

Resonance



Health

Be Better Informed

Annual Report 2015

CORPORATE INFORMATION

ABN 96 006 762 492

Directors

Dr Martin Blake
Non-executive Chairman

Mr Simon Panton
Non-executive Director

Dr Jason Loveridge
Non-executive Director

Company secretary

Mr Adrian Bowers

Securities exchange listing

Resonance Health Limited shares are listed on the Australian Securities Exchange. ASX Code: RHT

Registered office and principal place of business

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Website and e-mail address

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Email: info@resonancehealth.com

Auditors

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130 Stirling Street
PERTH WA 6000

Share registry

Advanced Share Registry Ltd 110 Stirling Highway
NEDLANDS WA 6009
Tel: +61 8 9389 8033
Fax: +61 8 9389 7871

Bankers

National Australia Bank Limited

Solicitors

Steinepreis Paganin
Level 4, The Reed Building 16 Milligan Street
PERTH WA 6000

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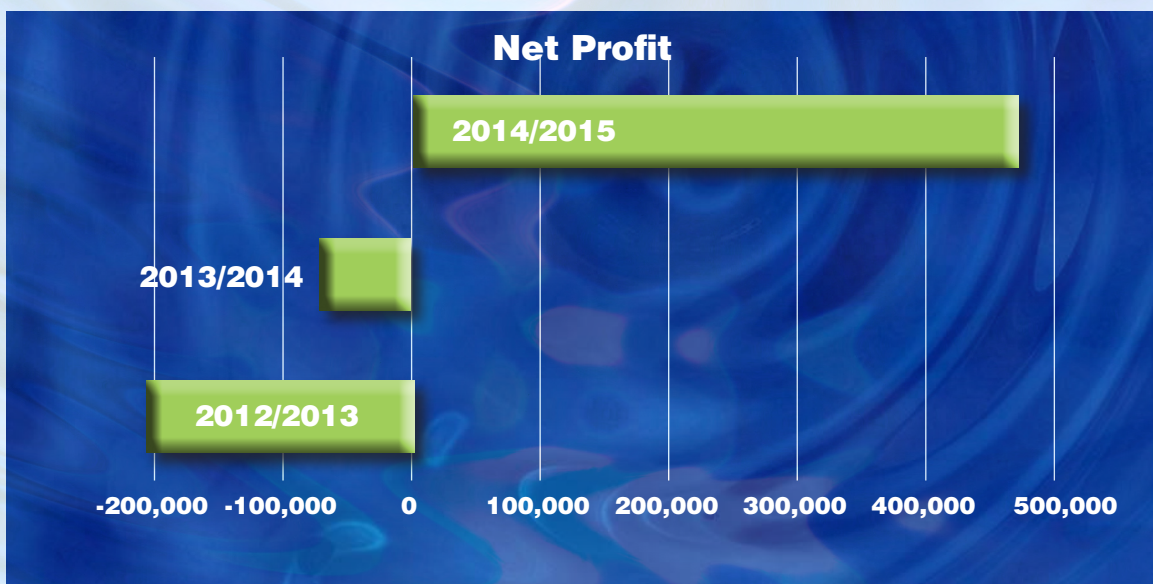
Our Business

Resonance Health develops and delivers medical imaging software and services to quantify clinical parameters. This information assists clinicians in their diagnosis and management of disease and pharmaceutical companies in the development of treatments. The Company's primary product, FerriScan®, is globally recognised as the gold standard in measurement of liver iron overload. Resonance Health's latest product, HepaFat-Scan®, provides a measurement of liver fat and is generating interest for its possible utility in improving surgical outcomes for patients. A pipeline product for the measurement of liver fibrosis has made further progress in its development.

SNAP SHOT

2015 RESULTS HIGHLIGHTS (OVER 2014)

- **Net Profit of \$463,234 from loss of \$72,415**
- **14% increase in receipts from customers – FerriScan and cardiac T2***
- **29% increase in commercial sales volumes in UK market and significant increases in all other key markets**
- **12% increase in referring clinicians**
- **Prototype tool developed for measurement of liver fibrosis**



The financial year 2015 saw continued growth in commercial FerriScan® sales, progress to support HepaFat-Scan® commercialisation and exciting developments in our MRI liver fibrosis test. Resonance Health has returned a profit in excess of \$463,000 in 2015 demonstrating the potential of our innovative products and total quality-managed services.

