



ResonanceHealth

# Appendix 4E Preliminary Final Report 30 June 2009

RESONANCE HEALTH LIMITED

ABN 96 006 762 492

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 2009

#### Results for announcement to the market

|  | Change   | 2009        | 2008        |
|--|----------|-------------|-------------|
| Revenues from ordinary activities  | Up 27%   | \$2,390,961 | \$1,882,611 |
| Profit / (loss) from ordinary activities after tax attributable to members | Up 1590% | \$617,051   | (\$41,392)  |
| Net profit / (loss) for the period attributable to members                 | Up 1590% | \$617,051   | (\$41,392)  |

No dividend has been declared.

#### Net tangible assets per security

|                               | 2009        | 2008        |
|-------------------------------|-------------|-------------|
| Net tangible assets           | \$3,112,217 | \$2,675,129 |
| Shares Issued                 | 360,065,005 | 359,007,227 |
| Net tangible assets per share | 0.9 cents   | 0.7 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

The Company is proud to release its first full year profit since commencing operation in 2003.

Resonance Health is developing and commercialising magnetic resonance imaging (MRI) tools for the diagnosis and clinical management of human disease. Resonance Health's FerriScan<sup>®</sup> technology for accurately measuring liver iron concentration has FDA, CE Mark and TGA approvals and is currently used in over 20 countries in the management of patients with iron overload conditions. FerriScan<sup>®</sup> is provided to the market through the Company's central image analysis facility which also provides a range of 'Imaging CRO' services for customer clinical trials.

### Major milestones during the year were:

- New contracts signed for the provision of FerriScan<sup>®</sup> in multicentre clinical trials addressing iron overload.
- New countries providing FerriScan<sup>®</sup> during the year include Brazil, Colombia, Sri Lanka, Taiwan and Iran.
- Increased investment in marketing to grow revenue from the non clinical trial sector.
- Overseas office established in the UK to market FerriScan<sup>®</sup> to the large UK and Irish markets. Sales increase of 200% over this period compared to previous period.
- Study commenced to test a new faster version of FerriScan<sup>®</sup> that can make measurements in 40% of the time usually taken. New version to be launched in Q4 2009.
- Development commenced on a cardiac iron assessment MRI tool for iron overload patients with cardiac complications. Due to be launched Q4, depending on regulatory requirements.
- Study commenced to determine the role of FerriScan<sup>®</sup> for identifying patients with end stage liver disease who should be prioritized on the liver transplant waiting list. This study potentially opens a new market for FerriScan<sup>®</sup>.
- Study commenced to develop the next stage of an MRI technology for the assessment of liver fibrosis following conclusion of proof of concept study. With approximately 170 million people worldwide affected by hepatitis C, a major cause of liver fibrosis, there is a large unmet clinical need for a new non-invasive and accurate test that quantifies fibrosis.

### Financial Summary:

- Net profit increased to \$617,051 from a loss of \$41,392 in the previous financial year. This represents Resonance Health's first full year profit.
- FerriScan revenue increased 31% to \$2,259,191 from \$1,722,085 in the previous financial year.
- Clinical trial revenue increased 21% and non clinical trial revenue increased 84% reflecting the increased focus on sale and marketing and a broadening role of FerriScan<sup>®</sup> in routine clinical use.
- Research and development expenditure during the year totalled \$342,936. This comprised capitalised development costs of \$190,042 that are recognised as an intangible asset on the balance sheet and expenditure recognised in the income statement of \$152,894. This is an increase of 91% from the previous financial year as the company expands its product portfolio and future revenue opportunities.
- Expenditure decreased 15% to \$1,822,828 from \$2,137,015 in the previous financial year.
- Marketing and travel expenditure increased 218% to \$159,764 from \$50,216 in the prior financial year.
- Resonance Health continues to have no debt and has cash at bank of \$2,644,938 at the end of the financial year, compared to \$2,381,870 in the previous financial year.

