



# **RESONANCE HEALTH LIMITED**

(ABN 96 006 762 492)

## **APPENDIX 4E**

### **PRELIMINARY FINAL REPORT**

**30 JUNE 2008**

This report has been prepared in compliance  
with ASX Listing Rule 4.3A

## Appendix 4E Preliminary final report

Introduced 1/1/2003. Origin Appendix 4B

Name of entity

Resonance Health Limited

ABN or equivalent company  
reference

96 006 762 492

Preliminary final  
(tick)

✓

Financial year ended  
(‘current period’)

30 JUNE 2008

### Results for announcement to the market

	Change	2008	2007
Revenues from ordinary activities	Down 13%	\$1,882,611	\$2,155,340
(Loss) from ordinary activities after tax attributable to members	Down 94%	(\$41,392)	(\$725,319)
Net (loss) for the period attributable to members	Down 94%	(\$41,392)	(\$725,319)

No dividend has been declared.

### Net tangible assets per security

	2008	2007
Net tangible assets	\$2,675,129	\$2,721,143
Shares Issued	359,007,227	359,007,227
Net tangible assets per share	0.7 cents	0.8 cents

### Entities over which control has been gained or lost

Control has not been gained or lost over any entities during the financial year.

## Commentary of Results

Resonance Health is pleased to report profitable operations for the last 3 quarters of this financial year reflecting a growing demand for our services and prudent management of costs.

The FerriScan<sup>®</sup> product is the first and most widely available test for accurately assessing a patient's body iron stores. It is now available in over 20 countries with an expanding customer base.

FerriScan<sup>®</sup> revenues were \$1.7m for the year. The Group's financial results for the year were significantly improved from a \$725,319 loss in the prior year to a loss of \$41,392 this financial year.

The Group continues to hold cash reserves in excess of \$2.3 million. A nominal outflow of cash for the year included the charges associated with the release of corporate advisory consultants and the termination of the US based CEO in August 2007.

In 2007/2008 activities have been focused on gaining medical insurance funding for FerriScan<sup>®</sup> in order to achieve a sustainable broad based use of the test. FerriScan<sup>®</sup> is now reimbursed in NZ and in some parts of the UK and Canada. A submission was lodged with the Australian re-imburement agency (MSAC) seeking coverage under the Medical Benefits Schedule and consultants have been engaged to assist with achieving reimbursement for FerriScan<sup>®</sup> in other European countries.

Our sound financial position has enabled us to pursue opportunities to create value for shareholders and a number of initiatives are currently being considered. These include the expansion into clinical research services, broadening the scope of MRI image analysis services and the acquisition of other cash flow positive businesses.

Looking forward, Resonance Health will focus on gaining further reimbursement success for FerriScan<sup>®</sup> in its key US and European jurisdictions and we expect to continue to operate the FerriScan<sup>®</sup> business unit profitably. Our cash reserves provide a base to explore opportunities for growth in fields that compliment the FerriScan<sup>®</sup> business.

**CONSOLIDATED INCOME STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2008**

	Note	2008 \$	2007 \$
Revenue	2(a)	<b>1,882,611</b>	<b>2,155,340</b>
Reversal of impairment of loans to and investments in subsidiaries		-	-
Employee benefits expense		(1,035,092)	(1,234,871)
Consulting and professional services		(490,138)	(1,049,001)
Research and development		(179,892)	(83,304)
Depreciation	2(b)	(34,202)	(42,946)
Marketing		(25,391)	(28,696)
Statutory and compliance		(98,679)	(106,329)
Travel		(24,825)	(112,597)
Foreign exchange loss		(31,697)	(245,188)
Other expenses		(217,099)	(169,029)
<b>Profit / (Loss) before income tax</b>		<b>(254,404)</b>	<b>(916,621)</b>
Income tax	3	213,012	191,302
<b>Net profit / (loss) attributable to members of parent</b>		<b>(41,392)</b>	<b>(725,319)</b>
Basic (loss) per share (cents per share)	5	0.0	(0.2)

The above preliminary consolidated income statement should be read in conjunction with the accompanying notes.