Management

Following the resignation of Ms Liza Dunne, the company announced it would search for a new managing director but we have since decided to operate the company through a different management model. Whilst not strictly following a Dual Board system, the board function has adopted a duality through regular management meetings bringing the senior managers of the organisation together with the Australian based board members to drive the business and to discuss and resolve issues as they present, coupled with the usual governance and strategic function undertaken by the full board. This integration of management and board has improved communication through the organisation and provided growth and leadership opportunities for our staff.

Resonance Health draws a lot of similarities with the German concept of "Mittelstand" companies; the so-called "hidden champions". We are a small, highly focussed company targeting the non-invasive measurement of liver iron, fat and fibrosis with an aim to extend the reach of our technology into other organ systems, employing highly talented individuals and using lean processes.

Iron

During 2015 our lead product FerriScan saw continued market expansion and growth in the commercial sector, where the test is used by clinicians for routine patient management. The FerriScan service also continues to be strongly supported through the direct purchase of tests by pharmaceutical companies, who then provide the service to patients that would otherwise be unable to access the test due to funding barriers. This enables us to expand our clinical network and develop new clinical advocates to increase global access to FerriScan. We have also been working closely with the Thalassaemia International Federation (TIF) to explore means of increasing access in developing countries.

Operationally, the 2015 year delivered growth in the services business unit with further radiology facilities providing FerriScan and an increase in the number of

referring doctors requesting the test. Receipts from customers were up 14% from the previous year's result and the services business unit reported a profit of \$709,671 compared to a profit of \$661,665 in the previous financial year. Total revenue was \$2,676,760 (2014: \$2,309,036) an increase of 16% or \$367,724 from the prior year.

A net profit after tax was recorded for the year of \$463,234 compared to a net loss after tax of \$72,415 in the previous financial year. The company increased its cash holdings to \$2.8m at the end of the financial year compared to \$2.1 in the previous financial year and has no debt.

As a result of our sustained activities to gain global recognition for FerriScan as the gold standard measurement of liver iron concentration (LIC) and our marketing investment to drive market share in core markets our reliance on pharmaceutical company trials is reduced. This represents a significant achievement of our Company's long-term strategy, underpinned by our unrivalled expertise in liver iron measurement and service delivery.

Fat

The adoption of HepaFat-Scan has been slower than the company would like but we were delighted to be selected as the WA Innovator of the Year for HepaFat-Scan. We have been promoting the test to Key Opinion Leaders in addressable markets and we have commenced some high profile clinical studies this year. We were particularly pleased to begin the study at the Children's Hospital of Atlanta working with the highly respected Dr Miriam Vos. We are currently engaging with other hospitals around the world to provide HepaFat-Scan to their patients on a trial basis. Our aim in the coming year is to continue with targeted promotional activities informed by continual market feedback with a focus on initiating additional clinical studies. This will drive uptake amongst Key Opinion Leaders, provide opportunities for inclusion in drug development trials for fatty liver disease, and support our longer-term goals of inclusion of HepaFat-Scan into clinical guidelines. We continue to believe that diagnosing liver fat accurately is a tool that will bring significant commercial opportunities in the coming decade.

This year has also seen significant international interest in HepaFat-Scan from liver surgeons, as the presence of liver fat may have serious consequences in the

outcomes of patients undergoing liver resection for colorectal metastases. We have initiated an Australian trial using HepaFat-Scan to assess its utility in pre-surgical planning to improve post-operative outcomes, representing a further substantial potential market for the service where immediate commercial demand is likely. We are concurrently engaging with liver surgeons in the US and Europe to consider similar use.

Fibrosis

We have been focussed on moving closer to commercialisation of our Fibrosis test to accurately grade liver fibrosis in the next year. Our results suggest there could be two products available to market; one that allows a screen of the population to determine whether the liver is normal or has fibrosis present and the other to grade the degree of fibrosis at clinically relevant boundaries. The results achieved with our data accumulated in Hepatitis C patients from our study at the Austin Hospital have been exciting and a resulting abstract has been accepted for publication by the American Association for the Study of Liver Disease in November 2015. In the coming months we will be investigating the opportunity to apply for CE mark for this test.

