

RESONANCE HEALTH LIMITED

ABN 96 006 762 492

Appendix 4D

Half year report for the half year ended 31 December 2014

(previous corresponding period to 31 December 2013)

Results for announcement to the market

	Change	31 Dec 2014 \$'000	31 Dec 2013 \$'000
Revenues from ordinary activities	Up 21%	1,288	1,061
Profit from ordinary activities after tax attributable to members	Up 403%	448	(148)
Profit for the period attributable to members	Up 403%	448	(148)
		31 Dec 2014	31 Dec 2013
Net tangible assets per security (cents)		0.70	0.16

Comments

The Company is pleased to report

- Sales revenue increased by 6% compared to the corresponding half-year
- Scan volume increased by 6% compared to the corresponding half-year
- Sixteen new FerriScan[®] sites were setup in the July-December 2014 period

The volume of image analysis services provided by the Company in the 6 month period was 6.4% higher than in the previous corresponding half-year.

FerriScan[®] is currently established in over 250 hospital/MRI centres in over 30 countries.

HepaFat-Scan[®] Commercialisation

HepaFat-Scan[®] is being trialled by several key opinion leaders internationally. Trialling is primarily being undertaken in the USA, Europe and Australia/NZ with anticipated trialling in China to commence within the year. Trialling by key opinion leaders is an essential first step towards gaining clinical acceptance of a new diagnostic.

Resonance Health was invited to join the internationally based Liver Forum. The purpose of the forum is to provide an arena for clinicians, pharmaceutical companies and the FDA to hold open discussions on clinical trials and drug development. By participating in the Liver Forum, Resonance Health is able to create further awareness of HepaFat-Scan[®] amongst the participating members. Invitation and involvement in the Liver

Forum is an indication of the respected reputation of Resonance Health as a medical device company within the field of liver diseases.

Resonance Health is in the final stages of contract agreement with a well-known hospital in the USA to conduct a clinical study using HepaFat-Scan[®]. Key aspects of the study will include:

- Paediatric patients with non-alcoholic fatty liver disease (NAFLD)
- A validation study of HepaFat-Scan[®] by comparing HepaFat-Scan[®] measurements of liver fat against those obtained from biopsy samples. Early indication of results will be due Q1 2016.

The results of the study will help clinicians develop protocols for the routine clinical use of HepaFat-Scan[®] in managing paediatric patients with NAFLD. NAFLD is the leading cause of liver disease for both adults and children in the US and is an obesity-related liver disease closely associated with the metabolic syndrome.

The clinical usefulness of HepaFat-Scan[®] in liver cancer surgery will also be investigated in a trial commencing in March 2015. The Australian based, multi-centre, randomised clinical study will involve comparing the clinical outcomes of patients with colorectal metastases who receive a HepaFat-Scan[®] test before surgery with those who do not receive a HepaFat-Scan[®] test result. The clinical outcomes for the two groups of patients will be followed for a period of 6 months after the surgery. The trial design hypothesises that knowledge about the fat content in the liver will help liver surgeons optimise their surgical plan resulting in better clinical outcomes for the patient. It is envisaged that the patient recruitment phase will take up to 12 months with results expected a further 6 – 12 months thereafter. A Safety Committee will be established to monitor the patient outcomes for any early benefit in the HepaFat-Scan[®] test to assess whether the trial should be terminated early so that all patients can receive HepaFat-Scan[®] tests.

The company is concurrently marketing HepaFat-Scan[®] by utilising its network of existing hospitals and clinicians. A more widespread marketing campaign will be launched based on the clinical applications developed during the key opinion leader trialling and clinical study phases.

During Q4 2014, Resonance Health was awarded the Western Australian Innovator of the Year Overall Winner. Monies received from this award will go towards funding the above study of the use of HepaFat-Scan[®] in liver cancer surgery.

