

RESONANCE HEALTH LIMITED

ABN 96 006 762 492

Appendix 4D

Half year report

for the half-year ended 31 December 2009

(previous corresponding period to 31 December 2008)

Results for announcement to the market

	Change	31 Dec 2009 \$,000	31 Dec 2008 \$,000
Revenues from ordinary activities	Down 14%	932	1,084
Profit / (loss) from ordinary activities after tax attributable to members	Down 131%	(92)	294
Net profit / (loss) for the period attributable to members	Down 131%	(92)	294

Comments

The half year results were in line with expectations. Expenditure increased in the period as the company expanded its marketing and research & development activities.

Marketing expenditure included the activities of a UK based representative which saw significant growth in FerriScan[®] revenue in the UK in 2009, and a campaign to gain reimbursement for FerriScan in the US and Germany. These activities will continue in 2010 and an experienced US based representative has been appointed to drive revenue growth in the US market.

The net loss reported for the period was \$92,376 compared to a profit of \$294,374 in the previous corresponding period. This was due in part to the worsening of the exchange rate as most revenue is received in USD. A foreign exchange loss of \$37,345 was reported for the period compared to a profit of \$126,719 for the previous corresponding period, a movement of \$164,064.

Research and development activities were focused on improvements to the FerriScan software technology and the development of a liver fibrosis assessment tool. Non-invasive liver fibrosis assessment targets a large addressable market focused around the Hepatitis C and Fatty Liver Disease indications which are significant global health problems.

Research and development expenses continue to be both expensed and capitalised depending on the nature of the activity. Development expenditure capitalised for the period has increased 283% to \$214,808 from \$56,063 for the corresponding period. Intangible assets at 31 December 2009 totalled \$404,850.

No dividend has been declared for the period.

	31 Dec 2009	31 Dec 2008
Net tangible assets per security	\$0.008	\$0.008

Resonance Health Limited

(ABN 96 006 762 492)

Interim Financial Report

31 December 2009

Corporate Directory

Directors

Dr Stewart Washer
Non executive Chairman

Dr Martin Blake
Non executive Director

Ms Liza Dunne
Executive Director

Mr Simon Panton
Non 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 Securities
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 4
130 Stirling Street
PERTH WA 6000

Registered office and Principal place of business

1st Floor
216 Stirling Highway
CLAREMONT WA 6010
Telephone: 61 8 9286 5300
Facsimile: 61 8 9286 1179

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 Statement of Comprehensive Income	5
Condensed Statement of Financial Position	6
Condensed Statement of Changes in Equity	7
Condensed Statement of Cash Flows	8
Notes to the Condensed Financial Statements	9
Directors' Declaration	15
Independent Auditor's Review Report	16

DIRECTORS' REPORT

The directors submit the financial report of the consolidated entity Resonance Health Limited (the Company or Resonance Health) for the half year ended 31 December 2009. 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 interim and until the date of this report are noted below. Directors were in office for this entire period unless otherwise stated.

Dr Stewart Washer	Non executive Director – Chairman
Dr Martin Blake	Non executive Director
Ms Liza Dunne	Executive Managing Director
Mr Simon Panton	Non executive Director (appointed 5 October 2009)
Dr Tim St Pierre	Executive Director

Review of Operations

Resonance Health is a medical technology and services company developing novel medical imaging software to assist in the diagnosis and management of human disease.

The principal 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 continues to invest in the research and development of new tools to assist in the non-invasive assessment of disease. Our central image analysis facility provides a range of services to the clinical trial market requiring central imaging services.

Financial Summary:

- Net loss reported for the period was \$92,376 compared to a profit of \$294,374 in the previous corresponding period. FerriScan revenue decreased 11% to \$891,497 from \$1,003,193 in the previous corresponding period reflecting a worsening exchange rate and fluctuations in the service provision to clinical trials.
- An increasing percentage of sales revenue was derived from the routine clinical use of FerriScan, outside the clinical trial market.
- As the majority of Resonance Health's revenues are received in US dollars, a foreign exchange loss of \$37,345 for the period has been recorded compared to a foreign exchange gain of \$126,719 in the corresponding period.
- Expenditure in the Statement of Comprehensive Income increased 8% to \$986,715 from \$916,592 primarily as a result of increased marketing and reimbursement activities.
- Intangible assets, representing capitalised development expenditure, totalled \$404,850 at the end of the period, compared to \$56,063 at the end of the corresponding prior period.
- Resonance Health has no debt and \$2.5m in cash and equivalents at the end of the period, compared to \$2.7m for the corresponding prior period.