We were also pleased to have formed a partnership with the Commonwealth Scientific and Industrial Research Organisation (CSIRO) to leverage their own specialist expertise in analysing data from our previous clinical studies using a different set of algorithms and techniques. We will be seeking to expedite early opportunities for pharmaceutical trial use of our Fibrosis prototype alongside HepaFat-Scan. The studies initiated this year, such as the Children's Hospital of Atlanta in the US, that will further validate HepaFat-Scan, also allow us to gather more data on our Fibrosis prototype which is expected to deliver significant benefits over the mid-long term.

The coming year will be pivotal in the development and longer term commercialisation of this test and we have engaged the highest calibre research and development expertise necessary to ensure the realisation of its potential.

Marketing

We have recently put in place additional marketing resources in the US and Europe to further the growth in our core markets. We will continue to develop collaborative programmes with stakeholders to facilitate expansion into new territories including China, India, SE Asia and the Middle East and we are exploring new indications for our products. We have undertaken rebranding and development of our web-site and are providing regular communication with our stakeholders.

The outlook for the company continues to be very positive with a strong and experienced management team in place. Our marketing team pro-actively maintain our credibility in the clinical community, engaging with key influencers in our addressable markets. We have a sophisticated R&D capability to deliver significant benefits over the immediate and long-term future. Our service delivery is of exemplary quality, evidenced by customer feedback.

We continue to use R&D, Marketing and Operational resources in a sustainable and targeted way to deliver the best return on investment and achieve our ambitious targets for all Resonance Health stakeholders. We have a profitable and growing FerriScan business unit, high profile clinical trials underway to generate further clinical engagement for HepaFat-Scan, and our MRI test for fibrosis is well positioned for further development towards commercialisation.

We look forward to communicating our results as the year progresses.

Martin Blake

FerriScan®

FerriScan is globally recognised in the clinical community as the gold standard method for measurement of liver iron concentration (LIC). Resonance Health's sustained efforts to achieve this status for FerriScan now positions it for the next stage of growth.

FerriScan is the LIC measurement relied upon by clinical Key Opinion Leaders to assist them in determining the optimal treatment for patients with a range of iron overload conditions. FerriScan has further substantiated its reputation as the only method offering a non-invasive, reliable, accurate and safe measurement of liver iron concentration, a parameter critical to the wellbeing of a substantial patient population worldwide.

Our clinical education activities this year have resulted in a further strengthening of the trend towards uptake of FerriScan by clinicians, supported by its inclusion in treatment protocols and guidelines. Commercial marketing efforts have focussed on regions such as the UK and parts of Europe where the cost of the test is supported by the public health system and in trying to achieve reimbursement in other attractive markets.

Resonance Health has actively pursued further pharmaceutical endorsement of FerriScan and developed collaborative approaches to support its provision. This has resulted in direct purchases of FerriScan by pharmaceutical partners for patients who require accurate monitoring but who would otherwise be unable to access services, catalysing the expansion of FerriScan into countries such as Qatar and Romania over the year.

2015 has been a transformative year for FerriScan, capitalising on its recognised superiority over other methods and laying the strategic foundations to widely expand the use of the service by clinicians in routine patient management. Resonance Health is working collaboratively with pharmaceutical companies and respected patient advocacy organisations to achieve access to FerriScan by all patients for whom accurate measurement of their liver iron concentration is critical to their well-being.

The Resonance Health Cardiac T2* service is an additional MRI-based test to assess patients' cardiac iron when evaluating their risk of potential cardiac failure from iron overload. This test is being increasingly requested by clinicians alongside a FerriScan measurement of liver iron concentration to enable better-informed decisions on

the management of patients at risk of iron-induced organ damage.

FerriScan and Cardiac T2* Sales

While total FerriScan and Cardiac T2* volumes have shown a modest growth of 1.4%, there has been a further shift in the source of this business towards routine clinical use. This is evidenced by an excellent 15% increase in commercial volumes over last year. The impact of this in revenue terms is reflected in a 14% increase in receipts and has contributed towards the generation of the best profit result in the Company's history.

Progress towards the achievement of the long-term aim for FerriScan to be routinely used by the clinical community is also demonstrated by a further 12% increase in the number of referring clinicians and the establishment of 24 new sites worldwide.

In conjunction with increased commercial volumes, support from pharmaceutical companies remains strong in funding the provision of FerriScan to patient groups globally, which this year represented 19% of total sales volumes. This has the potential to provide support for the funding of FerriScan and Cardiac T2* by public health authorities in those countries.



