluation in an independent single cell WGA benchmarking study conducted by researchers at the University of Ghent in Belgium. We look forward to sharing the results as soon as the publication is printed.

Further development and commercialisation of EmbryoCellect™

- RHS released a report on the validation of EmbryoCellect™ using euploid and aneuploid single cell and 5-10 cell aliquots. This study is the most comprehensive of its type published and demonstrates the high degree of accuracy of this RHS product. The report is available on the RHS website (www.rhsc.com.au).
- The Company received trademark approval for EmbryoCellect™ in the US and Australia.
- RHS are now optimising protocol improvements aiming at achieving an EmbryoCellect™ test turn-around time of 5 hours. This will allow PGS to be performed on the same working day as embryo biopsy, significantly accelerating the time to result and providing ample time for a fresh transfer or to determine which embryos to vitrify (freeze) in advance.

Market Opportunities in the United States

- With expiry of IP rights that prevented RHS from entering the USA market until July 2016, RHS is now entering this market with both products. This includes formal discussions with significant service providers who perform genetic testing services for IVF clinics in the USA.
- The USA marketing strategy was augmented by RHS exhibiting at the American Society for Reproductive Medicine ("ASRM") meeting in Salt Lake City in October 2016. This provided an important opportunity for RHS to advance its USA marketing strategy and release data on its internal positive benchmarking results comparing DOPlify™ against competing WGA kits.
- In late January 2017, RHS appointed a US-based Business Development Executive with significant experience in the field of genetic analysis including liquid biopsy, who represented RHS at the Precision Medicine World Conference 2017 in Silicon Valley. (http://www.pmwcintl.com/2017sv/).

Other Market Development Activities

- The Company enhanced our global distributor network with the addition of UK-based Parallabs.
- RHS appointed a European-based global marketing consultant in late January 2017 to assist with the marketing strategy for RHS' products.
- The Company presented to key clinics in Japan in January 2016, and following this, held the third EmbryoCellect™ training course in March 2016, attended by clinics from Japan. Currently the Japanese Society of Obstetrics and Gynaecology (JSOG) is conducting a PGS trial, the outcome of which will determine whether PGS will be allowed in Japan.
- In August 2016 following the launch of DOPlify™, RHS initiated interactive web-based training courses in the use of the kit. A number of these webinars have been provided to potential clients in various international jurisdictions. These training courses are an effective and low cost avenue to teach the kit protocols, receive immediate feedback from target customers and develop market awareness for DOPlify™.
- RHS presented and exhibited at key national and international reproductive health conferences, including a Preimplantation Genetic Diagnosis International Society (PGDIS) meeting in Bologna May 2016, the European Society for Human Reproduction and Embryology (ESHRE) conference held in Helsinki July 2016, the Fertility Society of

Australia meeting in Perth in September 2016, the American Society of Reproductive Medicine (ASRM) meeting held in Salt Lake City in October 2016, and presented to key clinics in the UK in December 2016.

- RHS was selected to present at the 9th Annual Biotech Showcase 9-11 January in San Francisco. Attended by more than 3,000 delegates from over 1,800 companies, RHS was one of 400 presenting Companies. A copy of the presentation is available at http://www.rhsc.com.au/uploads/general/RHS_Presentation_Biotech_Showcase_Jan_2017.pdf

Other income

- Received $278,104 for the 2016 year Research & Development Tax Offset. We expect to lodge our claim for the 2016 year before the end of March 2017.
- Lodged a claim under the Export Marketing Development Grant. RHS received the maximum $40,000 first instalment in November 2016 for the claim related to the 2015/16 year (having also received $23,927 for the second and final instalment relating to the 2014/15 year).

Capital Raising

- The Group raised a total of $1,515,077, before costs, through a placement of 7,000,000 shares at $0.075 per share, through Taylor Collison Limited, to sophisticated investors on 8 September 2016, and a fully underwritten one for five non-renounceable rights issue at an offer price of $0.075 per share, completed on 13th October 2016.

During the period ended 31 December 2016, the Group incurred a loss of $1,809,225 (31 December 2015: $1,635,179 loss).

Changes in the state of affairs

During the financial year there were no significant change in the state of affairs of the Group, other than that referred to in the financial statements or notes thereto.

Events subsequent to balance date

There has not arisen any matters or circumstances, since the end of the financial year, which significantly affected or could affect the operations of the Group, the results of those operations, or the state of the Group in future years.

Likely developments and expected results

The Group continues to progress product development and commercialisation of its proprietary technologies and patent portfolio. As the Group is still at the point of commercialisation and development, no comment on the expected results from these efforts are included in this report.

Environmental regulation and performance

The Group's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. The Group however believes that it has adequate systems in place for the management of any future environmental regulations.

Options awarded, vested and lapsed during the year

At the date of this report, the following options to acquire ordinary shares in the Company were on issue:

Issue Date	Expiry Date	Exercise Price	Balance at 1 Jan 2016	Net granted, exercised, expired during year	Balance at 31 Dec 2016	Vested during the year	Vested and exercisable
21/09/2012	20/09/2016	$2. 01	179,105	(179,105)	-	-	-
02/04/2014	31/12/2016	$0.25	900,000	(900,000)	-	-	-
02/04/2014	31/12/2016	$0.30	900,000	(900,000)	-	-	-
02/04/2014	31/12/2016	$0.35	900,000	(900,000)	-	-	-
02/04/2014	31/12/2016	$0.32	3,000,000	(3,000,000)	-	-	-
17/04/2014	16/04/2019	$0.35	150,000	(150,000)	-	-	-
12/06/2015	31/12/2016	$0.32	1,100,000	(1,100,000)	-	-	-
12/06/2015	12/06/2020	$0.25	200,000	(200,000)	-	-	-
01/09/2015[1]	31/12/2016	$0.32	300,000	(300,000)	-	-	-
31/05/2016	31/05/2020	$0.21	-	4,250,000	4,250,000	4,250,000	4,250,000
31/05/2016	31/05/2020	$0.25	-	1,500,000	1,500,000	1,500,000	1,500,000
			7,629,105	(1,879,105)	5,750,000	5,750,000	5,750,000

[1]At the 31st December 2015, the Company had an obligation to issue 300,000 unlisted options to a Director, as part of their terms of engagement. These options were subject to shareholder approval at the next Annual General Meeting. The options were never vested, as the Director resigned on 21 April 2016 prior to the scheduled Annual General Meeting.

On 31 May 2016, the Company issued a total of 5,750,000 unlisted options to Directors. These options were approved by shareholders at the Company's Annual General Meeting held 25 May 2016. 4,250,000 of the total number of unlisted options can be exercised at any time prior to 31 May 2020 and have an exercise price of $0.208. The remaining 1,500,000 of the total number of unlisted options can be exercised at any time prior to 31 May 2020 and have an exercise price of $0.248.

On 23 December 2016, the Company cancelled and or voluntarily forfeited and removed from the company's register of securities the following unlisted employee share options: 150,000 options exercisable at $0.348, and 200,000 options exercisable at $0.248.

The exercise price of existing options to subscribe for RHS shares were reduced by $0.002, effective 30 September 2016, as a result of a one for five rights issue, in accordance with the terms and conditions of the options.

None of the options contain vesting conditions and hence have been expensed in the Company's statement of comprehensive income for the year ended 31 December 2016. No shares were issued during the year as a result of an exercise of options.

Subsequent to 31 December 2016, the Company issued 1,000,000 unlisted options to employees under the Company's Employee Share Option Plan. The options were issued on 10 January 2017, have an exercise price $0.208, and expire 31 May 2020.

Indemnification and insurance of directors and officers

During or since the financial year, the Company has paid premiums in respect of a contract insuring all the directors of Reproductive Health Science Limited against legal costs incurred in defending proceedings for conduct other than:

a) A wilful breach of duty.
b) A contravention of sections 182 or 183 of the Corporations Act 2001, as permitted by section 199B of the Corporations Act 2001.

The total amount of insurance contract premiums paid was $13,452.

Indemnification of auditors

To the extent permitted by the law, the Company has agreed to indemnify its auditors, Ernst and Young, as part of the terms of its audit engagement agreement against claims by a third party arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst and Young during or since the financial year.

Directors' meetings

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director were as follows:

	Directors' Meetings		Audit Committee Meetings		Rem. & Nom. Committee	
	Attended	**Eligible**	**Attended**	**Eligible**	**Attended**	**Eligible**
David Brookes	11	11	2	2	3	3
Michelle Fraser	11	11	-	-	-	-
Johnathon Matthews	11	11	2	2	1	1
Colin Matthews (alt)	10	11	-	-	-	-
Sue MacLeman	11	11	1	1	3	3
Fabian Dwyer	3	3	1	1	1	1

Remuneration report (audited)

This Remuneration Report for the year ended 31 December 2016 outlines the remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

Introduction

The remuneration report details the remuneration arrangements for key management personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the Parent.

