



APPENDIX 4D

HALF-YEAR FINANCIAL REPORT

FOR THE PERIOD ENDED 30 JUNE 2014

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

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Reproductive Health Science Limited

ACN 010 126 708

Appendix 4D Information

Reporting Period

Half-year ended 30 June 2014

Comparative Period

Half year ended 30 June 2013

Results for announcement to the market

		<i>Percentage change</i> %	<i>Amount</i> \$	
Revenue from ordinary activities	neutral	N/A	to	-
Loss from ordinary activities after tax attributable to members of Reproductive Health Science Limited	up	1,398%	to	(5,196,543)
Net loss attributable to members of Reproductive Health Science Limited	up	1,398%	to	(5,196,543)

Dividend information

No dividend payable for the half year ended 30 June 2014 or the comparative period.

Net Tangible Assets Per Security

	<i>30 Jun 14</i>	<i>31 Dec 13</i>
Net tangible assets per security	\$0.05	N/A

Other information

This report is based on the consolidated financial statements which have been reviewed by Ernst and Young (noting that the comparative information contained within the report has not been reviewed and the audit review report has been qualified for the purposes of the report).

Corporate information

ABN 84 010 126 708

Directors

Dr David Brookes (Chairman)

Dr Michelle Fraser (Managing Director), appointed 2 April 2014

Mr Johnathon Matthews, appointed 2 April 2014

Dr Colin Matthews (Alternate for Mr Johnathon Matthews), appointed 2 April 2014

Mr Simon O'Loughlin

Mr Donald Stephens

Mr Graham Ascough (Resigned 2 April 2014)

Company Secretary

Mr Donald Stephens

Registered office

HLB Mann Judd (SA) Pty Ltd

169 Fullarton Road

DULWICH SA 5065

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 Stock Exchange (ASX) under the stock code 'RHS'.

Auditors

Ernst & Young

Australia

Directors' report

Your directors submit their report for the half-year ended 30 June 2014.

Directors

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

Dr David Brookes (Chairman)

Dr Michelle Fraser (Managing Director), appointed 2 April 2014

Mr Johnathon Matthews, appointed 2 April 2014

Mr Simon O'Loughlin

Mr Donald Stephens

Review and results of operations

On the 2 April 2014, the Company successfully completed the acquisition of Reproductive Health Science Pty Ltd (now RHS Subsidiary Pty Ltd, 'RHS Subsidiary'), resulting in the issue of 19,120,704 fully paid shares in the Company. Concurrently, under a prospectus dated 7 March 2014, the Company issued 15,000,000 fully paid shares to investors and raised a total of \$3,000,000 in gross proceeds to fund the development of RHS Subsidiary's patent family for biotechnology technologies in Australia and overseas.

Following the completion of the acquisition of RHS Subsidiary, the Company has continued to progress the development and marketing of its patent portfolio. On 2 July 2014, the Company announced the formal launch of its lead product, "EmbryoCollect™" at an international forum for reproductive medicine and embryology in Munich, Germany (the 2014 European Society of Human Reproduction and Embryology Conference). EmbryoCollect™ is a kit that has an immediate application to improve the success rate of In-Vitro Fertilisation (IVF). Following 10 years of research and development, Reproductive Health Science has developed this test specifically to assess embryos for chromosomal number prior to implantation as part of an IVF cycle. In addition, on 30 July 2014 the Company announced that it had selected clinics to trial its lead product EmbryoCollect™, noting that it was in discussions with several IVF clinics in different countries and that was close to finalising agreements with the first two to use EmbryoCollect™ for Pre-Implantation Genetic Screening (PGS). Finally, the Company on 30 July 2014 announced that it had appointed Mr Duane Rivett to the position of Commercial Manager from 11 August 2014.