Operational Summary:

- FerriScan Rapide was launched in September 2009 and was well received by the market. FerriScan Rapide provided a 60% reduction in MR scan time providing a significant improvement for patients and improved cost effectiveness for MRI centres.
- Resonance Health participated in the annual Sickle Cell Conference in Orlando, USA in October 2009. There are approximately 100,000 people suffering from the sickle cell disease in the US and approximately 15% are regularly transfused and could benefit from access to the FerriScan test.
- Resonance Health has agreed a formal collaboration with the Thalassaemia International Federation (TIF) who recognise the significant value of the FerriScan test to the world wide thalassaemic community. Resonance Health and TIF will be participating in joint educational and marketing activities on the topic of iron overload management and the role of FerriScan in patient management.
- The UK Sickle Cell Society has formally recommended FerriScan for the management of sickle cell patients with iron overload. There are approximately 15,000 sickle cell patients in the UK of whom a large fraction receive blood transfusion for disease management and quickly become iron loaded. The Society is now seeking national funding for their program.

DIRECTORS' REPORT (Continued)

- Dr Tim St Pierre was invited to speak on FerriScan and iron overload management at the national Cooley's Anemia Symposium in October 2009.
- An application for FerriScan reimbursement in Australia was lodged in June 2008 and the Company is hopeful of a decision by mid 2010.
- Further FerriScan funding approvals have been received at other medical centres in the UK.
- An experienced VP Business Development has been engaged in the US to drive revenue growth and reimbursement for FerriScan in that market.
- Resonance Health has progressed the development of FibroScreen™ for the measurement of liver fibrosis. Results of the initial phase of the project are expected by the end of Q1 2010.

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 interim financial report. This Independence Declaration is set out on page 4 and forms part of this directors' report for the half-year ended 31 December 2009.

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.



Dr Stewart Washer
Chairman

Dated this 22nd day of February 2010.



Auditors' Independence Declaration

As lead auditor for the review of the financial report of Resonance Health Limited for the half year ended 31 December 2009, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

This declaration is in respect of Resonance Health Limited and the entities it controlled during the period.

A handwritten signature in blue ink, appearing to read 'Norman Neill', is positioned above the printed name and title.

Perth, Western Australia
22 February 2010

N G NEILL
Partner, HLB Mann Judd

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

	Notes	Consolidated	
		31 December 2009 \$	31 December 2008 \$
Continuing operations			
Revenue	2	931,684	1,084,247
Foreign exchange (loss)/gain		(37,345)	126,719
Employee benefits expense		(565,619)	(496,819)
Consulting and professional services		(47,157)	(127,648)
Advertising and marketing		(113,727)	(36,658)
Research and development expense		(43,333)	(52,592)
Depreciation and amortisation expense		(13,820)	(12,605)
Statutory and compliance		(70,440)	(55,614)
Travel		(18,179)	(20,825)
Other expenses		(114,440)	(113,831)
		(92,376)	294,374
(Loss)/profit before income tax benefit			
Income tax benefit		-	-
Net (loss)/profit for the period		(92,376)	294,374
Other comprehensive income			
Exchange differences on translation of foreign operations		-	165
Other comprehensive income for the period, net of tax		-	165
Total comprehensive income for the period attributable to owners of the parent		(92,376)	294,539
Basic (loss)/earnings per share from continuing operations (cents per share)		(0.03)	0.08

The accompanying notes form part of these financial statements

**CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009**

		Consolidated	
	Notes	31 December 2009	30 June 2009
		\$	\$
Assets			
Current Assets			
Cash and cash equivalents		2,532,413	2,644,938
Trade and other receivables		484,339	712,317
Other financial assets		4,949	2,651
Other		144,564	77,901
Total Current Assets		3,166,265	3,437,807
Non-Current Assets			
Property, plant and equipment		59,861	61,103
Intangible assets	3	404,850	190,042
Total Non-Current Assets		464,711	251,145
Total Assets		3,630,976	3,688,952
Liabilities			
Current Liabilities			
Trade and other payables		292,840	319,874
Employee entitlements		54,467	41,307
Other		63,786	25,512
Total Current Liabilities		411,093	386,693
Total Liabilities		411,093	386,693
Net Assets		3,219,883	3,302,259
Equity			
Issued capital	4	67,524,039	67,514,039
Reserves		83,408	83,408
Accumulated losses		(64,387,564)	(64,295,188)
Total Equity		3,219,883	3,302,259