The names and positions held by Directors and Key Management Personnel of the Group during or since the end of the financial year are:

i. Directors

David Brookes	(Non-Executive Chairman)
Michelle Fraser	(Managing Director)
Johnathon Matthews	(Non-Executive Director)
Sue MacLeman	(Non-Executive Director)
Fabian Dwyer	(Non-Executive Director, resigned 21 April 2016)
Colin Matthews	(Alternate Director for Johnathon Matthews)

ii. Key management personnel

Ray Ridge	(CFO/Company Secretary)

Remuneration philosophy

The Board is responsible for determining remuneration policies applicable to directors and senior executives of the entity. The broad policy is to ensure that remuneration properly reflects the individuals' duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people with appropriate skills and experience. At the time of determining remuneration, consideration is given by the Board to the Group's financial performance, and the Company's share price performance over the year.

Overview of company performance

The table below sets out information about the entity's earnings and movements in shareholder wealth for the past five years up to and including the current financial year.

	2016	2015	2014	2013[1]	2012[1]
NPAT ($'000)	(1,809)	(1,635)	(6,091)	N/A	N/A
Share price at year end ($)	0.10	0.13	0.16	N/A	N/A
Basic EPS (cents)	(2.80)	(2.96)	(14.02)	N/A	N/A

[1]Figures are not applicable prior to the year 2014 as the company was listed on 2 April 2014. No dividends have been paid in respect of shares in the last three years.

Use of Remuneration Consultants
During the financial year, there were no remuneration recommendations made in relation to key management personnel for the Company by any remuneration consultants.

Voting and comments made at the Company's 2016 Annual General Meeting
Reproductive Health Science Ltd's motion in relation to the approval of 2015 remuneration report passed with a vote total of more than 75%. The Company did not receive any specific feedback at the AGM on its remuneration report.

Director remuneration arrangements

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The Company's constitution and the ASX listing rules specify that the Non-Executive Director (NED) fee pool shall be determined from time to time by a general meeting. The last determination disclosed in the Company's prospectus dated 7 March 2014 approved an aggregate fee pool of $500,000 per year.

The Board will not seek any increase for the NED pool at the 2017 AGM.

Contracts
Dr Michelle Fraser
The Company and Dr Fraser entered into an Executive Service Agreement (Agreement) on 19 December 2013. Pursuant to the Agreement, the Company has employed Dr Fraser as Managing Director for a period of two years commencing on 2 April 2014. The contract was renewed on 16 December 2015. Dr Fraser's current salary rests at $240,000 plus compulsory employer superannuation of 9.5% per annum. A performance review of Dr Fraser's contract is undertaken annually.

Either party may terminate the Agreement on three months' notice to the other, and the Company may, subject to obtaining shareholder approval if required, pay to Dr Fraser three months remuneration in lieu of notice.

Structure
The remuneration of NEDs consists of directors' fees and consulting fees. NEDs do not receive retirement benefits. The remuneration of NEDs (and the Managing Director) for the year ended 31 December 2016 and 31 December 2015 is detailed in the table below.

Table 1: Remuneration of Directors

Directors	Financial Year	Salary and fees $	Short term benefits $	Share based payments $	Post-employment Superannuation $	Total $
D Brookes	2016	54,795	-	76,523	5,205	136,523
	2015	54,795	-	5,150	5,205	65,150
M Fraser	2016	240,000	-	156,779	19,616	416,395
	2015	259,300	-	-	19,066	278,366
J Matthews	2016	31,964	-	36,896	3,036	71,896
	2015	31,964	-	-	3,036	35,000
S MacLeman	2016	31,964	-	36,896	3,036	71,896
	2015	31,964	-	6,180	3,036	41,180
F Dwyer[1]	2016	10,000	-	(4,500)	-	5,500
	2015	10,000	-	4,500	-	14,500
C Matthews	2016	5,000	-	-	-	5,000
	2015	5,000	-	-	-	5,000
R Ridge[2]	2016	-	-	-	-	-
	2015	-	-	-	-	-
D Stephens[3]	2016	-	-	-	-	-
	2015	20,000	-	-	-	20,000
FY 16 Directors		373,723	-	302,594	30,893	707,210
FY 15 Directors		413,023	-	15,830	30,343	459,196

[1] At the 31st December 2015, the Company had an obligation to issue 300,000 unlisted options to Mr Dwyer, as part of his terms of engagement. 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 Mr Dwyer resigned effective 21 April 2016, prior to the Company's Annual General Meeting, the $4,500 has been reversed from the Company's statement of comprehensive income in the year ended 31 December 2016.

[2] Mr Ridge was appointed as CFO and Company Secretary on 11 May 2015. Mr Ridge is not employed by the Company. His services are engaged through a service agreement with an entity associated with Mr Ridge. The Company paid $87,335 for these services during the 2016 year (2015: $73,383).

[3]Mr D Stephens resigned as a Director effective 25 May 2015.

Table 2: Option holdings of Directors and Key Management Personnel

	Balance at 1 Jan 16	Expired during 2016	Granted during 2016	Balance at 31 Dec 16
D Brookes[2]	1,250,000	(1,250,000)	1,400,000	1,400,000
M Fraser[2]	2,700,000	(2,700,000)	3,000,000	3,000,000
J Matthews[2]	600,000	(600,000)	675,000	675,000
C Matthews (alt)	-	-	-	-
S MacLeman[2]	600,000	(600,000)	675,000	675,000
F Dwyer[1] (resigned 21 April 2016)	300,000	(300,000)	-	-
R Ridge	-	-	-	-
	5,450,000	**(5,450,000)**	**5,750,000**	**5,750,000**

[1]At 1 January 2016, the Company had an obligation to issue 300,000 unlisted options to a Director, as part of their terms of engagement. These options were subject to shareholder approval at the next Annual General Meeting. The options were never vested, the Director resigned on 21 April 2016 prior to the scheduled Annual General Meeting.

[2]On 31 May 2016, the Company issued a total of 5,750,000 unlisted options to Directors. These options were approved by shareholders at the Company's Annual General Meeting held 25 May 2016. 4,250,000 of the total number of unlisted options (at a fair value per option of $0.0546) can be exercised at any time prior to 31 May 2020 and have an exercise price of $0.208. The remaining 1,500,000 of the total number of unlisted options (at a fair value per option of $0.0499) can be exercised at any time prior to 31 May 2020 and have an exercise price of $0.248.

None of the options contained vesting conditions and hence have been expensed in the Company's statement of comprehensive income for the year ended 31 December 2016.

No shares were issued during the year as a result of an exercise of options.

Table 3: Shareholdings of Directors and Key Management Personnel

	Balance at 1 Jan 16	Rights Issue[1]	Rights Issue underwriting[2]	Acquired on market	Balance at 31 Dec 16
D Brookes	1,044,298	208,860	601,616		1,854,774
M Fraser	351,719	70,344			422,063
J Matthews/ C Matthews	8,964,556	1,792,912	1,203,232		11,960,700
S MacLeman	10,000	2,000		12,500	24,500
F Dwyer (resigned 21 April 2016)	-	-	-	-	-
R Ridge	-	-	-	-	-
	10,370,573	**2,074,116**	**1,804,848**	**12,500**	**14,262,037**

[1]Fully underwritten Rights Issue completed on 7 October 2016. The Company issued 6,505,700 shares at $0.075 per share, raising $487,927 before capital raising costs. Valid applications received for fully paid ordinary shares pursuant to a non-renounceable pro-rata Rights Issue on the basis of one new share for every five shares held.

[2]The total shortfall under the Rights Issue was 6,695,333 new shares at a cost of $0.075 per share. The securities forming the shortfall were allocated to Taylor Collison Limited on 13 October 2016 as the underwriter of the Rights Issue, in accordance with its Underwriting Agreement with RHS. Dr D Brookes and Mr J Matthews (jointly with Professor C Matthews), participated in the shortfall shares as partial sub-underwriters to Taylor Collison Limited.

Auditor independence declaration

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

EY
Building a better working world

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Auditor's Independence Declaration to the Directors of Reproductive Health Science Limited

As lead auditor for the audit of Reproductive Health Science Limited for the financial year ended 31 December 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 audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

Ernst & Young

Mark Phelps
Partner
Adelaide
24 February 2017

Signed in accordance with a resolution of the directors.

Dr David Brookes
Chairman

24 February 2017

Corporate Governance Statement

This Corporate Governance Statement has been approved by the Board of Directors, and the effective date is 21 April 2017. Reproductive Health Science Limited (the Company) and the Board are committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to review the framework and practices to ensure they meet the interests of shareholders. The Company and its controlled entities together are referred to as the Group in this statement.

The Board has given consideration to the ASX Corporate Governance Principles and Recommendations (ASX Corporate Governance Council, 3rd Edition). As required by ASX listing rule 4.10.3, the Company's Corporate Governance Statement details the extent to which the Company has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. A separate disclosure is made where the Company has not followed a specific recommendation, together with the reasons and any alternative governance practice, as applicable.