HepaFat-Scan®

HepaFat-Scan is an MRI-based, non-invasive measurement of liver fat. This is a test that has potential utility in the screening, diagnosis, monitoring and treatment planning of patients for whom elevated liver fat is likely to impact their prognosis. HepaFat-Scan has Regulatory clearances in the USA (FDA), EU (CE Mark) and Australia (TGA). The gold standard for assessment of liver fat is currently liver biopsy which is painful, invasive and lacking in sensitivity and specificity due to its subjective and semi-quantitative nature.

In the first full year of HepaFat-Scan's availability on the market, Resonance Health has followed a strategic plan with four main areas of focus:

1. Engaging with the clinical community to disseminate information to key clinicians, gaining their feedback and participation in studies that aim to generate important data to enhance the acceptance and uptake of HepaFat-Scan. This may support incorporation of HepaFat-Scan in clinical guidelines for patients with fatty liver disease;
2. Engaging with pharmaceutical companies who are developing therapies to address fatty liver disease. The Company's ISO 13485 certified core lab is ideally suited to provide services for pharmaceutical companies conducting clinical trials where a determination of the amount of fat in the liver is required;
3. Commencing a study in collaboration with the prestigious Children's Hospital of Atlanta, with the dual aims of providing an important independent validation of the HepaFat-Scan technology, and identifying the clinical benefits of the test to patients; and
4. Commencing an Australian study to assess if a HepaFat-Scan prior to surgery for the treatment of colorectal metastases of the liver can provide data to improve post-surgical outcomes.

Additionally, a number of international conferences were attended throughout the year, and the Company continues to have a presence on the international Liver Forum. This provides an arena for clinicians, pharmaceutical companies and FDA to hold open discussions on clinical trials and drug development.

A paper was also submitted to a highly respected peer-reviewed journal and is currently under review. This paper describes the validation of HepaFat-Scan against biopsy steatosis measurements and when published will significantly contribute to the acceptance of HepaFat-Scan in the clinical community.

Discussions with clinicians globally have had promising outcomes, including potential additional studies in Asia and at further sites in the USA.

Pharmaceutical companies have expressed interest in the potential use of HepaFat-Scan in their own studies on prototype treatments and discussions are on-going.

These are all important early steps in establishing the utility of the test, and gaining data through both pharmaceutical and independent studies that support the case for clinical use of HepaFat-Scan.

Pipeline Products

Liver Fibrosis Diagnostic

Resonance Health has made considerable progress over the period in its research and development work towards a non-invasive test to accurately diagnose and stage liver fibrosis. A prototype has been developed, using study data acquired by Resonance Health in collaboration with the Austin Hospital for a Hepatitis C patient cohort.

A scientific abstract describing the results was submitted to the American Association for the Study of Liver Disease (AASLD) and has since been accepted. The abstract will be published in the Journal *Hepatology* and will be presented at The Liver Meeting® to be held in San Francisco in November 2015.

The Company is continuing its research to explore the potential of recent advancements in the field of image analysis algorithms to accurately interpret MRI image data for the staging of liver fibrosis

In June 2015, Resonance Health announced a collaboration with the Commonwealth Scientific and Industrial Research Organisation (CSIRO) who will apply their own expertise to the study data to further leverage the Company's research capability. This work is ongoing and the Company is hopeful this will be the beginning of a long-term partnership in research.

Innovator of the Year Award

Resonance Health, in collaboration with the University of Western Australia was awarded Western Australian Innovator of the Year for the HepaFat-Scan product.

The Innovator of the Year Program is an annual event run by the Western Australian Department of Commerce that fosters a culture of innovation in Western Australia and acknowledges the achievements of WA's leading innovation enterprises.

The Award provided Resonance Health with a package of financial and non-financial benefits to assist in HepaFat-Scan's global business development efforts.

Resonance Health was proud to receive this accolade that demonstrates recognition of the future value of its innovations both socially and economically.



The Resonance health team receiving the Innovator of the Year Award

Resonance Health Core Operations

Resonance Health is focussed on the provision of world-leading services to improve the medical outcomes for patients worldwide, and in so doing to generate value for all stakeholders.

The Company has three major areas of operation, all of which are underpinned by a commitment to quality, scientific integrity and maximising the return on resources. The aims of extending Resonance Health's penetration into clinical markets, ensuring the Company's products are of the highest quality and conducting on-going research into potential new products with significant market potential are the foundation to ensure strong future growth.

