RESONANCE HEALTH LIMITED

ABN 96 006 762 492

Appendix 4D

Half year report
for the half year ended 31 December 2017

(previous corresponding period to 31 December 2016)

Results for announcement to the market

	Change	31 Dec 2017 $'000	31 Dec 2016 $'000
Revenues from ordinary activities	Up 3%	1,314	1,273
Profit/(loss) from ordinary activities after tax attributable to members	Up 237%	118	35
Profit/(loss) for the period attributable to members	Up 237%	118	35
		31 Dec 2017	**31 Dec 2016**
Net tangible assets per security (cents)		0.40	0.53

Comments

The Company is pleased to report:

- The Company has appointed Alison Laws to the position of Chief Executive Officer
- Commercial job analysis increased by 11% compared to the corresponding previous half-year
- Fourteen new FerriScan® sites were established in the July-December 2017 period
- Together with the clinical community, Resonance Health celebrated the delivery of 40,000 patient FerriScans worldwide to date
- Marketing efforts involved profiling our products at 6 high-profile global conferences, with attendance focused around the planned rollout of our AI solutions
- There was increased and unexpected demand for the Company's Cardiac T1 Phantoms, with additional production runs scheduled and orders being filled
- Reimbursement was recognised across all Canadian Ministries of Health
- The Company completed validation of its liver iron concentration (LIC) Artificial Intelligence (AI) solution
- Finalised the Resonance Health web portal needed to deliver internal and external AI solutions to mass market
- Resonance Health has activated over 400 sites in its 10 year history. These sites have used Resonance services for commercial, research, and / or pharmaceutical trial purposes.
- The Company has now finalised its organisational restructure and shifted away from the research and development (R&D) focus of the last several years to a commercialisation phase

FerriScan®

FerriScan is currently operating in over 240 hospitals and is globally recognised as the gold standard method for the measurement of liver iron concentration (LIC), with over 40,000 FerriScans having been delivered to patients worldwide to date. As a result of ongoing efforts to increase uptake of the FerriScan service, key markets across the US, Canada, UK, and Australia witnessed significant commercial growth in routine clinical use. Our collaborative programs with patient advocacy organisations continued to strengthen, with the Thalassaemia International Federation (TIF) issuing a global alert on the use of unregulated T2* techniques inferior to FerriScan for assessing iron overload. TIF is considered to be influential in supporting the shift of current practices to our standardised AI services to emerging growth markets.

Key negotiations with several global pharmaceutical companies were also undertaken during this period, with 2 new FerriScan clinical trials having now been signed. These studies will focus on evaluating the efficacy and safety of a potential new therapy to address patients with transfusion-dependent beta-thalassemia, and investigating the efficacy and safety of a new treatment for patients requiring regular blood transfusions.

From an R&D perspective the Company continues to improve on its gold standard FerriScan service, with a trial commenced to shorten the acquisition time of the FerriScan protocol. A shorter scan time would result in higher throughput for radiologists and would strengthen both the FerriScan and FerriSmart AI services. Planning was also completed to trial the adaptation of the FerriScan and FerriSmart AI services to 3 Tesla (3T) scanners. Successful adaptation towards the 3T technology will result in increased compatibility and usability within current MRI practices, resulting in better uptake of the Company's product offerings.

HepaFat-Scan®

HepaFat-Scan momentum continued to progress in this period as the Company seeks to position itself at the forefront of liver fat measurement technology. This momentum was followed by the success of further validation studies being showcased at the annual American Association for the Study of Liver Diseases (AASLD) meeting in October, with Dr Miriam Vos, an associate professor of paediatrics at Emory University School of Medicine presenting a paper on the performance of HepaFat-Scan in children. HepaFat-Scan was shown as a precise and accurate measure of hepatic steatosis, making it suitable for monitoring changes in liver fat within the context of clinical trials and for general clinical care. The Company has since commenced confidential discussions regarding the use of HepaFat-Scan in clinical trial settings.