A description of the Group's main corporate governance practices is set out below.

Principle 1: Lay solid foundations for management and oversight

The relationship between the Board and senior management is critical to the Group's long-term success. The Directors are responsible to the shareholders for the performance of the group in both the short and the longer term and seek to balance objectives in the best interests of the group as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the group is properly managed.

The responsibilities of the Board include:

- providing strategic guidance to the group including contributing to the development of and approving the corporate strategy;
- reviewing and approving business plans, the annual budget and financial plans including available resources and major capital expenditure initiatives;
- overseeing and monitoring the organisational performance and the achievement of the group's strategic goals and objectives;
- monitoring financial performance including approval of the annual and half-year financial reports and liaison with the Company's auditors;
- appointment and performance assessment of the Managing Director (MD);
- ratifying the appointment and/or removal and contributing to the performance assessment for the members of the senior management team, including the Company Secretary;
- ensuring there are effective management processes in place and approving major corporate initiatives;
- enhancing and protecting the reputation of the organisation;
- overseeing the operation of the Group's system for compliance and risk management reporting to shareholders; and
- ensuring appropriate resources are available to senior management.

Day to day management of the Group's affairs and the implementation of the corporate strategy and policy initiatives are formally delegated by the Board to the Managing Director. This delegation is reviewed on an annual basis.

Background checks are undertaken for any individual that is proposed for an appointment to the position of Director for the first time. Any relevant information relating to candidates standing for election or re-election is provided to shareholders, including relevant skills and qualifications, details of other material directorships held, whether the candidate is expected to be independent, whether the candidates nomination is supported by the Board, and in the case of candidates standing for election for the first time, any adverse material from the background checks and any potential conflicts of interest, and in the case of candidates standing for re-election, their term of office currently served.

The Company has a written agreement with each director and senior executive setting out the terms of their appointment. In the case of non-executive directors, the agreement takes the form of a letter of appointment. For an executive director and other senior executives, a service contract is executed. The Company provides each director with a Deed covering rights relating to indemnity, access to documents and insurance.

The Company Secretary plays an important role in supporting the effectiveness of the board. As such, the Company Secretary is accountable directly to the board, through the Chair, on all matters to do with the proper functioning of the board. Each director and the Company Secretary are able to communicate directly.

The Group has a policy of reviewing the performance of its Board on an annual basis. The responsibility for this review to take place is delegated to the Group's Remuneration and Nomination Committee. A review was last undertaken on 12 April 2017.

The Remuneration and Nomination Committee oversees the annual performance review of senior executives. Senior executives include the Managing Director, the Company Secretary and any direct reports to the Managing Director. This review process was undertaken for all senior executives during the year ended 31 December 2016.

Departures from Principle 1:

Recommendation 1.5 – Diversity

The Company has a diversity policy, which documents the principles and commitment in relation to maintaining a diverse group of employees within the Company. This policy is available on the Company's website. It however does not have measureable objectives for achieving gender diversity. The Company believes this policy to be appropriate at this time given the current size and nature of the Company's operations, but notes it uses diversity as a driver for staff recruitment. The total proportion of men and women on the board, in senior positions and across the whole organisation is listed below:

Category	Men	Women
Board	2	2
Senior Management (excluding the Managing Director captured above)	1	1
Whole Organisation (including the Managing Director but excluding the Non-Executive Directors)	2	7

Principle 2: Structure the Board to add value

Board composition
At the date of this statement, the Board consists of the following Directors:

Dr David Brookes (Non-Executive Chairman), appointed 22 November 2013
Dr Michelle Fraser (Managing Director), appointed 2 April 2014
Mr Johnathon Matthews (Non-Executive Director), appointed 2 April 2014
Dr Colin Matthews (Alternate for Mr Johnathon Matthews), appointed 2 April 2014
Ms Sue MacLeman (Non-Executive Director), appointed 21 August 2014

The Board considers this to be an appropriate composition given the size and development of the Group at the present time. The names of directors including details of their qualifications and experience are set out in the Directors' Report of this Annual Report.

Independence
The Board is conscious of the need for independence and ensures that where a conflict of interest may arise, the relevant Director(s) must leave the meeting to ensure a full and frank discussion of the matter(s) under consideration by the rest of the Board. Those Directors who have interests in specific transactions or potential transactions do not receive Board papers related to those transactions or potential transactions, do not participate in any part of a Directors' meeting which considers those transactions or potential transactions, are not involved in the decision making process in respect of those transactions or potential transactions, and are asked not to discuss those transactions or potential transactions with other Directors.

The Board has determined that Dr David Brookes and Ms Sue MacLeman are independent as defined under Recommendation 2.3. The remaining Directors, namely Dr Michelle Fraser and Mr Johnathon Matthews, have been assessed as not being independent.

The Board has a Remuneration and Nomination Committee that consists of a minimum three directors, the majority of which are required to be independent including the Chair. The Committee's charter is disclosed on the Company's website http://www.rhsc.com.au. The Committee held three formal meetings during the year ending 31st December 2016, with attendance disclosed in the Directors' Report contained within the Company's Annual Report for the year ended 31 December 2016, available on the Company's website.

Board skills

The Board aims to maintain a combination of skills and experience in its membership that ensure the Board has the expertise to meet both its responsibilities to stakeholders and its strategic objectives. As part of this process, the Board is aware of the need for diversity among its Directors, both in gender and experience. The Board and the Remuneration and Nomination Committee closely assess diversity criteria when considering Board candidates. Upon the appointment of a new Director, the Board agrees an induction process with the new Director that is tailored to their individual needs.

The Group's desired mix of skills and competencies are listed below. The Board considers its current composition adequately meets these requirements.

Area	**Competence**
Leadership	Business Leadership, Public Listed Company Experience
Business and Finance	Accounting, Audit, Business Strategy, Competitive Business Analysis, Corporate Financing, Financial Literacy, Risk Management, Taxation
Sustainability and Stakeholder Management	Community Relations, Corporate Governance, Health & Safety, Human Resources, Remuneration
Technical	Biotechnology/Medical qualifications

Departures from Principle 2

Recommendation 2.4– The majority of the Board of a listed entity should be independent directors

The majority of the Board was considered independent until the resignation of Mr Fabian Dwyer on 21 April 2016. Since the 21 April 2016, the Board has operated with a reduced number of four Directors, with two of the Directors being considered independent. The Board consider the reduced Board size to be appropriate while the Company focusses on the commercialisation of its products and services. Two independent Directors, with one of those being the Chair who has a casting vote, is considered appropriate for a Board size of four Directors.

Principle 3: Act ethically and responsibly

Code of conduct

The Company has developed a Code of conduct (the Code) which has been fully endorsed by the Board and applies to all Directors and employees. The Code is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Group's integrity and to take into account legal obligations and reasonable expectations of the Company's stakeholders.

In summary, the Code requires at all times that all Company personnel act with the utmost integrity, objectivity and in compliance with the letter and spirit of the law and Company policies.

The Company has a Share Trading Policy which outlines the restrictions, closed periods and processes required when Directors and key management personnel trade company securities. Broadly, it restricts the purchase and sale of Company securities by Directors and employees during the following time periods:

I. Two weeks prior to, and 24 hours after the release of the Company's Annual Financial Report; or
II. One week prior to, and 24 hours after the release of the Company's Interim Financial Report.

Any transactions undertaken must be notified to the Board in advance.

The Directors are satisfied that the group has complied with its policies on ethical standards, including trading in securities.

A copy of the Code and the trading policy is available on the Company's website.

Principle 4: Safeguard integrity in financial reporting

Audit, Business Risk and Compliance Committee
The Audit, Business Risk and Compliance Committee currently consists of two Directors, all of whom are non-executive directors. The Committee's charter is disclosed on the Company's website http://www.rhsc.com.au. Two meetings were held during the year ended 31 December 2016.

Details of these Directors' qualifications and attendance at Audit, Business Risk and Compliance Committee meetings are set out in the Directors' Report of the Company's Annual Report for the year ended 31 December 2016, available on the Company's website.

All members of the Audit, Business Risk and Compliance Committee are financially literate and have an appropriate understanding of the industries in which the group operates.

The main responsibilities of the Committee are to:

- view, assess and approve the annual reports, the half-year financial report and all other financial information published by the Company or released to the market;
- assist the Board in reviewing the effectiveness of the organisation's internal control environment covering:
  - ⇒ effectiveness and efficiency of operations;
  - ⇒ reliability of financial reporting; and
  - ⇒ compliance with applicable laws and regulations.
- oversee the effective operation of the risk management framework;

- recommend to the Board the appointment, removal and remuneration of the external auditors, and review the terms of their engagement, the scope and quality of the audit and assess performance;
- consider the independence and competence of the external auditor on an ongoing basis;
- review and approve the level of non-audit services provided by the external auditors and ensure it does not adversely impact on auditor independence;
- review and monitor related party transactions and assess their propriety; and
- report to the Board on matters relevant to the committee's role and responsibilities.