**CONSOLIDATED INCOME STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2009**

|  | Note | 2009<br>\$       | 2008<br>\$       |
|--|------|------------------|------------------|
| Revenue  | 2(a) | <b>2,390,961</b> | <b>1,882,611</b> |
| Employee benefits expense                                    |      | (979,928)        | (1,035,092)      |
| Consulting and professional services                         |      | (132,855)        | (490,138)        |
| Research and development                                     |      | (152,894)        | (179,892)        |
| Depreciation expense   | 2(b) | (26,033)         | (34,202)         |
| Marketing and travel   |      | (159,764)        | (50,216)         |
| Statutory and compliance                                     |      | (129,340)        | (98,679)         |
| Foreign exchange loss  |      | -                | (31,697)         |
| Other expenses   |      | (242,014)        | (217,099)        |
| <b>Profit / (Loss) before income tax benefit</b>             |      | <b>568,133</b>   | <b>(254,404)</b> |
| Income tax benefit   | 3    | 48,918           | 213,012          |
| <b>Net profit / (loss) attributable to members of parent</b> |      | <b>617,051</b>   | <b>(41,392)</b>  |
| Basic earnings per share (cents per share)                   | 5    | 0.2              | 0.0              |

The accompanying notes form part of these financial statements.

**CONSOLIDATED BALANCE SHEET**  
**AS AT 30 JUNE 2009**

|                                  | Note | 2009<br>\$       | 2008<br>\$       |
|----------------------------------|------|------------------|------------------|
| <b>Assets</b>                    |      |                  |                  |
| <b>Current Assets</b>            |      |                  |                  |
| Cash and cash equivalents        | 6    | 2,644,938        | 2,381,870        |
| Trade and other receivables      | 7    | 712,317          | 407,980          |
| Available for sale investments   | 8    | 2,651            | 1,767            |
| Other                            | 9    | 77,901           | 96,721           |
| <b>Total Current Assets</b>      |      | <b>3,437,807</b> | <b>2,888,338</b> |
| <b>Non-Current Assets</b>        |      |                  |                  |
| Property, plant and equipment    | 10   | 61,103           | 40,108           |
| Intangible assets                | 11   | 190,042          | -                |
| <b>Total Non-Current Assets</b>  |      | <b>251,145</b>   | <b>40,108</b>    |
| <b>Total Assets</b>              |      | <b>3,688,952</b> | <b>2,928,446</b> |
| <b>Liabilities</b>               |      |                  |                  |
| <b>Current Liabilities</b>       |      |                  |                  |
| Trade and other payables         | 12   | 319,874          | 236,372          |
| Provisions                       | 13   | 41,307           | 16,945           |
| Other                            | 14   | 25,512           | -                |
| <b>Total Current Liabilities</b> |      | <b>386,693</b>   | <b>253,317</b>   |
| <b>Total Liabilities</b>         |      | <b>386,693</b>   | <b>253,317</b>   |
| <b>Net Assets</b>                |      | <b>3,302,259</b> | <b>2,675,129</b> |
| <b>Equity</b>                    |      |                  |                  |
| Issued capital                   | 15   | 67,514,039       | 67,504,039       |
| Reserves                         |      | 83,408           | 83,329           |
| Accumulated losses               | 16   | (64,295,188)     | (64,912,239)     |
| <b>Total Equity</b>              |      | <b>3,302,259</b> | <b>2,675,129</b> |

