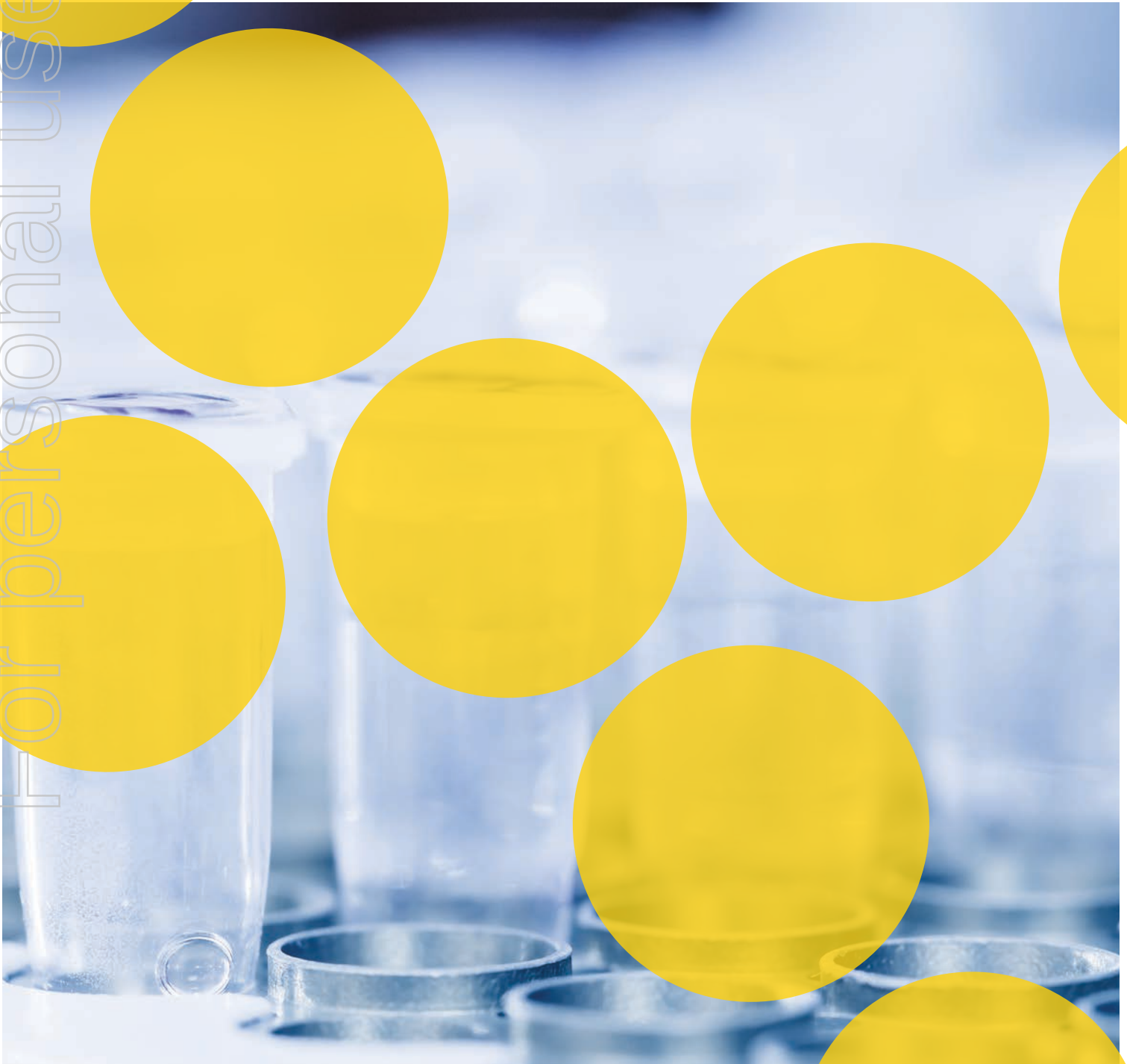


Annual Report 2014

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), appointed 2 April 2014

Mr Johnathon Matthews, appointed 2 April 2014

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

Ms Sue MacLeman, appointed 21 August 2014

Mr Simon O'Loughlin, resigned 21 August 2014

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

Auditors

Ernst & Young

Australia

Chairman's letter to shareholders

Dear Shareholders,

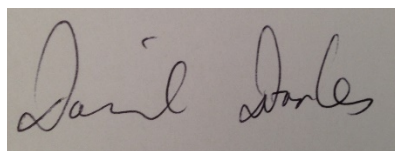
It is pleasing to be able to comment on the progress of Reproductive Health Science Ltd (RHS) at this time, a full year on from ASX listing following the reverse takeover of AO Energy Ltd. The Company has refined a lead product to the important phase of commercial roll out. RHS is in advanced discussions regarding offering a service of PGS (Pre-Implantation Genetic Screening) using our lead product EmbryoCollect™ to select In-vitro Fertilisation (IVF) providers; and this follows RHS assisting to establish a new PGS service "in house" at an IVF clinic, affording the use of EmbryoCollect™ (Morula IVF, Indonesia). With growing distributor agreements worldwide and the capability of ordering EmbryoCollect™ directly from RHS, our management have established complete pathway options for access and use of our lead product. This has been achieved through the dedication, flexibility and competence of the RHS team utilising the existing resources. The worldwide momentum for PGS is in keeping with the RHS forecasts. PGS remains an exciting growth area in the rapidly advancing global IVF industry.

Much has been achieved in this first year, including the thankless task of finalising the reverse takeover, which has RHS poised for the way forward. Revenue will be generated through the service provider agreements and commencement of sales. The Company's product development remains focused on our lead product EmbryoCollect™ and also the genetic sequencing frontier that our DNA amplification kit addresses. Ever cash conscious, there has been prioritisation of projects with the development of a commercially interactive website nearing completion.

The Board and management are committed to growing RHS' presence in the intricate field of cell analysis and thank the many supporters of RHS, especially our initial customers.

I am in a unique position to understand the level of commitment shown by the small, quality team at RHS and thank all of the staff on behalf of the Board and our investors. CEO, Dr. Michelle Fraser, has been unstinting and tireless leading management; similarly CSO, Dr. Melinda Jasper, has led the scientific team.

Finally, thank you to our shareholders for your support and I look forward to further updating in the Chairman's address at the Reproductive Health Science Ltd's AGM on the 27th May 2015.



Dr David Brookes
Chairman

27 April 2015

Managing Director's letter to shareholders

Dear Shareholders,

The 12 months since listing have seen Reproductive Health Science Ltd significantly progress our advanced genetic products and scientific expertise in the field. Importantly for our investors, the Company's commercial plan is coming to fruition.