In fulfilling its responsibilities, the Audit Committee:

- receives regular reports from management and the external auditors;
- meets with the external auditors at least twice a year, or more frequently if necessary;
- reviews the processes that the Managing Director, Company Secretary and Chief Financial Officer have in place to support their certifications to the Board;
- reviews any significant disagreements between the auditors and management, irrespective of whether they have been resolved;
- meets separately with the external auditors at least twice a year without the presence of management; and
- provides the external auditors with a clear line of direct communication at any time to either the Chair of the Audit Committee or the Chair of the Board.

The Audit, Business Risk and Compliance Committee has authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party.

Declarations from the Managing Director & Chief Financial Officer

Prior to the Board approving the Company's financial statements for a financial period, it receives a formal declaration from the MD and CFO that, in their opinion, the financial records of the Company have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity, and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

External auditors

The Company and the Audit, Business Risk and Compliance Committee's policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. Ernst and Young was appointed as the external auditor in May 2010 at the Company's Annual General Meeting. Ernst and Young has remained in place following the acquisition of RHS Subsidiary Pty Ltd (formerly Reproductive Health Science Pty Ltd) in April 2014. It is Ernst and Young's policy to rotate audit engagement partners on listed companies in accordance with the requirements of the Corporations Act 2001, which is generally after five years, subject to certain exceptions.

It is the policy of the external auditors to provide an annual declaration of their independence to the Audit, Business Risk and Compliance committee.

The external auditor will attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

Departures from Principle 4

Recommendation 4.1– The Audit Committee should consist of at least three members, all of whom are non-executive and the majority of whom are independent, and is chaired by an independent director.

Since the 21 April 2016, the Board has operated with a reduced number of four Directors, and similarly, the Company's Audit Committee has reduced in size from three to two Directors. Of the two Directors comprising the Audit Committee, both are non-executive, and one is considered independent. The Board consider this to be an appropriate Audit Committee mix while the Company operates with a reduced Board size of four.

In addition, the Committee's Chair, Mr Johnathon Matthews, is not independent. However, Mr Matthews is a non-executive director and possesses the relevant financial skills and experience to Chair the Committee. With the other Committee member being considered independent and financially literate, the structure of the Committee is considered appropriate at this time. The Board will continually monitor this and reconsider as the Company increases in size and complexity.

Principles 5 and 6: Make timely and balanced disclosures and respect the rights of shareholders

Continuous disclosure and shareholder communication
The Company has a written policy relating to continuous disclosure of any information concerning the Group that a reasonable person would expect to have a material effect on the price of the Company's securities. A summary of this policy is available on the Company's website.

The Company Secretary has been nominated as the person responsible for communications with the Australian Securities Exchange (ASX). This role includes liaising with the Board to ensure compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and co-ordinating information disclosure to the ASX, shareholders, the media and the public.

All information disclosed to the ASX is posted on the Company's website as soon as it is disclosed to the ASX. The Company's website also enables users to provide feedback on Company matters and includes a page that discloses all relevant corporate governance policies.

Investor relations and member participation
Shareholders are encouraged to participate at all Annual General Meetings and General Meetings of the Company. Upon the dispatch of any notice of meeting to shareholders, the Company Secretary shall send out material with that notice of meeting stating that all shareholders are encouraged to participate at the meeting. The meetings are conducted to allow questions and feedback to the Board and management of the Company.
The Company aims to promote effective communication to and from shareholders. Shareholders of the Company can register to receive email notifications when an announcement is made by the Company to the ASX. Shareholders are also encouraged to register with the Company's share register to communicate electronically.

Principle 7: Recognise and manage risk

The Board is responsible for satisfying itself annually, or more frequently as required, that management has developed and implemented a sound system of risk management and internal control. Detailed work on this task is delegated to the Audit, Business Risk and Compliance Committee and reviewed by the full Board.

The composition of the Audit, Business Risk and Compliance Committee, and attendance at meetings conducted during the period are detailed above, under Principle 4: Safeguard integrity in financial reporting.

The Audit, Business Risk and Compliance Committee is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. They monitor the Company's risk management by overseeing management's actions in the evaluation, management, monitoring and reporting of material operational, financial, compliance and strategic risks. In providing this oversight, the Committee reviews the following elements of the Company's risk management framework at least annually:

- methodology for risk identification, the degree of risk the Company is willing to accept, the management of risk and the processes for auditing and evaluating the Company's risk management system;
- group-wide objectives and strategy in the context of the abovementioned categories of corporate risk;
- guidelines and policies governing the identification, assessment and management of the company's exposure to risk;
- the delegations of financial authorities and addresses any need to update these authorities on an annual basis, and
- compliance with agreed policies.

The above review of the Company's risk management framework was undertaken by the Committee during the 2016 year.

The Committee recommends any actions it deems appropriate to the Board for its consideration.

Management is responsible for implementing and reporting on the adequacy of the Company's risk management and internal control system and reports quarterly to the Board and/or the Audit, Business Risk and Compliance Committee on the company's management of its material business risks.

Given the Company's current size and nature of operations, the Board does not consider it cost effective to maintain an Internal Audit function. The Company evaluates and continually improves the effectiveness of its risk management and internal control processes through the annual reviews conducted by the Audit, Business Risk and Compliance Committee, as noted above.

Exposure to material economic, environmental and social sustainability risk
The Company's policy includes the identification and management of potential economic, environmental and social sustainability risks (as appropriate). The Company at present has not identified specific material risk exposure in these categories.

Departures from Principle 7

Recommendation 7.1– The Risk Committee should consist of at least three members, all of whom are non-executive and the majority of whom are independent, and is chaired by an independent director

Since the 21 April 2016, the Company's Audit Committee has reduced in size from three to two Directors. Of the two Directors comprising the Audit Committee, both are non-executive, and one is considered independent. The Board consider this to be an appropriate Audit Committee mix while the Company operates with a reduced Board size of four. In addition, the Committee's Chair Mr Johnathon Matthews is not independent. For further detail, refer above "Departures from Principle 4".

Principle 8: Remunerate fairly and responsibly

The Remuneration and Nomination Committee operates in accordance with its charter which is available on the Company website. The Committee advises the Board on remuneration and incentive policies and practices generally, and makes specific recommendations on remuneration packages and other terms of employment for executive Directors, other senior executives and non-executive Directors.

The composition of the Remuneration and Nomination Committee and attendance at meetings conducted during the period are detailed above, under Principle 2: Structure the Board to add value.

Every employee of the Group signs a formal employment contract at the time of their appointment covering a range of matters including their duties, rights, responsibilities and any entitlements on termination. The standard contract refers to a specific formal job description. This job description is reviewed by the Remuneration and Nomination

Committee on an annual basis and, where necessary, is revised in consultation with the relevant employee.

Further information on Directors' and executives' remuneration, including principles used to determine remuneration, is set out in the Directors' report under the heading 'Remuneration report'. In accordance with Group policy, participants in equity-based remuneration plans are not permitted to enter into any transactions that would limit the economic risk of options or other unvested entitlements.

The Committee also assumes responsibility for overseeing management succession planning, including the implementation of appropriate executive development programmes and ensuring adequate arrangements are in place, so that appropriate candidates are recruited for later promotion to senior positions. This includes overseeing processes in relation to meeting diversity objectives for executives and staff below Board level.

Consolidated statement of comprehensive income

For the year ended 31 December 2016

		31 December 2016 $	31 December 2015 $
Sales Revenue		76,158	73,363
Cost of Goods Sold		(25,565)	(34,117)
Gross Profit		50,593	39,246
Other income	**6**	365,218	360,399
Total Income		415,811	399,645
Expenses			
Salaries and benefits	**7**	(1,003,965)	(1,090,467)
Consultants and professional fees		(187,253)	(203,821)
Research and development		(136,725)	(100,356)
Rent and property expenses		(131,293)	(145,858)
Depreciation and amortisation		(76,570)	(82,596)
Travel costs		(150,975)	(137,042)
Other expenses	**8**	(215,011)	(236,294)
Finance costs		(10,186)	(11,081)
Doubtful debts		(10,464)	-
Share based payments		(302,594)	(27,309)
Loss before income tax expense		(1,809,225)	(1,635,179)
Income tax benefit/(expense)	**9**	-	-
Loss from continuing operations		(1,809,225)	(1,635,179)
Loss attributable to members of the parent entity		(1,809,225)	(1,635,179)
Other comprehensive income			
Total comprehensive loss for the year		(1,809,225)	(1,635,179)
Loss per share:		*Cents*	*Cents*
Basic earnings per share	**21**	(2.80)	(2.96)
Diluted earnings per share	**21**	(2.80)	(2.96)