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2009**

|   | Issued<br>Capital<br>\$ | Accumulated<br>Losses<br>\$ | Foreign<br>Currency<br>Translation<br>Reserve<br>\$ | Option<br>Reserve<br>\$ | Total Equity<br>\$ |
|---|-------------------------|-----------------------------|---|-------------------------|--------------------|
| Balance at 1 July 2007                              | 67,504,039              | (64,870,847)                | 21,667  | 66,284                  | 2,721,143          |
| 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>17,045</b>                                       | <b>66,284</b>           | <b>2,675,129</b>   |
| Share Issue   | 10,000                  | -                           | -   | -                       | 10,000             |
| Translation reserve                                 | -                       | -                           | 79  | -                       | 79                 |
| Profit attributable to members of the parent entity | -                       | 617,051                     | -   | -                       | 617,051            |
| <b>Balance at 30 June 2009</b>                      | <b>67,514,039</b>       | <b>(64,295,188)</b>         | <b>17,124</b>                                       | <b>66,284</b>           | <b>3,302,259</b>   |

The accompanying notes form part of these financial statements.

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2009**

|   | Note     | 2009<br>\$         | 2008<br>\$       |
|---|----------|--------------------|------------------|
|   |          | Inflows/(Outflows) |                  |
| <b>Cash flows from operating activities</b> |          |                    |                  |
| Receipts from customers                     |          | 2,027,127          | 1,911,537        |
| Payments to suppliers and employees         |          | (1,623,103)        | (2,100,543)      |
| Interest received                           |          | 130,710            | 135,629          |
| Income tax received                         |          | -                  | 166,750          |
|   |          | <hr/>              | <hr/>            |
| Net cash provided by operating activities   | 6(i)     | 534,734            | 113,373          |
|   |          | <hr/>              | <hr/>            |
| <b>Cash flows from investing activities</b> |          |                    |                  |
| Payments for non-current assets             |          | (32,290)           | (4,612)          |
| Payments for security deposits              |          | -                  | (14,775)         |
| Payments for research and development       |          | (239,376)          | (131,476)        |
|   |          | <hr/>              | <hr/>            |
| Net cash (used in) investing activities     |          | (271,666)          | (150,863)        |
|   |          | <hr/>              | <hr/>            |
| <b>Cash flows from financing activities</b> |          |                    |                  |
| Proceeds from issue of shares               |          | -                  | -                |
| Payments for share issue costs              |          | -                  | -                |
| Repayment of borrowings                     |          | -                  | -                |
|   |          | <hr/>              | <hr/>            |
| Net cash provided by financing activities   |          | -                  | -                |
|   |          | <hr/>              | <hr/>            |
| Net increase / (decrease) in cash held      |          | 263,068            | (37,490)         |
| Cash and cash equivalents at 1 July         |          | 2,381,870          | 2,419,360        |
|   |          | <hr/>              | <hr/>            |
| <b>Cash and cash equivalents at 30 June</b> | <b>6</b> | <b>2,644,938</b>   | <b>2,381,870</b> |
|   |          | <hr/>              | <hr/>            |

The accompanying notes form part of these financial statements.

## NOTES TO THE PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### Statement of Compliance

These preliminary consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB').

This 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 year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

#### Basis of preparation

The financial 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.

#### Significant accounting judgements and key estimates

The preparation of financial reports requires management to make judgements, 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 financial report, the significant judgements 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

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 the Group's accounting policies.

#### 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 PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS

| <b>NOTE 2: Revenues and expenses</b>         | 2009<br>\$ | 2008<br>\$ |
|--|------------|------------|
| <b>(a) Revenue</b>                           |            |            |
| Liver Scan income                            | 2,259,191  | 1,722,085  |
| Grants received                              | -          | 13,496     |
| Interest received                            | 125,260    | 147,030    |
| Foreign exchange gain                        | 6,510      | -          |
|  | 2,390,961  | 1,882,611  |
| <b>(b) Expenses</b>                          |            |            |
| Depreciation of non-current assets           | 26,033     | 34,202     |
| Impairment of property, plant and equipment  | 351        | 3,933      |
| Impairment of available-for-sale investments | (884)      | 1,061      |
| Rental expense on operating leases           | 56,699     | 45,212     |