The accompanying notes form part of these financial statements

**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

	Consolidated				
	Issued capital	Accumulated losses	Foreign Currency Translation Reserve	Option Reserve	Total Equity
	\$	\$	\$	\$	\$
Balance at 1 July 2008	67,504,039	(64,912,239)	17,045	66,284	2,675,129
Profit attributable to members of the parent entity	-	294,374	-	-	294,374
Movement in foreign currency translation reserve	-	-	165	-	165
Total comprehensive income for the period	-	294,374	165	-	294,539
Shares issued during the half year	10,000	-	-	-	10,000
Balance at 31 December 2008	67,514,039	(64,617,865)	17,210	66,284	2,979,668
Balance at 1 July 2009	67,514,039	(64,295,188)	17,124	66,284	3,302,259
(Loss) attributable to members of the parent entity	-	(92,376)	-	-	(92,376)
Total comprehensive income for the period	-	(92,376)	-	-	(92,376)
Shares issued during the half year	10,000	-	-	-	10,000
Balance at 31 December 2009	67,524,039	(64,387,564)	17,124	66,284	3,219,883

The accompanying notes form part of these financial statements

**CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

	Consolidated	
	31 December 2009	31 December 2008
	\$	\$
	Inflows/(Outflows)	
Cash flows from operating activities		
Receipts from customers	1,096,639	1,105,458
Payments to suppliers and employees	(959,455)	(823,977)
Interest received	43,032	83,773
Net cash provided by / (used in) operating activities	180,216	365,254
Cash flows from investing activities		
Payments for property, plant and equipment	(33,450)	(7,513)
Payments for research and development	(259,291)	(40,992)
Net cash provided by / (used in) investing activities	(292,741)	(48,505)
Cash flows from financing activities		
Proceeds from issue of shares	-	-
Repayment of borrowings	-	-
Net cash provided by/(used in) financing activities	-	-
Net increase/(decrease) in cash held	(112,525)	316,749
Cash and cash equivalents at 1 July	2,644,938	2,381,870
Cash and cash equivalents at 31 December	2,532,413	2,698,619

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2009

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The interim 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', Accounting Interpretations 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 2009 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.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as set out below.

Basis of Preparation

The interim report has been prepared on a historical cost basis, except for the revaluation of certain financial instruments. 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 interim 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 interim 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 2009.

Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2009, 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 2009.

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.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half year ended 31 December 2009. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

During the current period, certain accounting policies have changed as a result of new or revised accounting standards which became operative for the annual reporting period commencing on 1 July 2009.

The affected policies and standards are:

- Principles of consolidation – revised AASB127 *Consolidated and Separate Financial Statements* and changes made by AASB 2008-7 *Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
- Segment reporting – new AASB 8 *Operating Segments*

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2009

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Principles of Consolidation

AASB 127 (revised) required the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gain and losses. This is different to the Group's previous accounting policy where transactions with minority interests were treated as transactions with parties external to the group.

The standard also specifies the accounting when control is lost. Any remaining interest in the entity must be remeasured to fair value and a gain or loss is recognised in profit or loss. This is consistent with the entity's previous accounting policy if significant influence is not retained.

The Group will in future allocate losses to the non-controlling interest in its subsidiaries even if the accumulated losses should exceed the non-controlling interest in the subsidiary's equity. Under the previous policy, excess losses were allocated to the parent entity.

Lastly, dividends received from investments in subsidiaries, jointly controlled entities or associates after 1 July 2009 are recognised as revenue even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a result of the dividend payment. Under the entity's previous policy, these dividends would have been deducted from the cost of the investment.

The changes were implemented prospectively from 1 July 2009. There has been no impact on the current period as none of the non-controlling interests have a deficit balance. There have also been no transactions whereby an interest in an entity is retained after the loss of control of that entity, no transactions with non-controlling interests and no dividends paid out of pre-acquisition profits.

Segment Reporting

The Group has applied AASB 8 *Operating Segments* from 1 July 2009. AASB 8 requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes.