EY Entrepreneur of the Year Award™

Chief Scientific Officer Professor Tim St Pierre was also nominated for the Western Region EY Entrepreneur of the Year Award™ in the technology category. He has since been confirmed as winner of this category and will compete for the national award in Sydney in late 2015

EY Entrepreneur Of The Year™ is the world's most prestigious business award for entrepreneurs. The program makes a difference for the way it encourages entrepreneurial activity among those with potential and recognises the potential of people who inspire others with their vision, leadership and achievement.

Service Provision

Resonance Health prides itself on its customer-focused, quality-assured service delivery. The Company has a strong commitment to monitoring and continually improving products and services via the ISO - certified quality management system.

The resulting high level of customer service is regularly acknowledged and complimented by clients. Survey feedback is also testament to the effectiveness of the Company's efforts in this area.

Targeted projects are undertaken regularly to improve the processes, procedures and systems in place in the Service Centre. These are performed on an ongoing basis to ensure a user-friendly and timely service provision for customers. It also ensures processes are stream-lined to improve internal efficiencies and to ensure increasing volume demands can be constantly met. Such projects continue to be a strong focus into the next year.

Marketing

This year our extensive international marketing efforts have delivered some excellent results in key target markets including a 29% increase in UK sales volumes and a significant lift in all other commercial target markets such as the US, Rest of Europe and ANZ.

Marketing strategy has focussed on Key Opinion Leader advocacy and clinical education, with targeted profiling events to launch HepaFat-Scan and gain further exposure for FerriScan. Further exploration and scoping of markets in China and US has been undertaken, and we continue to explore new markets and expand our global network. Proactive stakeholder relations delivered further pre-paid FerriScan orders for pharmaceutical company-funded FerriScan provision.

In response to market demand for further data on HepaFat-Scan, efforts have focused on proactively seeking study opportunities and presenting the value proposition of including HepaFat-Scan in planned trials with pharma in tandem with commercial approaches. With the exciting development of our new fibrosis prototype we will seek to generate further opportunities both in the research setting and within the pharmaceutical industry.

Corporate re-branding has successfully delivered new logos and a new website benefitting from improved speed, design and user-friendliness. As a result, website traffic has increased 50% since the rebuild, compared to the same period the previous year. We continue to improve external communications with our quarterly customer newsletter and news flow. Ongoing site management in the field and customer relations activities are continually undertaken by marketing to maintain and grow existing business and we have excellent feedback on our customer service.

To fulfil our ambitious marketing objectives for all our service offerings over the next financial year we have recently added capacity to our team with the appointment of additional strategic resources in the UK, US and

Germany in 2015 to drive growth and market share in key target markets. During the year a Canadian distributor was identified who is being engaged to promote Resonance Health's products in the Canadian market.

Research and Development

Resonance Health is committed to ongoing research and the identification of new areas where its expertise can be applied with the potential to commercialise additional services. This is in line with the Company's vision to be a leader in the development and provision of MRI-based techniques for the diagnosis and clinical management of human diseases.

In addition to the significant R&D progress made in the development of our fibrosis prototype this year, the Company has also performed research in the area of bone marrow assessment. Based on this work there have been subsequent active discussions on providing these assessments in a small pharmaceutical sponsored clinical study. With our expertise in this area increasing, the Company will be looking to engage with pharmaceutical companies for larger scale studies where this assessment will add value.

Assessment of bone marrow iron is relevant, for example, for patients with myelodysplastic syndrome (MDS) and acute myeloid leukaemia (AML) where the ability of the patient's bone marrow to produce healthy blood cells has been affected. These patients receive blood transfusions, potentially leading to iron overload and therefore iron chelation therapies may benefit the patient. An assessment of bone marrow iron may assist patient management and clinical treatment decisions.

Resonance Health will also investigate other potential uses for the technology developed to measure liver fibrosis. These algorithms have the potential to be more widely applied and adapted to develop new non-invasive biomarkers that enable diagnosis of other disease types.