### NOTE 3: Income tax benefit

#### 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 | 48,918 | 213,012 |
|---|--------|---------|

### 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 2009.

|   | FerriScan <sup>®</sup><br>\$ | Corporate<br>\$ | Total<br>\$ |
|---|------------------------------|-----------------|-------------|
| Segment revenue                                       | 2,259,191                    | 131,770         | 2,390,961   |
| Segment profit/(loss)                                 | 1,244,612                    | (627,561)       | 617,051     |
| Segment assets  | 1,042,524                    | 2,646,428       | 3,688,952   |
| Segment liabilities                                   | 317,569                      | 69,124          | 386,693     |
| <b>Other segment information</b>                      |                              |                 |             |
| Net cash inflow / (outflow) from operating activities | 1,045,894                    | (511,160)       | 534,734     |
| Net cash (outflow) from investing activities          | (271,666)                    | -               | (271,666)   |

## NOTES TO THE PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 4: Segment information (Contd)

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® | 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) |

### NOTE 5: Earnings per share

|   | 2009        | 2008        |
|---|-------------|-------------|
| Basic and diluted earnings per share (cents)  | 0.2         | 0.0         |
|   | <hr/>       |             |
|   | 2009        | 2008        |
|   | \$          | \$          |
| (a) Earnings / (loss) used in the calculation of basic and dilutive earnings per share      | 617,051     | (41,392)    |
|   | <hr/>       |             |
|   | 2009        | 2008        |
|   | Number      | Number      |
| (b) Weighted average number of ordinary shares for the purposes of basic earnings per share | 359,575,239 | 359,007,227 |
|   | <hr/>       |             |

## NOTES TO THE PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS

|   | 2009<br>\$ | 2008<br>\$ |
|---|------------|------------|
| <b>NOTE 6: Cash and cash equivalents</b>  |            |            |
| Deposits at call  | 494,938    | 231,870    |
| Term Deposits   | 2,150,000  | 2,150,000  |
|   | 2,644,938  | 2,381,870  |
| <b>(i) Reconciliation of profit / (loss) for the year to net cash flows from operating activities</b> |            |            |
| Profit/(loss) for the year  | 617,051    | (41,392)   |
| Non-cash flows in profit / (loss):  |            |            |
| Depreciation  | 26,033     | 34,202     |
| Share issue   | 10,000     | -          |
| Impairment of property, plant and equipment   | 351        | 3,933      |
| Impairment of investments   | (884)      | 1,061      |
| Reclassification to investing activities:   |            |            |
| Research and development  | 239,376    | 131,476    |
| Security deposits   | -          | 14,775     |
| Changes in net assets and liabilities:  |            |            |
| (Increase)/decrease in receivables  | (301,403)  | 150,707    |
| (Increase)/decrease in other assets   | 18,820     | 3,328      |
| (Increase)/decrease in capitalised development costs  | (190,042)  | -          |
| Increase/(decrease) in trade creditors and borrowings   | 65,479     | (170,164)  |
| Increase/(decrease) in provisions   | 24,362     | (9,931)    |
| Increase/(decrease) in other liabilities  | 25,512     | -          |
| Increase/(decrease) in translation reserve  | 79         | (4,622)    |
| Net cash provided by / (used in) operating activities   | 534,734    | 113,373    |

## NOTES TO THE PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS

|  | 2009<br>\$ | 2008<br>\$ |
|--|------------|------------|
| <b>NOTE 7: Trade and other receivables</b> |            |            |
| Current                                    |            |            |
| Trade receivables                          | 593,379    | 329,213    |
| Other receivables                          | 118,938    | 78,767     |
|  | 712,317    | 407,980    |
|  | 712,317    | 407,980    |

### Note 8: Financial assets

|  |          |          |
|--|----------|----------|
| Current – Available for sale investments carried at fair value |          |          |
| Shares in listed corporations                                  | 14,337   | 14,337   |
| Less: Impairment   | (11,686) | (12,570) |
|  | 2,651    | 1,767    |
|  | 2,651    | 1,767    |