Consolidated statement of financial position

As at 31 December 2016

	Note	31 December 2016 $	31 December 2015 $
CURRENT ASSETS			
Cash and cash equivalents	**10**	1,358,449	1,455,483
Trade and other receivables	**11**	24,763	72,965
Inventories		15,522	-
Other current assets	**12**	2,000	12,471
TOTAL CURRENT ASSETS		1,400,734	1,540,919
NON-CURRENT ASSETS			
Property, plant and equipment	**13**	310,260	329,344
Intangible assets	**14**	60,328	66,519
Other non-current assets		10,400	10,400
TOTAL NON-CURRENT ASSETS		380,988	406,263
TOTAL ASSETS		1,781,722	1,947,182
CURRENT LIABILITIES			
Trade and other payables	**15**	171,755	251,667
Deferred Revenue	**16**	18,200	27,400
Interest-bearing loans and borrowings	**17**	47,632	35,159
Provisions		175,649	147,089
TOTAL CURRENT LIABILITIES		413,236	461,315
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	**17**	115,753	121,425
Provisions		21,578	14,058
TOTAL NON-CURRENT LIABILITIES		137,331	135,483
TOTAL LIABILITIES		550,567	596,798
NET ASSETS		1,231,155	1,350,384
EQUITY			
Contributed equity	**18**	13,627,001	12,239,599
Share based payments reserve	**19**	1,089,279	786,685
Accumulated losses		(13,485,125)	(11,675,900)
TOTAL EQUITY		1,231,155	1,350,384

Consolidated statement of changes in equity

For the year ended 31 December 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
Comprehensive income					
Loss for the year		-	-	(1,809,225)	(1,809,225)
Other comprehensive income/(expense)		-	-	-	-
Total comprehensive income for the period		-	-	(1,809,225)	(1,809,225)
Transactions with owners, in their capacity as owners, and other transfers					
Issue of share capital		1,515,077	-	-	1,515,077
Costs associated with the issue of shares		(127,675)	-	-	(127,675)
Share based payments	**19**	-	302,594	-	302,594
Total transactions with owners and other transfers		1,387,402	302,594	-	1,689,996
Balance at 31 December 2016		13,627,001	1,089,279	(13,485,125)	1,231,155

Consolidated statement of changes in equity (Continued)

For the year ended 31 December 2015

	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
Comprehensive income					
Loss for the year		-	-	(1,635,179)	(1,635,179)
Other comprehensive income/(expense)		-	-	-	-
Total comprehensive income for the period		-	-	(1,635,179)	(1,635,179)
Transactions with owners, in their capacity as owners, and other transfers					
Issue of share capital		1,308,150	-	-	1,308,150
Costs associated with the issue of shares		(85,206)	-	-	(85,206)
Share based payments	**19**	-	27,309	-	27,309
Total transactions with owners and other transfers		1,222,944	27,309	-	1,250,253
Balance at 31 December 2015		12,239,599	786,685	(11,675,900)	1,350,384

Consolidated statement of cash flows

For the year ended 31 December 2016

	Note	Year ended 31 December 2016 $	Year ended 31 December 2015 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		64,153	86,668
Payments to suppliers and employees		(1,829,542)	(1,905,810)
Interest paid		(10,186)	(11,081)
Interest received		16,872	40,644
R&D Tax benefit received		278,104	431,992
EMDG grant received		103,927	-
Other income		8,000	-
NET CASH FLOWS (USED IN) OPERATING ACTIVITIES	**10**	(1,368,672)	(1,357,587)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of intangible assets		(71,558)	-
Purchase of property, plant and equipment		(51,552)	(116,525)
Proceeds from the sale of assets		545	31,466
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES		(122,565)	(85,059)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		1,515,077	1,308,150
Payment of transaction costs for issue of shares		(127,675)	(85,206)
Proceeds from borrowings		42,143	190,481
Finance lease repayments		(35,342)	(33,897)
NET CASH FLOWS FROM FINANCING ACTIVITIES		1,394,203	1,379,528
Net increase/(decrease) in cash and cash equivalents		(97,034)	(63,118)
Cash at the beginning of the year		1,455,483	1,518,601
CASH AT THE END OF THE YEAR	**10**	1,358,449	1,455,483

Notes to the consolidated financial statements

For the year ended 31 December 2016

1. Corporate information

The consolidated financial statements of Reproductive Health Science Limited and its subsidiaries (collectively, the Group) for the year ended 31 December 2016 were authorised to be issued, in accordance with a resolution of the directors on 24 February 2017.

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 described in the Director's Report.

2. Summary of significant accounting policies

2.1. Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis.

The consolidated financial statements provide comparative information in respect of the previous period. The financial report is presented in Australian dollars, being the functional and presentation currency for the Group.

2.2. Compliance with International Financial Reporting Standards (IFRS)

The financial report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

2.3. Changes in accounting policy, disclosures, standards and interpretations

(i) Changes in accounting policies

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

(ii) New and amended standards and interpretations

The Group applied, for the first time, certain standards and amendments which are effective for annual periods beginning on or after 1 January 2016. The new standards and amendments have not had a material impact on the financial statements presented for the year ended 31 December 2016.

AASB 2015-3: Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality
The Standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards.

AASB 1057: Application of Australian Accounting Standards
This Standard lists the application paragraphs for each other Standard (and Interpretation), grouped where they are the same. Accordingly, paragraphs 5 and 22 respectively specify the application paragraphs for Standards and Interpretations in general. Differing application paragraphs are set out for individual Standards and Interpretations or grouped where possible. The application paragraphs do not affect requirements in other Standards that specify that certain paragraphs apply only to certain types of entities.

AASB 2015-1: Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle
The subjects of the principal amendments to the Standards are set out below:
AASB 5 Non-current Assets Held for Sale and Discontinued Operations:

- Changes in methods of disposal – where an entity reclassifies an asset (or disposal group) directly from being held for distribution to being held for sale (or visa versa), an entity shall not follow the guidance in paragraphs 27–29 to account for this change.
- AASB 7 Financial Instruments: Disclosures:
- Servicing contracts - clarifies how an entity should apply the guidance in paragraph 42C of AASB 7 to a servicing contract to decide whether a servicing contract is 'continuing involvement' for the purposes of applying the disclosure requirements in paragraphs 42E–42H of AASB 7.
- Applicability of the amendments to AASB 7 to condensed interim financial statements - clarify that the additional disclosure required by the amendments to AASB 7 Disclosure–Offsetting Financial Assets and Financial Liabilities is not specifically required for all interim periods. However, the additional disclosure is required to be given in condensed interim financial statements that are prepared in accordance with AASB 134 Interim Financial Reporting when its inclusion would be required by the requirements of AASB 134.
- AASB 119 Employee Benefits:
- Discount rate: regional market issue - clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. Further it clarifies that the depth of the market for high quality corporate bonds should be assessed at the currency level.

AASB 134 Interim Financial Reporting:
Disclosure of information 'elsewhere in the interim financial report' - amends AASB 134 to clarify the meaning of disclosure of information 'elsewhere in the interim financial report' and to require the inclusion of a cross-reference from the interim financial statements to the location of this information.

AASB 2015-2: Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101

The Standard makes amendments to AASB 101 Presentation of Financial Statements arising from the IASB's Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in the financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. The amendments also clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures.

AASB 2015-9: Amendments to Australian Accounting Standards – Scope and Application Paragraphs [AASB 8, AASB 133 & AASB 1057]

This Standard inserts scope paragraphs into AASB 8 and AASB 133 in place of application paragraph text in AASB 1057. This is to correct inadvertent removal of these paragraphs during editorial changes made in August 2015. There is no change to the requirements or the applicability of AASB 8 and AASB 133.

(iii) Accounting Standards and Interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended that potentially impact the Group but are not yet effective and have not been adopted by the Group for the annual reporting period ended 31 December 2016 are outlined below:

AASB 9: Financial Instruments

AASB 9 (December 2014) is a new standard which replaces AASB 139. This new version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. AASB 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early adoption. The own credit changes can be early adopted in isolation without otherwise changing the accounting for financial instruments.

Classification and measurement

AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139. There are also some changes made in relation to financial liabilities.

The main changes are described below.

Financial assets

a. Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.
b. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive

income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.

c. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

Financial liabilities

Changes introduced by AASB 9 in respect of financial liabilities are limited to the measurement of liabilities designated at fair value through profit or loss (FVPL) using the fair value option. Where the fair value option is used for financial liabilities, the change in fair value is to be accounted for as follows:

- The change attributable to changes in credit risk are presented in other comprehensive income (OCI)
- The remaining change is presented in profit or loss

AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains or losses attributable to changes in the entity's own credit risk would be recognised in OCI. These amounts recognised in OCI are not recycled to profit or loss if the liability is ever repurchased at a discount.

Impairment

The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.

Hedge accounting

Amendments to AASB 9 (December 2009 & 2010 editions and AASB 2013-9) issued in December 2013 included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures.

Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E.

AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9 in Dec 2014.

