



# RESONANCE HEALTH LIMITED

ABN 96 006 762 492

## INTERIM FINANCIAL REPORT

31 DECEMBER 2003

RESONANCE HEALTH LIMITED  
ABN 96 006 762 492

CONTENTS

Directors' Report .....	2
Statement of Financial Performance .....	4
Statement of Financial Position .....	5
Statement of Cash Flows .....	6
Notes to and Forming Part of the Financial Statements .....	7
Directors' Declaration .....	11
Independent Review Report to the Members .....	12

CORPORATE DIRECTORY

DIRECTORS

Dr Michael Wooldridge, Chairman  
Dr Christine Bennett  
Mr Anthony Fitzgerald  
Dr Andrew Walker

AUDITORS

HLB Mann Judd  
Chartered Accountants  
15 Rheola Street  
West Perth WA 6005

COMPANY SECRETARY

Mr Evan Cross

SHARE REGISTRY

Computershare Investor Services  
Level 2, Reserve Bank Building  
45 St Georges Terrace  
Perth WA 6000

REGISTERED OFFICE

Suite 1  
117 Stirling Highway  
Nedlands WA 6009

PRINCIPAL PLACE OF BUSINESS

Suite 1  
117 Stirling Highway  
Nedlands WA 6009

## DIRECTORS' REPORT

The Directors present their report together with the consolidated financial statements of Resonance Health Limited, being the Company and its controlled entities, for the half year ended 31 December 2003.

### DIRECTORS

The names of the Directors who held office during the half-year and up to the date of this report:

Dr Michael Wooldridge Appointed 11 November 2003

Dr Christine Bennett Appointed 11 November 2003

Mr Anthony Fitzgerald Appointed 25 August 2003

Dr Andrew Walker Appointed 11 November 2003

#### **Past Directors who held office during the period under review:**

Mr David Steinepreis Resigned 11 November 2003

Mr Hugh Warner Resigned 11 November 2003

Mr Gary Steinepreis Resigned 11 November 2003

Mr Glenn Whiddon Resigned 25 August 2003

### REVIEW OF OPERATIONS

Resonance Health Limited (formerly GEO2 Limited) has undergone a considerable period of transformation and activity in the six months to 31 December 2003.

In August 2003, the company announced that it intended to acquire 100% of IVB Holdings Pty Ltd, which in turn has a 51% controlling interest in Inner Vision Biometrics Pty Ltd (IVB). IVB owns and is commercialising the FerriScan technology – a novel, non-invasive technology for the diagnosis and monitoring of iron overload diseases.

Following agreement by the shareholders of the company at a general meeting on 14 October 2003, the name of the company was changed from GEO2 Limited to **Resonance Health Limited** to reflect the change of focus and major activity of the company and shareholders agreed to consolidate the existing number of ordinary shares on issue on a 10 for 1 basis to reflect the transformation of the company.

On 6 October 2003 the company issued a prospectus to accomplish a number of objectives:

1. To satisfy the acquisition of 100% of IVB Holdings Pty Ltd via the issue of ordinary shares and options and performance shares and options to the target company shareholders.
2. To raise additional working capital for the company of \$1.3 million via the issue of 13 million ordinary shares at \$0.10 each (with a one for two attaching option at \$0.001 each).
3. To reward pre-existing shareholders of the company via a rights issue of options on the basis of two options for each three shares held, at an issue price of \$0.001 each.

## DIRECTORS' REPORT (Cont'd)

The company's reconstruction was completed on 11 November 2003 with settlement of the takeover of IVB Holdings Pty Ltd and the appointment of a new board of directors and management team.

### **Operating Results**

For the six months to 31 December 2003, the consolidated net loss of the company, after outside equity interests, was \$469,421. This amount reflects the transition of activities from GEO2 Limited to Resonance Health Limited, R&D activities and commercialisation costs expensed in Inner Vision Biometrics Pty Ltd (a 51% controlled subsidiary) and normal administrative costs for the company.

### **Cash Flow**

At 31 December 2003, consolidated group cash on hand was \$1,589,138. The group believes it will have adequate cash resources to meet the budgeted commercialisation costs of the FerriScan test over the next 12 months and further, expects to be generating modest revenues from the FerriScan test towards the end of the 2004 calendar year.

### **Significant Events / Highlights**

Having recently completed the acquisition of IVB Holdings Pty Ltd, it was gratifying for the company to receive advice that a US Patent relating to the FerriScan technology had been granted to Inner Vision Biometrics Pty Ltd in October 2003. The company expects further patents to be issued in other major jurisdictions over the next twelve months.