The funds raised during the acquisition have so far allowed the Company to;

- Further enhance the product during mid to late-2014 to readily enable the inclusion of next generation sequencing technology alongside the established microarray product. This opportunity arose through our partnership with Kapa Biosystems, affording RHS the privilege of working with a developer and manufacturer of advanced molecular biology reagents and with an impressive depth of expertise in sequencing technologies.
- Launch our first product EmbryoCollect™ into the global market, which has led to the Company signing distributor agreements with 4 distributors to date. Through these distributor agreements, RHS has been able to market its product in Israel, Turkey, Southern Africa and India, which broadens the Company's own marketing activities in Australia.
- Provide training and support for the establishment of a laboratory in Indonesian clinic Morula IVF to enable them to commence offering PGS to their patients, the first IVF clinic in Indonesia to do so. This has provided RHS with an opportunity to experience first-hand the level of training and expertise required by clinics new to genetic testing to use EmbryoCollect™ in the market.
- Supply small numbers of EmbryoCollect™ kits to select IVF clinics to obtain end user feedback and to provide an opportunity for the Company to further refine the end user instructions and better understand the advantages and limitations of EmbryoCollect™.
- Scale up manufacturing capabilities in anticipation of product sales. This involved the purchase of a larger scale microarray printer from Scottish company ArrayJet, a specialist microarray printing manufacturer.

- For personal use only
- Develop marketing material, customer protocols and trade display merchandise to use at key global conferences, the European Society of Human Reproduction and Embryology in Munich in June and the American Society for Reproductive Medicine in Honolulu in October. This allowed the Company to raise its global profile and increase brand awareness, as well as provide a forum for the Company to directly market its products and expertise to key target customers and distributors. The Company will also shortly release a redesigned website that will provide better access to product and Company information.

I am delighted to have led your Company through this exciting building phase and I look forward to delivering on our milestones in the coming months.

Yours faithfully,



Michelle Fraser

Chief Executive Officer & Managing Director

27 April 2015

Directors' report

Your directors submit their report for the year ended 31 December 2014.

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 works as a medical practitioner and biotechnology consultant. His involvement in the biotechnology sector began in the late 1990's as an analyst. He is currently an independent director of ASX listed Atcor Medical Holdings Ltd and is a Fellow of the Australian Institute of Company Directors.

Dr Brookes was formerly an independent director of Living Cell Technologies Ltd (ASX listed) from August 2007 until November 2010 and Chairperson during 2009 and 2010. He was Chairman-Director of Innovance Ltd (NSX listed) from 2006 until 2010.

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

Managing Director

Dr Michelle Fraser (PhD, Grad Dip Sci Tech Comm), appointed 2 April 2014

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.

Dr Fraser was previously a Business Development Manager at Bio Innovation SA where she provided commercialisation advice and assistance to bioscience companies, universities, research institutes and teaching and research hospitals. Dr Fraser was also part of the Bio Innovation SA team responsible for the establishment of venture capital fund Terra Rossa Capital. Dr Fraser has previously been the chief executive officer for two biotechnology start-up companies; Viswa Biotechnology Pty Ltd and BenEphex Biotechnologies Pty Ltd.

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*), appointed 2 April 2014

Mr Matthews has seven years' experience in the IVF industry as executive director of The Pipette Company Pty Ltd (TPC), an Adelaide based specialist manufacturer and supplier of high quality micropipettes used in IVF procedures. He has actively contributed to developing and managing TPC's growth with its products 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.

Emeritus Professor Colin Matthews AO – (*alternate for Johnathon Matthews*), appointed 2 April 2014

Dr Matthews has been a director and shareholder of Reproductive Health Science since its establishment. He is a founding director of The Pipette Company Pty Ltd, currently a director of Flinders IVF and chair of the Research Committee and Board Member of the Channel 7 Research Foundation.

Dr Matthews was previously a founding director of Repromed Pty Ltd, a University owned Adelaide-based IVF clinic.

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

Ms Sue MacLeman (*BPharm, MMktg, MLaw, FACPP, FAICD*), appointed 21 August 2014

Ms MacLeman has enjoyed a distinguished career in biotechnology, 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 CEO and a Board member of a number of publicly-listed companies in both the United States and Australia. Ms MacLeman is a member of the Pharmaceutical Industry Council and the Australian Government Pharmaceutical Industry Working Group. In 2011 she was appointed to the Victorian Biotechnology Advisory Council.

Simon O'Loughlin (BA (Acc), resigned 21 August 2014

Simon O'Loughlin is the founding member of O'Loughlin Lawyers, an Adelaide based medium sized specialist commercial law firm. He has obtained extensive experience in the corporate and commercial law fields while practicing in Sydney and Adelaide. Simon also holds accounting qualifications. More recently, he has been focusing on the resources sector. He is currently chairman of Petratherm Ltd, and a non-executive director of, Goldminex Ltd, Crest Minerals Ltd, Chesser Resources Ltd and WCP Resources Ltd. In the last 3 years he has also been a director of World Titanium Resources Ltd, Living Cell Technologies Ltd, Avenue Resources Ltd, Strzelecki Metals Ltd, Aura Energy Ltd, Reproductive Health Science Ltd, Kibaran Resources Ltd, Oncosil Ltd, Bioxyne Ltd and Wolf Petroleum Ltd.

Mr Graham Ascough (BSc, PGeo, MAusIMM), resigned 2 April 2014

Graham Ascough is a senior resources executive with more than 24 years of industry experience evaluating mineral projects and resources in Australia and overseas. He has had broad industry involvement ranging from playing a leading role in setting the strategic direction for significant country-wide exploration programs to working directly with mining and exploration companies.

Mr Ascough is a geophysicist by training and was the Managing Director of ASX listed Mithril Resources Ltd from October 2006 until June 2012. Prior to joining Mithril in 2006, Mr Ascough was the Australian Manager of Nickel and PGM Exploration at the major Canadian resources house, Falconbridge Ltd (acquired by Xstrata Plc in 2006). He is additionally a director of Phoenix Copper Ltd and Avalon Minerals Ltd and was previously a director of Aquia Resources Ltd (having resigned on 15 November 2013).

He is a Member of the Australian Institute of Mining and Metallurgy, and is a Professional Geoscientist of Ontario, Canada.

Non-Executive Director/Company Secretary

Mr Donald Stephens (BA (Acc), FCA)

Mr Stephens is a Chartered Accountant and corporate adviser with over 25 years' experience in the accounting industry, including 14 years as a partner of HLB Mann Judd (SA), a firm of Chartered Accountants. He is a director of Mithril Resources Ltd, Lawson Gold Ltd and Petratherm Ltd, and was formerly a director of TW Holdings Ltd (resigned 14 December 2012). Additionally he is Company Secretary to Minotaur Exploration Ltd, Mithril Resources Ltd, Musgrave Minerals Ltd, Highfield Resources Ltd and Petratherm Ltd. He holds other public company secretarial positions and directorships with private companies and provides corporate advisory services to a wide range of organisations.

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	1,044,298	750,000
M Fraser	351,719	2,700,000
J Matthews	8,964,556	600,000
C Matthews (alternate)	8,964,556	-
S MacLeman	10,000	-
D Stephens	50,199	600,000

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 2014.

Principal activities

Reproductive Health Science Ltd's principal activities are the development and marketing of its biotechnology technologies, including its lead product EmbryoCollect™.

Review 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 product development and commercialisation of its patent portfolio. The Company's focus has been the commercialisation and marketing of the EmbryoCollect™ product. EmbryoCollect™ is a research only 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. On 23 December 2014, the Company announced that it had signed a three year exclusive distribution agreement with Tani Medikal for the sale of its EmbryoCollect™ product in Turkey. Subsequent to the balance date, the Company has made further progress entering into several other distributor agreements, refer to significant events after the balance date for further information in relation to these developments.

During the year ended 31 December 2014, the Group incurred a loss of \$6,091,210 (31 December 2013: \$405,506). This loss primarily was driven by transaction costs incurred by the Group of \$3,849,237, 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.

