

# RESONANCE HEALTH LIMITED

ABN 96 006 762 492  
("Resonance Health" or "Company")

## Appendix 4D

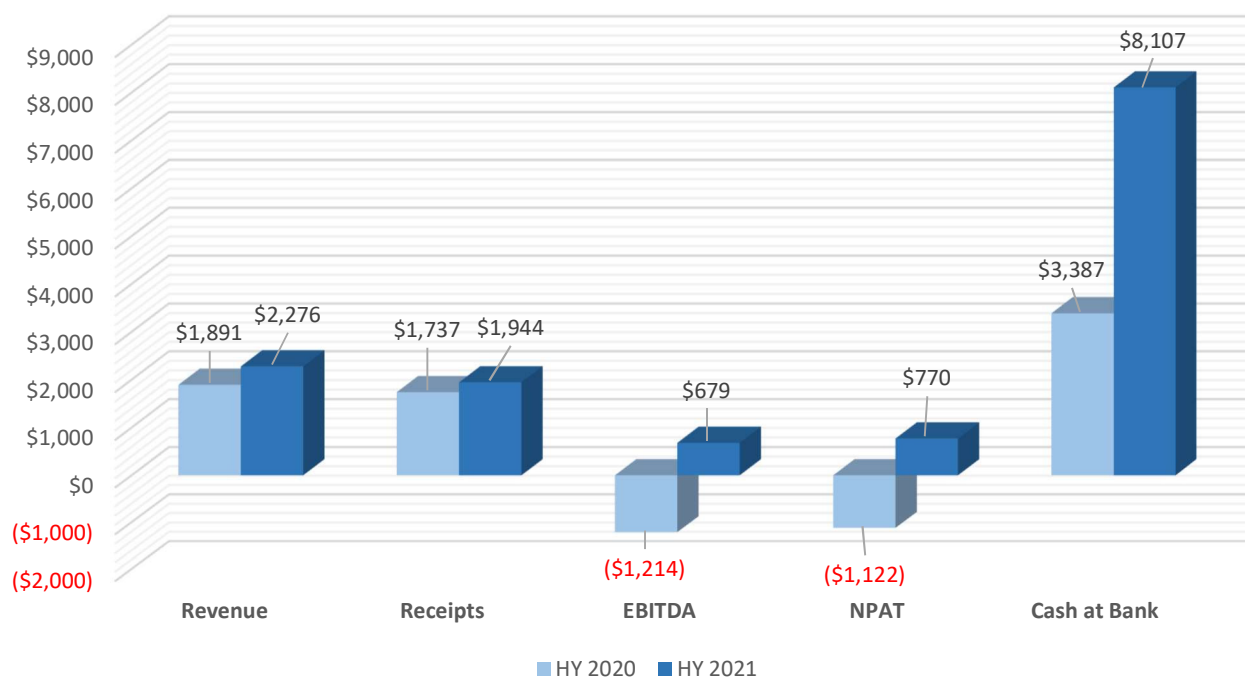
### Half year report for the half year ended 31 December 2020

(previous corresponding period to 31 December 2019)

#### Results for announcement to the market

	Change	31 Dec 2020 \$'000	31 Dec 2019 \$'000
Revenues from ordinary activities	Up 9%	2,037	1,870
Profit/ (Loss) after tax attributable to members	Up 169%	770	(1,122)
Profit/ (Loss) for the period attributable to members	Up 169%	770	(1,122)
		31 Dec 2020	31 Dec 2019
Net tangible assets per security (cents)		1.89	0.90

### Half Year Results Comparison (\$'000)



## Achievements

The Company is pleased to report the following activities for the half year:

- Despite the ongoing impact of COVID-19, the Company's gold-standard FerriScan® service achieved a 10% increase in commercial usage (excluding trial and study usage) when compared to the corresponding half-year in 2019.
- The Company's premium FerriSmart® service, which provides rapid turnaround of patient results, increase by 15% when compared to the same period in 2019.
- CLINICAL TRIALS
  - The Company continued to provide services to nine multi-year trials for US NASDAQ-listed and European pharmaceutical and therapeutic companies and contract research organisations. The outstanding total aggregated contract sum for current trials is approximately USD \$3.53 million, the full receipt of which is subject to successful completion of all these trials.
  - An additional multi-year trial extension was executed for USD \$614,500 the full receipt of which is subject to full completion of the trial (the trial extension was not announced as the trial extension sums were not material).
- The Company received an R&D Tax Incentive of \$242,334 for eligible R&D work performed in the 2019/2020 financial year. The refund was primarily for ongoing R&D in AI development, molecular medicine projects, and several product improvements.

R&D continued on the following projects:

- ALERTE-PE:
  - A new artificial intelligence ("AI") tool was developed for the automated review of chest computed tomography ("CT") scans of patients with suspected pulmonary embolism ("PE"). This new product, named 'ALERTE-PE', has been produced by the Company's AI R&D workstream. Neural network training has been performed using datasets of the lungs provided via a collaboration with Perth Radiological Clinic ("PRC"), one of Western Australia's largest radiology practices. The Company considers that ALERT-PE is able to perform as an AI-based radiological computer-assisted triage and notification software for PE. It is intended to assist hospitals and trained radiologists in workflow triage by flagging and communicating suspected PE pathologies, with the user presented with alert notifications for cases that have suspected PE findings.
  - A pre-submission meeting was held with the US Food and Drug Administration ("FDA") in November 2020 for ALERT-PE, (see ASX announcement dated 6 October 2020, 'R&D Update: New Pulmonary Embolism AI Solution Developed'). Following the meeting, the FDA's recommendations have been reviewed and work is being finalised for the next steps required for the validation of the tool.
- HEPAFAT-AI:
  - HepaFat-AI received 510(k) regulatory clearance from the FDA on 9 December 2020 (see ASX announcement dated 9 December 2020). HepaFat-AI is a medical device software that is fully automated and uses AI to assess liver fat. HepaFat-AI assesses and reports the volumetric liver fat fraction ("VLFF"), proton density fat fraction ("PDFF"), and steatosis grade in individuals with confirmed or suspected fatty liver disease. HepaFat-AI is the only MRI-based method capable of reporting a steatosis grading. Dr Martin Blake, Chairman of RHT, said of HepaFat-AI's recent 510(k) FDA regulatory clearance: "This is a great milestone in the Company's history and a magnificent achievement in the field of quantitative MRI". The 510(k) FDA clearance allows Resonance Health to market HepaFat-AI for commercial distribution in the United States of America.