**CONSOLIDATED BALANCE SHEET**  
**AS AT 30 JUNE 2008**

	Note	2008 \$	2007 \$
<b>Current Assets</b>			
Cash and cash equivalents	6	2,381,870	2,419,360
Trade and other receivables	7	407,980	558,687
Available for sale investments	8	1,767	2,828
Other	9	96,721	100,049
<b>Total Current Assets</b>		<b>2,888,338</b>	<b>3,080,924</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	10	40,108	73,631
<b>Total Non-Current Assets</b>		<b>40,108</b>	<b>73,631</b>
<b>Total Assets</b>		<b>2,928,446</b>	<b>3,154,555</b>
<b>Current Liabilities</b>			
Trade and other payables	11	236,372	406,536
Provisions	12	16,945	26,876
<b>Total Current Liabilities</b>		<b>253,317</b>	<b>433,412</b>
<b>Total Liabilities</b>		<b>253,317</b>	<b>433,412</b>
<b>Net Assets</b>		<b>2,675,129</b>	<b>2,721,143</b>
<b>Equity</b>			
Issued capital	13	67,504,039	67,504,039
Reserves		83,329	87,951
Accumulated losses	14	(64,912,239)	(64,870,847)
<b>Total Equity</b>		<b>2,675,129</b>	<b>2,721,143</b>

The above preliminary consolidated balance sheet should be read in conjunction with the accompanying notes.

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2008**

	Note	2008 \$	2007 \$
		Inflows/(Outflows)	
<b>Cash flows from operating activities</b>			
Receipts from customers		1,911,537	1,435,192
Payments to suppliers and employees		(2,100,543)	(2,698,331)
Interest received		135,629	136,307
Income tax received		166,750	174,730
		<hr/>	<hr/>
Net cash provided by / (used in) operating activities	6(i)	113,373	(952,102)
		<hr/>	<hr/>
<b>Cash flows from investing activities</b>			
Payments for plant and equipment		(4,612)	(8,349)
Proceeds on disposal of plant and equipment		-	5,660
Payments for security deposits		(14,775)	-
Payments for research and development		(131,476)	(83,304)
		<hr/>	<hr/>
Net cash (used in) investing activities		(150,863)	(85,993)
		<hr/>	<hr/>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares and options		-	3,087,989
Payments for share issue costs		-	(185,550)
Repayment of borrowings		-	(15,935)
		<hr/>	<hr/>
Net cash provided by financing activities		-	2,886,504
		<hr/>	<hr/>
Net increase / (decrease) in cash held		(37,490)	1,848,409
Cash at the beginning of the financial year		2,419,360	570,951
Cash at the end of the financial year	6	2,381,870	2,419,360
		<hr/>	<hr/>

The above preliminary consolidated cash flow statement should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2008**

	Ordinary Shares \$	Accumulated Losses \$	Reserves \$	Total Equity \$
Balance at 1 July 2006	64,589,600	(64,145,528)	66,284	510,356
Shares issued during the year	3,087,989	-	-	3,087,989
Exercise of options	(173,550)	-	-	(173,550)
Cost of share issues	-	-	21,667	21,667
Loss attributable to members of the parent entity	-	(725,319)	-	(725,319)
<b>Balance at 30 June 2007</b>	<b>67,504,039</b>	<b>(64,870,847)</b>	<b>87,951</b>	<b>2,721,143</b>
Translation reserve	-	-	(4,622)	(4,622)
Loss attributable to members of the parent entity	-	(41,392)	-	(41,392)
<b>Balance at 30 June 2008</b>	<b>67,504,039</b>	<b>(64,912,239)</b>	<b>83,329</b>	<b>2,675,129</b>

The above preliminary consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

## NOTES TO THE PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied, unless otherwise stated. These preliminary consolidated financial statements relate to the consolidated entity comprising Resonance Health Limited ("Company" or "parent entity") and its controlled entities. Resonance Health Limited is a listed public company, incorporated and domiciled in Australia.