From an R&D perspective the Company continues to improve the HepaFat-Scan service, with a trial now underway for the adaptation of the HepaFat-Scan technology to 3 Tesla (3T) scanners. Ongoing work in various high profile clinical studies has also produced an inflammation score that the Company will be offering for investigational use alongside the HepaFat-Scan service to value add to customers.

The primary focus of the Company's HepaFat-Scan strategy is to explore further distribution channels available for the Company's services, and participate in high profile pharmaceutical trials which will enhance clinical acceptance and uptake of the service.

FerriSmart

This half-year period saw the Company progress significantly with its newly-developed Artificial Intelligence (AI) solution for the low-cost measurement of liver iron concentration (LIC) to emerging growth markets; positioning the Company at the cutting edge of AI in healthcare.

In August beta testing was planned and carried out to evaluate the user-interface and usability of the new cloud-based AI service alongside FerriScan. Following the successful 1st stage beta-testing, the Resonance Health in-house web portal was improved and a multi-centre trial was planned to further refine the AI services. Internal validation of the accuracy and repeatability of FerriSmart was also completed in the half-year, with regulatory documentation expected to be submitted to the TGA, CE Mark, and FDA during the first quarter of 2018.

Going forward the Company seeks to market our in-house web portal as a platform to provide several AI solutions that value-add to customers. This follows on from the announced collaboration and signed JV with Perth Radiological Clinic (PRC), as the Company investigates a significant number of de-identified data sets from several highly prevalent medical conditions with a view to developing new AI analysis services.

Resonance Health Limited

(ABN 96 006 762 492)

Half-Year Financial Report

31 December 2017

Corporate Directory

Directors

Dr Martin Blake
Chairman/Non-executive Director

Mr Simon Panton
Non-executive Director

Dr Travis Baroni
Non-executive Director

Company secretary

Mr Agha Shahzad Pervez

Website and e-mail address

www.resonancehealth.com
Email:info@resonancehealth.com

Postal address

PO Box 71
Burswood WA 6100

Stock exchange listing

Resonance Health Limited shares are listed on the Australian Securities Exchange.

ASX Code: RHT

Share registry

Advanced Share Registry Ltd
110 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

Suite 2, 141 Burswood Road
Burswood WA 6100
Telephone: 61 8 9286 5300
Facsimile: 61 8 9286 5399

Bankers

National Australia Bank Limited

Solicitors

Steinepreis Paganin
Level 4
16Milligan Street
Perth WA 6000

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DIRECTORS' REPORT

The directors submit the financial report of the Group for the half-year ended 31 December 2017. 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)
Mr Simon Panton	Non-executive Director
Dr Travis Baroni	Non-executive Director

Review of Operations:

Resonance Health specialises in the development and delivery of non-invasive medical imaging software and services. Our products are used by clinicians in the diagnosis and management of human diseases and by pharmaceutical companies in their clinical trials. Resonance Health's flagship product, FerriScan®, is globally recognised as the gold standard for measurement of liver iron concentration (LIC). FerriScan is also provided as a dual service with Cardiac T2*, the most widely-accepted MRI-based method for assessing heart iron loading. FerriScan is now available globally in over 240 hospital sites.

The Company's other service offerings include the regulatory cleared HepaFat-Scan, a MRI-based tool for the measurement of volumetric liver fat fraction (VLFF), and Bone Marrow R2-MRI for the assessment of iron levels in the bone marrow.

Resonance Health's most recent product offering, FerriSmart, is a machine learned artificial intelligence (AI) solution for the rapid, low-cost analysis of liver-iron-concentration (LIC) that runs off the flagship FerriScan® protocol. The AI test enables iron overload management at a significantly lower price point to FerriScan®, the Company's regulatory cleared and globally recognised gold standard for LIC measurement. FerriSmart has recently passed internal validation with results demonstrating a clinically acceptable correlation between conventional FerriScan analysis and the new AI solution. Ongoing work in the Company's FerriSmart AI solution allows for penetration into substantial markets of iron overloaded patients in emerging growth markets, and positions the Company at the cutting edge of AI in healthcare. Submission for regulatory approval by the TGA, FDA, and CE Mark is expected to be submitted shortly. A TGA medical device export license has been acquired, with beta testing sites targeted in regions where the AI tool can now be sold without further regulatory approval.