- Work on obtaining Australian Therapeutic Goods Administration (“TGA”) registration and European CE Mark for HepaFat-AI progressed substantially, with registration expected to be complete during the March 2021 quarter.
- HepaFat-AI was made available for distribution and promotion by Blackford Analysis Inc. (formerly Blackford Analysis Limited) (“Blackford”) under the Alliance Partner Agreement entered into between the Company and Blackford in 2018 (see ASX announcement dated 5 July 2018). The addition of HepaFat-AI was facilitated by an amendment to the Alliance Partner Agreement that was executed in December 2020 (see ASX announcement dated 24 December, ‘HepaFat-AI Incorporated into Blackford Analysis Partner Agreement’). Product training on HepaFat-AI has since progressed as part of the Blackford onboarding process, with technical integration expected to commence shortly.
- Additional distribution channels for HepaFat-AI are being assessed by the Company.
- A new HepaFat-AI product website ([www.hepafat.com](http://www.hepafat.com)) was developed and launched to further promote the Company’s fat related products and clinical trial services to pharmaceutical companies.
- OTHER AI PROJECTS:
  - Executed a license agreement with Telethon Kids Institute and Erasmus University Medical Centre for the use of CT Cystic Fibrosis lung datasets. These will be used by the Company in the potential development of a new AI algorithm for the automated assessment of lung disease progression in patients (see ASX announcement dated 10 September 2020). The first datasets have been received and are being processed for machine learning.
  - Using in-house and externally sourced MRI and CT datasets in various diseases and/or conditions, the Company has progressed the training of neural networks in assessing a number of human organs. These projects will be updated in greater detail when they are further progressed.
- MOLECULAR MEDICINE:
  - Work continued on the application of novel Antisense Oligonucleotides (ASOs) to treat liver disease, in particular, Chronic Hepatitis B (CHB). Antiviral testing of three highly active ASO sequences commenced in November with preliminary results expected within the first half of 2021. This data will be used to support claims of the Provisional Patent filing ahead of any international filings (see ASX announcement dated 25 May 2020, ‘Filing of a Provisional Patent Application: “Method for Treating Liver Related Disease”’).
  - Recruitment of patients has commenced for a validation study aimed at confirming that novel blood biomarkers previously demonstrated to be predictive of liver iron overload in Vietnamese Thalassemia patients can similarly predict iron overload in Turkish Thalassemia patients. If there is applicability of this tool across both ethnic groups, this may assist in any subsequent regulatory filing.
- LIVER FIBROSIS PROJECT:
  - The Company’s study to investigate the ability of a novel non-invasive MRI method to assess liver fibrosis has continued to progress despite occasional delays due to COVID-19. Patient recruitment is 70% complete and the first stage of this project is expected to be completed in the first half of 2021.
- PHANTOM PRODUCTION:
  - Production was completed on a new batch of the T1MES Cardiac T1 Mapping and ECV Phantoms. The T1 Mapping and ECV Standardization Program (“T1MES”) was developed to explore T1 mapping quality assurance 1.5 and 3T across numerous CMR centres worldwide. As part of this study, Resonance Health manufactured an initial batch of ~70 phantoms in 2015 for distribution to CMR centres worldwide engaged in the cardiovascular magnetic resonance program. Resonance Health is the sole manufacturer of these phantoms and due to continued requests from customers, it is expected that the next batch of phantoms will be manufactured in mid-2021.

# **Resonance Health Limited**

(ABN 96 006 762 492)

## **Half-Year Financial Report**

31 December 2020

## Corporate Directory

### Directors

Dr Martin Blake  
Chairman/Non-executive Director

Mr Simon Panton  
Non-executive Director

Dr Travis Baroni  
Non-executive Director

Mr Mitchell Wells  
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

### Securities 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  
16 Milligan Street  
Perth WA 6000

<b>Contents</b>	<b>Page</b>
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	16
Independent Auditor's Review Report	17

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## DIRECTORS' REPORT

The directors submit the financial report of the Group for the half-year ended 31 December 2020. 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.

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Dr Martin Blake	Non-executive Director – Chairman
Mr Simon Panton	Non-executive Director
Dr Travis Baroni	Non-executive Director
Mr Mitchell Wells	Non-executive Director

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### Review of Operations:

Resonance Health is an Australian healthcare company specialising in the development and delivery of non-invasive medical imaging software and services. Resonance Health has gained endorsement by leading physicians worldwide for consistently providing high quality quantitative measurements essential in the management of particular diseases. The Company's products are used globally by clinicians in the diagnosis and management of human diseases and by pharmaceutical and therapeutic companies in their clinical trials. Resonance Health's dedication to scientific rigour has enabled it to achieve regulatory clearances on a number of software products (SaMD) in the US, Europe, and Australia, including FerriSmart®, an artificial intelligence product that quantifies iron concentration in the liver. The Company has also recently received US FDA regulatory clearance for a second artificial intelligence tool, HepaFat-AI. The Company is working on several other developments including, among others, ALERTE-PE, which is an AI tool for the automated review of chest CT scans of patients with suspected pulmonary embolism.

