



RESONANCE HEALTH LIMITED

(ABN 96 006 762 492)

APPENDIX 4E

PRELIMINARY FINAL REPORT

30 JUNE 2013

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 2013

Results for announcement to the market

	Change	2013	2012
Revenues from ordinary activities	Down 4%	\$1,709,229	\$1,788,619
Profit / (loss) from ordinary activities after tax attributable to members	Up 36%	(\$172,666)	(\$268,601)
Net profit / (loss) for the period attributable to members	Up 36%	(\$172,666)	(\$268,601)

No dividend has been declared.

Net tangible assets per security

	2013	2012
Net tangible assets	\$810,572	\$1,274,472
Shares Issued	360,991,365	360,991,365
Net tangible assets per share	0.22 cents	0.35 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 development of quantitative magnetic resonance imaging (MRI) diagnostic technology, with a sub-speciality in the liver, and the provision of image analysis laboratory services.

Review of Operations and Financial Summary

The Company's main product is FerriScan[®] which provides an accurate measurement of liver iron concentration. FerriScan[®] has gained regulatory clearance and approvals in key markets including the USA, Europe, Canada and Australia. FerriScan gained an additional FDA clearance in January 2013 as a *Liver Iron Concentration imaging companion diagnostic for Deferasirox* intended to aid in the identification and monitoring of non-transfusion dependant thalassemia patients receiving therapy with deferasirox.

FerriScan[®] is provided to the medical community as an image analysis service through the Company's central image analysis facility in Perth. Patient image data is sent to Resonance Health via a secure web portal from radiology facilities in more than 20 countries and a liver iron concentration report is returned to our customers within two days. Resonance Health also provides a range of core lab services to the pharmaceutical industry to support their use of the Company's technology in clinical trials.

Resonance Health 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 currently considered the gold standard.

During the year sales volumes increased 11% over the previous financial year. Growth rates of over 30% were achieved in both the UK and USA markets where the company achieved further success in gaining reimbursement for FerriScan and expanding the customer base. Sales volumes increased by 45% in the Germany market over the period, from a lower base. Collaborative programs with pharmaceutical companies have also expanded availability of the FerriScan services to new regional markets.

Sales revenue for the year ended 30 June 2013 was \$1,527,270 representing a decrease of 2% from the previous year's result of \$1,562,242. Revenue continued to be negatively impacted by the strong Australian dollar with approximately 80% of the Company's revenue received in US dollars. Revenue associated with the routine clinical use of FerriScan[®] to manage patients with iron overload continues to increase. Revenue associated with clinical trials reduced year on year as some contracts for services came to a conclusion.

Receipts from customers were \$1,860,846 up 34% from the previous year's result.

A net loss was recorded for the year of \$172,666 compared to a net loss of \$268,601 in the previous financial year. Overall expenditure decreased 7% to \$2,070,540 from \$2,224,514 in the previous year.

Resonance Health has cash at bank of \$1,092,943 at the end of the financial year, compared to \$1,180,174 in the previous financial year and has no debt. Net cash provided by operating activities was \$137,028.

Research and development expenditure during the year totalled \$343,047. This comprised capitalised development costs of \$205,337 that are recognised as an intangible asset on the Statement of Financial Position and expenditure of \$34,677 amortisation expense, \$56,212 recognised in Research and Development in the Statement of Comprehensive Income and \$46,821 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 (HepaFat-Scan[®]). The HepaFat-Scan[®] product was submitted to the FDA for marketing clearance in 2012 and the Company is currently compiling its response to some additional information requirements of the FDA due by November 2013.

The development of an MRI test to assess liver fibrosis continues to be a priority for the Company due to the significant commercial opportunity it presents. During the year the Company concluded a study in collaboration with Pfizer and the Austin Hospital to further develop its liver fibrosis test in a cohort of 28 subjects with liver disease due to chronic hepatitis C infection. The results were promising but require a better degree of accuracy and sensitivity to take to market. The Company is now conducting further analysis of the data collected in this study to improve the product's ability to detect liver fibrosis. This work is currently in progress.