### **Future Developments**

The company anticipates that active marketing and commercialisation of the FerriScan test will commence in the second half of calendar 2004. This activity is contingent upon receipt of Therapeutic Goods Administration (TGA) approval of the test and reciprocal approval for registration in the European Union. An application for TGA approval is expected to be lodged in late March/early April 2004.

The company is also progressing a number of initiatives that may significantly broaden the scope and market potential for the FerriScan technology. This includes investigating the potential use of the FerriScan test in the Hepatitis area for measurement of fibrosis in the liver. Shareholders will be provided with further information as these initiatives are developed.

Signed in accordance with a resolution of the Board of Directors:



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Tony Fitzgerald  
Director

Perth, 27 February 2004

RESONANCE HEALTH LIMITED  
ABN 96 006 762 492

STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2003

	Notes	Consolidated 31 Dec 2003 \$	Consolidated 31 Dec 2002 \$
<b>Revenue from ordinary activities</b>	2	18,126	-
Other expenses from ordinary activities	3	(563,677)	-
<b>Loss from ordinary activities before income tax</b>		(545,551)	-
Income tax expense		-	-
<b>Net loss from ordinary activities after income tax</b>		(545,551)	-
Profit from extraordinary item after income tax	4	-	7,140,283
<b>Net profit/(loss)</b>		(545,551)	7,140,283
Net profit/loss attributable to outside equity interests		76,130	-
<b>Net profit/(loss) attributable to members of the parent entity</b>		(469,421)	7,140,283
Total changes in equity other than those resulting in transactions with owners as owners		(469,421)	7,140,283
Basic earnings/(loss) per share (cents per share)		(1.4)	27.3
Diluted earnings/(loss) per share (cents per share)		(1.4)	27.3

*The statement of financial performance is to be read in conjunction with the notes to the half-year financial statements set out on pages 7 to 10.*

RESONANCE HEALTH LIMITED  
ABN 96 006 762 492

STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2003

		Consolidated	
	Notes	31 Dec 2003 \$	30 June 2003 \$
<b>Current Assets</b>			
Cash assets		1,589,138	716,977
Receivables		52,342	3,337
		1,641,480	720,314
<b>Total Current Assets</b>			
<b>Non Current Assets</b>			
Property, plant & equipment		42,589	-
Intangible assets	5	1,617,459	-
		1,660,048	-
<b>Total Non Current Assets</b>			
		3,301,528	720,314
<b>Total Assets</b>			
<b>Current Liabilities</b>			
Payables		126,826	29,346
		126,826	29,346
<b>Total Current Liabilities</b>			
		126,826	29,346
<b>Total Liabilities</b>			
		3,174,702	690,968
<b>Net Assets</b>			
<b>Equity</b>			
Contributed equity	6	48,245,155	45,857,640
Reserves		50,621	-
Accumulated losses	7	(45,636,093)	(45,166,672)
		2,659,683	690,968
Parent entity interest		515,019	-
Outside equity interest		3,174,702	690,968
<b>Total Equity</b>			
		3,174,702	690,968

*This statement of financial position is to be read in conjunction with the notes to the half-year financial statements set out on pages 7 to 10.*

RESONANCE HEALTH LIMITED  
ABN 96 006 762 492

STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2003

	Consolidated 31 Dec 2003 \$	Consolidated 31 Dec 2002 \$
<b>Cash flows from operating activities</b>		
Receipts from customers	900	-
Payments to suppliers and employees	(542,650)	-
Interest received	17,226	-
	(524,524)	-
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(8,362)	-
Cash introduced on acquisition of controlled entity	250,980	-
Patent costs	(5,596)	-
	237,022	-
<b>Cash flows from financing activities</b>		
Proceeds from share and option issues	1,372,189	-
Share issue expenses	(212,526)	-
Repayment of borrowings	-	227,000
	1,159,663	227,000
<b>Net increase /(decrease) in cash held</b>	872,161	227,000
Cash at the beginning of the financial period	716,977	(227,000)
	1,589,138	-

*The statement of cash flows is to be read in conjunction with the notes to the half-year financial statements set out on pages 7 to 10.*

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2003

**1. Basis of Preparation of Half-Year Financial Report**

The general purpose half-year consolidated financial report has been prepared in accordance with the requirements of the Corporations Act, Accounting Standard 1029 "Interim Financial Reporting", and other mandatory professional reporting requirements.

It is recommended that this financial report be read in conjunction with the 30 June 2003 Annual Financial Statements and Reports and any public announcements by the Company during the half year in accordance with continuous disclosure obligations arising under the Corporations Act.

For the purpose of preparing the half-year financial statements, the half-year has been treated as a discrete reporting period.

The half-year report does not include full disclosure of the type usually included in an annual financial report.

