

RESONANCE HEALTH LIMITED

ABN 96 006 762 492

Appendix 4D

Half year report

for the half-year ended 31 December 2007

(previous corresponding period to 31 December 2006)

Results for announcement to the market:

	Change	2007
Revenues from ordinary activities	Up 3%	to \$944,186
Loss from ordinary activities after tax attributable to members	Down 34%	to (\$249,359)
Net loss for the period attributable to members	Down 34%	to (\$249,359)

The net loss reported for the period has increased to \$249,359, from \$186,056 in the previous corresponding period.

FerriScan[®] service revenue increased from \$789,073 to \$865,674 primarily from the execution of contracts with the group's major customer Novartis. These contracts provide for a revenue stream through 2007/2008 and into future financial periods.

Expenditure for the period totalled \$1,360,295, up from \$1,289,684. This increase is primarily from expenses incurred in abandoning the US pathology diversification strategy.

Resonance is currently working to gain medical insurance reimbursement for FerriScan[®] initially in Australia with submissions to targeted countries in Europe in the 2008/2009 financial year. Approval is expected to take 12 to 18 months from submission.

No dividend has been declared for the period.

Net tangible assets per security

	31 Dec 2007	31 Dec 2006
	\$0.007	\$0.006



Resonance Health Limited

(ABN 96 006 762 492)

Half Year Report

31 December 2007

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DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity for the half year ended 31 December 2007. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of directors who held office during or since the end of the half year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Mr Ian Anderson	Non executive Chairman
Dr Tim St Pierre	Executive Director
Dr Andrew Walker	Non executive Director
Dr Martin Blake	Non executive Director (appointed 3 October 2007)

Review of Operations

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Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 3 and forms part of this directors' report for the half-year ended 31 December 2007.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the Corporations Act 2001.



Mr Ian Anderson
Chairman

Dated this 20th day of February 2008.



Accountants | Business and Financial Advisers

Auditors' Independence Declaration

As lead auditor for the review of the financial report of Resonance Health Limited for the half year ended 31 December 2007, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Resonance Health Limited.

A handwritten signature in black ink, appearing to read 'L Di Giallonardo'.

Perth, Western Australia
20 February 2008

L DI GIALLONARDO
Partner, HLB Mann Judd

**CONDENSED INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

	Notes	Consolidated	
		2007 \$	2006 \$
Revenue		865,674	789,073
Other income		78,512	123,253
Employee benefits expense		(613,442)	(552,509)
Consulting and professional services		(418,849)	(360,630)
Research and development		(103,958)	(50,440)
Depreciation and amortisation expense		(17,777)	(24,238)
Statutory and compliance		(54,570)	(67,345)
Travel		(13,697)	(52,271)
Other expenses		(138,002)	(182,251)
Loss before income tax benefit	2	(416,109)	(377,358)
Income tax benefit		166,750	191,302
Net loss for the period		(249,359)	(186,056)
Net loss attributable to members of parent		(249,359)	(186,056)
Basic earnings per share (cents per share)		(0.07)	(0.06)

The accompanying notes form part of these financial statements

**CONDENSED BALANCE SHEET
AS AT 31 DECEMBER 2007**

	Notes	Consolidated	
		31 Dec 2007 \$	30 June 2007 \$
Assets			
Current Assets			
Cash and cash equivalents		2,014,557	2,419,360
Trade and other receivables		520,090	558,687
Available-for-sale investments		2,651	2,828
Other		115,163	100,049
Total Current Assets		2,652,461	3,080,924
Non-Current Assets			
Property, plant and equipment		56,973	73,631
Total Non-Current Assets		56,973	73,631
Total Assets		2,709,434	3,154,555
Liabilities			
Current Liabilities			
Trade and other payables		225,386	406,536
Provisions		16,756	26,876
Total Current Liabilities		242,142	433,412
Total Liabilities		242,142	433,412
Net Assets		2,467,292	2,721,143
Equity			
Issued capital	3	67,504,039	67,504,039
Reserves		83,459	87,951
Accumulated losses		(65,120,206)	(64,870,847)
Total Equity		2,467,292	2,721,143

