

RESONANCE HEALTH LIMITED

ABN 96 006 762 492

Appendix 4D

Half year report

for the half-year ended 31 December 2008

(previous corresponding period to 31 December 2007)

Results for announcement to the market

	Change	31 Dec 2008 \$,000	31 Dec 2007 \$,000
Revenues from ordinary activities	Up 28%	\$1,211	\$944
Profit from ordinary activities after tax attributable to members	Up 218%	\$294	(\$249)
Net profit for the period attributable to members	Up 218%	\$294	(\$249)

Comments

The net profit reported for the period has increased to \$294,374 from a loss of \$249,359 in the previous corresponding period. FerriScan[®] revenue increased from \$865,674 to \$1,003,193 which is largely attributable to the continuation of long term contracts and the re-imburement for FerriScan is several jurisdictions.

Expenditure for the period was \$916,592 down from \$1,360,295 in the previous corresponding period and expenditure continues to be closely monitored and is inline with budget. Marketing activities have commenced in the UK following successful reimbursement in some areas, with a UK based marketing representative engaged.

No dividend has been declared for the period.

	31 Dec 2008	31 Dec 2007
Net tangible assets per security	\$0.008	\$0.007

Resonance Health Limited

(ABN 96 006 762 492)

Half Year Financial Report

31 December 2008

Corporate Directory

Directors

Dr Stewart Washer
Non executive Chairman

Dr Martin Blake
Non executive Director

Ms Liza Dunne
Executive Director

Dr Timothy St. Pierre
Executive Director

Company secretary

Ms Eva O'Malley

Website and e-mail address

www.resonancehealth.com
Email: info@ferriscan.com

Postal address

PO Box 1135
NEDLANDS WA 6909

Stock exchange listing

Resonance Health Limited
shares are listed on the
Australian Stock Exchange.

ASX Code: RHT

Share registry

Advanced Share Registry Ltd
150 Stirling Highway
Nedlands WA 6009
Tel: +61 8 9389 8033
Fax: +61 8 9389 7871

Auditors

HLB Mann Judd
Level 2
15 Rheola Street
WEST PERTH WA 6005

Registered office and Principal place of business

1st Floor
216 Stirling Highway
CLAREMONT WA 6010
Telephone: 61 8 9286 5300
Facsimile: 61 8 9286 5399

Bankers

National Australia Bank Limited

Solicitors

Cole Legal
Unit 9
569 Wellington Street
Perth WA 6000

Contents

Page

Directors' Report	2
Auditor's Independence Declaration	4
Condensed Income Statement	5
Condensed Balance Sheet	6
Condensed Statement of Changes in Equity	7
Condensed Cash Flow Statement	8
Notes to the Financial Statements	9
Directors' Declaration	12
Independent Auditor's Review Report	13

DIRECTORS' REPORT

The directors present their report together with the financial report for Resonance Health Ltd consolidated entity (the Company or Resonance Health) for the half year ended 31 December 2008.

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.

Dr Stewart Washer	Non executive Director – Chairman (appointed 16 February 2009)
Dr Martin Blake	Non executive Director
Ms Liza Dunne	Executive Director (appointed 23 October 2008)
Dr Tim St Pierre	Executive Director

Mr Ian Anderson and Dr Andrew Walker resigned as non-executive directors on 26 November 2008.

Review of Operations

The principle activity of Resonance Health during the period was the delivery of FerriScan[®] services for the clinical management of patients with iron overload conditions. Additionally, Resonance Health provided FerriScan and related core laboratory services to global clinical studies associated with the development of iron chelation therapies.

Financial Summary:

- Net profit reported for the period increased to \$294,374, from a loss of \$249,359 in the previous corresponding period.
- Total revenues were up 28% to \$1,210,966 from \$944,186.
- FerriScan revenue increased 16% to \$1,003,193 from \$865,674. An increasing proportion of sales from the clinical use of FerriScan, reduces Resonance Health's reliance on its core laboratory services.
- Expenditure for the period was down 33% to \$916,592 down from \$1,360,295 in the previous corresponding period.
- As the majority of Resonance Health's revenues are received in US dollars, a foreign exchange gain for the half year period has been recorded.
- Resonance Health has no debt and \$2.7m in cash and equivalents at the end of the period, compared to \$2.38m for the corresponding prior period.