Significant changes in the state of affairs

As disclosed in the Group's review of operations, Reproductive Health Science Ltd has undergone a restructure during the financial year, whereby the previous mining operations were wound down and the Company acquired Reproductive Health Science Pty Ltd (now RHS Subsidiary Pty Ltd). This has resulted in a significant change to the state of affairs for the Group, with it now focusing on the development and marketing of its biotechnology technologies acquired from Reproductive Health Science.

Significant events after the balance date

On 23 January 2015 the Company announced it had entered into a 3 year exclusive distributor agreement with SAR Healthline (P) Ltd ('SAR') for the sale of its lead product *EmbryoCollect™*. The arrangement provides SAR with an exclusive distribution right in countries India, Sri Lanka and Bangladesh.

On 30 January 2015, the Company entered into an equipment loan with National Australia Bank Ltd for the sum of \$190,481. The loan provides for principal and interest payments over a 5 year term secured against a certain item of plant that the Company owns.

Finally, on 16 February 2015, the Company announced it had entered into 3-year exclusive distribution agreements with distributors in Israel, Palestine and Southern Africa. The Israel and Palestinian agreement has been executed with Al-Rad Medical and the Southern African agreement has been executed with Delfran Pharmaceuticals.

Likely developments and expected results

Following the completion of the acquisition of Reproductive Health Science as outlined in the Group's review of operations, the Group will continue to progress the product development and commercialisation of its 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.

Share options

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 2014	Net Issued/(exercised or expired) during year	Balance at 31 Dec 2014
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
			179,105	5,850,000	6,029,105

* The opening balance of options has been adjusted to reflect the Company's 1 is for 10 consolidation.

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.

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.

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

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	
	Attended	Eligible	Attended	Eligible
David Brookes	7	7	1	1
Michelle Fraser	7	7	-	-
Johnathon Matthews	7	7	1	1
Colin Matthews (alt)	7	7	-	-
Sue MacLeman	3	3	-	-
Simon O'Loughlin	4	4	-	-
Donald Stephens	7	7	2	2
Graham Ascough	-	-	1	1

Auditor independence declaration

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



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

Tel: +61 8 8417 1600
Fax: +61 8 8417 1775
ey.com/au

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

In relation to our audit of the financial report of Reproductive Health Science Limited for the financial year ended 31 December 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.

A handwritten signature in blue ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in blue ink that reads 'Mark Phelps'.

Mark Phelps
Partner
Adelaide
23 March 2015

Signed in accordance with a resolution of the directors.

A handwritten signature in blue ink that reads 'David Brookes'.

Dr David Brookes
Chairman

23 March 2015

Remuneration report (audited)

This Remuneration Report for the year ended 31 December 2014 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.

i. Directors

David Brookes	(Non-Executive Chairman)
Michelle Fraser	(Managing Director)
Johnathon Matthews	(Non-Executive Director), ('NEDs')
Sue MacLeman	(Non-Executive Director)
Donald Stephens	(Non-Executive Director/Company Secretary)
Colin Matthews	(Alternate Director for Johnathon Matthews)

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.

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 2014 Annual General Meeting

Reproductive Health Science Ltd's motion in relation to the approval of 2013 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 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 2015 AGM.

Contracts

Dr Michelle Fraser

The Company and Dr Fraser entered into an Executive Service Agreement (Agreement) on 19 December 2013. By the Agreement, the Company has employed Dr Fraser as Managing Director of the Company for a period of two years commencing on 2 April 2014. Dr Fraser's annual salary (inclusive of statutory superannuation payment) is \$220,000 and an annual performance review of her contract will take place around 30 June each year. Either party may terminate the Agreement on three months' notice to the other, and the Company may, subject to obtaining shareholder approval is required, pay to Dr Fraser three months remuneration in lieu of notice. If the Agreement is terminated within the first 12 months by Dr Fraser without cause, or by the Company for breach by Dr Fraser, the Board by in its discretion can cancel the Options granted pursuant to the Agreement which have not been exercised.

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 2014 and 31 December 2013 is detailed in the table below.

Table 1: Remuneration of Directors

Non-Executive Directors	Financial Year	Salary and fees \$	Short term benefits \$	Share based payments \$	Post-employment Superannuation \$	Total \$
D Brookes	2014	52,682	-	95,175	2,603	150,460
	2013	2,677	-	-	248	2,925
M Fraser	2014	189,722	-	353,970	16,764	560,456
	2013	-	-	-	-	-
J Matthews	2014	18,285	-	76,140	1,725	96,150
	2013	-	-	-	-	-
D Stephens	2014	29,425	-	76,140	-	105,565
	2013	11,354	-	-	-	11,354
S MacLeman	2014	8,895	-	-	845	9,740
	2013	-	-	-	-	-
C Matthews	2014	-	-	-	-	-
	2013	-	-	-	-	-
G Ascough	2014	6,828	-	38,070	-	44,898
	2013	11,354	-	-	-	11,354
S O'Loughlin	2014	19,790	-	95,175	1,837	116,802
	2013	14,583	-	-	1,349	15,932
D McAuliffe	2014	-	-	-	-	-
	2013	7,823	-	-	-	7,823
C Goodall	2014	-	-	-	-	-
	2013	-	-	40,238	25,000	65,238
J Jebamoney	2014	-	-	-	-	-
	2013	41,667	-	34,490	8,333	84,490
D Bamford	2014	-	-	-	-	-
	2013	10,000	-	-	-	10,000
The Hon A Downer	2014	-	-	-	-	-
	2013	9,174	-	-	826	10,000
N Young	2014	-	-	-	-	-
	2013	54,167	-	45,988	8,333	108,488
FY 14 Directors		325,627	-	734,670	23,774	1,084,071
FY 13 Directors		162,799	-	120,716	44,089	327,604

Table 2: Option holdings of key management personnel

Director	Balance at 1 Jan 14	Net change other	Balance 31 Dec 14
D Brookes	-	750,000	750,000
M Fraser	-	2,700,000	2,700,000
J Matthews	-	600,000	600,000
C Matthews (alt)	-	-	-
S MacLeman	-	-	-
D Stephens	-	600,000	600,000
	-	4,650,000	4,650,000

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

- 3,000,000 issued to the Non-Executive Directors (past and present) 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.

