



RESONANCE HEALTH LIMITED
(ABN 96 006 762 492)

APPENDIX 4E

PRELIMINARY FINAL REPORT

30 JUNE 2012

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 2012

Results for announcement to the market

	Change	2012	2011
Revenues from ordinary activities	Down 7%	\$1,788,619	\$1,933,311
Profit / (loss) from ordinary activities after tax attributable to members	Down 15%	(\$268,601)	(\$316,829)
Net profit / (loss) for the period attributable to members	Down 15%	(\$268,601)	(\$316,829)

No dividend has been declared.

Net tangible assets per security

	2012	2011
Net tangible assets	\$1,274,472	\$1,938,162
Shares Issued	360,991,365	360,991,365
Net tangible assets per share	0.35 cents	0.5 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

Principal Activities

Resonance Health Ltd is an Australian healthcare company specialising in the provision of medical image analysis services and the development of quantitative magnetic resonance imaging (MRI) diagnostic technology, with a sub-speciality in the liver.

Resonance Health's FerriScan[®] technology for accurately measuring liver iron concentration has regulatory approval in key markets and is used in 25 countries to assist in the management of patients with iron overload conditions. FerriScan[®] is provided to the market through the Company's central image analysis facility which also provides a range of 'Imaging CRO' (Contract Research Organisation) services in the pharmaceutical and biotechnology industries. All services are provided under the Company's ISO 13485:2003 certified quality management system.

The Company is also developing imaging tools for the quantification of liver fat and liver fibrosis using MRI technology. These activities are focused on developing pipeline products that address unmet needs in the significant markets of fatty liver disease and viral hepatitis where an invasive liver biopsy is considered the current gold standard.

Resonance Health provides services to pharmaceutical companies using imaging end points in clinical trials and to the broader international clinical community who use the Company's unique technology and services to assist in the management of patients.

Review of Operations and Financial Summary

Revenue for the year ended 30 June 2012 was \$1,562,242 representing a decrease of 11% from the previous year's result of \$1,745,864. Revenue was negatively impacted by the strengthening of the Australian dollar with approximately 80% of the Company's revenue received in US dollars. Revenue associated with the clinical use of FerriScan[®] continues to increase and now represents over 40% of sales revenue, reducing the Company's reliance on sales contracts with pharmaceutical companies.

Receipts from customers were \$1,980,041 up 11% from the previous year's result.

Total sales volumes for FerriScan and Cardiac T2* image analysis increased by 14% over the previous year. Volumes in the UK and USA grew by 36% and 28% respectively and in Canada by 6%. The Company's Cardiac T2* test to assess iron overload in the heart was launched in the US following marketing clearance from the US Food and Drug Administration (FDA). Growth in volumes and revenues were also attributable to contracts signed with fifteen new customers during the year.

A net loss was recorded for the year of \$268,601 compared to a net loss of \$316,829 in the previous financial year. Overall expenditure decreased 9% to \$2,224,515 from \$2,436,740 in the previous year.

Resonance Health has cash at bank of \$1,180,172 at the end of the financial year, compared to \$1,503,479 in the previous financial year and has no debt. Net cash provided by operating activities was \$83,211.

Research and development expenditure during the year totalled \$508,649. This comprised capitalised development costs of \$334,144 that are recognised as an intangible asset on the Statement of Financial Position and expenditure of \$80,408 recognised in Research and Development in the Statement of Comprehensive Income and \$94,097 recognised in Employee Benefits.

Research and development expenditure was primarily associated with the development of an MRI-based liver fibrosis test and an MRI-based liver fat test. The Company's HepaFat-Scan[™] software product to measure liver fat has been submitted to the FDA for marketing clearance. This follows the successful completion of a clinical study to assess the performance of HepaFat-Scan[™] compared to the results obtained from a liver biopsy and the development of a software tool to perform the quantification of liver fat from magnetic resonance images. A patent has been submitted for the HepaFat-Scan[™] IP which has produced very positive results compared to other imaging techniques for assessing liver fat.

The development of a magnetic resonance imaging test to assess liver fibrosis is continuing and represents a significant commercial opportunity for the Company. Resonance Health has collaborated with Pfizer on a clinical trial to assess the Company's imaging technology for the staging of liver fibrosis. Patient recruitment has been completed for the study together with all MRI measurements. The project has experienced some delays in gaining the liver fibrosis measurements from liver biopsy. Once these have been received a determination of the success of the project can be made.