During the period ended 30 June 2014, the Group incurred a loss of \$5,196,543 (30 June 2013: \$346,830). This loss primarily was driven by transaction costs incurred by the Group of \$3,844,960, which amounted to the total accounting cost of acquiring Reproductive Health Science. A significant portion of these costs were non-cash in nature and affected by the accounting treatment of the acquisition. Please refer to the notes to the financial statements for further information.

Auditor independence declaration

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



Ernst & Young
121 King William Street
Adelaide SA 5000 Australia
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Auditor's Independence Declaration to the Directors of Reproductive Health Science Limited

In relation to our review of the financial report of Reproductive Health Science Limited for the half-year ended 30 June 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young
Ernst & Young

Mark Phelps

Mark Phelps
Partner
Adelaide
21 August 2014

Signed in accordance with a resolution of the directors.

A photograph of a handwritten signature in black ink, which appears to read 'David Brookes'.

Dr David Brookes
Chairman
Adelaide, 21 August 2014

Interim consolidated statement of comprehensive income

For the six months ended 30 June 2014

	30 June 2014 \$	30 June 2013 \$ (Unaudited)
Other income	54,828	5,120
Salaries and benefits	(329,465)	(182,658)
Consultants and professional fees	(141,016)	(26,190)
Research and development	(41,795)	(27,905)
Rent and property expenses	(28,942)	(36,586)
Depreciation and amortisation	(15,648)	(17,198)
Travel costs	(46,220)	(5,975)
Other expenses	(38,699)	(55,422)
Finance costs	(5,250)	(16)
Share based payments	7	(759,376)
Transaction costs	3	(3,844,960)
Loss before income tax expense	(5,196,543)	(346,830)
Income tax benefit/(expense)	-	-
Loss from continuing operations	(5,196,543)	(346,830)
Loss attributable to members of the parent entity	(5,196,543)	(346,830)
Other comprehensive income	-	-
Total comprehensive loss for the period	(5,196,543)	(346,830)
 Loss per share:		
Basic earnings per share	5	<i>Cents</i> (14.66)
Diluted earnings per share	5	<i>Cents</i> (14.66)

Interim consolidated statement of financial position

As at 30 June 2014

	Note	30 June 2014 \$	31 December 2013 \$ (Unaudited)
CURRENT ASSETS			
Cash and cash equivalents		2,578,921	216,779
Trade and other receivables		12,370	6,304
Other current assets		18,527	4,097
TOTAL CURRENT ASSETS		2,609,818	227,180
NON-CURRENT ASSETS			
Property, plant and equipment		170,003	162,302
Other receivables		10,600	-
Intangible assets		139,519	139,519
TOTAL NON-CURRENT ASSETS		320,122	301,821
TOTAL ASSETS		2,929,940	529,001
CURRENT LIABILITIES			
Trade and other payables		154,033	39,478
TOTAL CURRENT LIABILITIES		154,033	39,478
NON-CURRENT LIABILITIES			
Provisions		142,080	26,539
TOTAL NON-CURRENT LIABILITIES		142,080	26,539
TOTAL LIABILITIES		296,113	66,017
NET ASSETS		2,633,827	462,984
EQUITY			
Contributed equity	6	11,020,505	4,412,495
Share based payments reserve		759,376	-
Accumulated losses		(9,146,054)	(3,949,511)
TOTAL EQUITY		2,633,827	462,984

Interim consolidated statement of changes in equity

For the half year ended 30 June 2014

	Note	Issued capital ordinary \$	Share based payments reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 January 2013 (unaudited)		4,262,495	-	(3,544,005)	718,490
<i>Comprehensive income</i>					
Loss for the period		-	-	(346,830)	(346,830)
Other comprehensive income/(expense)		-	-	-	-
Total comprehensive income for the period		-	-	(346,830)	(346,830)
<i>Transactions with owners, in their capacity as owners, and other transfers</i>					
No transactions with owners during period		-	-	-	-
Total transactions with owners and other transfers		-	-	-	-
Balance at 30 June 2013 (unaudited)		4,262,495	-	(3,890,835)	371,660