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2013**

	Note	2013 \$	2012 \$
Sales revenue	2(a)	1,527,270	1,562,242
Other income	2(b)	181,959	226,377
Employee benefits expense		(1,376,376)	(1,444,930)
Consulting and professional services		(61,068)	(54,098)
Research and development		(56,212)	(80,408)
Depreciation expense		(18,475)	(20,298)
Amortisation expense		(34,677)	-
Marketing and travel		(218,641)	(198,952)
Statutory and compliance		(146,186)	(138,859)
Foreign exchange gain		156,584	57,042
Other expenses		(315,489)	(344,011)
Loss before income tax benefit		(361,311)	(435,895)
Income tax benefit	3	188,645	167,294
Loss for the year attributable to owners of the parent		(172,666)	(268,601)
Other comprehensive income			
Exchange differences arising on translation of foreign operations		(59,079)	(91,544)
Exchange differences arising on translation of foreign loan		(61,496)	30,599
Income tax relating to other components of other comprehensive income		-	-
Other comprehensive income for the year, net of tax		(120,575)	(60,945)
Total comprehensive income for the year attributable to owners of the parent		(293,241)	(329,546)
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 2013

	Note	2013 \$	2012 \$
Assets			
Current Assets			
Cash and cash equivalents	6	1,092,943	1,180,174
Trade and other receivables	7	388,712	756,834
Other assets	8	24,524	26,970
Total Current Assets		1,506,179	1,963,978
Non-Current Assets			
Property, plant and equipment	9	44,302	37,152
Intangible assets	10	1,462,204	1,291,544
Available for sale investments	11	3,004	3,004
Other non-current assets	12	59,099	58,391
Total Non-Current Assets		1,568,609	1,390,091
Total Assets		3,074,788	3,354,069
Liabilities			
Current Liabilities			
Trade and other payables	13	407,985	390,051
Other liabilities	14	313,805	329,514
Total Current Liabilities		721,790	719,565
Non-Current Liabilities			
Provisions	15	80,222	68,488
Total Non Current Liabilities		80,222	68,488
Total Liabilities		802,012	788,053
Net Assets		2,272,776	2,566,016
Equity			
Issued capital	16	67,534,039	67,534,039
Reserves		(105,644)	14,930
Retained losses		(65,155,619)	(64,982,953)
Total Equity		2,272,776	2,566,016

The accompanying notes form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013**

	Issued Capital \$	Foreign Currency Translation Reserve \$	Option Reserve \$	Retained Losses \$	Total Equity \$
Balance at 1 July 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
Loss for the year	-	-	-	(172,666)	(172,666)
Other comprehensive income	-	(120,574)	-	-	(120,574)
Total comprehensive income for the year	-	(120,574)	-	(172,666)	(293,240)
Share Issue	-	-	-	-	-
Balance at 30 June 2013	67,534,039	(171,928)	66,284	(65,155,619)	2,272,776

The accompanying notes form part of these financial statements.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2013**

	Note	2013 \$	2012 \$
		Inflows/(Outflows)	
Cash flows from operating activities			
Receipts from customers		1,860,846	1,393,151
Payments to suppliers and employees		(2,096,671)	(1,727,373)
Grants received		146,051	128,106
Interest received		38,157	124,233
Income Tax received		188,645	165,094
		<hr/>	<hr/>
Net cash provided by in operating activities		137,028	83,211
		<hr/>	<hr/>
Cash flows from investing activities			
Payments for property, plant and equipment		(25,625)	(11,427)
Payments for intangibles		(205,337)	(414,073)
		<hr/>	<hr/>
Net cash used in investing activities		(230,962)	(425,500)
		<hr/>	<hr/>
Net decrease in cash held		(93,934)	(342,289)
Foreign exchange effect on cash balances		6,703	18,984
Cash and cash equivalents at 1 July 2012		1,180,174	1,503,479
Cash and cash equivalents at 30 June 2013	6	1,092,943	1,180,174
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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 2013 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 2013.

Adoption of new and revised Accounting Standards

Standards and Interpretations applicable to 30 June 2013

The Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current reporting period.

It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to the Group's accounting policies.

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all new standards and interpretations that have been issued but are not yet effective for the year ended 30 June 2013. As a result of this review the Directors have determined that there is no material impact, of new and revised standards and interpretations on the company, and therefore, no change is necessary to Group accounting policies.