The principal activity of Resonance Health during the period was the delivery of image analysis services for the clinical management of patients with iron overload conditions. Our central image analysis facility also provides a range of data and project management services to the pharmaceutical industry clients requiring imaging core lab services for their clinical trials.

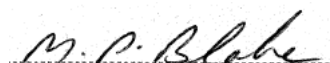
**Financial and Operational Summary:**

- Profit reported for the half-year was \$769,665 compared to a loss of \$1,121,596 in the previous corresponding half-year.
- Sales revenue increased by 9% to \$2,037,047 from \$1,870,420 compared to the previous corresponding half-year.
- The Company received a research and development tax incentive of \$242,334 for eligible expenditure conducted by the company for the financial year ended 30 June 2020.
- Research and development expenditure totalled \$510,959 for the half-year, up from \$459,518 in the previous corresponding half-year. This comprised capitalised development costs of \$168,391 that are recognised as an intangible asset on the Statement of Financial Position and items recognised in the Statement of Comprehensive Income, being \$141,633 amortisation expense, \$81,214 research and development expense and \$119,721 employee benefits expense.
- Intangible assets, representing capitalised development expenditure, totalled \$2,558,880 at the end of the half-year, compared to \$2,532,122 at the end of the 30 June 2020 financial year.
- Resonance Health has no debt and \$8,107,186 in cash and equivalents at the end of the half-year, compared to \$6,974,237 at 30 June 2020.
- The Group has accumulated income tax losses of \$8,801,887 as at 30 June 2020.

**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 2020.

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 26<sup>th</sup> day of February 2021.

## 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 2020, 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 2021



**M R Ohm**  
Partner

**h**l**b.com.au**

**HLB Mann Judd (WA Partnership) ABN 22 193 232 714**

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

**T:** +61 (0)8 9227 7500 **E:** mailbox@h**l**bwa.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.



**CONDENSED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

	Notes	Consolidated	
		31 December 2020 \$	31 December 2019 \$
Sales revenue	2	2,037,047	1,870,420
Other income	2	238,925	20,570
<b>Total Income</b>		<b>2,275,972</b>	<b>1,890,990</b>
Employee benefits expense		(901,807)	(831,619)
Employee benefits expense – share-based payments		(16,000)	(1,745,980)
Consulting and professional services		(76,963)	(53,592)
Research and development		(81,214)	(111,302)
Depreciation expense		(42,108)	(37,829)
Amortisation expense		(141,633)	(130,237)
Marketing and travel		(116,949)	(125,513)
Statutory and compliance		(102,954)	(103,010)
Foreign exchange gain/(loss)		(161,340)	(506)
Variable lease payments		(10,564)	(18,009)
Other expenses		(97,109)	(94,889)
<b>Profit/ (Loss) before income tax</b>		<b>527,331</b>	<b>(1,361,496)</b>
Income tax benefit	3	242,334	239,900
<b>Net profit/ (loss) for the half-year</b>		<b>769,665</b>	<b>(1,121,596)</b>
Other comprehensive income for the half-year, net of tax		-	-
<b>Total comprehensive income/ (loss) for the half-year</b>		<b>769,665</b>	<b>(1,121,596)</b>
Basic earnings per share from continuing operations (cents per share)	11	0.17	(0.26)
Diluted earnings per share from continuing operations (cents per share)	11	0.17	(0.26)