Interim consolidated statement of changes in equity (Continued)

For the half year ended 30 June 2014

	Note	Issued capital ordinary	Share based payments reserve	Accumulated losses	Total equity
		\$	\$	\$	\$
Balance at 1 January 2014 (unaudited)		4,412,495	-	(3,949,511)	462,984
<i>Comprehensive income</i>					
Loss for the period		-	-	(5,196,543)	(5,196,543)
Other comprehensive income/(expense)		-	-	-	-
Total comprehensive income for the period		-	-	(5,196,543)	(5,196,543)
<i>Transactions with owners, in their capacity as owners, and other transfers</i>					
Shares issued under the Company's prospectus		3,000,000	-	-	3,000,000
Deemed acquisition of Reproductive Health Science Ltd (formerly AO Energy Ltd)		3,554,415	-	-	3,554,415
Shares issued to David Brookes in accordance with a resolution passed by shareholders		219,824	-	-	219,824
Shares issued to the Company's brokers in lieu of fees		251,516	-	-	251,516
Redemption of promissory notes		(75,000)	-	-	(75,000)
Transaction costs in issuing shares		(342,745)	-	-	(342,745)
Share based payments		-	759,376	-	759,376
Total transactions with owners and other transfers		6,608,010	759,376	-	7,367,386
Balance at 30 June 2014		11,020,505	759,376	(9,146,054)	2,633,827

Interim condensed consolidated statement of cash flows

For the half-year ended 30 June 2014

	Note	Half year ended 30 June 2014 \$	Half year ended 30 June 2013 \$ (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(565,046)	(322,482)
Interest paid		(5,250)	(16)
Interest received		1,288	5,120
R&D Tax benefit repayment		-	(50,000)
NET CASH (USED IN) OPERATING ACTIVITIES		(569,008)	(367,378)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of intangible assets			(11,887)
Proceeds from the sale of exploration and evaluation assets		83,253	-
NET CASH (USED IN) INVESTING ACTIVITIES		83,253	(11,887)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		3,000,000	-
Payment of transaction costs for issue of shares		(507,844)	-
Cash acquired upon completion of business combination	3	330,741	-
Proceeds from borrowings		100,000	-
Repayment of borrowings		(75,000)	-
NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES		2,847,897	-
Net (decrease) in cash and cash equivalents		2,362,142	(379,265)
Cash at the beginning of the period		216,779	565,252
CASH AT THE END OF THE PERIOD		2,578,921	185,987

Notes to the consolidated financial statements

For the half-year ended 30 June 2014

1. Corporate information

The interim condensed consolidated financial statements of Reproductive Health Science Limited and its subsidiaries (collectively, the Group) for the six months ended 30 June 2014 were authorised for issue in accordance with a resolution of the directors on 20 August 2014.

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

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

The interim condensed consolidated financial statements for the six months ended 30 June 2014 have been prepared in accordance with AASB 134 Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2013.

As discussed in Note 3 below, Reproductive Health Science Ltd (formerly AO Energy Ltd, 'RHS Parent') completed the acquisition of RHS Subsidiary Pty Ltd (formerly Reproductive Health Science Ltd, 'RHS Subsidiary') on 2 April 2014. RHS Subsidiary was deemed to be the acquirer for accounting purposes under the principles of AASB 3 Business Combinations. Accordingly, the consolidated financial statements of RHS Parent (formerly AO Energy Ltd) have been prepared as a continuation of the financial statements of RHS Subsidiary from 2 April 2014. The impact of the reverse acquisition on each of the primary statements is as follows:

Statement of Financial Position

- The 30 June 2014 statement of financial position represents both RHS Parent and RHS Subsidiary as at 30 June 2014.
- The 31 December 2013 statement of financial position represents RHS Subsidiary as at 31 December 2013.