Table 3: Shareholdings of key management personnel

Director	Balance at 1 Jan 14	Consolidation (1 is for 10 of opening balance)	Net change other (refer notes)	Balance 31 Dec 14
D Brookes	1,650,000	(1,485,000) ¹	879,298 ¹	1,044,298
M Fraser	-	-	351,719 ²	351,719
J Matthews/ C Matthews	-	-	8,964,556 ³	8,964,556
S MacLeman	-	-	10,000 ⁴	10,000
D Stephens	501,987	(451,788) ⁵	-	50,199
	2,151,987	(1,936,788)	10,205,573	10,420,772

1. At the Extraordinary General Meeting (EGM) of the Company held on 13 March 2014, the shareholders of the Company approved the issue of 8,792,974 shares (pre-consolidation) to Mr Brookes (or his nominee). On the 14 April 2014, the Company consolidated its capital (on a one-for-ten basis) as previously approved via shareholder resolution at its EGM held on 13 March 2014.
2. At the EGM held on 13 March 2014, shareholders approved to issue Dr Fraser (or her nominee) 3,517,190 (pre-consolidation) Consideration Shares. On the 14 April 2014, the Company consolidated its capital (on a one-for-ten basis) as previously approved via shareholder resolution at its EGM held on 13 March 2014.
3. At the EGM held on 13 March 2014, shareholders approved to issue Acorn Trust (an entity that both Dr Matthews and Mr Matthews are trustees of), as one of the vendors, 89,645,569 (pre-consolidation) Consideration Shares. Mr Matthews and Dr Matthews are trustees of this discretionary trust, and will therefore have an interest in all of the Consideration Shares issued to it. On the 14 April 2014, the Company consolidated its capital (on a one-for-ten basis) as previously approved via shareholder resolution at its EGM held on 13 March 2014.
4. Ms MacLeman was appointed to the Board during the financial year, at which time she indicated she held 10,000 shares with the Company.
5. Mr Stephens change in shareholding during the year occurred due to the Company's consolidation of capital (on a one-for-ten basis) as previously approved via shareholder resolution at its EGM held on 13 March 2014.

Other transactions and balances with key management personnel and their related parties

HLB Mann Judd (SA) Pty Ltd has received professional fees for accounting, taxation, secretarial and transactional services provided during the year amounting to \$151,696 including GST (2013: \$17,700). A total of \$22,936 including GST was outstanding at 31 December 2014 (2013: \$7,686). Donald Stephens, a Director and the Company Secretary of Reproductive Health Science Ltd, is a consultant with HLB Mann Judd (SA) Pty Ltd.

O'Loughlins Lawyers has received professional fees for legal and transactional services provided during the year amounting to \$145,369 including GST (2013: \$23,642). No amount was outstanding at 31 December 2014 (2013: \$Nil). Simon O'Loughlin, a former director of Reproductive Health Science Ltd, is a partner of O'Loughlins Lawyers.

Corporate Governance Statement

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.

A description of the Group's main corporate governance practices is set out below. All these practices, unless otherwise stated, were in place for the entire year.

On 27 March 2014, the ASX Corporate Governance Council released the 3rd Edition of its Corporate Governance Principles and Recommendations (3rd Edition Recommendations). The Group reviewed its corporate governance and reporting practices under these principles and has chosen to early-adopt the 3rd Edition Recommendations. The disclosures in this Corporate Governance Statement reflect this and, as at the date of this statement, the Group complies with the 3rd Edition Recommendations (unless otherwise stated).

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.

A performance assessment of the Company's Managing Director took place after June 2014 (first half year or H1) , which included the review of performance against agreed key indicators : noting the acquisition of RHS Subsidiary Pty Ltd (formerly Reproductive Health Science Pty Ltd) was completed on 2 April 2014. This process of routine review with key performance indicators was repeated after December 2014 (second half year or H2) .

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. Given the changes to the composition of the Board that took place as a consequence of the acquisition of RHS Subsidiary Pty Ltd (formerly Reproductive Health Science Pty Ltd), no performance review took place during the year ended 31 December 2014.

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 will be available on the Company's website upon the commission of its new website (refer principles 5 and 6 in relation to 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, 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	3	2
Senior Management (excluding the Managing Director captured above)	1	1
Whole Organisation (including the Managing Director but excluding the Non-Executive Directors)	3	6

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

Mr Donald Stephens (Executive Director), appointed 31 July 2013

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, Mr Johnathon Matthews and Mr Donald Stephens, have been assessed as not being independent.

The Board has a Remuneration and Nomination Committee that consists of Ms Sue MacLeman (Chairman), as well as Mr Johnathon Matthews and Dr David Brookes as members. The Committee's charter will be disclosed on the Company's website <http://www.rhsc.com.au> upon it being completed (anticipated to occur in May 2015). The Committee did not formally meet during the year ending 31st December 2014 due to only being formed following the acquisition of RHS Subsidiary Pty Ltd (formerly Reproductive Health Science Pty Ltd) on 2 April 2014. However, the structure and functioning of this Committee was determined during that time with formal meetings held in early 2015.

Board skills

The Board aims in its membership to maintain a combination of skills and experience 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.

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

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

Departures from Principle 2

Recommendation 2.4– The majority of the Board of a listed entity should be independent directors
The Board Charter requires that where practical the majority of the Board will be independent.

Only two of the Company's five Directors are independent. Given the present size and nature of the Company, the composition of the Board is considered appropriate at this time. The Board will consider the balance of independent directors as the Company increases in size and complexity (though no forecast is made of when that will occur).

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 will be available on the Company's website upon its completion (anticipated to occur in May 2015).

Principle 4: Safeguard integrity in financial reporting

Audit, Business Risk and Compliance Committee

The Audit, Business Risk and Compliance Committee consists of 3 Directors.

Non-Executive Directors:

Mr Johnathon Matthews (Chair)
Dr David Brookes

Executive Director:

(Finance Officer/Company Secretary)

Mr Donald Stephens

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.

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. One member, Mr Stephens, has relevant qualification and experience by virtue of being a former partner of an accounting firm.

The Audit, Business Risk and Compliance Committee operates in accordance with a charter, the details of which will be available on the company website following its completion (anticipated to occur in May 2015).

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 the Managing Director, Company Secretary and Finance 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.

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 and 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.

The amount of fees paid to the external auditors is provided in note 22 to the Financial Statements of the Company's Annual Report. 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 have a majority of independent non-executive directors and be chaired by an independent director

Only one of the Committee's three Directors are independent. In addition, the Committee's Chair Mr Johnathon Matthews is not independent. Given the present size and nature of the Company, the composition of the Audit, Business Risk and Compliance Committee is considered appropriate at this time. The Board will continually consider the balance of independent directors on this Committee as the Company increases in size and complexity (though no forecast is made of when that will occur).

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

Continuous disclosure and shareholder communication

The Company has written policies and procedures on information disclosure that focus on 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. These policies and procedures also include the arrangements the Company has in place to promote communication with shareholders and encourage effective participation at general meetings. A summary of these policies and procedures will be available on the Company's website following its completion (anticipated to occur in May 2015).

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 will be posted on the Company's website (following its completion noted above) as soon as it is disclosed to the ASX. The Company's website will also enable users to provide feedback on Company matters and includes a "Corporate Governance" landing page that discloses all relevant corporate governance information, including policies and procedures.

Investors relations and member participation

Shareholders are encouraged to participate at all Annual General Meetings and General Meetings of the Company. Upon the despatch 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 shall also be 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.

Departures from Principle 6

Recommendation 6.1— A listed entity should provide information about itself and its governance to investors via its website

As previously noted, the Company is presently constructing an updated website for itself, which once complete will comply with the recommendations noted in item 6.1. Accordingly, at the time of the release of the Corporate Governance Statement, the Company therefore has not complied with principle 6.1, but will rectify this as soon as possible (anticipated to occur in May 2015).

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 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 framework and 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;
- reviews group-wide objectives and strategy in the context of the abovementioned categories of corporate risk;
- reviews and, where necessary, approves guidelines and policies governing the identification, assessment and management of the company's exposure to risk;
- reviews and approves the delegations of financial authorities and addresses any need to update these authorities on an annual basis, and
- reviews compliance with agreed policies.