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The Directors present their report on the Group, consisting of Resonance Health Limited (the Company) and the entities it controlled, together with the annual financial report for the financial year ended 30 June 2015. In order to comply with the provisions of the Corporations Act 2001, the Directors' report as follows:

Directors

The names, qualifications and experience of Directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Dr Martin Blake MBBS,FRANZCR, FAANMS, MBA, GAICD



Position:

Chairman — Independent and Non-Executive (appointed as Director 4 October 2007 and as Chairman 16 December 2010)

Experience:

Dr Blake is a Radiologist and Nuclear Physician and brings significant technical and industry experience to Resonance Health. He is currently the Chairman of Perth Radiological Clinic, one of the largest independent medical imaging providers in Australia, and negotiated the successful buy-back of this company. He has experience with radiology mergers and acquisitions as well as joint venture opportunities, and is an active investor in small start-up companies in biomedical, technological and financial services.

Other current directorships: None

Former directorships in last 3 years: None

Special responsibilities:

Chairman of the Audit Committee
 Chairman of the Remuneration Committee

Dr Jason Loveridge B.Sc, PhD, FRSM



Position:

Director — Non-Executive (appointed 7 February 2013)

Experience:

Dr. Loveridge FRSM has a Ph.D. in Biochemistry, a B.Sc. in Biochemistry and Microbiology (Class II/I Honours) and is a Fellow of the Royal Society of Medicine.

Dr. Loveridge has been working with young, growth orientated businesses in the biotech and medtech industries for over 20 years. As an active venture investor he established a lengthy track record of successful participation in European, US and Israeli based healthcare companies. Based in Europe, he also has considerable international experience at Board level and a particular interest in business development, mergers & acquisitions.

Other current directorships:

Actinogen Medical

Former directorships in last 3 years: None

Special responsibilities:

Member of the Audit Committee
 Member of the Remuneration Committee



Mr Simon Panton

Position:

Director — Non-Executive (appointed 5 October 2009)

Experience:

Mr Panton has been a major shareholder of Resonance Health since 2008 and joined the board in 2009 as he is strong believer in liver health technologies. Mr Panton started and ran his own successful small business for over 15 years and brings skills in business and marketing. He has experience in the property industry, financial markets and the acquisition and disposal of investments. He currently manages assets and projects associated within family holdings and is also a Non-Executive Director of 4DS Ltd.

Other current directorships:

Non-Executive Director of 4DS Ltd

Former directorships in last 3 years: None

Special responsibilities:

Member of the Audit Committee

Member of the Remuneration Committee



Professor Timothy St Pierre B.Sc(Hons), PhD

Position:

Director — Executive (appointed 21 August 2006 resigned 29 October 2014)

Chief Scientific Officer

Experience:

Professor St Pierre is widely published in the field of iron in medicine and biology and has a reputation as a Key Opinion Leader in the understanding of the fundamental properties of the iron deposits that occur in iron overload diseases.

A Professor at The University of Western Australia, Professor St Pierre led the team which developed the FerriScan technology. He has strong links with international Key Opinion Leaders in the field of iron overload diseases and regularly participates in international research collaborations. In 2010 won a Clunies Ross Award from the Australian Academy of Technological Sciences and Engineering for his work on non-invasive measurement of tissue iron deposits.

Other current directorships: None

Former directorships in last 3 years: None

Special responsibilities: None



Ms Liza Dunne B.Bus, GDipAppFin, GAICD

Position:

Managing Director (appointed 23 October 2008 resigned 31 January 2015)

Experience:

Ms Dunne joined Resonance Health in October 2003 and has been actively involved in all aspects of the business including business development, commercialisation of FerriScan, developing alliances with pharmaceutical industry partners and obtaining regulatory approval in various countries. Ms Dunne has in depth experience in senior positions across industry. She worked for IBM for eleven years in financial, marketing and management positions and spent five years with KPMG Consulting working across a broad spectrum of industry and project areas that focused on improved business processes and implementation of new technology. Ms Dunne holds a Business Degree, a Graduate Diploma in Applied Finance and is a Graduate of the Australian Institute of Company Directors. Ms Dunne resigned from the Company on 31 January 2015

Other current directorships: None

Former directorships in last 3 years: None

Management

Mr Sander Bangma M.Sc, DipMgt

Position:

General Manager of Operations (appointed 31st January 2015)

Experience:

Mr Bangma joined Resonance Health in 2005 and has recently been appointed General Manager. He holds a Masters Degree in Computer Science and has completed a Diploma in Management. Throughout his time with Resonance Health he has gained a wealth of experience in the day-to-day operations of the Company. Mr Bangma previously held a dual role in the Company as Development Manager and Service Centre Manager. In these roles his responsibilities included overseeing all software medical device development activities, IT infrastructure and the Company's Intellectual Property portfolio, as well as all facets of Resonance Health's analysis service provision. He continues to hold overall responsibility for these areas.