Statement of Comprehensive Income

- The 30 June 2014 statement of comprehensive income comprises 6 months of RHS Subsidiary and RHS Parent for the period from 2 April 2014 to 30 June 2014.
- The 30 June 2013 statement of comprehensive income comprises 6 months of RHS Subsidiary.

Statement of Changes in Equity

- The 30 June 2014 statement of changes in equity comprises RHS Subsidiary equity balance at 1 January 2014, its loss for the period, and transactions with equity holders for the six-month period. It also comprises RHS Parent's transactions with equity holders for the period from 2 April 2014 to 30 June 2014 and the equity balances of RHS Subsidiary and RHS Parent as at 30 June 2014.
- The 30 June 2013 statement of changes in equity comprises RHS Subsidiary's changes in equity for the six-month period.

Statement of Cash Flows

- The 30 June 2014 statement of cash flows comprises the cash balance of RHS Subsidiary at 1 January 2014, the cash transactions of RHS Subsidiary for the six-month period and RHS Parent for the period from 2 April 2014 to 30 June 2014, and the cash balance of RHS Subsidiary and RHS Parent at 30 June 2014.
- The 30 June 2013 statement of cash flows comprises 6 months of RHS Subsidiary's cash transactions.

Changes in accounting policy, accounting standards and interpretations

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2013. However noting the change in composition of the entity and basis of preparation of the financial statements discussed above, the following additional accounting policies were adopted to reflect the balances contained within the balance sheet of RHS Subsidiary Pty Ltd:

- *Intangibles 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.

The useful life of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. 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.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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.

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
- 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.

Patents and licences

The Group owns or is in the process of applying to obtain patent applications 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 diagnosis (PGD) of an embryo or egg prior to implantation.

As a result, those licences are assessed as having a finite useful life. The useful life estimated in relation to the Company's patents as at the reporting period is a period of 10 years and the amortisation method intended to be used is to be amortised on a straight line basis.

Adoption of new accounting standards

The following standards and interpretations have been applied for the first time during the half year period ended 30 June 2014:

- *Consolidated Financial Statements*

AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 Consolidated and Separate Financial Statements dealing with the accounting for consolidated financial statements and UIG-112 Consolidation - Special Purpose Entities.

The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control.

Consequential amendments were also made to this and other standards via AASB 2011-7 and AASB 2012-10.

- *Disclosure of Interests in Other Entities*

AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates, structured entities and subsidiaries with non-controlling interests.

- *Remove Individual Key Management Personnel Disclosures – Amendments to AASB 124 Related Party Disclosures*

This amendment deletes from AASB 124 individual key management personnel disclosure ('KMP') requirements for disclosing entities that are not companies. It also removes the individual KMP disclosure requirements for all disclosing entities in relation to equity holdings, loans and other related party transactions. These amendments are effective for annual periods beginning on or after 1 July 2013.

The adoption of these amendments had no impact on the condensed interim financial statements of the Group, but are expected to impact the annual financial statements.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3. Business combinations

Acquisition of Reproductive Health Science Pty Ltd

On 2 April 2014, the Group acquired 100% of the voting shares of Reproductive Health Science Pty Ltd (now RHS Subsidiary Pty Ltd, 'RHS'), an unlisted private company based in South Australia containing a portfolio of biotechnology technologies. Under the principles of AASB 3: Business Combinations, the acquisition is being treated as a reverse acquisition.

RHS is the accounting acquirer and Reproductive Health Science Ltd ('RHS Parent', formerly AO Energy Ltd) is the accounting acquiree. Accordingly, the assets and liabilities of the legal subsidiary (the accounting acquirer), being RHS, are measured at their pre-combination carrying amounts. The assets and liabilities of the legal parent (accounting acquiree), being RHS Parent (formerly AO Energy Ltd) are measured at fair value on the date of acquisition.