#### (a) Basis of preparation

These preliminary consolidated financial statements have been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and complies with other requirements of the law.

This report does not include all the notes of the type normally included in an Annual Report. Accordingly, this report is to be read in conjunction with the Annual Report for the period ended 30 June 2007 and any public announcements made by the Company during the reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The financial report has been prepared on a historical cost basis, except where stated. Cost is based on the fair values of the consideration given in exchange for assets. The financial report is presented in Australian dollars.

<b>NOTE 2: Revenues and expenses</b>	2008 \$	2007 \$
<b>(a) Revenue</b>		
Liver Scan income	1,722,085	1,868,790
Grants received	13,496	150,000
Interest received	147,030	136,550
	<u>1,882,611</u>	<u>2,155,340</u>
<b>(b) Expenses</b>		
Depreciation of non-current assets	34,202	42,946
Impairment of property, plant and equipment	3,933	-
Impairment of available-for-sale investments	1,061	1,060
Loss on sale of property, plant and equipment	-	7,528
Rental expense on operating leases	45,212	84,590
	<u>84,408</u>	<u>136,024</u>

### NOTE 3: Income tax

#### Income tax recognised in profit or loss

The major components of tax benefit are:

Adjustments recognised in the current year in relation to the current tax of prior years – R&D tax offset	213,012	191,302
	<u>213,012</u>	<u>191,302</u>



## NOTES TO THE PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 4: Segment information

#### Business Segments

The Group's business segments are determined by differences in the products and services provided.

The following table presents revenue and profit/(loss) information and certain asset and liability information regarding business segments for the year ended 30 June 2008.

	FerriScan <sup>®</sup>	Path Labs	Corporate	Total
	\$	\$	\$	\$
Segment revenue	1,722,085	-	160,526	1,882,611
Segment profit/(loss)	529,300	(212,851)	(357,841)	(41,392)
Segment assets	530,926	422	2,397,098	2,928,446
Segment liabilities	163,109	-	90,208	253,317
Other segment information				
Net cash inflow / (outflow) from operating activities	1,017,389	(281,455)	(622,561)	113,373
Net cash (outflow) from investing activities	(150,863)	-	-	(150,863)

The following table presents revenue and profit/(loss) information and certain asset and liability information regarding business segments for the year ended 30 June 2007.

	FerriScan <sup>®</sup>	Path Labs	Corporate	Total
	\$	\$	\$	\$
Segment revenue	1,868,790	-	286,550	2,155,340
Segment profit/(loss)	1,018,755	(522,473)	(1,221,601)	(725,319)
Segment assets	1,153,995	31,060	1,969,500	3,154,555
Segment liabilities	108,349	68,582	256,481	433,412
Other segment information				
Net cash inflow / (outflow) from operating activities	649,976	(432,224)	(1,169,854)	(952,102)
Net cash (outflow) from investing activities	(85,993)	-	-	(85,993)
Net cash inflow / (outflow) from financing activities	(4,194)	-	2,890,698	2,886,504

### NOTE 5: Earnings per share

	2008	2007
Basic and diluted earnings per share (cents)	0.0	(0.2)
	2008	2007
	\$	\$
(a) Earnings used in the calculation of basic and dilutive earnings per share	(41,392)	(725,319)

NOTES TO THE PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS

	2008 Number	2007 Number
(b) Weighted average number of ordinary shares for the purposes of basic earnings per share	<u>359,007,227</u>	<u>320,936,125</u>

(c) Classification of securities  
Options outstanding have been classified as potential ordinary shares, however they are not considered to be dilutive in nature as their conversion will not result in an increase in the basic loss per share.