Research and development work continues in inflammation, stereology, and developing further AI solutions.

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 $117,935 compared to a profit of $35,395 in the previous corresponding half-year.

  Sales revenue increase by 4% to $1,306,774 from $1,260,382 compared to the previous corresponding half-year. The number of revenue-generating clinical image analyses increased by

20% however the effects of the stronger Australian dollar against the GBP, Euro and the USD offset the increase in scan volumes compared to the corresponding previous half-year, resulting in lower sales revenue.

Operating expenses (excluding foreign exchange) were up by 7% or $101,549 higher compared to the previous corresponding half-year. The increased expenses are due to increased number of staff employed in research and development with an increased cost of $125,378.

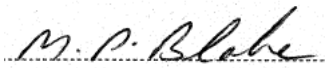
Income Tax benefit of $451,904 is the R&D Tax Incentive benefit for eligible expenditure conducted by the company for the financial year ended 30 June 2017.

- Research and development expenditure totalled $608,102 for the half-year up from $536,707 in the previous corresponding half-year. This comprised capitalised development costs of $237,170 that are recognised as an intangible asset on the Statement of Financial Position and items recognised in the Statement of Comprehensive Income, being $104,469 amortisation expense, $74,011 research and development expense and $192,452 employee benefits expense.
- Intangible assets, representing capitalised development expenditure, totalled $2,262,686 at the end of the half-year, compared to $2,129,985 at the end of the 30 June 2017 financial year.
- Resonance Health has no debt and $1,116,052 in cash and equivalents at the end of the half-year, compared to $1,685,375 at 30 June 2017.
- The reported cash used in operating activities was higher than in the previous corresponding half-year, due to an increased spend on research and development.

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 2017.

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 Martin Blake
Chairman

Dated this 26th day of February 2018.

HLB Mann Judd

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 2017, 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
26 February 2018

L Di Giallonardo
Partner

CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Notes	Consolidated 31 December 2017 $	Consolidated 31 December 2016 $
Sales revenue	2	1,306,774	1,260,382
Other income	2	7,024	12,855
Revenue		**1,313,798**	**1,273,237**
Employee benefits expense		(848,873)	(723,495)
Consulting and professional services		(38,889)	(47,723)
Research and development		(74,011)	(101,917)
Depreciation expense		(13,860)	(12,936)
Amortisation expense		(104,469)	(78,862)
Marketing and travel		(337,355)	(337,427)
Statutory and compliance		(57,506)	(72,288)
Foreign exchange gain/(loss)		(4,006)	348
Other expenses		(168,798)	(167,564)
Loss before income tax		**(333,969)**	**(268,627)**
Income tax benefit	3	451,904	304,022
Net profit for the half-year		**117,935**	**35,395**
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year		**117,935**	**35,395**
Basic earnings per share from continuing operations (cents per share)		**0.03**	**0.01**
Diluted earnings per share from continuing operations (cents per share)		**0.03**	**0.01**

The accompanying notes form part of these financial statements

CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Notes	Consolidated 31 December 2017 $	Consolidated 30 June 2017 $
Assets			
Current Assets			
Cash and cash equivalents		1,116,052	1,685,375
Trade and other receivables		1,069,110	577,393
Other assets		80,966	62,280
Total Current Assets		2,266,128	2,325,048
Non-Current Assets			
Plant and equipment		72,570	72,909
Intangible assets	4	2,262,686	2,129,985
Other assets		45,873	90,973
Total Non-Current Assets		2,381,129	2,293,867
Total Assets		4,647,257	4,618,915
Liabilities			
Current Liabilities			
Trade and other payables		542,812	487,040
Provisions		44,145	69,329
Other liabilities		207,660	327,841
Total Current Liabilities		794,617	884,210
Total Liabilities		794,617	884,210
Net Assets		3,852,640	3,734,705
Equity			
Issued capital	5	69,424,199	69,424,199
Reserves		(204,296)	(204,296)
Accumulated losses		(65,367,263)	(65,485,198)
Total Equity		3,852,640	3,734,705