AASB 2014-8 limits the application of the existing versions of AASB 9 ((AASB 9 (December 2009) and AASB 9 (December 2010)) from 1 February 2015 and applies to annual reporting periods beginning on after 1 January 2015.

AASB 15: Revenue from Contracts with Customers
AASB 15 Revenue from Contracts with Customers replaces the existing revenue recognition standards AASB 111 Construction Contracts, AASB 118 Revenue and related Interpretations (Interpretation 13 Customer Loyalty Programmes, Interpretation 15 Agreements for the Construction of Real Estate, Interpretation 18 Transfers of Assets from Customers,

Interpretation 131 Revenue—Barter Transactions Involving Advertising Services and Interpretation 1042 Subscriber Acquisition Costs in the Telecommunications Industry). AASB 15 incorporates the requirements of IFRS 15 Revenue from Contracts with Customers issued by the International Accounting Standards Board (IASB) and developed jointly with the US Financial Accounting Standards Board (FASB).
AASB 15 specifies the accounting treatment for revenue arising from contracts with customers (except for contracts within the scope of other accounting standards such as leases or financial instruments).The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

(a) Step 1: Identify the contract(s) with a customer
(b) Step 2: Identify the performance obligations in the contract
(c) Step 3: Determine the transaction price
(d) Step 4: Allocate the transaction price to the performance obligations in the contract
(e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

AASB 2015-8 amended the AASB 15 effective date so it is now effective for annual reporting periods commencing on or after 1 January 2018. Early application is permitted. AASB 2014-5 incorporates the consequential amendments to a number Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15. AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15 amends AASB 15 to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence and provides further practical expedients on transition to AASB 15.
The Group is yet to assess the impact on accounting for future revenue contracts under AASB 15.

AASB 16: Leases
The key features of AASB 16 are as follows:
Lessee accounting

- Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.
- Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease.
- AASB 16 contains disclosure requirements for lessees.

- Lessor accounting
- AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

AASB 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk.

AASB 16 supersedes:

(a) AASB 117 Leases
(b) Interpretation 4 Determining whether an Arrangement contains a Lease
(c) SIC-15 Operating Leases—Incentives
(d) SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a
(a) Lease

The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, AASB 15 Revenue from Contracts with Customers, has been applied, or is applied at the same date as AASB 16.

AASB 2016-1: Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112]

This Standard amends AASB 112 Income Taxes (July 2004) and AASB 112 Income Taxes (August 2015) to clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value.

AASB 2016-2: Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107

This Standard amends AASB 107 Statement of Cash Flows (August 2015) to require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

AASB 2016-5: Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions [AASB 2]

This standard amends AASB 2 Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for:

- The effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments
- Share-based payment transactions with a net settlement feature for withholding tax obligations
- A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled

IFRIC Interpretation 22: IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration
IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration, which addresses the exchange rate to use in transactions that involve advance consideration paid or received in a foreign currency, is effective 1 January 2018.

The Group has assessed that these amendments are unlikely to have any material effect for the Group.

2.4. Significant accounting policies

(a) Basis of consolidation
The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2016. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements, and
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary
- De-recognises the carrying amount of any non-controlling interests
- De-recognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss, and
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

(b) Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification.

An asset as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(c) Foreign currency translation

The Group's consolidated financial statements are presented in Australian dollars, which is also the Parent's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and has elected to recycle the gain or loss that arises from using this method.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).
Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Group companies
On consolidation, the assets and liabilities of foreign operations are translated into dollars at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

(d) Revenue recognition
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group has concluded that it is acting as a principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to

inventory and credit risks. The specific recognition criteria described below must also be met before revenue is recognised.

Interest income
For all financial instruments measured at amortised cost and interest-bearing financial assets classified as available-for-sale, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the statement of comprehensive income.

Sale of goods
Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.
The company does not provide any warranties to its customers.

Rendering of services
Revenue from the provision of services is recognised by reference to the stage of completion. Stage of completion is measured by reference to the timing of the final reports provided to the client.

(e) Taxes
Current income tax
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.
Deferred tax
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred income tax liabilities are recognised for all taxable temporary differences except:
- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.
Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Tax consolidation
Reproductive Health Science Ltd and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. Each entity in the group recognises its own current and deferred tax liabilities, except for any deferred tax assets resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The current tax liability of each group entity is then subsequently assumed by the parent entity. The group notified the Australian Tax Office that it had formed an income tax consolidated group to apply from 2 April 2014. The tax consolidated group has entered a tax

sharing agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

(f) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Property, plant and equipment	2 – 8 years

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(g) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the profit or loss in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite life is reviewed at least at the end of each reporting period, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income as the expense category that is consistent with the function of the intangible assets.

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the

higher of an asset's or Cash Generating Unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of comprehensive income when the asset is de-recognised.

Patents and licenses

The Group owns or is in the process of applying to obtain trademarks and patent protection. The patent protection is in respect of a single family of patents relating to a method of comparing chromosomes from two different karyotypes and methods for detecting chromosomal abnormalities using comparative genomic hybridisation and microarrays. The method is useful in reproductive medicine and has particular applications in the pre-implantation genetic screening (PGS) of an embryo or egg prior to implantation.

As a result, those patents and trademarks are assessed as having a finite useful life. The useful life estimated in relation to each of the Company's patents is the period commencing with notification of patent registration through to scheduled patent expiry in each jurisdiction. The useful life of the Company's patents ranges from 9 to 13 years. The useful life of trademark application and registration costs is 20 years. Amortisation of patents and trademarks is calculated on a straight line basis.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development, and
- The ability to use the intangible asset generated.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

(h) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Group as a lessee

Finance leases that transfer substantially all the risks and benefits incidental to ownership of the leased item to the Group, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of comprehensive income.
A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in the statement of comprehensive income on a straight-line basis over the lease term.

(i) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(j) Financial Instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Group commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement
Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense item in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

(i) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, where they are expected to mature within 12 months after the end of the reporting period.

(ii) Classification and subsequent measurement of financial liabilities
The Group's financial liabilities include borrowings and trade and other payables.

Financial liabilities are measured at amortised cost using the effective interest method.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

(k) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(l) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

(m) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(n) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(o) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(p) Comparative Figures

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

(q) Critical Accounting Estimates and Judgments

The Directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key estimates

Impairment

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Share-based payments

Estimating the fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Group uses a binomial model. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 19.

3. Operating Segments

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

The Group only operates in one business segment being the product development and commercialisation of Biotechnology technologies. Therefore, all segment assets and liabilities, and the segment result, relate to the one business segment and consequently no detailed segment analysis has been prepared.

4. Information about subsidiaries

The consolidated financial statements of the Group include:

Name	Principal Activities	Country of incorporation	% Equity interest	
			2016	2015
RHS Subsidiary Pty Ltd	Biotechnology technology development	Australia	100%	100%
AO Energy (Singapore) Pte. Ltd.	Dormant subsidiary	Singapore	100%	100%
AO Energy (Asia) Pty Ltd	Dormant subsidiary	Australia	100%	100%

Parent of the group

The parent entity of the Group is Reproductive Health Science Ltd and is based and listed in Australia.

5. Financial assets and financial liabilities

Financial risk management objectives and policies

The Group's principal financial liabilities comprise of borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group's principal financial assets include trade and other receivables and cash and short-term deposits that derive directly from its operations.

The Group is not exposed materially to market risk, credit risk, foreign exchange risk or liquidity risk. The Board takes ultimate responsibility for managing the financial risks of the Group.

Management assessed that the fair values of cash, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of interest bearing liabilities approximates the carrying value, as there has not been a significant change in market rates.

Trade receivables

Group does not have a material risk in trade receivables due ordinarily only having other receivables relating to receipts from the Australian Taxation Office in relation to GST refunds or other sundry receivables from time to time.

Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated losses as disclosed in notes 19 and 20.

Proceeds from share issues are used to fund the Group's commercialisation and product development of its biotechnology patent portfolio.

6. Other income

	31 Dec 2016 $	31 Dec 2015 $
Interest income	15,187	32,333
Research and development tax incentive	278,104	274,615
Export Marketing Development Grant	63,927	40,000
Deposits received	8,000	-
Gain on sale of assets		13,451
	365,218	360,399

7. Salaries and benefits

Wages, salaries and other remuneration expenses	925,145	1,004,841
Superannuation expense	78,820	85,626
	1,003,965	1,090,467

8. Other expenses

Share registry expenses	10,229	12,608
ASX fees	28,717	21,291
IT expenses	21,891	35,261
Repairs and maintenance	2,881	10,985
Insurance expenses	30,607	24,388
Shareholder General Meeting expenses	5,300	7,745
Subscriptions and memberships	14,482	20,475
Telephone	5,055	6,705
Foreign exchange loss / (gain)	(1,485)	3,825
Patent & Trademark annual license fees	28,041	31,524
Client Training	4,312	25,321
Other expenses	64,981	36,166
	215,011	236,294

9. Income tax

	31 Dec 2016 $	31 Dec 2015 $
Accounting (loss) before income tax	**(1,809,225)**	**(1,635,179)**
At Australia's statutory income tax rate of 30% (2015: 30%)	(542,768)	(490,554)
Adjust for the tax effect of:		
Other non-allowable items	276,357	11,814
Non assessable income	(83,431)	(82,385)
Unrecognised tax assets	349,842	561,125
Income tax (benefit)	-	-

Reproductive Health Science Ltd and its 100% owned resident Australian subsidiaries comprise a tax consolidated group. Reproductive Health Science Ltd is the head entity of the tax consolidated group.