The accounting policies have been consistently applied by the entities in the consolidated entity and except where there is a change in accounting policy, are consistent with those of the previous financial year (30 June 2003) and corresponding half year.

RESONANCE HEALTH LIMITED  
ABN 96 006 762 492

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Cont')  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2003

	Consolidated 31 Dec 2003 \$	Consolidated 31 Dec 2002 \$
<b>2. Revenue from ordinary activities</b>		
Interest received	17,266	-
Liver scan income	900	-
	18,126	-
	18,126	-
<b>3. Other expenses from ordinary activities</b>		
Professional fees	111,759	-
Employee expenses	116,880	-
Travel and accommodation	30,080	-
Share registry costs	40,773	-
Insurance	23,282	-
Consulting	35,843	-
Other office and administration costs	205,060	-
	563,677	-
	563,677	-
<b>4. Profit from extraordinary item</b>		
Gain on settlement of Deed of Company Arrangement	-	7,140,283
	-	7,140,283
<b>5. Intangible assets</b>		
Patents – at cost	81,996	-
Goodwill on consolidation	1,535,463	-
	1,617,459	-
	1,617,459	-

RESONANCE HEALTH LIMITED  
ABN 96 006 762 492

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Cont')  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2003

	Consolidated	
	31 December 2003 \$	30 June 2003 \$
<b>6. Contributed equity</b>		
<i>Issued and paid –up capital</i>		
Ordinary shares	48,245,114	45,857,640
Incentive shares	41	-
	48,245,155	45,857,640
	48,245,155	45,857,640
 <i>Movements during the period:</i>		
	<b>No. of shares</b>	<b>\$</b>
<b>Ordinary shares</b>		
Balance at beginning of half-year	271,393,005	45,857,640
	271,393,005	45,857,640
Consolidation of shares (10:1)	27,141,476	-
Share placement at 10 cents	13,000,000	1,300,000
Shares issued on acquisition of IVB Holdings Pty Ltd	13,000,000	1,300,000
Share issue expenses	-	(212,526)
	53,141,476	48,245,114
	53,141,476	48,245,114
<b>Incentive shares</b>		
Issue of Class A incentive shares at 0.0001 cents	9,000,000	9
Issue of Classes C-F incentive shares at 0.0001 cents	32,000,000	32
	41,000,000	41
	41,000,000	41
<b>TOTAL</b>	94,141,476	48,245,155
	94,141,476	48,245,155
		Consolidated 2003 \$
<b>7. Accumulated losses</b>		
Balance at the beginning of the half-year		(45,166,672)
Net loss from ordinary activities after income tax attributable to members		(469,421)
		(469,421)
Balance at the end of the half-year		(45,636,093)
		(45,636,093)

RESONANCE HEALTH LIMITED  
ABN 96 006 762 492

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Cont')  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2003

**8. Events subsequent to balance date**

There were no items, transactions or events of a material nature that have arisen since the end of the half-year that, in the directors' opinion, would affect the financial position or results of the consolidated entity in future periods.

**9. Controlled entities**

Controlled entities of Resonance Health Limited at 31 December 2003:

<i>Name</i>	<i>Country of Registration</i>	<i>% Owned</i>
IVB Holdings Pty Ltd	Australia	100%
Inner Vision Biometrics Pty Ltd	Australia	20%

The company acquired all of the issued capital of IVB Holdings Pty Ltd in November 2003. IVB Holdings Pty Ltd has a 51% controlling interest in Inner Vision Biometrics Pty Ltd via voting rights and is increasing its ownership interest in that company from 20% at 31 December 2003 to 51% via the staged injection of development capital. Consideration for the acquisition of IVB Holdings Pty Ltd was the issue of 13 million Resonance shares at a fair value of 10 cents per share.

**10. Segment reporting**

The consolidated entity's business involves the development and commercialisation in Australia of the IVB Technology, a novel, non-invasive liver diagnosis technology, and as such, represents only one reportable business and geographic segment.

**11. Capital commitments**

At the date of this report, the consolidated entity does not have any capital commitments not otherwise disclosed in the financial report.

RESONANCE HEALTH LIMITED  
ABN 96 006 762 492

DIRECTORS' DECLARATION

In the opinion of the Directors of Resonance Health Limited :

1. the financial statements and notes set out on pages 4 to 10:
  - (a) give a true and fair view of the financial position of the consolidated entity as at 31 December 2003 and of its performance for the half-year ended on that date; and
  - (b) comply with the Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors:



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Tony Fitzgerald  
Director

Perth, 27 February 2004

## INDEPENDENT REVIEW REPORT

### **To the members of RESONANCE HEALTH LIMITED**

#### **Scope**

##### *The financial report and directors' responsibility*

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements and the directors' declaration of Resonance Health Limited for the half-year ended 31 December 2003. The financial report includes the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company and that complies with Accounting Standard AASB 1029 "Interim Financial Reporting", in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

##### *Review approach*

We conducted an independent review of the financial report in order to make a statement about it to the members of the company, and in order for the company to lodge the financial report with the Australian Stock Exchange and the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the Corporations Act 2001, Accounting Standard 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements in Australia and statutory requirements, so as to present a view which is consistent with our understanding of the company's financial position and of its performance as represented by the results of its operations and cash flows.