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

Management is responsible for designing, implementing and reporting on the adequacy of the Company's risk management and internal control system and has to report to the Audit , Business Risk and Compliance Committee on the effectiveness of:

- the risk management and internal control system during the year, and
- the company's management of its material business risks.

A formal review of the Company's risk management framework and process was commenced during the year concluding 31st December 2014, following the acquisition of RHS Subsidiary Pty Ltd (formerly Reproductive Health Science Pty Ltd) on 2 April 2014. The Company finalised the review and ongoing processes of risk management in early 2015.

The Company does not have a separate internal audit function.

Exposure to material economic, environmental and social sustainability risk

The Company's policy is to identify and manage potential or apparent business, economic, environmental and social sustainability risks (if appropriate). The Company at present has not identified specific material risk exposure in these categories. Review of the Company's risk management framework is conducted at least annually and reports are continually created by management on the efficiency and effectiveness of the Company's risk management framework and associated internal compliance and control procedures.

Departures from Principle 7

Recommendation 7.1– The Risk Committee should have a majority of independent non-executive directors and be chaired by an independent director

Only one of the Audit, Business Risk and Compliance Committee's three Directors are independent. In addition, the Committee's Chair Mr Johnathon Matthews is not independent. Given the present size and nature of the Company, the composition of the Audit, Business Risk and Compliance Committee is considered appropriate at this time. The Board will continually consider the balance of independent directors on this Committee as the Company increases in size and complexity (though no forecast is made of when that will occur).

Principle 8: Remunerate fairly and responsibly

The Remuneration and Nomination Committee operates in accordance with its charter which will be available on the Company website following its completion (anticipated to occur in May 2015). 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.

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 2014

		31 December 2014	31 December 2013 (unaudited)
		\$	\$
Other income	7	249,575	295,365
Salaries and benefits	8	(864,405)	(372,671)
Consultants and professional fees		(261,886)	(55,612)
Research and development		(116,477)	(103,459)
Rent and property expenses		(44,533)	(73,847)
Depreciation and amortisation		(40,421)	(30,112)
Travel costs		(90,418)	(11,158)
Other expenses	9	(169,264)	(52,996)
Finance costs		(5,250)	(16)
Share based payments		(759,375)	-
Impairment expense		(139,519)	-
Transaction costs	3	(3,849,237)	-
Loss before income tax expense		(6,091,210)	(405,506)
Income tax benefit/(expense)	10	-	-
Loss from continuing operations		(6,091,210)	(405,506)
Loss attributable to members of the parent entity		(6,091,210)	(405,506)
Other comprehensive income		-	-
Total comprehensive loss for the year		(6,091,210)	(405,506)
Loss per share:		<i>Cents</i>	<i>Cents</i>
Basic earnings per share	20	(14.02)	(2.05)
Diluted earnings per share	20	(14.02)	(2.05)

Consolidated statement of financial position

As at 31 December 2014

	Note	31 December 2014 \$	31 December 2013 (unaudited) \$
CURRENT ASSETS			
Cash and cash equivalents	11	1,518,601	216,779
Trade and other receivables	12	202,134	-
Other current assets	13	45,511	14,497
TOTAL CURRENT ASSETS		1,766,246	231,276
NON-CURRENT ASSETS			
Property, plant and equipment	14	367,551	162,302
Intangible assets	15	1,770	139,519
TOTAL NON-CURRENT ASSETS		369,321	301,821
TOTAL ASSETS		2,135,567	533,097
CURRENT LIABILITIES			
Trade and other payables	16	314,408	43,574
Provisions		23,737	-
TOTAL CURRENT LIABILITIES		338,145	43,574
NON-CURRENT LIABILITIES			
Provisions		62,112	26,539
TOTAL NON-CURRENT LIABILITIES		62,112	26,539
TOTAL LIABILITIES		400,257	70,113
NET ASSETS		1,735,310	462,984
EQUITY			
Contributed equity	17	11,016,655	4,412,495
Share based payments reserve	18	759,376	-
Accumulated losses		(10,040,721)	(3,949,511)
TOTAL EQUITY		1,735,310	462,984

Consolidated statement of changes in equity

For the year ended 31 December 2014

	Note	Issued capital ordinary \$	Share based payments reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 January 2014		4,412,495	-	(3,949,511)	462,984
<i>Comprehensive income</i>					
Loss for the year		-	-	(6,091,210)	(6,091,210)
Other comprehensive income/(expense)		-	-	-	-
Total comprehensive income for the period		-	-	(6,091,210)	(6,091,210)
<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		(346,595)	-	-	(346,595)
Share based payments	18	-	759,376	-	759,376
Total transactions with owners and other transfers		6,604,160	759,376	-	7,363,536
Balance at 31 December 2014		11,016,655	759,376	(10,040,721)	1,735,310

Consolidated statement of changes in equity (Continued)

For the year ended 31 December 2013 (unaudited)

	Note	Issued capital ordinary \$	Share based payments reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 January 2013		4,262,495	-	(3,544,005)	718,490
<i>Comprehensive income</i>					
Loss for the year		-	-	(405,506)	(405,506)
Other comprehensive income/(expense)		-	-	-	-
Total comprehensive income for the period		-	-	(405,506)	(405,506)
<i>Transactions with owners, in their capacity as owners, and other transfers</i>					
Issue of shares		150,000	-	-	150,000
Total transactions with owners and other transfers		150,000	-	-	150,000
Balance at 31 December 2013		4,412,495	-	(3,949,511)	462,984

Consolidated statement of cash flows

For the year ended 31 December 2014

		Year ended 31 December 2014	Year ended 31 December 2013 (unaudited)
		\$	\$
	Note		
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(1,677,996)	(643,699)
Interest paid		(5,250)	(16)
Interest received		40,405	55,627
R&D Tax benefit		-	101,502
NET CASH FLOWS (USED IN) OPERATING ACTIVITIES	11	(1,642,841)	(486,586)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of intangible assets		(1,770)	(11,887)
Purchase of property, plant and equipment		(155,213)	-
Refund of tenement bond		10,000	-
Proceeds from the sale of exploration and evaluation assets		82,500	-
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES		(64,483)	(11,887)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		3,000,000	150,000
Payment of transaction costs for issue of shares		(346,595)	-
Cash acquired upon completion of business combination	3	330,741	-
Proceeds from borrowings		100,000	-
Repayment of promissory notes		(75,000)	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		3,009,146	150,000
Net increase/(decrease) in cash and cash equivalents		1,301,822	(348,473)
Cash at the beginning of the year		216,779	565,252
CASH AT THE END OF THE YEAR		1,518,601	216,779

Notes to the consolidated financial statements

For the year ended 31 December 2014

1. Corporate information

The consolidated financial statements of Reproductive Health Science Limited and its subsidiaries (collectively, the Group) for the year ended 31 December 2014 were authorised for issue in accordance with a resolution of the directors on 23 March 2015.

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.

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

Statement of Comprehensive Income

- The 31 December 2014 statement of comprehensive income comprises 12 months of RHS Subsidiary and RHS Parent for the period from 2 April 2014 to 31 December 2014.
- The 31 December 2013 statement of comprehensive income comprises 12 months of RHS Subsidiary.