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012**

	Note	2012 \$	2011 \$
Sales revenue	2(a)	1,562,242	1,745,864
Other income	2(b)	226,377	187,447
Employee benefits expense		(1,444,930)	(1,329,333)
Consulting and professional services		(54,098)	(33,022)
Research and development		(80,408)	(140,632)
Depreciation expense		(20,298)	(21,169)
Marketing and travel		(198,952)	(349,380)
Statutory and compliance		(138,859)	(133,900)
Foreign exchange gain/(loss)		57,042	(146,160)
Other expenses		(344,011)	(283,144)
(Loss) before income tax benefit		(435,895)	(503,429)
Income tax benefit	3	167,294	186,600
(Loss) for the year attributable to owners of the parent		(268,601)	(316,829)
Other comprehensive income			
Exchange differences arising on translation of foreign operations		(91,544)	146,934
Exchange differences arising on translation of foreign loan		30,599	(153,048)
Income tax relating to other components of other comprehensive income		-	-
Other comprehensive income for the year, net of tax		(60,945)	(6,114)
Total comprehensive income for the year attributable to owners of the parent		(329,546)	(322,943)
Basic earnings / (loss) per share (cents per share)	5	(0.1)	(0.1)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012

	Note	2012 \$	2011 \$
Assets			
Current Assets			
Cash and cash equivalents	6	1,180,174	1,503,479
Trade and other receivables	7	756,834	877,619
Other assets	8	26,970	29,498
Total Current Assets		1,963,978	2,410,596
Non-Current Assets			
Property, plant and equipment	9	37,152	46,023
Intangible assets	10	1,291,544	957,400
Available for sale investments	11	3,004	3,004
Other non-current assets	12	58,391	58,120
Total Non-Current Assets		1,390,091	1,064,547
Total Assets		3,354,069	3,475,143
Liabilities			
Current Liabilities			
Trade and other payables	13	390,051	427,695
Other liabilities	14	329,514	151,886
Total Current Liabilities		719,565	579,581
Non-Current Liabilities			
Provisions	15	68,488	-
Total Non Current Liabilities		68,488	-
Total Liabilities		788,053	579,581
Net Assets		2,566,016	2,895,562
Equity			
Issued capital	16	67,534,039	67,534,039
Reserves		14,930	75,875
Retained losses		(64,982,953)	(64,714,352)
Total Equity		2,566,016	2,895,562

The accompanying notes form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2012**

	Issued Capital \$	Foreign Currency Translation Reserve \$	Option Reserve \$	Retained Losses \$	Total Equity \$
Balance at 1 July 2010	67,524,039	15,705	66,284	(64,397,523)	3,208,505
Loss for the year	-	-	-	(316,829)	(316,829)
Other comprehensive income	-	(6,114)	-	-	(6,114)
Total comprehensive income for the year	-	(6,114)	-	(316,829)	(322,943)
Share Issue	10,000	-	-	-	10,000
Balance at 30 June 2011	67,534,039	9,591	66,284	(64,714,352)	2,895,562
(Loss) for the year	-	-	-	(268,601)	(268,601)
Other comprehensive income	-	(60,945)	-	-	(60,945)
Total comprehensive income for the year	-	(60,945)	-	(268,601)	(329,546)
Share Issue	-	-	-	-	-
Balance at 30 June 2012	67,534,039	(51,354)	66,284	(64,982,953)	2,566,016

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 \$	2011 \$
		Inflows/(Outflows)	
Cash flows from operating activities			
Receipts from customers		1,980,041	1,795,564
Payments to suppliers and employees		(2,149,169)	(2,101,537)
Grants received		128,106	109,305
Interest received		124,233	80,120
Income Tax received		-	-
Net Cash Provided by/(used) in operating activities		83,211	(116,548)
Cash flows from investing activities			
Payments for property, plant and equipment		(11,427)	(4,805)
Payments for investments		-	-
Payments for intangibles		(414,073)	(472,880)
Net cash (used in) investing activities		(425,500)	(477,685)
Net (decrease) in cash held		(342,289)	(594,233)
Foreign exchange effect on cash balances		18,984	(36,172)
Cash and cash equivalents at 1 July 2011		1,503,479	2,133,884
Cash and cash equivalents at 30 June 2012	6	1,180,174	1,503,479

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 prepared in accordance with the accounting principles of a general purpose financial report.

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 2012 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 investments 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 2012.

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 2010.

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.

NOTES TO THE PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS

	2012 \$	2011 \$
NOTE 2: Revenues and Expenses		
(a) Sales revenue		
Sales to external customers	1,562,242	1,745,864
(b) Other income		
Grants received	128,106	109,305
Interest received	98,271	78,142
	226,377	187,447
(c) Expenses		
Rental expense on operating leases	94,571	60,494
NOTE 3: Income tax benefit	167,294	186,600

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 2012.