A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

(cont'd)

**Independence**

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

**Statement**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of Resonance Health Limited, is not in accordance with:

- (a) the Corporations Act, including:
  - (i) giving a true and fair view of the consolidated entity's financial position at 31 December 2003 and of its performance for the half-year ended on that date; and
  - (ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.

*HLB Mann Judd*

**HLB MANN JUDD  
Chartered Accountants**

*L Di Giallonardo*

**L DI GIALLONARDO  
Partner**

**Perth, Western Australia  
27 February 2004**

# Appendix 4D

## Half year report Half-Year ended 31 December 2003

Introduced 1/1/2003

Name of entity

RESONANCE HEALTH LIMITED
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ABN or equivalent company  
reference

96 006 762 492
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1. Half year ended (current period)      Half year ended ('previous  
corresponding period')

31 DECEMBER 2003	31 DECEMBER 2002
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### 2. Results for announcement to the market

\$A'000

2.1	Revenues from ordinary activities	up/down	%	to	18
2.2	Profit (loss) from ordinary activities after tax attributable to members	up/down	%	to	(469)
2.3	Net profit (loss) for the period attributable to members	up/down	%	to	(469)
<b>Dividends (distributions)</b>					
		Amount per security		Franked amount per security	
2.4	Final dividend ( <i>Preliminary final report only</i> )	N/A¢		N/A¢	
2.4	Interim dividend ( <i>Half yearly report only</i> )	N/A¢		N/A¢	
2.5	Record date for determining entitlements to the dividend	N/A			
2.6	Brief explanation of any of the figures in 2.1 to 2.4 necessary to enable the figures to be understood.				
	No % movements have been disclosed above due to the company having entered into a Deed of Company Arrangement in the previous period. As noted in the attached Directors' Report forming part of the half-year financial report, the activities of the company have changed significantly during the current period, causing any comparison with the previous period to be meaningless.				

<b>3. NTA backing</b>		Current period	Previous corresponding Period
	Net tangible assets per security	\$0.029	N/A

#### 4. Control gained over entities having material effect

4.1	Name of entity (or group of entities)	IVB HOLDINGS PTY LTD	
4.2	Date of gain of control	12 November 2003	
4.3	Consolidated profit (loss) from ordinary activities after tax of the controlled entity (or group of entities) since the date in the current period on which control was acquired	\$(19,032)	
4.3	Profit (loss) from ordinary activities after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period	\$(55,522)	

#### Loss of control of entities having material effect

4.1	Name of entity (or group of entities)	N/A	
4.2	Date of loss of control	N/A	
4.3	Consolidated profit (loss) from ordinary activities after tax of the controlled entity (or group of entities) since the date in the current period on which control was acquired	\$ N/A	
4.3	Profit (loss) from ordinary activities after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period	\$ N/A	

#### 5. Dividends / Distributions

Date the dividend (distribution) is payable	N/A
Amount per security of foreign source dividend	N/A¢

## Total Dividends /Distributions

Ordinary securities

\$ N/A

Preference securities

\$ N/A

### 6. Dividend or distribution investment plans in operation:

N/A

The last date(s) for receipt of election notices for the dividend or distribution reinvestment plans

N/A

## 7. Details of aggregate share of profits (losses) of associates and joint venture entities

Name of associate/joint venture:	N/A		
Holding in entity	N/A %		
<b>Group's share of associates' and joint venture entities':</b>		Current period \$A'000	Previous corresponding period - \$A'000
Profit (loss) from ordinary activities before tax		N/A	N/A
Income tax on ordinary activities		N/A	N/A
<b>Profit (loss) from ordinary activities after tax</b>		N/A	N/A
Extraordinary items net of tax		N/A	N/A
<b>Net profit (loss)</b>		N/A	N/A
Adjustments		N/A	N/A
<b>Share of net profit (loss) of associates and joint venture entities</b>		N/A	N/A

## 8. Foreign Entities

Which set of accounting standards is used in compiling the report (e.g. International Accounting Standards)

N/A

## 9. All Entities

A description of Accounts subject to audit dispute or qualification:

N/A