Statement of Changes in Equity

- The 31 December 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 annual period. It also comprises RHS Parent's transactions with equity holders for the period from 2 April 2014 to 31 December 2014 and the equity balances of RHS Subsidiary and RHS Parent as at 31 December 2014.
- The 31 December 2013 statement of changes in equity comprises RHS Subsidiary's changes in equity for the twelve-month period.

Statement of Cash Flows

- The 31 December 2014 statement of cash flows comprises the cash balance of RHS Subsidiary at 1 January 2014, the cash transactions of RHS Subsidiary for the twelve-month period and RHS Parent for the period from 2 April 2014 to 31 December 2014, and the cash balance of RHS Subsidiary and RHS Parent at 31 December 2014.

The 31 December 2013 statement of cash flows comprises 12 months of RHS Subsidiary's cash transactions.

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 2013. However noting the change in composition of the entity and basis of preparation of the financial statements discussed above, additional accounting policies were adopted to reflect the balances contained within the balance sheet of RHS Subsidiary Pty Ltd. Those additional policies are reflected in the below listed policies.

(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 2014. The nature and the impact of each new standard and/or amendment is described below:

Remove Individual Key Management Personnel Disclosure Requirements – Amendments to AASB 124

This amendment deletes from AASB 124 individual key management personnel disclosure 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. This amendment has resulted in reduced disclosures in the Group's financial statements.

Recoverable Amount Disclosures for Non-Financial Assets – Amendments to AASB 136

The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. This amendment has resulted in increased disclosures in the Group's financial statements.

Offsetting Financial Assets and Financial Liabilities - Amendments to AASB 132

These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and is applied retrospectively. These amendments have no impact on the Group, since none of the entities in the Group has any offsetting arrangements.

(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 2014 are outlined below:

AASB 2014-1 Amendments to Australian Accounting Standards - Part A Annual Improvements to IFRSs (applicable to the Group from 1 January 2015)

This standard sets out amendments to Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards (IFRSs) Annual Improvements to IFRSs 2010–2012 Cycle and Annual Improvements to IFRSs 2011–2013 Cycle.

Annual Improvements to IFRSs Cycle addresses the following items:

- AASB 2 - Clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of 'performance condition' and 'service condition'.
- AASB 3 - Clarifies the classification requirements for contingent consideration in a business combination by removing all references to AASB 137.
- AASB 8 - Requires entities to disclose factors used to identify the entity's reportable segments when operating segments have been aggregated. An entity is also required to provide a reconciliation of total reportable segments' asset to the entity's total assets.
- AASB 116 & AASB 138 - Clarifies that the determination of accumulated depreciation does not depend on the selection of the valuation technique and that it is calculated as the difference between the gross and net carrying amounts.
- AASB 124 - Defines a management entity providing KMP services as a related party of the reporting entity. The amendments added an exemption from the detailed disclosure requirements in paragraph 17 of AASB 124 for KMP services provided by a management entity. Payments made to a management entity in respect of KMP services should be separately disclosed.
- AASB13 - Clarifies that the portfolio exception in paragraph 52 of AASB 13 applies to all contracts within the scope of AASB 139 or AASB 9, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132.
- AASB 140 - Clarifies that judgment is needed to determine whether an acquisition of investment property is solely the acquisition of an investment property or whether it is the acquisition of a group of assets or a business combination in the scope of AASB 3 that includes an investment property. That judgment is based on guidance in AASB 3.

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

AASB 2014-4 Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138) (applicable to the Group from 1 January 2016)

AASB 116 and AASB 138 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset.

The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

The amendment also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

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

AASB 15 Revenue from Contracts with Customers (applicable to the Group from 1 January 2017)

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, which replaces IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations (IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue—Barter Transactions Involving Advertising Services).

The core principle of IFRS 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

Early application of this standard is permitted.

AASB 2014-5 incorporates the consequential amendments to a number Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15.

The Group has assessed that this standard is unlikely to have any material effect for the Group at this point in time. This will have to be re-assessed as the Company derives revenue and potentially enters into contracts with customers in the future.

AASB 2014-2 Amendments to AASB 1053 – Transition to and between Tiers, and related Tier 2 Disclosure Requirements (applicable to the Group from 1 January 2015)

The Standard makes amendments to AASB 1053 Application of Tiers of Australian Accounting Standards to:

- clarify that AASB 1053 relates only to general purpose financial statements;
- make AASB 1053 consistent with the availability of the AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors option in AASB 1 First-time Adoption of Australian Accounting Standards;
- clarify certain circumstances in which an entity applying Tier 2 reporting requirements can apply the AASB 108 option in AASB 1; permit an entity applying Tier 2 reporting requirements for the first time to do so directly using the requirements in AASB 108 (rather than applying AASB 1) when, and only when, the entity had not applied, or only selectively applied, applicable recognition and measurement requirements in its most recent previous annual special purpose financial statements; and
- specify certain disclosure requirements when an entity resumes the application of Tier 2 reporting requirements.

The Group has assessed that this standard is unlikely to have any material effect for the Group at this point in time.

Amendments to IAS 1 (applicable to the Group from 1 January 2016)

As part of the IASB's Disclosure Initiative projects, the IASB issued Amendments to IAS 1 in December 2014. 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.

The Group has assessed that this standard is unlikely to have any material effect for the Group at this point in time.

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 2014. 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
- 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) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in the statement of comprehensive income listed as transaction costs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of AASB 139 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in profit or loss or as a change to OCI. If the contingent consideration is not within the scope of AASB 139, it is measured in accordance with the appropriate Australian Accounting Standard. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

(c) Current versus non-current classification

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

(d) 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.

(e) 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.

(f) 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 controlled entity have decided to implement the tax consolidation legislation. Whilst the Australian Taxation Office has not yet been notified of any decision, the Company has engaged external tax consultants to prepare the Company's 2014 income tax return on a consolidated basis.

(g) 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.

(h) 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.

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 protection 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 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.

(i) 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.

(j) 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.

(k) 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.

(l) 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.

(m) 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.

(n) 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.

(o) 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.

(p) 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.

(q) Comparative Figures

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

(r) 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.

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 biotechnologies. 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 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 shareholders of the legal parent entity (RHS Parent). 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) to obtain the same ownership interest in the combined entity.

The 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 paid to acquire RHS Subsidiary was 19,120,704 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 expensed in the Company's statement of comprehensive income. In addition to this surplus, expenses (both cash and non cash in nature) were additionally incurred in completing the acquisition, totaling \$727,807. The combination of both these costs totals \$3,849,237.

From the date of acquisition, RHS Parent has contributed \$2,418,957 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 would have been \$6,103,330.

4. 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. 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. Information about subsidiaries

The consolidated financial statements of the Group include:

Name	Principal Activities	Country of incorporation	% Equity interest	
			2014	2013
RHS Subsidiary Pty Ltd	Biotechnology technology development	Australia	100%	-%
AO Energy (Singapore) Pte. Ltd.	Dormant subsidiary	Singapore	100%	100%

Parent of the group

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

6. Financial assets and financial liabilities

6.1 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.

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 17 and 18.