The accompanying notes form part of these financial statements

**CONDENSED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2020**

	Consolidated	
	31 December 2020	30 June 2020
	\$	\$
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	8,107,186	6,974,237
Trade and other receivables	793,462	765,606
Other assets	95,614	39,871
<b>Total Current Assets</b>	8,996,262	7,779,714
<b>Non-Current Assets</b>		
Plant and equipment	29,875	27,431
Right-of-use asset	83,887	111,849
Intangible assets	4 2,558,880	2,532,122
Other assets	45,900	45,900
<b>Total Non-Current Assets</b>	2,718,542	2,717,302
<b>Total Assets</b>	11,714,804	10,497,016
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Trade and other payables	506,288	385,272
Provisions	65,156	75,821
Other liabilities	20,779	13,843
Current lease liability	58,266	55,998
<b>Total Current Liabilities</b>	650,489	530,934
<b>Non-Current Liabilities</b>		
Non-current lease liability	30,173	60,105
<b>Total Non-Current liabilities</b>	30,173	60,105
<b>Total Liabilities</b>	680,662	591,039
<b>Net Assets</b>	11,034,142	9,905,977
<b>Equity</b>		
Issued capital	5 72,923,949	72,565,449
Reserves	2,045,950	2,045,950
Accumulated losses	63,935,757	(64,705,422)
<b>Total Equity</b>	11,034,142	9,905,977

The accompanying notes form part of these financial statements

**CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

	Consolidated				
	Issued Capital	Foreign Currency Translation Reserve	Option Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2020</b>	72,565,449	(270,580)	2,316,530	(64,705,422)	9,905,977
Net profit for the half-year	-	-	-	769,665	769,665
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
<b>Total comprehensive income for the half-year</b>	-	-	-	769,665	769,665
Shares issued	358,500	-	-	-	358,500
Options issued	-	-	-	-	-
<b>Balance at 31 December 2020</b>	<b>72,923,949</b>	<b>(270,580)</b>	<b>2,316,530</b>	<b>(63,935,757)</b>	<b>11,034,142</b>
<b>Balance at 1 July 2019</b>	69,674,199	(270,580)	480,307	(63,990,346)	5,893,580
Net loss for the half-year	-	-	-	(1,121,596)	(1,121,596)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
<b>Total comprehensive loss for the half-year</b>	-	-	-	(1,121,596)	(1,121,596)
Shares issued	32,500	-	-	-	32,500
Options issued	-	-	1,730,980	-	1,730,980
<b>Balance at 31 December 2019</b>	<b>69,706,699</b>	<b>(270,580)</b>	<b>2,211,287</b>	<b>(65,111,942)</b>	<b>6,535,464</b>

The accompanying notes form part of these financial statements

**CONDENSED STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

	Consolidated	
	31 December 2020	31 December 2019
	\$	\$
	<i>Inflows/(Outflows)</i>	
<b>Cash flows from operating activities</b>		
Receipts from customers	1,943,601	1,737,414
Payments to suppliers and employees	(1,457,677)	(1,354,019)
Interest received	37,336	34,839
Interest paid	-	(3,648)
Grants received	308,020	-
Research and development tax incentive	242,334	-
Net cash provided by operating activities	1,073,614	414,586
<b>Cash flows from investing activities</b>		
Payments for plant and equipment	(12,094)	-
Payments for intangible assets	(161,009)	(103,934)
Net cash used in investing activities	(173,103)	(103,934)
<b>Cash flows from financing activities</b>		
Proceeds from the exercise of options	342,500	32,500
Reduction in finance lease principal	(27,226)	(25,527)
Share issue cost paid	-	(15,000)
Net cash provided by/ (used in) financing activities	315,274	(8,027)
Net increase in cash and cash equivalents	1,215,785	302,625
Foreign exchange differences on cash balances	(82,836)	3,418
Cash and cash equivalents at beginning of half-year	6,974,237	3,081,192
<b>Cash and cash equivalents at end of half-year</b>	8,107,186	3,387,235

The accompanying notes form part of these financial statements

## **NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

### **NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Statement of Compliance**

These interim consolidated financial statements are general purpose financial statements 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 2020 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 except where stated. 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 2020*

In the half-year ended 31 December 2020, 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.

##### *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 2021. As a result of this review the Directors have determined that there is no material impact of the standards and interpretations in issue not yet adopted on the Group and, therefore, no change is necessary to group accounting policies.