The accompanying notes form part of these financial statements

CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Consolidated				
	Issued Capital	Foreign Currency Translation Reserve	Option Reserve	Accumulated Losses	Total Equity
	$	$	$	$	$
Balance at 1 July 2017	69,424,199	(270,580)	66,284	(65,485,198)	3,734,705
Net profit for the half-year	-	-	-	117,935	117,935
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	117,935	117,935
Shares issued	-	-	-	-	-
Balance at 31 December 2017	**69,424,199**	**(270,580)**	**66,284**	**(65,367,263)**	**3,852,640**
Balance at 1 July 2016	69,419,199	(270,580)	66,284	(65,180,981)	4,033,922
Net profit for the half-year	-	-	-	35,395	35,395
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	35,395	35,395
Shares Issued	5,000				5,000
Balance at 31 December 2016	**69,424,199**	**(270,580)**	**66,284**	**(64,145,586)**	**4,074,317**

The accompanying notes form part of these financial statements

CONDENSED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Consolidated	
	31 December 2017 $	31 December 2016 $
	Inflows/(Outflows)	
Cash flows from operating activities		
Receipts from customers	1,170,845	1,098,703
Payments to suppliers and employees	(1,410,673)	(1,404,554)
Interest received	7,094	13,087
Research and development tax incentive	-	-
Net cash used in operating activities	(232,734)	(292,764)
Cash flows from investing activities		
Payments for plant and equipment	(18,694)	(20,371)
Payments for intangible assets	(307,772)	(259,248)
Net cash used in investing activities	(326,466)	(279,619)
Net decrease in cash and cash equivalents	(559,200)	(572,383)
Foreign exchange differences on cash balances	(10,123)	(20,248)
Cash and cash equivalents at beginning of half-year	1,685,375	2,512,441
Cash and cash equivalents at end of half-year	1,116,052	1,919,810

The accompanying notes form part of these financial statements

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

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 2017 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.

Adoption of new and revised standards

Standards and interpretations applicable to 31 December 2017

In the half-year ended 31 December 2017, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the half-year reporting periods beginning on or after 1 July 2018.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and therefore no material change is necessary to Group accounting policies.

Standards and interpretations in issue not yet adopted

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted that are relevant to the Company and effective for the half-year reporting periods beginning on or after 1 January 2018. Those which may have a significant impact to the Group are set out below. The Group does not plan to adopt the standards earlier.

AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised, including in respect to multiple element arrangements. It replaces existing revenue recognition guidance, AASB 111 Construction Contracts, AASB 118 Revenue and AASB 1004 Contributions. AASB 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The core principle of AASB 15 is that it requires identification of discrete performance obligations within a transaction and associated transaction price allocation to these obligations. Revenue is recognised upon satisfaction of these performance obligations, which occur when control of goods or services is transferred, rather than on transfer of risks and rewards. Revenue received for a contract that includes a variable amount is subject to revised conditions for recognition, whereby it must be highly probable that no significant reversal of the variable component may occur when the uncertainties around its measurement are removed.

The Group had commenced the process of evaluating the impact of the new standard on existing revenue streams and will first apply AASB 15 in the financial year beginning 1 July 2018.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

AASB 16 Leases

AASB 16 replaces the current AASB 17 Leases standard. AASB 16 removes the classification of leases as either operating leases or finance leases for the lessee effectively treating all leases as finance leases. Most leases will be capitalised on the statement of financial position by recognising a 'right-of-use' asset and a lease liability for the present value obligation. This will result in an increase in recognised assets and liabilities in the statement of financial position as well as a change in expense recognition, with interest and depreciation replacing operating lease expense.