Non-invasive Liver Fibrosis Measurement Technology Research

Resonance Health continues its research into the non-invasive detection and measurement of liver fibrosis. Currently the most widely used method for measuring liver fibrosis is through examination of a liver biopsy. Measurement of liver fibrosis is important in diseases such as hepatitis C and NAFLD. The company is currently using state-of-the-art computer-learning algorithms on clinical magnetic resonance image data that were obtained in the company's PUMA study carried out at the Austin Hospital, Melbourne to develop its new technology. Results from this additional body of work are contemplated by the end of May. Resonance Health is also initiating collaboration with another scientific research organisation to explore other opportunities to expand the liver fibrosis research using other novel technologies. Furthermore, new data using Resonance's prototype technology are being acquired from the US HepaFat-Scan[®] study on paediatric NAFLD, described above. The data are being used to test the ability of Resonance Health's prototype technology to detect very early stages of liver fibrosis in children.

Management Restructure

At the end of January, Liza Dunne resigned as Managing Director. The company had already undertaken a review of staff positions in the two months prior to Liza's resignation to accommodate her Long Service Leave. The reassignment of roles and hiring of new staff has enabled the company to progress its strategy without delay or impediment. The Board and staff of Resonance Health would again like to wish Liza well in her new endeavours. Dr Blake is currently working as an acting executive chairman whilst the company seeks to appoint a new Managing Director.

Resonance Health Limited

(ABN 96 006 762 492)

Half-Year Financial Report

31 December 2014

Corporate Directory

Directors

Dr Martin Blake
Chairman/Non-executive Director

Mr Simon Panton
Non-executive Director

Dr Jason Loveridge
Non-executive Director

Company secretary

Mr Adrian Bowers

Website and e-mail address

www.resonancehealth.com
Email: info@resonancehealth.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

278 Stirling Highway
Claremont WA 6010
Telephone: 61 8 9286 5300
Facsimile: 61 8 9286 1179

Bankers

National Australia Bank Limited

Solicitors

Steinepreis Paganin
Level 4
16 Milligan 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	14
Independent Auditor's Review Report	15

DIRECTORS' REPORT

The directors submit the financial report of the Group for the half-year ended 31 December 2014. 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 half-year and until the date of this report are noted below. Directors were in office for this entire period unless otherwise stated.

Dr Martin Blake	Non-executive Director – Chairman (currently acting Executive Chairman)
Ms Liza Dunne	Executive Managing Director (resigned 30 th January 2015)
Mr Simon Panton	Non-executive Director
Dr Tim St Pierre	Executive Director (resigned 29 October 2014)
Dr Jason Loveridge	Non-executive Director

Review of Operations

Resonance Health is a medical device company developing innovative imaging technology for the assessment of human disease. The Company's expertise is in providing quantitative measurements using MRI technology replacing the need for invasive procedures such as a biopsy.

Resonance Health's lead product on market generating revenue is FerriScan[®], for the measurement of iron overload. FerriScan is provided to the market as an image analysis service where radiology facilities in over 30 countries upload data to a secure web facility for analysis and reporting by Resonance Health.

Resonance Health gained FDA clearance for its new product HepaFat-Scan[®] in December 2013, for the measurement of fatty liver to address the sizable fatty liver disease market. Resonance Health is embarking on commercialisation of the product.

Research and development work continues on developing an MRI based test to quantify liver fibrosis.

The principal activity of Resonance Health during the period was the delivery of FerriScan[®] image analysis services for the clinical management of patients with iron overload conditions. This also includes cardiac iron overload assessments in some countries. Our central image analysis facility provides a range of services to the pharmaceutical industry requiring imaging core lab services for their clinical trials.