At 31 December 2016, the Group has total tax losses of the Australian companies within the Group of $7,709,054 (2015: $6,262,744) that are available indefinitely to offset against future taxable profits of the Group. These losses include $3,163,000 tax transferred to the tax consolidated group on the acquisition of RHS Subsidiary Pty Ltd on 2 April 2014. The utilisation of these losses acquired will be restricted to the available fraction of 0.853.
A deferred tax asset shall only be recognised for the carryforward of unused tax losses to the extent that it is probable that future taxable income will be available against which unused tax losses can be utilised. The total deferred tax asset of $2,313,000 (2015: 1,879,000) arising from the carried forward tax losses has not been recognised as meeting the probability criteria.

The taxation benefits of tax losses and timing differences not brought to account will only be obtained if:

- assessable income is derived of a nature and amount sufficient to enable the benefit from the deductions to be realised
- conditions for deductibility imposed by the law are complied with, and
- no changes in tax legislation adversely affect the realisation of the benefit from the deductions.

10.Cash and cash equivalents

	31 Dec 16 $	31 Dec 15 $
Cash in bank and on hand	1,358,449	1,455,483
	1,358,449	1,455,483

Reconciliation of net loss after tax to net cash flows from operations		
Accounting loss after income tax	(1,809,225)	(1,635,179)
Adjustments for:		
Depreciation and amortisation	76,570	82,596
Share based payments	302,594	27,309
Gain/(loss) on sale of property plant and equipment	1,348	(13,451)
Provision for doubtful debts	10,464	-
Changes in assets and liabilities:		
Decrease/ (increase) in trade and other receivables	37,737	129,169
Decrease/ (increase) in interest receivable and prepayments	(5,051)	22,640
(Decrease)/ increase in trade and other payables	(9,989)	(73,369)
(Decrease)/ increase in deferred revenue	(9,200)	27,400
(Decrease)/ increase in provisions	36,080	75,298
Net cash (used in) operating activities	(1,368,672)	(1,357,587)

11.Trade and other receivables

	31 Dec 16 $	31 Dec 15 $
Trade Receivables	16,900	14,095
Provision for doubtful debt (charged for the year)	(10,464)	-
	6,436	14,095
GST Receivable	14,856	13,154
Export Marketing Development Grant	-	40,000
Other Receivables	3,471	5,716
	24,763	72,965

Other receivables are non-interest bearing and are generally received within 30 days.

Movements in the provision for doubtful debts were as follows:

	31 Dec 16 $	31 Dec 15 $
Balance at 1 Janury	-	-
Charge for the year	(10,464)	-
Amounts written off	-	-
Balance at 31 December	(10,464)	-

As at 31 December, the ageing analysis of trade receivables is, as follows:

	Total	Neither past due nor impaired	Past due but not impaired				
			< 30 days $	30–60 Days $	61–90 Days $	91–120 Days $	> 120 Days $
2016	6,436	6,436	-	-	-	-	-
2015	14,095	1,320	-	3,575	-	9,200	-

12.Other current assets

	31 Dec 16 $	31 Dec 15 $
Interest receivable	-	1,685
Prepayments	2,000	8,398
Raw Materials	-	2,388
	2,000	12,471

13.Property, plant and equipment

Property, plant and equipment - Cost		
Opening cost 1 Jan	692,282	645,318
Additions	51,552	54,861
Disposals	(6,248)	(7,897)
	737,586	692,282
Accumulated depreciation		
Opening balance 1 Jan	362,938	293,267
Depreciation expense	68,743	75,054
Disposals	(4,355)	(5,383)
	427,326	362,938
Net book value of property and equipment	310,260	329,344

	31 Dec 16 $	31 Dec 15 $
Freehold land - Cost		
Opening cost 1 Jan	-	15,500
Disposal	-	(15,500)
	-	-
Net book value of property, plant and equipment	310,260	329,344

14.Intangible Assets

Balance at the beginning of the year	66,519	1,770
Additional patent costs	1,635	72,291
Amortisation expense	(7,826)	(7,542)
Impairment to intangible asset		-
	60,328	66,519

The remaining intangible asset balance at 31 December 2016 relates to costs associated with obtaining patents and trademarks in a number of jurisdictions. As described in Note 2, these costs are being amortised over the term of the patents and trademarks, being the period from notification of approval to expiry.

15.Trade and other payables

Trade payables	50,839	25,445
Other payables	120,916	226,222
	171,755	251,667

16.Deferred Revenue

Balance at the beginning of the year	27,400	-
Deferred during the year	-	27,400
Released to the statement of comprehensive income	(9,200)	-
	18,200	27,400
Current	18,200	27,400
Non-current	-	-
	18,200	27,400

The balance of deferred revenue represents the receipt of payments for which the Company is yet to provide the goods or services as at the end of year. Once the goods or services are provided, the deferred revenue is released to the Statement of Comprehensive Income as revenue earned.

17.Interest-bearing loans and borrowings

	31 Dec 16 $	31 Dec 15 $
Obligations under finance lease		
Current	47,632	35,159
Non-current	115,753	121,425
Total	163,385	156,584

On 30 January 2015, the Group entered into a finance lease with its financier for the sum of $190,481. After leasing an additional piece of equipment on 14 April 2016, the Group signed a revised finance lease agreement, receiving additional $42,143, bringing the loan amount, at that time, to the total sum of $178,516. The finance lease provides for fixed monthly payments, over a 3.5 year period, comprising principal and an effective interest rate of 7.22%. Future minimum lease payments under the finance lease are as follows:

Within one year	57,873	44,978
After one year but less than five years	125,390	134,933
More than five years	-	-
Total minimum lease payments	183,263	179,911
Less amounts representing finance charges	(19,878)	(23,327)
Present value of minimum lease payments	163,385	156,584

The Group's obligations under the finance lease are secured by the lessor's title to the leased asset.

18.Contributed equity

	31 Dec 2016 $	31 Dec 2015 $
79,206,198 Ordinary fully paid shares (2015: 59,005,165)	13,627,001	12,239,599
	13,627,001	12,239,599

	Number of shares	Consolidated $
Balance as at 1 January 2016	59,005,165	12,239,599
Placement[1]	7,000,000	525,000
Rights issue[2] at $0.075	6,505,700	487,927
Rights issue underwriting[3]	6,695,333	502,150
Costs associated with the issue of shares	-	(127,675)
	79,206,198	13,627,001

[1] On 5 September 2016, the Company issued 7,000,000 shares at $0.075 per share, to sophisticated investors raising $525,000 before capital raising costs.

[2]Fully underwritten rights issue completed on 7 October 2016. The Company issued 6,505,700 shares at $0.075 per share, raising $487,927 before capital raising costs. Valid applications received for fully paid ordinary shares pursuant to a non-renounceable pro-rata rights issue on the basis of one new share for every five shares held.

[3]The total shortfall under the Rights Issue was 6,695,333 new shares at a cost of $0.075 per share. The securities forming the shortfall were allocated to Taylor Collison Limited on 13 October 2016 as an underwriter of the Rights Issue in accordance with its Underwriting Agreement with RHS. Issue of shortfall shares (being fully paid ordinary shares) to the underwriter and sub-underwriters pursuant to a non-renounceable pro-rata rights issue on the basis of one new for every five shares held.

During the year of 2016, the Company has issued a total of 20,201,033 at $0.075 per share, raising $1,515,077 before capital raising costs. Total costs associated with the capital raise for the period amounted to $127,675.

19.Share Option Reserve

	31 Dec 16 $	31 Dec 15 $
Share based payments reserve	1,089,279	786,685
	1,089,279	786,685

Share based payments reserve		
Opening balance 1 January	786,685	759,376
Fair value of share options issued	307,094	27,309
Fair value of share options forfeited	(4,500)	-
	1,089,279	786,685

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

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 $0.208, 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 $232,306. None of the options contained vesting conditions and hence have been expensed in the Company's statement of comprehensive income for the year ended 31 December 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 $0.248, 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 $74,788. None of the options contained vesting conditions and hence have been expensed in the Company's statement of comprehensive income for the year ended 31 December 2016.

As at 1 January 2016, 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 Company's Annual General Meeting, the $4,500 has been reversed from the share premium reserve and the Company's statement of comprehensive income for the year ended 31 December 2016.