Operational Summary:

- FerriScan reimbursement application received by Medical Services Advisory Committee (MSAC) and is under review.
- FerriScan reimbursement achieved in parts of the UK with a strategy in place to expand the reimbursement approval to other key centres within the UK.
- A UK marketing representative has been engaged to maximise the opportunities for FerriScan in this market. The thalassaemia patients and large population of sickle cell patients living in the UK will benefit from FerriScan, reducing their need for a liver biopsy and potential organ damage from iron overload.
- Reimbursement has been achieved in Ontario, Canada and a strategy is being executed to expand this to the rest of Canada.
- Resonance Health has recommenced the development of FibroScreen[™] for the measurement of liver fibrosis. In collaboration with Fremantle Hospital and Sir Charles Gairdner Hospital, Resonance Health has commenced a study of approximate 140 patients to further the development of this product.
- Resonance Health is completing final testing to validate the reduction in the MRI scan time from approximately 25 to 12 minutes which will deliver a significant benefit to our customers, reducing the overall cost of a FerriScan.
- Resonance Health is participating in a number of clinical studies aimed at expanding the indications for FerriScan, including liver transplant patients.
- Resonance Health had a significant presence at the International Thalassaemia Conference held in Singapore in October 2008 with over 1600 health care providers and patient participants. The Company's Chief Scientific Officer, Dr Tim St Pierre has been asked to present at a number of conferences in 2009 on the management of iron overload in recognition of his international reputation in the field of iron management.

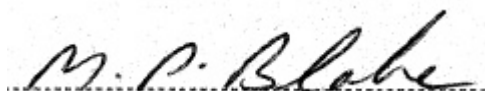
DIRECTORS' REPORT

Resonance Health continues to build strong relationships with key opinion leaders, disease groups, centres of excellence and scientists involved in the management and care of patients with iron overload, establishing the company and its core product FerriScan as world leaders in this field. Reimbursement of FerriScan remains a core focus and increased sales are evident in those jurisdictions where reimbursement has been achieved.

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 2008.

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.

A handwritten signature in blue ink, reading "M. P. Blake", is written over a horizontal dashed line.

Dr Martin Blake
Non-executive Director

Dated this 27th day of February 2009.



Auditors' Independence Declaration

As lead auditor for the review of the financial report of Resonance Health Limited for the half year ended 31 December 2008, 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 blue ink, appearing to read 'Norman Neill', is written in a cursive style.

Perth, Western Australia
27 February 2009

N G NEILL
Partner, HLB Mann Judd

**CONDENSED INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

	Notes	Consolidated	
		2008 \$	2007 \$
Revenue		1,210,966	944,186
Employee benefits expense		(496,819)	(613,442)
Consulting and professional services		(127,648)	(418,849)
Research and development		(52,592)	(103,958)
Depreciation and amortisation expense		(12,605)	(17,777)
Statutory and compliance		(55,614)	(54,570)
Travel		(20,825)	(13,697)
Other expenses		(150,489)	(138,002)
Profit / (loss) before income tax benefit	2	294,374	(416,109)
Income tax benefit		-	166,750
Net profit / (loss) for the period		294,374	(249,359)
Net profit / (loss) attributable to members of parent		294,374	(249,359)
Basic earnings / (loss) per share (cents per share)		0.08	(0.07)

The accompanying notes form part of these financial statements

**CONDENSED BALANCE SHEET
AS AT 31 DECEMBER 2008**

		Consolidated	
	Notes	31 Dec 2008 \$	30 June 2008 \$
Assets			
Current Assets			
Cash and cash equivalents		2,698,619	2,381,870
Trade and other receivables		446,113	407,980
Available-for-sale investments		1,767	1,767
Other		108,119	96,721
Total Current Assets		3,254,618	2,888,338
Non-Current Assets			
Property, plant and equipment		50,340	40,108
Intangible assets		56,063	-
Total Non-Current Assets		106,403	40,108
Total Assets		3,361,021	2,928,446
Liabilities			
Current Liabilities			
Trade and other payables		323,533	236,372
Provisions		31,900	16,945
Other		25,920	-
Total Current Liabilities		381,353	253,317
Total Liabilities		381,353	253,317
Net Assets		2,979,668	2,675,129
Equity			
Issued capital	3	67,514,039	67,504,039
Reserves		83,494	83,329
Accumulated losses		(64,617,865)	(64,912,239)
Total Equity		2,979,668	2,675,129

The accompanying notes form part of these financial statements

**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

	Consolidated				Total Equity
	Issued capital	Accumulated losses	Foreign Currency Translation Reserve	Option Reserve	
	\$	\$	\$	\$	\$
Balance at 1 July 2007	67,504,039	(64,870,847)	21,667	66,284	2,721,143
Shares issued during the half year	-	-	-	-	-
(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)	17,175	66,284	2,467,292
Balance at 1 July 2008	67,504,039	(64,912,239)	17,045	66,284	2,675,129
Shares issued during the half year	10,000	-	-	-	10,000
Profit attributable to members of the parent entity	-	294,374	-	-	294,374
Movement in foreign currency translation reserve	-	-	165	-	165
Balance at 31 December 2008	67,514,039	(64,617,865)	17,210	66,284	2,979,668