#### **Going Concern**

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

**NOTE 2: REVENUE**

**NOTE 2(a): DISAGGREGATED REVENUE**

Consolidated	Consolidated
Six months to	Six months to
31 December	31 December
2020	2019
\$	\$

The group derives its revenue from the services at a point in time and over time in the following major categories. This is consistent with the revenue information that is disclosed for each reportable segment:

Commercial Revenue	1,188,705	1,134,013
Voucher Program	16,056	13,311
Clinical Trials	804,862	690,199
Other Studies	27,424	32,897
Total Revenue from contracts with customers	2,037,047	1,870,420

Reconciliation of revenue from contracts with customers with the amounts disclosed in segment information

	Consolidated	Consolidated
	Six months to	Six months to
	31 December	31 December
	2020	2019
	\$	\$
Segment revenue	2,037,047	1,870,420
Adjustments and eliminations	-	-
Total revenue from contracts with customers	2,037,047	1,870,420

**NOTE 2(b): SALES REVENUE AND OTHER INCOME**

Consolidated	Consolidated
Six months to	Six months to
31 December	31 December
2020	2019
\$	\$

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

**(a) Sales revenue**

Sales to external customers	2,037,047	1,870,420
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**(b) Other income**

Interest received	32,830	20,570
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## NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

### NOTE 2(b): SALES REVENUE AND OTHER INCOME (CONT'D)

#### (c) Grants

Grants received	206,095	-
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### NOTE 3: INCOME TAX BENEFIT

The tax consolidated group has received a R&D Tax Incentive refund after the half-year ended 31 December 2020 for the amount of \$242,334 (31 December 2019: \$239,400).

Resonance Health Limited and its 100% owned Australian resident subsidiaries implemented the tax consolidation legislation from 1st July 2012. The Group has accumulated income tax losses of \$8,801,887 as at 30th June 2020.

### NOTE 4: INTANGIBLE ASSETS

	Consolidated	
	Six months to 31 December 2020 \$	Year ended 30 June 2020 \$
Development expenditure		
At cost	3,885,223	3,716,832
Less: Accumulated amortisation	(1,326,343)	(1,184,710)
Total development expenditure	<u>2,558,880</u>	<u>2,532,122</u>

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

Carrying amount at the beginning of the period	2,532,122	2,550,818
Additions	168,391	246,512
Amortisation expense	(141,633)	(265,208)
Carrying amount at the end of the period	<u>2,558,880</u>	<u>2,532,122</u>

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, Ferrismart, 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 an impairment is recognised. Intangible assets not yet ready for use are tested annually for impairment. The Directors do not consider that there has been any indication that the asset may be impaired as at balance date.

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

### NOTE 5: ISSUED CAPITAL

Consolidated

	31 December 2020	30 June 2020
	\$	\$
<i>Ordinary shares</i>		
Issued and fully paid	72,923,949	72,565,449

#### Movement in ordinary shares

	Six months to 31 December 2020		Year ended 30 June 2020	
	Number of shares	\$	Number of shares	\$
Balance at beginning of period	443,773,933	72,565,449	422,497,568	69,674,199
Shares issued on conversion of options	3,850,000	342,500	8,500,000	141,250
Shares issued under ESS	78,048	16,000	136,365	15,000
Shares issued to Acuity Capital <sup>(1)</sup>	-	-	12,640,000	2,750,000
Controlled placement agreement costs	-	-	-	(15,000)
Balance at end of period	447,701,981	72,923,949	443,773,933	72,565,449

<sup>(1)</sup> As collateral for the Controlled Placement Agreement, the Company agreed to place an additional 12,640,000 shares from its Listing Rule 7.1 capacity, at an issue price of \$0.218 per share to Acuity Capital (collateral shares) but may, at any time, cancel the Controlled Placement Agreement and buy back the collateral shares for no consideration.

### 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 2020 and 31 December 2019.

#### Business segments

The company earns revenue in three significant geographical regions, countries are grouped in the regions of Asia/Pacific, North America and Europe-Middle-East-Africa (EMEA).