Fair value of consideration transferred

The consideration in a reverse acquisition is deemed to have been incurred by the legal subsidiary (RHS) in the form of equity instruments issued to the shareholders of the legal parent entity (RHS Parent (formerly AO Energy Ltd)). The acquisition-date fair value of the consideration transferred has been determined by reference to the fair value of the number of shares the legal subsidiary (RHS) would have issued to the legal parent entity RHS Parent (formerly AO Energy Ltd) to obtain the same ownership interest in the combined entity.

Details of the transaction are:

	Fair value \$
Fair value of consideration transferred	3,554,415
Fair value of assets and liabilities held at acquisition date:	
Cash and cash equivalents	330,741
Trade and other receivables	137,993
Other current assets	86,272
Exploration and evaluation assets	80,000
Property, plant and equipment	23,349
Trade and other payables	(52,588)
Provisions	(172,782)
Identifiable assets and liabilities assumed	432,985
Surplus of consideration after accounting for identifiable assets and liabilities assumed	3,121,430

The purchase consideration deemed to have been paid differs from the actual consideration paid due to the nature of the reverse acquisition. The legal cost that RHS Parent (formerly AO Energy Ltd) paid to acquire RHS Subsidiary (formerly Reproductive Health Science Pty Ltd) was 19,120,947 fully paid ordinary shares, having a deemed value of \$1,912,095.

As RHS Parent did not contain an operating business and represented merely a listed shell Company, the surplus identified above has been treated as a transaction cost and expensed in the Company's statement of comprehensive income.

From the date of acquisition, RHS Parent has contributed \$1,477,018 to the net loss after tax from the continuing operations of the Group. If the combination had taken place at the beginning of the year, the loss from continuing operations for the period would have been \$1,489,138.

4. Segment reporting

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

The Group only operates in one business segment being the development and marketing of Biotechnology technologies. Following the discontinued operations of the former business in RHS Parent (formerly AO Energy Ltd), the previously capitalised exploration costs have all been either fully written off or realised by way of sale. 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.

5. Earnings per share

In accordance with the principles of reverse acquisition accounting, the weighted average number of ordinary shares outstanding during the period ended 30 June 2014 has been calculated as the weighted average number of ordinary shares of RHS Parent outstanding during the period, adjusted for the deemed acquisition mentioned in note 3. The weighted average number of ordinary shares for basic earnings per share was 35,439,789. In accordance with AASB 133 'Earnings per Share', as potential ordinary shares may only result in a situation where their conversion results in an increase in loss per share or decrease in profit per share from continuing operations, no dilutive effect has been taking into account for the period ended 30 June 2014.

6. Share capital

	30 June 14	31 December
	13	(Unaudited)
	\$	\$
Fully paid ordinary shares	11,020,505	4,412,495
	11,020,505	4,412,495
 Ordinary shares		
Deemed to be outstanding at beginning of period *	19,743,813	4,412,495
Redemption of promissory notes	-	(75,000)
Deemed acquisition of Reproductive Health Science Ltd (formerly AO Energy Ltd)	14,680,989	3,554,415
 Shares issued under the Company's prospectus	15,000,000	3,000,000
Shares issued to David Brookes in accordance with a resolution passed by shareholders	879,298	219,824
Shares issued to brokers in lieu of fees	1,006,065	251,516
Transaction costs on shares issued	-	(342,745)
 Balance at end of the financial period	51,310,165	11,020,505

* Due to the nature of the reverse acquisition, in accordance with AASB 3 Business Combinations, the equity structure of the legal subsidiary (RHS Subsidiary Pty Ltd) is restated to reflect what (given the equity structure of the legal parent upon completion) the legal parent issued in the reverse acquisition.

Transaction costs (including the surplus of \$3,121,430) of \$3,844,960 have been expensed and are included on the face of the statement of comprehensive income. In addition, transaction costs of \$342,745 have been offset against contributed equity as the costs were directly attributable to the issue of new equity instruments.