The accompanying notes form part of these financial statements

**CONDENSED CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

	Consolidated	
	2008	2007
	\$	\$
	Inflows/(Outflows)	
Cash flows from operating activities		
Receipts from customers	1,105,458	889,347
Receipts from grants	-	13,496
Payments to suppliers and employees	(823,977)	(1,435,701)
Interest received	83,773	63,625
Income tax received	-	166,750
Net cash provided by / (used in) operating activities	<u>365,254</u>	<u>(302,483)</u>
Cash flows from investing activities		
Payments for non-current assets	(7,513)	(1,222)
Payments for research and development	(40,992)	(101,098)
Net cash (used in) investing activities	<u>(48,505)</u>	<u>(102,320)</u>
Cash flows from financing activities		
Proceeds from issue of shares	-	-
Payment for share issue costs	-	-
Repayment of borrowings	-	-
Net cash provided by/(used in) financing activities	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash held	316,749	(404,803)
Cash and cash equivalents at 1 July	<u>2,381,870</u>	<u>2,419,360</u>
Cash and cash equivalents at 31 December	<u><u>2,698,619</u></u>	<u><u>2,014,557</u></u>

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2008

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

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'.

This condensed 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.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2008 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 and the ASX Listing Rules.

Basis of Preparation

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. The Company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

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

Significant accounting judgments and key estimates

The preparation of interim financial reports requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this half-year report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation of uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2008.

Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2008, 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 2008.

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.

Change in accounting policy

Research and development costs

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it 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 development and the ability to measure reliably the expenditure attributable to the intangible asset during its development. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure so capitalised is amortised over the period of expected benefits from the related project.

The carrying value of an intangible asset arising from development expenditure is tested for impairment annually when the asset is not yet available for use, or more frequently when an indication of impairment arises during the reporting period.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

NOTE 2: PROFIT / (LOSS) BEFORE INCOME TAX

	Consolidated	
	31 December 2008	31 December 2007
	\$	\$
The following revenue items are relevant in explaining the financial performance for the half-year:		
Liver scan income	1,003,193	865,674
Grants received	-	13,496
Interest received	81,054	65,016
Foreign exchange gain / (loss)	126,719	-

NOTE 3: ISSUED CAPITAL

	Consolidated	
	31 December 2008	30 June 2008
	\$	\$
<i>Ordinary shares</i>		
Issued and fully paid	67,514,039	67,504,039

Movements in ordinary shares on issue

	No.	No.
At 1 July 2008	359,007,227	359,007,227
Issue of shares to Managing Director	1,057,778	-
At 31 December 2008	360,065,005	359,007,227

Incentive shares

	31 December 2008	30 June 2008
	\$	\$
Issued and fully paid	-	-

Movements in incentive shares on issue

	No.	No.
At 1 July 2008	16,000,000	16,000,000
Expiry of Class F incentive shares	(13,000,000)	-
At 31 December 2008	3,000,000	16,000,000

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

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: OPTIONS

31 December
2008
No.

Movements in unlisted share options over ordinary shares

At 1 July 2008	300,000
Expiry of Director options on resignation	<u>(300,000)</u>
At 31 December 2008	<u>-</u>

Movements in unquoted incentive share options

At 1 July 2008	6,666,667
Expiry of unquoted incentive share options	<u>(6,666,667)</u>
At 31 December 2008	<u>-</u>

NOTE 6: EVENTS SUBSEQUENT TO REPORTING DATE

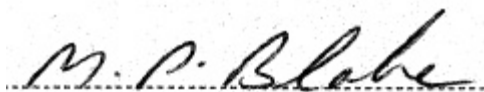
No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs in future financial years.

DIRECTORS' DECLARATION

In the opinion of the directors of Resonance Health Limited ("the company"):

1. The financial statements and notes thereto, as set out on pages 5 to 11, are in accordance with the Corporations Act 2001 including:
 - a. complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations; and
 - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year then ended.
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.

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.



Dr Martin Blake

Non-executive director

Dated this 27th day of February 2009



Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REVIEW REPORT

**To the members of
RESONANCE HEALTH LIMITED**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report, which comprises the condensed balance sheet as at 31 December 2008, the condensed income statement, condensed statement of changes in equity, condensed cash flow statement and notes to the financial statements for the half-year ended on that date, and the directors' declaration, of Resonance Health Limited and the entities it controlled during the half-year ended 31 December 2008 ("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 Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001*, including giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 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.

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 27 February 2009.

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

Level 2 15 Rheola Street West Perth 6005 PO Box 263 West Perth 6872 Western Australia. Telephone +61 (08) 9481 0977. Fax +61 (08) 9481 3686.

Email: hlb@hlbwa.com.au. Website: <http://www.hlb.com.au>

Liability limited by a scheme approved under Professional Standards Legislation

HLB Mann Judd (WA Partnership) is a member of  HLB International, a world-wide organisation of accounting firms and business advisers

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 as at 31 December 2008 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
Chartered Accountants



N G NEILL
Partner

Perth, Western Australia
27 February 2009