Operating segments are now reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision-maker has been identified as the Board of Resonance Health Limited.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2009

NOTE 2: PROFIT / (LOSS) BEFORE INCOME TAX

Consolidated	
31 December 2009	31 December 2008
\$	\$

The following revenue items are relevant in explaining the financial performance for the half-year:

Liver scan income	891,497	1,003,193
Interest received	40,187	81,054
	<u>931,684</u>	<u>1,084,247</u>

NOTE 3: INTANGIBLE ASSETS

Consolidated	
31 December 2009	30 June 2009
\$	\$

Development expenditure	<u>404,850</u>	<u>190,042</u>
-------------------------	----------------	----------------

Development expenditure relates to costs incurred in developing MRI tools for the diagnosis and clinical management of human disease.

During the current period this development was related primarily to improvements to the FerriScan software technology and the development of a liver fibrosis assessment tool.

FerriScan Rapide was launched in September 2009. This product provides a 60% reduction in the MR scan time providing a significant improvement for patients and improved cost effectiveness for MRI centres.

Development of the liver fibrosis assessment tool has progressed with results from the initial phase of the project expected by the end of Quarter 1 2010.

The recoupment of development expenditure is dependent on the successful development and commercialisation or sale of the technology developed. The directors are required to assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists an estimate is made of the asset's recoverable amount. Where the asset's carrying value exceeds the estimated recoverable amount a provision for impairment is recognised.

The FerriScan technology owned by the Company has a nil carrying value on the Condensed Statement of Financial Position as a result of an impairment loss of \$12,786,888 recorded in the 2006 financial year.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

NOTE 4: ISSUED CAPITAL

	Consolidated	
	31 December 2009	30 June 2009
	\$	\$
<i>Ordinary shares</i>		
Issued and fully paid	67,524,023	67,514,023
	31 December 2009	30 June 2009
	No.	No.
<i>Movements in ordinary shares on issue</i>		
At 1 July 2009	360,065,005	360,065,005
Issue of shares at \$0.0273 to Managing Director	366,770	-
At 31 December 2009	360,431,775	360,065,005
	31 December 2009	30 June 2009
	\$	\$
<i>Incentive shares</i>		
Issued and fully paid	16	16
	No.	No.
Class G Incentive shares on issue (expiry date 31 May 2010)	3,000,000	3,000,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2009

NOTE 5: SEGMENT REPORTING

The Group's reporting segments are determined by the products and services provided.

Internal reporting to the Board focuses on the following reporting segments:

- FerriScan commercialisation of the FerriScan technology
- Research and development – relating to FerriScan and other technologies
- Corporate

	FerriScan	Research and Development	Corporate	Total
	\$	\$	\$	\$
31 December 2009				
Segment revenue	891,497	-	40,187	931,684
Segment profit / (loss)	160,691	(43,333)	(209,734)	(92,376)
Segment assets	782,605	404,850	2,443,521	3,630,976
Segment liabilities	264,896	98,380	47,817	411,093
<hr/>				
Included within segment result:				
Depreciation	13,820	-	-	13,820
Interest revenue	-	-	40,187	40,187
<hr/>				
31 December 2008				
Segment revenue	1,003,193	-	81,054	1,084,247
Segment profit / (loss)	468,682	(52,592)	(121,716)	294,374
Segment assets	648,615	56,063	2,656,345	3,361,023
Segment liabilities	246,036	67,397	67,920	381,353
<hr/>				
Included within segment result:				
Depreciation	12,605	-	-	12,605
Interest revenue	-	-	77,879	77,879
<hr/>				

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

	31 December 2009 No.	31 December 2008 No.
NOTE 6: OPTIONS		
<i>Movements in unlisted share options over ordinary shares</i>		
At 1 July 2009	-	300,000
Expiry of Director options on resignation	-	(300,000)
At 31 December 2009	-	-
<i>Movements in unquoted incentive share options</i>		
At 1 July 2009	-	6,666,667
Expiry of unquoted incentive share options	-	(6,666,667)
At 31 December 2009	-	-

NOTE 7: 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 attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
 - a. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 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 Stewart Washer
Chairman

Dated this 22nd day of February 2010



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 statement of financial position as at 31 December 2009, the condensed statement of comprehensive income, condensed statement of changes in equity, condensed statement of cash flows 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 2009 ("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 2009 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*.

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 2009 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
22 February 2010