	Services	Research & Development	Corporate	Total
	\$	\$	\$	\$
Segment revenue	1,562,242	-	226,377	1,788,619
Segment profit/(loss)	(226,517)	85,074	(127,158)	(268,601)
Segment assets	756,834	1,291,544	1,305,691	3,354,069
Segment liabilities	616,759	-	171,294	788,052

The following table presents revenue and profit/(loss) information and certain asset and liability information regarding business segments for the year ended 30 June 2011.

	Services	Research & Development	Corporate	Total
	\$	\$	\$	\$
Segment revenue	1,855,169	-	78,142	1,933,311
Segment profit/(loss)	43,866	45,968	(406,663)	(316,829)
Segment assets	978,159	957,400	1,539,584	3,475,143
Segment liabilities	366,307	142,465	70,809	579,581

NOTES TO THE PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5: (Loss) per share		2012	2011
Basic and diluted earnings / (loss) per share (cents)		(0.1)	(0.1)
(a)	Loss used in the calculation of basic and dilutive earnings per share	(268,601)	(316,829)
		2012 Number	2011 Number
(b)	Weighted average number of ordinary shares for the purposes of basic earnings per share	360,991,365	360,769,062
		2012 \$	2011 \$
NOTE 6: Cash and cash equivalents			
Deposits at call		380,174	503,479
Term Deposits		800,000	1,000,000
		1,180,174	1,503,479
(i) Reconciliation of profit / (loss) for the year to net cash flows from operating activities			
(Loss) for the year		(268,601)	(316,829)
Non-cash flows in profit / (loss):			
Depreciation		20,298	21,169
Non cash share bonus		-	10,000
Accrued consulting fees		-	47,672
Disposal of property, plant and equipment		-	-
Impairment of available for sale investments		-	-
Impairment of trade receivables		-	-
Reclassification to investing activities:			
Research and development		-	140,632
Changes in net assets and liabilities:			
(Increase)/decrease in trade and other receivables		120,785	(87,672)
(Increase)/decrease in other assets		2,528	9,393
Increase/(decrease) in non-current assets		(271)	-
Increase/(decrease) in trade creditors and other payables		30,844	(66,574)
Increase/(decrease) in other liabilities		177,628	125,661
Net cash (used in)/provided by operating activities		83,211	(116,548)

NOTES TO THE PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS

	2012 \$	2011 \$
NOTE 7: Trade and other receivables		
Trade receivables	579,782	453,320
Allowance for impairment	-	(26,632)
	<u>579,782</u>	<u>428,688</u>
Other receivables	177,052	450,931
	<u>756,834</u>	<u>877,619</u>

NOTE 8: Other assets

Prepayments	26,970	29,498
	<u>26,970</u>	<u>24,498</u>

NOTE 9 Property, plant and equipment

Fixtures and equipment		
At cost	243,807	232,381
Less: Accumulated depreciation	(206,655)	(186,358)
	<u>37,152</u>	<u>46,023</u>

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	46,023	62,387
Additions	11,427	4,805
Disposals	-	-
Depreciation expense	(20,298)	(21,169)
Carrying amount at the end of the year	<u>37,152</u>	<u>46,023</u>

	2012	2011
	\$	\$
NOTE 10 Intangible assets		
Development expenditure	1,291,544	957,400
NOTE 11: Available for sale investments		
Carried at fair value		
Shares in listed corporations	14,337	14,337
Less: Impairment	(11,333)	(11,333)
	3,004	3,004
NOTE 12: Other Non-current assets		
Deposits paid	58,391	58,120
	58,391	58,120
NOTE 13: Trade and Other Payables		
Trade payables	209,497	140,680
Sundry creditors and accruals	180,554	287,105
	390,051	427,695
NOTE 14: Other liabilities		
Unearned income	329,514	151,886
NOTE 15: Other Non Current liabilities		
Long Service Leave Provision	68,488	-

NOTE 16: Issued Capital

a) Issued and paid up capital	360,991,365	\$ 67,534,039
Movements during the period		
Ordinary shares	360,991,365	\$ 67,534,039
Balance at the beginning of the year	360,991,365	\$ 67,534,039
Shares to Managing Director	-	-
Total	360,991,365	\$67,534,039

NOTES TO THE PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS

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|-------------------------------------|--|--------------------------|--|
| <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. |

Naomi Haydari
Company Secretary