	31 December 2020	31 December 2019
	\$	\$
Asia/ Pacific	71,111	68,281
North America	642,769	709,238
EMEA	1,323,167	1,092,901
Total Sales to external customers	2,037,047	1,870,420



## NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

### NOTE 6: SEGMENT REPORTING (CONT'D)

#### 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 2020 and 31 December 2019.

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

	Consolidated			
	Services	Research and Development	Corporate	Total
	\$	\$	\$	\$
<b>31 December 2020</b>				
Sales revenue to external customers	2,037,047	-	-	2,037,047
Interest received	-	-	32,830	32,830
Grant received	-	-	206,095	206,095
Total Income	2,037,047	-	238,925	2,275,972
Segment profit/(loss) before taxation	774,607	(172,185)	(75,091)	527,331
Segment assets	793,462	2,558,880	8,362,462	11,714,804
Segment liabilities	527,067	-	153,595	680,662
<b>31 December 2019</b>				
Sales revenue to external customers	1,870,420	-	-	1,870,420
Interest received	-	-	20,570	20,570
Total Income	1,870,420	-	20,570	1,890,990
Segment profit/(loss) before taxation	863,932	(176,151)	(2,049,277)	(1,361,496)
Segment assets	1,108,805	2,530,433	3,707,212	7,346,450
Segment liabilities	587,539	-	223,447	810,986

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 2020.

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

### 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 Group has a number of financial instruments which are not measured at fair value in the statement of financial position.

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

On 12 January 2021, the Company issued 900,000 shares as a result of options being exercised. Other than this, 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.

### NOTE 10: SHARE-BASED PAYMENTS

The Company has an Employee Incentive Option Plan to key staff members and management of the Company.

The following table illustrates the number and weighted average exercise prices of and movements in share options issued during the year.

	Six months to 31 December 2020		Year to 30 June 2020	
	Number	Weighted Average exercise price	Number	Weighted average exercise price
Outstanding at the beginning of period	32,200,000	\$0.122	33,500,000	\$0.074
Granted during the period	-	-	12,200,000	\$0.170
Exercised during the period	(3,850,000)	-	(8,500,000)	-
Forfeited during the period	-	-	(5,000,000)	-
Expired during the period	-	-	-	-
Outstanding at the end of period	28,350,000	\$0.122	32,200,000	\$0.122
Exercisable at the end of period	28,350,000	\$0.122	32,200,000	\$0.122

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

**NOTE 11: EARNINGS PER SHARE**

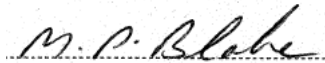
		Consolidated	
		Six months to 31 December 2020	Six months to 31 December 2019
	Basic and diluted (loss)/earnings per share (cents)	0.17	(0.26)
(a)	(Loss)/profit used in the calculation of basic and diluted (loss)/earnings per share	769,665	(1,121,596)
		2020 Number	2019 Number
(b)	Weighted average number of ordinary shares for the purposes of basic earnings/(loss) per share	444,401,364	426,884,743
	Weighted average number of ordinary shares for the purpose of diluted earnings/ (loss) per share	454,768,928	426,884,743

### 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 2020 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 26<sup>th</sup> day of February 2021

## **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 2020, 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 information, and the directors' declaration, for the consolidated entity 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 does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 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*.

#### *Basis for conclusion*

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

#### *Responsibility of the directors for the 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 for the review of the financial report*

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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 consolidated entity's financial position as at 31 December 2020 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*.

**hlb.com.au**

**HLB Mann Judd (WA Partnership) ABN 22 193 232 714**

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

T: +61 (0)8 9227 7500 E: [mailbox@hlbwa.com.au](mailto:mailbox@hlbwa.com.au)

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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**

**Perth, Western Australia**  
**26 February 2021**



**M R Ohm**  
**Partner**