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

7. Other income

	31 Dec 2014 \$	31 Dec 2013 \$ (unaudited)
Interest income	50,401	6,402
Research and development tax incentive	157,377	288,963
Gain on foreign exchange translation	4,297	-
Gain on sale of tenement	37,500	-
	249,575	295,365

8. Salaries and benefits

	31 Dec 2014 \$	31 Dec 2013 \$ (unaudited)
Wages, salaries and other remuneration expenses	732,168	128,735
Increase/(decrease) in employee provisions	76,148	25,019
Superannuation expense	56,089	28,904
	864,405	182,658

9. Other expenses

Share registry expenses	39,231	-
ASX fees (including annual listing fee)	32,031	-
IT expenses	18,628	15,214
Repairs and maintenance	17,901	12,991
Insurance expenses	17,855	8,970
Annual General Meeting and General Meeting expenses	12,477	-
Subscriptions and memberships	8,440	2,684
Telephone	3,936	4,093
Other expenses	18,765	9,044
	169,264	52,996

10. Income tax

	31 Dec 2014 \$	31 Dec 2013 \$ (unaudited)
Accounting (loss) before income tax	(6,091,210)	(405,506)
At Australia's statutory income tax rate of 30% (2013: 30%)	(1,827,363)	(121,652)
Adjust for the tax effect of:		
Other non-allowable items	1,383,230	70
Non assessable income	(47,213)	(58,598)
Unrecognised tax assets	491,346	180,180
Income tax (benefit)	-	-

As disclosed in the Group's accounting policies, Reproductive Health Science Ltd is in the process of preparing an application to become an income tax consolidated group with the Australian Taxation Office from 2 April 2014. Accordingly, as the calculation of the Group's income tax losses, assets and liability cost bases will be determined by this work (which has as at the date of signing this report not yet been completed), it is unknown at what the aggregate level of available tax losses will be, nor the impact of this consolidation. At the date of the acquisition (2 April 2014), RHS Subsidiary Pty Ltd had available tax losses of AU\$3,172,693, which the Group anticipates will (in part) be able to be offset against future taxable income by the Group. The parent entities (Reproductive Health Science Ltd, formerly AO Energy Ltd) tax losses are not presented as they likely will be forgone due to failing the relevant loss tests in accordance with Australian Taxation legislation.

11. Cash and cash equivalents

	31 Dec 14 \$	31 Dec 13 \$ (unaudited)
Cash in bank and on hand	1,518,601	216,779
	1,518,601	216,779

	31 Dec 14 \$	31 Dec 13 \$ (unaudited)
Reconciliation of net loss after tax to net cash flows from operations		
Accounting loss after income tax	(6,091,210)	(405,506)
<i>Adjustments for:</i>		
Impairment expense	139,519	-
Depreciation and amortisation	40,421	30,112
Share based payments	759,375	-
Non cash transaction costs	3,593,370	-
Gain on sale of tenements	37,500	-
<i>Changes in assets and liabilities:</i>		
Decrease/ (increase) in trade and other receivables	(187,261)	-
Decrease/ (increase) in interest receivable and prepayments	55,258	1,002
(Decrease)/ increase in trade and other payables	33,084	(18,005)
(Decrease)/ increase in provisions	(22,897)	25,019
Net cash (used in) operating activities	(1,642,841)	(367,378)

12. Trade and other receivables

GST Receivable	43,784	1,408
R&D Tax Credit Receivable	157,377	-
Other Receivable	973	-
	202,134	1,408

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

13. Other current assets

	31 Dec 14 \$	31 Dec 13 \$ (unaudited)
Interest receivable	9,996	-
Prepayments	25,115	4,097
Other current assets	10,400	10,400
	45,511	14,497

14. Property, plant and equipment

Property, plant and equipment

Cost

Opening cost 1 Jan	415,148	415,148
Acquired from business combination	8,257	-
Additions	221,913	-
	645,318	415,148

Accumulated depreciation

Opening balance 1 Jan	252,846	222,734
Depreciation expense	40,421	30,112
	293,267	252,846

Net book value of property and equipment

	352,051	162,302
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Freehold land

Cost

Opening cost 1 Jan	-	-
Acquired from business combination	15,500	-
	15,500	-

Net book value of property, plant and equipment

	367,551	162,302
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15.Intangible Assets

	31 Dec 14 \$	31 Dec 13 \$ (unaudited)
Balance at the beginning of the year	139,519	127,633
Additional patent costs	1,770	11,886
Impairment to intangible asset	(139,519)	-
	1,770	139,519

The impairment listed above represents the write down of the Group's historical accumulated legal costs in relation to securing patents and licenses for its biotechnology portfolio. This impairment has been taken to align the entities financial position with its current accounting policy and all future legal costs incurred in obtaining patent protection will be capitalised and amortised on a straight line basis over the life of the patent granted.

16.Trade and other payables

Trade payables	53,628	15,818
Other payables	260,780	27,756
	314,408	43,574

17.Contributed equity

	31 Dec 2014 \$	31 Dec 2013 \$ (unaudited)
51,310,165 Ordinary fully paid shares (2013: 19,743,813)	11,016,655	4,412,495
	11,016,655	4,412,495

	Number of shares	Consolidated \$
Balance as at 1 January 2014*	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
Share 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	-	(346,595)
	51,310,165	11,016,655

*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 \$3,849,237 have been expensed and are included on the face of the statement of comprehensive income. In addition, transaction costs of \$346,595 have been offset against contributed equity as the costs were directly attributable to the issue of new equity instruments.

18. Share Option Reserve

	31 Dec 14 \$	31 Dec 13 \$ (unaudited)
Share based payments reserve	759,376	-
	759,376	-
<i>Share based payments reserve</i>		
Opening balance 1 January	-	-
Fair value of share options issued	759,376	-
	759,376	-

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

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 issued 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 \$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 year ended 31 December 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 the 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 \$24,706.

None of the options listed above contained vesting conditions and hence have been expensed in the Company's statement of comprehensive income for the year ended 31 December 2014. All of the options issued only allow the holder to participate in new issues of securities to the holders of ordinary shares if the options have been exercised and shares have been allotted before the record date of determining entitlements to the issue.

19. Related party disclosures

Remuneration of Key Management Personnel

	31 Dec 14 \$	31 Dec 13 \$ (unaudited)
Short-term employee benefits	325,627	162,799
Share based payments	734,670	120,964
Post-employment benefits	23,774	43,841
Total compensation	1,084,071	327,604

Other transactions and balances with key management personnel and their related parties

HLB Mann Judd (SA) Pty Ltd has received professional fees for accounting, taxation, secretarial and transactional services provided during the year amounting to \$151,696 including GST (2013: \$17,700). A total of \$22,936 including GST was outstanding at 31 December 2014 (2013: \$7,686). Donald Stephens, a Director and the Company Secretary of Reproductive Health Science Ltd, is a consultant with HLB Mann Judd (SA) Pty Ltd.

O'Loughlins Lawyers has received professional fees for legal and transactional services provided during the year amounting to \$145,369 including GST (2013: \$23,642). No amount was outstanding at 31 December 2014 (2013: \$Nil). Simon O'Loughlin, a former director of Reproductive Health Science Ltd, is a partner of O'Loughlins Lawyers.

20. 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	
	2014	2013
	\$	\$ (unaudited)
Net loss attributable to ordinary equity holders of the parent entity:		
Continuing operations	(6,091,210)	(405,506)
Weighted average number of ordinary shares for basic earnings per share	43,440,198	19,743,813
Effect of dilution		
Share options	N/A	N/A
Weighted average number of ordinary shares adjusted for the effect of dilution	43,440,198	19,743,813

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 6,029,105 unlisted options as outlined in the directors' report could potentially dilute basic EPS in the future.