Financial and Operational Summary:

- Net profit reported for the half-year was \$448,031 compared to a loss of \$147,747 in the previous corresponding half-year. This was due to an increase in sales revenue to \$1,112,429 from \$1,048,869 in the previous corresponding half-year; receipt of government grants of \$135,000 compared to nil in the previous corresponding half year; foreign exchange gain of \$155,599 compared to a \$3,745 loss the previous corresponding half year; income tax benefit of \$144,316, a result of becoming a tax consolidated group thereby eliminating the operating subsidiary company's tax liability; other expenses remain stable compared to the corresponding half year.
- Research and Development expenditure for the half-year was \$122,621, of which \$78,084 was capitalised, \$28,308 was R&D expenses and \$18,229 was R&D Employee expense. Research and development expenditure was primarily associated with the development of a liver fibrosis imaging test and a liver fat imaging testing.
- Intangible assets, representing capitalised development expenditure, totalled \$1,580,534 at the end of the half-year, compared to \$1,563,284 at the end of the 30 June 2014 financial year.
- Resonance Health has no debt and \$2,584,226 in cash and equivalents at the end of the half-year, compared to \$2,097,607 at 30 June 2014. The increase in cash balance was due to a capital raise of \$650,000 on 14 September 2014 by issuing 13million shares at \$0.05 cent each.
- The reported cash used in operating activities was lower than in the previous year, partly due to the fact that sales increased and expenses reduced, the material improvement being the Company received an Export Marketing Development Grant of \$60,000 and WA Innovator of the Year grant of \$75,000.

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 2014.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the Corporations Act 2001.

A handwritten signature in cursive script that reads "M. P. Blake".

Dr Martin Blake
Chairman

Dated this 25th day of February 2015.



Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Resonance Health Limited for the half-year ended 31 December 2014, 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.

Perth, Western Australia
25 February 2015

A handwritten signature in black ink, appearing to read 'L DiGiallonardo'.

L DiGiallonardo
Partner

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

		Consolidated	
	Notes	31 December 2014 \$	31 December 2013 \$
Sales revenue	2	1,112,429	1,048,869
Other income	2	175,159	12,213
Revenue		1,287,588	1,061,082
Employee benefits expense		(631,665)	(721,294)
Consulting and professional services		(27,300)	(41,380)
Research and development		(28,308)	(45,205)
Depreciation expense		(7,325)	(10,285)
Amortisation expense		(58,834)	(37,012)
Marketing and travel		(138,863)	(96,726)
Statutory and compliance		(59,194)	(75,059)
Foreign exchange gain/(loss)		155,599	(3,745)
Due diligence expense		(15,264)	-
Other expenses		(172,719)	(178,123)
Profit/(loss) before income tax		303,715	(147,747)
Income tax benefit	3	144,316	-
Net profit/(loss) for the half-year		448,031	(147,747)
Other comprehensive income			
<i>Items that may be reclassified to profit and loss</i>			
Exchange differences arising on translation of foreign operations		(66,916)	24,687
Exchange differences arising on translation of foreign loan		(37,314)	(24,109)
Other comprehensive income for the half-year, net of tax		(99,230)	578
Total comprehensive income/(loss) for the half-year		348,801	(147,169)
Basic earnings/(loss) per share from continuing operations (cents per share)		0.12	(0.04)

The accompanying notes form part of these financial statements

**CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014**

		Consolidated	
	Notes	31 December 2014 \$	30 June 2014 \$
Assets			
Current Assets			
Cash and cash equivalents		2,584,226	2,097,607
Trade and other receivables		693,278	499,399
Other assets		76,420	24,602
Total Current Assets		3,353,924	2,621,608
Non-Current Assets			
Plant and equipment		26,182	29,448
Intangible assets	4	1,580,534	1,563,284
Other financial assets		-	3,004
Other assets		60,662	59,099
Total Non-Current Assets		1,667,378	1,654,835
Total Assets		5,021,302	4,276,443
Liabilities			
Current Liabilities			
Trade and other payables		332,026	460,429
Current tax liability	3	-	144,316
Provisions		30,728	48,610
Other liabilities		235,796	244,480
Total Current Liabilities		598,550	897,835
Non-Current Liabilities			
Provisions		44,667	40,013
Total Non-Current Liabilities		44,667	40,013
Total Liabilities		643,217	937,848
Net Assets		4,378,085	3,338,595
Equity			
Issued capital	5	69,394,199	68,703,510
Reserves		(204,296)	(105,066)
Accumulated losses		(64,811,818)	(65,259,849)
Total Equity		4,378,085	3,338,595