7. Share options

In accordance with the Company's prospectus dated 7 March 2014, a total of 5,700,000 unlisted options were issued to the directors of the Company. The terms of these options were as follows:

- 3,000,000 issued to the Non-Executive Directors having an exercise price of \$0.32, expiring 31 December 2016; and
- 2,700,000 issued to the Managing Director having exercise prices of \$0.25, \$0.30 and \$0.35 respectively all expiring 31 December 2016.

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

Volatility Rate:	90%
Estimated life	2.75 years
Risk free rate	3.08%
Number of steps	1,000

The total value pertaining to these options using the above assumptions amounted to \$734,670. None of the options contained vesting conditions and hence have been expensed in the Company's statement of comprehensive income for the half year ended 30 June 2014.

On 17 April 2014, the Company issued a total of 150,000 unlisted options to employees under the Employee Share Option plan. The options can be exercised at any time prior to 16 April 2019 and have an exercise price of \$0.35. The options were valued using a binomial option valuation method, using the following assumptions:

Volatility Rate:	90%
Estimated life	5 years
Risk free rate	3.34%
Number of steps	1,000

The total value pertaining to these options using the above assumptions amounted to \$24,706. None of the options contained vesting conditions and hence have been expensed in the Company's statement of comprehensive income for the half year ended 30 June 2014.

8. Subsequent events

On 2 July 2014, the Company announced the formal launch of its lead product, "EmbryoCollect™" at an international forum for reproductive medicine and embryology in Munich, Germany (the 2014 European Society of Human Reproduction and Embryology Conference).

On 30 July 2014 the Company announced that it had selected clinics to trial its lead product EmbryoCollect™, noting that it was in discussions with several IVF clinics in different countries and that was close to finalising agreements with the first two to use EmbryoCollect™ for Pre-Implantation Genetic Screening (PGS). On that same day, the Company additionally announced that it had appointed Mr Duane Rivett to the position of Commercial Manager from 11 August 2014.

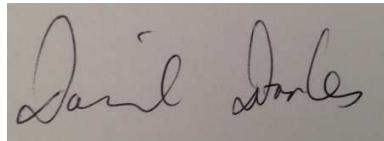
Directors' declaration

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

In the opinion of the directors:

- a) The financial statements and notes of Reproductive Health Science Limited for the half-year ended 30 June 2014 are in accordance with the Corporations Act 2001, including:
 - i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the half-year ended on that date; and
 - ii. complying with Accounting Standards and the *Corporations Regulations 2001*
- b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the board

A handwritten signature in black ink, appearing to read "David Brookes".

Dr David Brookes
Chairman

21 August 2014

To the members of Reproductive Health Science Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Reproductive Health Science Limited, which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the period end or from time to time during the period.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Reproductive Health Science Limited and the entities it controlled during the period, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Basis for Qualification

We draw attention to Note 2 to the Half-Year Financial report, which describes the basis of accounting. Reproductive Health Science Ltd (formerly AO Energy Ltd, 'RHS Parent') completed the acquisition of RHS Subsidiary Pty Ltd (formerly Reproductive Health Science Ltd, 'RHS Subsidiary') on 2 April 2014. RHS Subsidiary was deemed to be the acquirer for accounting purposes under the principles of AASB 3 *Business Combinations*. Accordingly, the consolidated financial statements of RHS Parent (formerly AO Energy Ltd) have been prepared as a continuation of the financial statements of RHS Subsidiary from 2 April 2014. The financial statements of RHS Subsidiary were previously unaudited.

It has not been practicable for us to carry out normal review procedures relating to certain asset and liability balances as at 30 June 2013. Since these balances enter into the determination of the financial performance and cash flows, we were unable to determine whether adjustments might have been necessary in respect of the income reported in the statement of comprehensive income and the net cash flows from operating activities reported in the condensed statement of cash flows for the year ended 30 June 2014.

Conclusion

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

- a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the 6 months ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Ernst & Young

Ernst & Young

Mark Phelps

Mark Phelps
Partner
Adelaide
21 August 2014