Over than the above, there are no other material impacts 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 2017.

NOTE 2: REVENUE AND EXPENSES

	Consolidated	
	Six months to 31 December 2017 $	Six months to 31 December 2016 $
The following revenue items are relevant in explaining the financial performance for the half-year:		
(a) Sales revenue		
Sales to external customers	1,306,774	1,260,382
(b) Other income		
Interest received	7,024	12,855

NOTE 3: INCOME TAX BENEFIT

The tax consolidated group has recognised a Research and Development Tax Incentive for the half year ended 31 December 2017 for the amount of $451,904 (31 December 2016: $304,022).

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 4: INTANGIBLE ASSETS

	Consolidated	
	Six months to 31 December 2017 $	Year ended 30 June 2017 $
Development expenditure		
At cost	2,912,299	2,675,130
Less: Accumulated amortisation	(649,613)	(545,145)
Total development expenditure	2,262,686	2,129,985
Reconciliation of the carrying amounts of development expenditure is set out below:		
Carrying amount at the beginning of the period	2,129,985	1,745,589
Additions	237,170	551,559
Amortisation expense	(104,469)	(167,163)
Carrying amount at the end of the period	2,262,686	2,129,985

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

During the half-year development continued to relate primarily to improvements to the FerriScan software technology, HepaFat tools and the development of the 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 2017 $	30 June 2017 $
Ordinary shares		
Issued and fully paid	69,424,199	69,424,199

Movement in ordinary shares

	Six months to 31 December 2017		Year to June 2017	
	Number of shares	$	Number of shares	$
Balance at beginning of period	402,497,568	69,424,199	402,330,902	69,419,199
Employee shares 31 August 2016 at $0.033 each	-	-	166,666	5,000
	402,497,568	69,424,199	402,497,568	69,424,199

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

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 2017 and 31 December 2016.

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 2017 and 31 December 2016.

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 and HepaFat Scan technology
- Research and development – relating to MRI scanning and other technologies
- Corporate

	Services	Research and Development	Corporate	Total
	$	$	$	$
31 December 2017				
Sales revenue to external customers	1,306,774	-	-	1,306,774
Interest received	-	-	7,024	7,024
Segment revenue	1,306,774	-	7,024	1,313,798
Segment profit/(loss) before taxation	192,455	(266,464)	(259,960)	(333,969)
Segment assets	1,069,110	2,262,686	1,315,461	4,647,257
Segment liabilities	750,472	-	44,145	794,617
31 December 2016				
Sales revenue to external customers	1,260,382	-	-	1,260,382
Interest received	-	-	12,855	12,855
Segment revenue	1,260,382	-	12,855	1,273,237
Segment profit/(loss) before taxation	169,961	(211,610)	(226,978)	(268,627)
Segment assets	810,182	1,924,743	2,150,403	4,885,328
Segment liabilities	746,331	-	64,680	811,011

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 2017.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

NOTE 7: FINANCIAL INSTRUMENTS

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

The carrying amounts of current receivables and current payables are considered to be a reasonable approximation of their fair value.

NOTE 8: CONTINGENT LIABILITIES

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

NOTE 9: EVENTS SUBSEQUENT TO REPORTING DATE

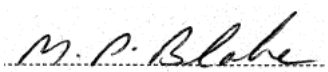
No matters or circumstances have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs in future financial periods.

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 2017 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 26th day of February 2017

HLB Mann Judd

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

Conclusion

We have reviewed the accompanying half-year financial report of Resonance Health Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2017, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated 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, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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 2017 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*.

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 gives a true and fair view and 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 2017 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.

HLB Mann Judd

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*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

L Di Giallonardo

L Di Giallonardo
Partner

Perth, Western Australia
26 February 2018