The accompanying notes form part of these financial statements

**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

	Consolidated				
	Issued Capital	Foreign Currency Translation Reserve	Option Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$	\$
Balance at 1 July 2013	67,534,039	(171,928)	66,284	(65,187,434)	2,240,961
Net loss for the half-year	-	-	-	(147,747)	(147,747)
Other comprehensive income for the half-year, net of tax	-	578	-	-	578
Total comprehensive loss for the half-year	-	578	-	(147,747)	(147,169)
Balance at 31 December 2013	67,534,039	(171,350)	66,284	(65,335,181)	2,093,792
Balance at 1 July 2014	68,703,510	(171,350)	66,284	(65,259,849)	3,338,595
Net profit for the half-year	-	-	-	448,031	448,031
Other comprehensive gain for the half-year, net of tax	-	(99,230)	-	-	(99,230)
Total comprehensive loss for the half-year	-	(99,230)	-	448,031	348,801
Shares issued during the period	690,689	-	-	-	690,689
Balance at 31 December 2014	69,394,199	(270,580)	66,284	(64,811,818)	4,378,085

The accompanying notes form part of these financial statements

**CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

	Consolidated	
	31 December 2014	31 December 2013
	\$	\$
	Inflows/(Outflows)	
Cash flows from operating activities		
Receipts from customers	931,196	907,879
Payments to suppliers and employees	(1,195,490)	(1,194,306)
Grants and awards received	135,000	-
Interest received	37,672	11,927
Net cash used in operating activities	(91,622)	(274,500)
Cash flows from investing activities		
Payments for plant and equipment	(4,059)	(299)
Payments for intangible assets	(76,084)	(84,972)
Net cash used in investing activities	(80,143)	(85,271)
Cash flows from financing activities		
Share issue	650,000	-
Share issue costs	(18,687)	-
Net cash provided by financing activities	631,313	-
Net decrease in cash and cash equivalents	459,548	(359,771)
Foreign exchange differences on cash balances	27,071	11,462
Cash and cash equivalents at beginning of half-year	2,097,607	1,092,943
Cash and cash equivalents at end of half-year	2,584,226	744,634

The accompanying notes form part of these financial statements

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These 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 half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2014 and any public announcements made by Resonance Health Limited and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

Basis of Preparation

The half-year financial report has been prepared on a historical cost basis. 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.

Accounting policies and methods of computation

The accounting policies adopted and methods of computation are consistent with those of the previous financial year and corresponding half-year reporting period. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current half-year.

Furthermore, the Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2014. 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 the Group and, therefore, no change is necessary to Group accounting policies.

Significant accounting judgments and key estimates

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

In preparing this half-year report the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation of uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2014.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

NOTE 2: REVENUE AND EXPENSES

Consolidated	
Six months to 31 December 2014 \$	Six months to 31 December 2013 \$

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

(a) Sales revenue

Sales to external customers	1,112,429	1,048,869
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(b) Other income

Interest received	34,328	12,213
Grants and awards received	135,000	-
Other revenue	5,831	-
	<u>175,159</u>	<u>12,213</u>

NOTE 3: INCOME TAX BENEFIT

During the half-year, the Company and its 100% owned Australian resident subsidiaries resolved to form a tax consolidated group. As a result, the provision for income tax recorded at 30 June 2014 has been reversed.

NOTE 4: INTANGIBLE ASSETS

Consolidated	
Six months to 31 December 2014 \$	Year ended 30 June 2014 \$

Development expenditure		
At cost	1,763,370	1,687,285
Less: Accumulated amortisation	(182,836)	(124,002)
Total development expenditure	<u>1,580,534</u>	<u>1,563,284</u>

Reconciliation of the carrying amounts of development expenditure is set out below:

Carrying amount at the beginning of the period	1,563,284	1,462,204
Additions	76,084	190,404
Amortisation expense	(58,834)	(89,326)
Carrying amount at the end of the period	<u>1,580,534</u>	<u>1,563,284</u>

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

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

NOTE 4: INTANGIBLE ASSETS (continued)

During the half-year development continued to relate primarily to improvements to the FerriScan software technology, HepaFat tools and the development of liver fibrosis MRI diagnostic tool.