20.Related party disclosures

Remuneration of Key Management Personnel

	31 Dec 16 $	31 Dec 15 $
Short-term employee benefits	373,723	413,023
Share based payments	302,594	15,830
Post-employment benefits	30,893	30,343
Total compensation	707,211	459,196

Other transactions and balances with key management personnel and their related parties
Donald Stephens is a former director for Reproductive Health Science Ltd, was a consultant with HLB Mann Judd (SA) Pty Ltd. Donald Stephens resigned as a Company Director on 1 September 2015, and therefore HLB Mann Judd (SA) Pty Ltd was not a related party at any time during 2016 year. During the 2015, HLB Mann Judd (SA) Pty Ltd received professional fees of $66,352 including GST. The fees were received for accounting, taxation, secretarial and transactional services provided. A total of $nil including GST was outstanding at 31 December 2016 (2015: $nil).

21. Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	Consolidated	
	2016	**2015**
	$	**$**
Net loss attributable to ordinary equity holders of the parent entity:		
Continuing operations	(1,809,225)	(1,635,179)
Weighted average number of ordinary shares for basic earnings per share	64,685,418	55,318,682
Effect of dilution		
Share options	N/A	N/A
Weighted average number of ordinary shares adjusted for the effect of dilution	64,685,418	55,318,682

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

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 taken into account. A total of 5,750,000 unlisted options, as outlined in the Directors' Report, could potentially dilute basic EPS in the future.

22. Events after the reporting period

There has not arisen any matters or circumstances, since the end of the financial year, which significantly affected or could affect the operations of the Group, the results of those operations, or the state of the Group in future years.

23. Auditors remuneration

	31 Dec 16 $	31 Dec 15 $
An audit or review of the financial report	28,000	25,000
Other audit fees	-	-
	28,000	25,000

24. Parent entity information

Current assets	1,397,688	1,537,753
Non-current assets	310,258	329,343
Total assets	1,707,946	1,867,096
Liabilities		
Current liabilities	(407,849)	(311,878)
Non-current liabilities	(137,331)	(204,835)
Total liabilities	(545,180)	(516,713)
Issued capital	54,234,376	52,846,974
Accumulated losses	(54,719,339)	(52,841,726)
Reserve	1,647,729	1,345,135
Total shareholders' equity	1,162,766	1,350,383
Loss of the parent entity	(1,877,613)	(1,635,180)
Total comprehensive loss of the parent entity	(1,877,613)	(1,635,180)

25. Going concern basis of accounting

In preparing the annual 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 in future should a need arise. 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 year ended 31 December 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 31 December 2016 and of its performance for the year ended on that date; and

   ii. complying with Accounting Standards and the Corporations Regulations 2001;

b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2.2; and

c) Subject to the matters detailed at Note 25 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 has been made after receiving the declarations required to be made to the directors by the Chief Executive Officer and the Chief Financial Officer in accordance with section 295A of the Corporations Act 2001 for the financial year ended 31 December 2016.

On behalf of the board

Dr David Brookes
Chairman

24 February 2017

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Reproductive Health Science Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Reproductive Health Science Limited (the Company), including its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the Directors' Declaration.

In our opinion:

the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its consolidated financial performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the *Corporations Act* 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES110 *Code of Ethics for Professional* Accountants (the Code) that are relevant to our audit of the financial report in Australia; and we have fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

Without modification to our opinion, we draw attention to Note 25 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 25, 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.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

1. Carrying value of non-current assets

Why significant	How our audit addressed the key audit matter
Under Australian Accounting Standards, an entity shall assess throughout the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, an entity shall estimate the recoverable amount of the asset. Impairment indicators were present at 31 December 2016 and impairment testing was undertaken. The principal indicators of impairment were the start up nature of the business and ongoing trading losses. At 31 December 2016 the company had non-current assets of $0.37m comprised of $0.06m trademarks and licenses and $0.31m of plant and equipment. The impairment testing process is complex and highly judgmental and is based on assumptions and estimates that are affected by expected future performance and market conditions.	In obtaining sufficient audit evidence we evaluated the assumptions and methodologies used by the Group and the estimates made. In particular we considered those estimates and judgments relating to the forecast cash flows and the inputs used to formulate those cash flows, such as sales activity, operating costs, discount rates and inflation rates. Specifically, we evaluated the discounted cash flow models and other data supporting the Group's assessment. In doing so, we: ► understood activity with regard to the development and marketing of the current product range; ► understood forecasted sales activity, current board approved budgets and historical operations; ► assessed the Group's historic ability to meet cash flow forecasts; ► evaluated discount rates with reference to market research, market practice, market indices and historical performance; and ► tested the mathematical accuracy of the discounted cash flow models. We also considered the adequacy of the financial report disclosures regarding impairment and the recoverable amount of the Group's assets.

2. Share Options

Why significant	How our audit addressed the key audit matter
The Group awarded options in the current year to the directors. The Group has performed calculations to record the related share based payment expense in the statement of comprehensive income. Due to the complex and judgmental estimates used in determining the valuation of the share based payments, we consider the Group's calculation of the share based payment expense to be a key audit matter. The Group uses assumptions in respect of future market and economic conditions. Refer to Note 19 to the financial statements for the share based payment expenses recognised for the period ended 31 December 2016 and related disclosure.	We determined that the Group uses the Binomial model in valuing the options issued to directors during the period and involved our valuations team to assess the input assumptions used in the calculation including the share price of the underlying equity, interest rate, volatility, dividend yield, time to maturity (expected life), grant date and granting criteria and average granting percentage. We also assessed the adequacy and completeness of the disclosure in Note 19.

Information Other than the Financial Statements and Auditor's Report

The Directors are responsible for the other information. The other information comprises the information in the Group's Annual Report for the year ended 31 December 2016, but does not include the financial report and the auditor's report thereon. We obtained the directors report (including the remuneration report) prior to the date of our auditor's report. We expect to obtain the Chairman's letter to Shareholders, Managing Director's letter to Shareholders, the Corporate Governance statement and additional ASX information after the date of our auditor's report.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based upon the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities for the Financial Report

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

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting in the preparation of the financial report. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events and conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the disclosures in the financial report about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial report. However, future events or conditions may cause an entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the Directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 17 of the Directors' Report for the year ended 31 December 2016.

In our opinion, the Remuneration Report of Reproductive Health Science Limited for the year ended 31 December 2016, complies with section 300A of the *Corporations Act 2001.*

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Mark Phelps
Engagement Partner
Adelaide
24 February 2017

ASX Additional Information

Additional information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 13 April 2017.

Distribution of equity securities

Analysis of numbers of listed equity security holders by size of holding:

Category			Number of Shareholders	Number of Shares
1	-	1,000	102	18,519
1,001	-	5,000	75	229,757
5,001	-	10,000	49	364,113
10,001	-	100,000	183	7,173,810
100,001	and over		104	71,419,999
			513	**79,206,198**

121 holders listed above hold an unmarketable parcel (defined as a minimum parcel of $500 worth of shares, calculated as 1,852 shares at a market value of $0.27, being the closing price on 13 April 2017).

Ordinary share capital

- 79,206,198 fully paid ordinary shares are held by 513 individual shareholders.

All issued ordinary shares carry one vote per share and carry the rights to dividends.

Unlisted options

- 6,950,000 unlisted options are held by twelve individual holders.

Substantial shareholders	Fully Paid Ordinary Shares Number	%
Mr Colin and Mr Johnathon Matthews <Acorn Trust A/C>	11,960,700	15.10%
Rosherville Pty Ltd	8,510,000	10.74%
Dyspo Pty Ltd <Henty Super Fund>	2,400,000	3.03%
Hyland Securities Pty Ltd <The Hyland A/C>	1,977,617	2.50%
Corporate Property Services Pty Ltd <K W Share A/C>	1,758,262	2.22%
Taycol Nominees Pty Ltd <211 A/C>	1,641,276	2.07%
Endeavour River Pty Ltd	1,600,000	2.02%
Octifil Pty Ltd	1,582,595	2.00%
Hillboi Nominees Pty Ltd	1,564,600	1.98%
Citicorp Nominees Pty Limited	1,450,302	1.83%
Nurragi Investments Pty Ltd	1,323,236	1.67%
Calama Holdings Pty Ltd <Ambat Super Fund A/C>	1,271,219	1.60%
Mr Michael Andrew Whiting & Mrs Tracey Anne Whiting <Whiting Family S/F A/C>	1,113,116	1.41%
Mr Bryan Raymond Dahlsen	1,100,000	1.39%
Euro-Australian Securities Pty Ltd	1,059,370	1.34%
Swiss Partners Pty Ltd	1,000,000	1.26%
Perth Investment Corporation Ltd	924,000	1.17%
Souttar Superannuation Pty Ltd <Greenslade Super Fund A/C>	923,105	1.17%
Mr James Vincent Chester Guest	816,120	1.03%
Symington Pty Ltd	800,000	1.01%
	44,775,518	56.54%