### NOTE 9: Other assets

|                   |        |        |
|-------------------|--------|--------|
| Current           |        |        |
| Prepayments       | 19,781 | 38,601 |
| Security deposits | 58,120 | 58,120 |
|                   | 77,901 | 96,721 |
|                   | 77,901 | 96,721 |

### NOTE 10: Property, plant and equipment

|                                     |           |           |
|-------------------------------------|-----------|-----------|
| Fixtures and equipment              |           |           |
| At cost                             | 242,355   | 196,595   |
| Less: Accumulated depreciation      | (181,252) | (156,487) |
| Total property, plant and equipment | 61,103    | 40,108    |
|                                     | 61,103    | 40,108    |

### 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   | 40,108   | 73,631   |
| Additions                              | 47,379   | 4,612    |
| Disposals                              | (351)    | (3,933)  |
| Depreciation expense                   | (26,033) | (34,202) |
| Carrying amount at the end of the year | 61,103   | 40,108   |
|  | 61,103   | 40,108   |

**NOTES TO THE PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS**

|                                   | 2009<br>\$ | 2008<br>\$ |
|-----------------------------------|------------|------------|
| <b>NOTE 11: Intangible assets</b> |            |            |
| Development expenditure           | 190,042    | -          |

**NOTE 12: Trade and other payables**

|                               |                |                |
|-------------------------------|----------------|----------------|
| Current                       |                |                |
| Trade payables                | 70,167         | 93,586         |
| Related party payables        | 153,476        | 66,536         |
| Sundry creditors and accruals | 96,231         | 76,250         |
|                               | <u>319,874</u> | <u>236,372</u> |

**NOTE 13: Provisions**

|                       |        |        |
|-----------------------|--------|--------|
| Current               |        |        |
| Employee entitlements | 41,307 | 16,945 |

**NOTE 14: Other liabilities**

|                 |        |   |
|-----------------|--------|---|
| Current         |        |   |
| Unearned income | 25,512 | - |

**Note 15: Issued Capital**

|                                | 2009               |                   | 2008               |                   |
|--------------------------------|--------------------|-------------------|--------------------|-------------------|
|                                | Number             | \$                | Number             | \$                |
| (a) Issued and paid up capital |                    |                   |                    |                   |
| 360,065,005 ordinary shares    |                    | \$67,514,023      |                    |                   |
| 3,000,000 incentive shares     |                    | \$16              |                    |                   |
|                                | <u>363,065,005</u> | <u>67,514,039</u> | <u>375,007,227</u> | <u>67,504,039</u> |

## NOTES TO THE PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS

### Note 15: Issued Capital (Contd)

#### Movements during the period

| Ordinary shares                                | Number of<br>shares       | Issue price | \$                       |
|--|---------------------------|-------------|--------------------------|
| Balance at the beginning of the financial year | 359,007,227               |             | 67,504,023               |
| Share issue to Managing Director               | 1,057,778                 |             | 10,000                   |
|  | <u>360,065,005</u>        |             | <u>67,514,023</u>        |
| <b>Incentive shares</b>                        |                           |             |                          |
| Balance at the beginning of the financial year | 16,000,000                | \$0.000001  | 16                       |
| Expiration of Class F incentive shares         | (13,000,000)              |             | -                        |
|  | <u>3,000,000</u>          |             | <u>16</u>                |
| <b>Total</b>                                   | <b><u>363,065,005</u></b> |             | <b><u>67,514,039</u></b> |

### NOTE 16: Accumulated losses

|                            | 2009<br>\$          | 2008<br>\$          |
|----------------------------|---------------------|---------------------|
| Balance 1 July             | (64,912,239)        | (64,870,847)        |
| Net profit/(loss) for year | 617,051             | (41,392)            |
| Balance 30 June            | <u>(64,295,188)</u> | <u>(64,912,239)</u> |

### 17. 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