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 Directors do not consider that there has been any indication that the asset may be impaired as at balance date.

NOTE 5: ISSUED CAPITAL

	Consolidated	
	31 December 2014 \$	30 June 2014 \$
<i>Ordinary shares</i>		
Issued and fully paid	69,394,199	68,703,510

Movement in ordinary shares

	Six months to 31 December 2014		Year to June 2014	
	Number of shares	\$	Number of shares	\$
Balance at beginning of period	386,541,784	68,703,510	360,991,335	67,534,039
Placement 15 September 2014 at \$0.05 each	13,000,000	650,000	-	-
Equity raising fee settled by shares 30 September 2014 at \$0.05 each	1,660,783	83,039	-	-
Placement 17 April 2014 at \$0.05 each	-	-	10,000,000	500,000
Rights issue 17 June 2014 at \$0.05 each	-	-	15,550,419	777,521
Share capital issue costs	-	(42,350)	-	(108,050)
	<u>401,202,567</u>	<u>69,394,199</u>	<u>386,541,784</u>	<u>68,703,510</u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 6: SEGMENT REPORTING

The table below represents the revenue and profit/(loss) information regarding the segment information provided to the Chief Operating Decision Maker, which is the Board of Directors, for the half-years ended 31 December 2014 and 31 December 2013.

Business segments

The following tables present revenue and profit/(loss) information and certain asset and liability information regarding business segments for the half-years ended 31 December 2014 and 31 December 2013.

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

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

- Services – commercialisation of FerriScan technology
- Research and development – relating to MRI scanning and other technologies
- Corporate

	Services	Research and Development	Corporate	Total
	\$	\$	\$	\$
31 December 2014				
Sales revenue to external customers	1,112,429	-	-	1,112,429
Grants received	135,000	-	-	135,000
Other	-	-	5,831	5,831
Interest received	-	-	34,328	34,328
Segment revenue	<u>1,247,429</u>	<u>-</u>	<u>40,159</u>	<u>1,287,588</u>
Segment profit/(loss)	<u>417,172</u>	<u>(46,538)</u>	<u>(66,919)</u>	<u>303,715</u>
31 December 2013				
Sales revenue to external customers	1,048,869	-	-	1,048,869
Interest received	-	-	12,213	12,213
Segment revenue	<u>1,048,869</u>	<u>-</u>	<u>12,213</u>	<u>1,061,082</u>
Segment profit/(loss)	<u>136,354</u>	<u>(56,023)</u>	<u>(228,078)</u>	<u>(147,747)</u>

There are no changes in regards to the basis of reporting on segmentation or to the basis of reporting on segment profit/(loss) from the position at 30 June 2014.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

NOTE 7: CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

NOTE 8: EVENTS SUBSEQUENT TO REPORTING DATE

No matters or circumstances have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the Group, 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 Group's financial position as at 31 December 2014 and of its performance for the half-year then ended.
2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.



Dr Martin Blake
Chairman

Dated this 25th day of February 2015



Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Resonance Health Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Resonance Health Limited ("the company") which comprises the condensed statement of financial position as at 31 December 2014, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half year financial report that is free from material misstatement, whether due to fraud or error.

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 a Financial Report 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 half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2014 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 the company, 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*.



Accountants | Business and Financial Advisers

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Resonance Health Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the Group's financial position as at 31 December 2014 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

**HLB Mann Judd
Chartered Accountants**

A handwritten signature in black ink, appearing to read 'L DiGiallonardo'.

**L DiGiallonardo
Partner**

**Perth, Western Australia
25 February 2015**