2008 \$	2007 \$
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**NOTE 6: Cash and cash equivalents**

Deposits at call	231,870	2,419,360
Term Deposits	2,150,000	-
	<u>2,381,870</u>	<u>2,419,360</u>

**(i) Reconciliation of loss for the year to net cash flows from operating activities**

(Loss) for the year	(41,392)	(725,319)
Non-cash flows in profit / (loss):		
Depreciation	34,202	42,946
Impairment of property, plant and equipment	3,933	-
Loss on sale of property, plant and equipment	-	7,528
Impairment of investments	1,061	1,060
Reclassification to investing activities:		
Research and development	131,476	83,304
Security deposits	14,775	-
Changes in net assets and liabilities:		
(Increase)/decrease in receivables	150,707	(424,581)
(Increase)/decrease in other assets	3,328	8,093
Increase/(decrease) in trade creditors and borrowings	(170,164)	45,557
Increase/(decrease) in provisions	(9,931)	(12,357)
Increase/(decrease) in translation reserve	(4,622)	21,667
Net cash provided by / (used in) operating activities	<u>113,373</u>	<u>(952,102)</u>

## NOTES TO THE PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS

	2008 \$	2007 \$
<b>NOTE 7: Trade and other receivables</b>		
Current		
Trade receivables	329,213	541,488
Other receivables	78,767	17,199
	407,980	558,687
	407,980	558,687

### Note 8: Financial assets

Current – Available for sale investments carried at fair value		
Shares in listed corporations	14,337	14,337
Less: Impairment	(12,570)	(11,509)
	1,767	2,828
	1,767	2,828

### NOTE 9: Other assets

Current		
Prepayments	38,601	56,704
Security deposits	58,120	43,345
	96,721	100,049
	96,721	100,049

### NOTE 10: Property, plant and equipment

Fixtures and equipment		
At cost	196,595	206,730
Less: Accumulated depreciation	(156,487)	(133,099)
Total property, plant and equipment	40,108	73,631
	40,108	73,631

### Reconciliation

Reconciliation of the carrying amount of each class of property, plant and equipment is set out below:

Fixtures and Equipment		
Balance at the beginning of the year	73,631	118,608
Additions	4,612	8,349
Disposals	(3,933)	(10,380)
Depreciation expense	(34,202)	(42,946)
Carrying amount at the end of the year	40,108	73,631
	40,108	73,631

## NOTES TO THE PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS

	2008 \$	2007 \$
<b>NOTE 11: Trade and other payables</b>		
Current		
Trade payables	93,586	115,089
Related party payables	66,536	175,741
Sundry creditors and accruals	76,250	115,706
	<u>236,372</u>	<u>406,536</u>

### NOTE 12: Provisions

Current		
Employee entitlements	16,945	26,876
	<u>16,945</u>	<u>26,876</u>

### Note 13: Issued Capital

	2008		2007	
	Number	\$	Number	\$
(a) Issued and paid up capital				
359,007,227 ordinary shares		\$67,504,023		
16,000,000 incentive shares		\$16		
	<u>375,007,227</u>	<u>67,504,039</u>	<u>375,007,227</u>	<u>67,504,039</u>

### Movements during the period

<b>Ordinary shares</b>	Number of shares	Issue price	\$
Balance at the beginning of the financial year	<u>359,007,227</u>		<u>67,504,023</u>
<b>Incentive shares</b>			
Balance at the beginning of the financial year	<u>16,000,000</u>	\$0.000001	<u>16</u>
<b>Total</b>	<u><b>375,007,227</b></u>		<u><b>67,504,039</b></u>

### NOTE 14: Accumulated losses

	2008 \$	2007 \$
Balance 1 July	(64,870,847)	(64,145,528)
Net loss for year	(41,392)	(725,319)
Balance 30 June	<u>(64,912,239)</u>	<u>(64,870,847)</u>

15. This report is based on accounts to which one of the following applies.

- |                                     |  |                          |  |
|-------------------------------------|--|--------------------------|--|
| <input type="checkbox"/>            | The accounts have been audited.  | <input type="checkbox"/> | The accounts have been subject to review.                  |
| <input checked="" type="checkbox"/> | The accounts are in the process of being audited or subject to review. | <input type="checkbox"/> | The accounts have <i>not</i> yet been audited or reviewed. |

Eva O'Malley  
Company Secretary

Date: 29 August 2008