NOTES TO THE PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS

	2013 \$	2012 \$
NOTE 2: Revenues and Expenses		
(a) Sales revenue		
Sales to external customers	1,527,270	1,562,242
	<hr/>	<hr/>
(b) Other income		
Grants received	146,051	128,106
Interest received	35,908	98,271
	<hr/>	<hr/>
	181,959	226,377
	<hr/>	<hr/>
(c) Expenses		
Rental expense on operating leases	98,074	94,571
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NOTE 3: Income tax benefit	188,645	167,294
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NOTES TO THE PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4: Segment information

Business Segments

The chief operating decision maker is considered to be the Company's Board of Directors. The Group's operating segments are determined by differences in the type of activities performed. The financial results of the Group's operating segments are reviewed by the Board of Directors on a quarterly basis.

The following table presents revenue and profit/(loss) information and certain asset and liability information regarding business segments for the year ended 30 June 2013.

	Services	Research & Development	Corporate	Total
	\$	\$	\$	\$
Segment revenue	1,673,321	-	35,908	1,709,229
Segment profit/(loss)	70,723	56,601	(299,990)	(172,666)
Segment assets	388,712	1,462,204	1,223,872	3,074,788
Segment liabilities	607,681	-	194,331	802,012

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	788,053

NOTES TO THE PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5: (Loss) per share

	2013	2012
Basic loss per share (cents)	(0.1)	(0.1)
(a) Loss used in the calculation of basic earnings per share	(172,666)	(268,601)

	2013 Number	2012 Number
(b) Weighted average number of ordinary shares for the purposes of basic earnings per share	360,991,365	360,991,365

	2013 \$	2012 \$
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NOTE 6: Cash and cash equivalents

Deposits at call	492,943	380,174
Term Deposits	600,000	800,000
	1,092,943	1,180,174

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

Loss for the year	(172,668)	(268,601)
Non-cash flows in loss:		
Depreciation	18,475	20,298
Amortisation of intangible assets	34,677	-
Changes in net assets and liabilities:		
(Increase)/decrease in trade and other receivables	240,846	120,785
(Increase)/decrease in other assets	2,446	2,528
Increase/(decrease) in other non-current assets	(708)	(271)
Increase/(decrease) in trade and other payables	29,669	30,844
Increase/(decrease) in other liabilities	(15,709)	177,628
Net cash provided by operating activities	137,028	83,211

NOTES TO THE PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS

	2013 \$	2012 \$
NOTE 7: Trade and other receivables		
Trade receivables	342,285	537,179
Other receivables	46,427	219,655
	388,712	756,834
	388,712	756,834

NOTE 8: Other assets

Prepayments	24,524	26,970
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NOTE 9 Property, plant and equipment

Fixtures and equipment		
At cost	269,432	243,807
Less: Accumulated depreciation	(225,130)	(206,655)
	44,302	37,152
	44,302	37,152

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	37,152	46,023
Additions	25,625	11,427
Disposals	-	-
Depreciation expense	(18,475)	(20,298)
Carrying amount at the end of the year	44,302	37,152
	44,302	37,152

NOTES TO THE PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS

2013
\$

2012
\$

NOTE 10: Intangible assets

Development expenditure	1,462,204	1,291,544
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Reconciliation

Reconciliation of the carrying amount of each class of Intangible assets is set out below:

Intangible assets

Balance at the beginning of the year	1,291,544	957,400
Additions	205,337	334,144
Amortisation expense	(34,677)	-
Carrying amount at the end of the year	1,462,204	1,291,544

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	59,099	58,391
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NOTE 13: Trade and Other Payables

Trade payables	256,494	209,497
Sundry creditors and accruals	151,491	180,554
	407,985	390,051

NOTE 14: Other liabilities

Unearned income	313,805	329,514
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NOTE 15: Other Non Current liabilities

Long Service Leave Provision	80,222	68,488
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NOTES TO THE PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16: Issued Capital

	Number	Value
a) Issued and paid up capital	360,991,365	\$ 67,534,039
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Movements in ordinary shares during the year		
Balance at the beginning of the year	360,991,365	\$ 67,534,039
Movement	-	-
Balance at the end of the year	360,991,365	\$67,534,039
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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