21.Events after the reporting period

On 23 January 2015 the Company announced it had entered into a 3 year exclusive distributor agreement with SAR Healthline (P) Ltd ('SAR') for the sale of its lead product EmbryoCollect™. The arrangement provides SAR with an exclusive distribution right in countries India, Sri Lanka and Bangladesh.

On 30 January 2015, the Company entered into an equipment loan with National Australia Bank Ltd for the sum of \$190,481. The loan provides for principal and interest payments over a 5 year term secured against a certain item of plant that the Company owns.

Finally, on 16 February 2015, the Company announced it had entered into 3-year exclusive distribution agreements with distributors in Israel, Palestine and Southern Africa. The Israel and Palestinian agreement has been executed with Al-Rad Medical and the Southern African agreement has been executed with Delfran Pharmaceuticals.

22.Auditors remuneration

	31 Dec 2014	31 Dec 2013 (unaudited)
An audit or review of the financial report	25,000	3,490*
Other audit fees**	11,227	-
	36,227	3,490

* Work performed by an auditor other than Ernst and Young (South Australia).

** Fees rendered in connection with the Group's Limited Assurance Report contained within the Company's prospectus dated 7 March 2014.

23. Parent entity information

	31 Dec 14 \$	31 Dec 13 \$ (unaudited)
Current assets	1,734,707	556,651
Non-current assets	400,850	138,349
Total assets	2,135,557	695,000
<i>Liabilities</i>		
Current liabilities	(314,398)	(65,344)
Non-current liabilities	(85,849)	(172,782)
Total liabilities	(400,247)	(238,126)
Issued capital	51,624,030	48,434,602
Accumulated losses	(51,206,546)	(48,536,179)
Reserve	1,317,826	558,451
Total shareholders' equity	1,735,310	456,874
Loss of the parent entity	(2,750,792)	(1,470,428)
Total comprehensive loss of the parent entity	(2,750,792)	(1,470,428)

24. 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

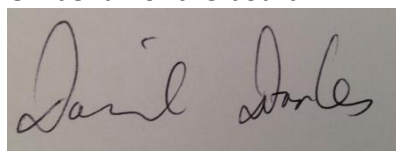
In accordance with a resolution of the directors of Reproductive Health Science Limited, I state that:

In the opinion of the directors:

- a) The financial statements and notes of Reproductive Health Science Limited for the year ended 31 December 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 31 December 2014 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 24 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 Company Secretary (acting as the Group's Chief Financial Officer) in accordance with section 295A of the Corporations Act 2001 for the financial year ended 31 December 2014.

On behalf of the board

A handwritten signature in dark ink, appearing to read 'David Brookes', is written over a light grey rectangular background.

Dr David Brookes
Chairman

23 March 2015

To the members of Reproductive Health Science Limited

Independent auditor's report to the members of Reproductive Health Science Limited

Report on the financial report

We have audited the accompanying financial report of Reproductive Health Science Limited, which comprises the consolidated statement of financial position as at 31 December 2014, 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 of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility 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 controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 24, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit 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 Qualified Opinion

We draw attention to Note 2 to the financial report, which describes the basis of accounting. Reproductive Health Science Limited (formerly AO Energy Limited, 'RHS Parent') completed the acquisition of RHS Subsidiary Pty Ltd (formerly Reproductive Health Science Proprietary Limited, '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 Limited) 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 audit procedures relating to certain asset and liability balances as at 31 December 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 statement of cash flows for the year ended 31 December 2014.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph:

- a. the financial report of Reproductive Health Science Limited is 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 2014 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Material Uncertainty Regarding Continuation as a Going Concern

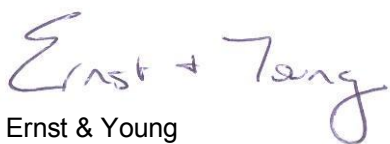
Without further qualification to our opinion, we draw attention to Note 24 in the financial report which describes the principal conditions that raise doubt about the entity's ability to continue as a going concern. The conditions set forth in Note 24, indicate the existence of a material uncertainty 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. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

Report on the remuneration report

We have audited the Remuneration Report included in pages 12 to 16 of the directors' report for the year 31 December 2014. 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.

Opinion

In our opinion, the Remuneration Report of Reproductive Health Science Limited for the year ended 31 December 2014, complies with section 300A of the *Corporations Act 2001*.



Ernst & Young



Mark Phelps
Partner
Adelaide
23 March 2015

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 20 April 2015.

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	101	18,323
1,001 - 5,000	98	299,929
5,001 - 10,000	48	382,589
10,001 - 100,000	187	7,893,851
100,001 and over	77	42,715,473
	511	51,310,165

161 holders listed above hold an unmarketable parcel (being defined as a minimum parcel of \$500 worth of shares, calculated as 3,448 shares using a market value of \$0.145 on 20 April 2015).

Ordinary share capital

- 51,310,165 fully paid ordinary shares are held by 511 individual shareholders. Of these securities, 3,885,154 are subject to escrow until 16 April 2016.

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

Unlisted options

- 5,850,000 unlisted options are held by nine individual shareholders. Of these, 5,700,000 are escrowed until 16 April 2016.

Substantial shareholders

Ordinary shareholders	Fully paid Number	%
Mr Colin and Mr Johnathon Matthews <Acorn Trust A/C>	8,964,556	17.47%
South Australian Government and Financing Authority	8,808,367	17.17%

Ordinary shareholders	Fully Paid Ordinary Shares	
	Number	%
Mr Colin and Mr Johnathon Matthews <Acorn Trust A/C>	8,964,556	17.47%
South Australian Government and Financing Authority	8,808,367	17.17%
Rosherville Pty Ltd	2,460,477	4.80%
Hillboi Nominees Pty Ltd	1,150,000	2.24%
Taycol Nominees Pty Ltd	1,006,065	1.96%
Citicorp Nominees Pty Limited	899,602	1.75%
Perth Investment Corporation Ltd	890,000	1.73%
Mr Edward Colin Matthews	545,000	1.06%
Mr Michael Andrew Whiting & Mrs Tracey Anne Whiting <Whiting Family S/F A/C>	533,116	1.04%
Rigi Investments Pty Limited <The Rigi Super Fund A/C>	500,000	0.97%
Nofusa Pty Limited <Hersch Family Super A/C>	500,000	0.97%
Mrs Jean Heather Matthews	500,000	0.97%
Arredo Pty Ltd	500,000	0.97%
Mrs Elisabeth Mary Brookes <Dahlbrook Family A/C>	500,000	0.97%
Faircape Nominees Pty Ltd Higgovale Superannuation Fund	500,000	0.97%
Mr Robert George Harris	498,031	0.97%
Sean Patrick Flaherty & Dianne Flaherty <The BGI>	498,031	0.97%
Mr James Vincent Chester Guest	480,100	0.94%
Octifil Pty Ltd	469,800	0.92%
Mr Ioan Gheorghe Gageanu	458,283	0.89%
	30,661,428	59.73%

In accordance with ASX Listing Rule 4.10.19, the Company confirms it used the cash and assets in a form readily convertible to cash that it had at the time of re-admission in a way consistent with its business objectives.