The accompanying notes form part of these financial statements

**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

	Consolidated			
	Issued capital	Accumulated losses	Reserves	Total Equity
	\$	\$	\$	\$
Balance at 1 July 2006	64,589,600	(64,145,528)	66,284	510,356
Shares issued during the half year	3,087,989	-	-	3,087,989
Costs of share issues	(173,550)	-	-	(173,550)
Loss attributable to members of the parent entity	-	(186,056)	-	(186,056)
Balance at 31 December 2006	67,504,039	(64,331,584)	66,284	3,238,739
Balance at 1 July 2007	67,504,039	(64,870,847)	87,951	2,721,143
Shares issued during the half year	-	-	-	-
Costs of share issues	-	-	-	-
Loss attributable to members of the parent entity	-	(249,359)	-	(249,359)
Movement in foreign currency translation reserve	-	-	(4,492)	(4,492)
Balance at 31 December 2007	67,504,039	(65,120,206)	83,459	2,467,292

The accompanying notes form part of these financial statements

**CONDENSED CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

	Consolidated	
	2007	2006
	\$	\$
	Inflows/(Outflows)	
Cash flows from operating activities		
Receipts from customers	889,347	622,036
Receipts from grants	13,496	70,000
Payments to suppliers and employees	(1,435,701)	(1,363,239)
Interest received	63,625	53,253
Income tax (paid)/received	166,750	(16,572)
Net cash (used in) operating activities	<u>(302,483)</u>	<u>(634,522)</u>
Cash flows from investing activities		
Payments for non-current assets	(1,222)	-
Proceeds from disposal of non-current assets	-	2,028
Payments for research and development	(101,098)	(50,440)
Net cash provided by/(used in) investing activities	<u>(102,320)</u>	<u>(48,412)</u>
Cash flows from financing activities		
Proceeds from issue of shares	-	3,087,989
Payment for share issue costs	-	(185,550)
Repayment of borrowings	-	(15,935)
Net cash provided by/(used in) financing activities	<u>-</u>	<u>2,886,504</u>
Net increase/(decrease) in cash held	(404,803)	2,203,570
Cash and cash equivalents at 1 July 2007	2,419,360	570,591
Cash at 31 December 2007	<u>2,014,557</u>	<u>2,774,161</u>

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2007

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134: Interim Financial Reporting and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

The half-year report has been prepared on a historical cost basis, except for available-for-sale financial assets which are measured at fair value. Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2007 and any public announcements made by Resonance Health Limited and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the group as in the full financial report.

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

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2007 annual financial report for the financial year ended 30 June 2007.

In the half-year ended 31 December 2007, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2007.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2007

NOTE 2: LOSS BEFORE INCOME TAX

	Consolidated	
	31 December 2007	31 December 2006
	\$	\$
The following revenue items are relevant in explaining the financial performance for the half-year:		
Liver scan income	865,674	789,073
Grants received	13,496	70,000
Interest received	65,016	53,253

NOTE 3: ISSUED CAPITAL

	Consolidated	
	31 December 2007	30 June 2007
	\$	\$
<i>Ordinary shares</i>		
Issued and fully paid	67,504,039	67,504,039
	No.	No.
<i>Movements in ordinary shares on issue</i>		
At 1 July 2007	359,007,227	359,007,227
At 31 December 2007	359,007,227	359,007,227
	31 December 2007	30 June 2007
	\$	\$
<i>Incentive shares</i>		
Issued and fully paid	-	-
	No.	\$
<i>Movements in incentive shares on issue</i>		
At 1 July 2007	16,000,000	-
At 31 December 2007	16,000,000	-

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

NOTE 4: SEGMENT REPORTING

The primary activity of the consolidated entity is that of the commercialisation of the FerriScan[®] technology, a novel, non-invasive technology for the diagnosis and monitoring of iron overload diseases, and as such represents only one reportable business and geographic segment.

NOTE 5: EVENTS SUBSEQUENT TO REPORTING DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs in future financial years.

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes thereto, as set out on pages 4 to 10:
 - a. comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations; and
 - b. give a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half-year then ended.
2. In the directors' opinion 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 is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.



Mr Ian Anderson

Chairman

Dated this 20th day of February 2008



Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of

Resonance Health Limited

We have reviewed the accompanying half-year financial report, which comprises the condensed balance sheet as at 31 December 2007, the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration, of Resonance Health Limited and the entities it controlled during the half-year ended 31 December 2007 ("consolidated entity").

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001*, including giving a true and fair view of the company's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Resonance Health Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001* has been provided to the directors of Resonance Health Limited on 20th February 2008.

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position at 31 December 2007 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

HLB Mann Judd

HLB MANN JUDD
Chartered Accountants

L Di Giallonardo

L DI GIALLONARDO
Partner

Perth, Western Australia
20 February 2008