Mrs Melanie Baxter BA (Hons)

Position:

Marketing Director UK Based (appointed 31st January 2015)

Experience:

Mrs Baxter is a marketing communication specialist who has worked for multinational clients up to Board level. Melanie has worked with Resonance Health since 2005.

With 20 years of strategic communication, marketing and sales experience, particularly in the medical sector, Melanie develops and implements dynamic global marketing and PR strategies. Her international network of contacts in the clinical and patient communities ideally positions Melanie to develop business opportunities and drive growth in Resonance Health's target markets.

Mr Adrian Bowers B.Bus, CPA, Chartered Secretary

Position:

Company Secretary and Chief Financial Officer (appointed 28th November 2013)

Experience:

Mr Bowers has experience in managing the financial affairs of public corporations across a diverse range of industries.

Mr Bowers holds a Bachelor of Business, is a CPA and qualified Chartered Secretary.

Mrs Celine Royet Pharm. D

Position:

Quality Assurance and Regulatory Affairs Manager (appointed 5th June 2015)

Experience:

Mrs Royet recently joined Resonance Health as the Quality Assurance & Regulatory Affairs Manager. Celine has over 12 years of experience in the pharmaceutical and medical devices industry in Europe (France & UK) and Australia. She is a Doctor of Pharmacy (France) and holds an additional Masters Degree specialised in QA/QC for cell therapy and gene therapy products.

Interests in the Shares of the Company

The following relevant interests in shares of the Company were held by the Directors during the period. There has been no change in Directors' and executives' shareholdings to the date of this report.

	Number of fully paid ordinary shares
Directors	
Dr M Blake	6,464,677
Dr J Loveridge	-
Mr S Panton	65,966,163
Total	72,430,840
Management	
Professor T St Pierre	7,218,500
Mr S Bangma	30,303
Mrs M Baxter	30,303
Mr A Bowers	30,303
Mrs C Royet	-
Total	7,309,409

Incentive Shares

The Company does have an Employee Share Plan (ESP) adopted at the Annual General Meeting held 27th November 2014. In total 363,636 shares were issued to Staff during the year under the ESP. No shares were issued to staff during the previous financial year.

No shares were issued as part of remuneration to Directors.

Dividends Paid or Recommended

No dividend was paid or declared for the financial year.

Principal Activities

The Company's business involves the development and commercialisation of technologies and services for the quantitative analysis of radiological images in a regulated and quality controlled environment.

The Company's core product is FerriScan, a non-invasive liver diagnostic technology used for the measurement of iron in the liver.

Review of Operations FerriScan:

FerriScan is a patent-protected software medical device used to assess the amount of iron in the liver through the analysis of MRI images. The FerriScan software is used at the Company's ISO 13485 certified central facility to provide an image analysis and reporting service to hospitals and pharmaceutical companies around the world. We are currently providing FerriScan analysis and reporting services to clients in over 30 countries, reflecting the continued interest in FerriScan.

Receipts from customers were \$2,489,302, up 14% from the previous year's result. During the year over 24 new radiology facilities were set up for FerriScan imaging and collaborative programs with pharmaceutical companies are ongoing.

Resonance Health has established a marketing and sales team in Germany, UK and USA focused on strategic long term growth.

Variations in FerriScan revenue growth depend on changes in the mix of services provided, with a shift towards commercial use of FerriScan for clinical patient management. Over the period, a number of pharmaceutical company clinical trials using FerriScan in the assessment of chelation treatments have been completed. Growth in the routine use of FerriScan by hospitals does not include these additional project related services. However, the shift towards the adoption of FerriScan into clinical patient management moves the Company towards achievement of its long-term goal for steady and sustainable global growth of the service.

HepaFat-Scan®

HepaFat-Scan is a software medical device for the measurement of fat in the liver through the analysis of MRI images. Commercialisation activities have focused on the following activities:

- Commencement of a HepaFat-Scan validation study with a leading US hospital, Children's Healthcare of Atlanta.
- Commencement of a liver surgery study in Australia to validate HepaFat-Scan and assess its effectiveness for improving liver surgery outcomes in patients with colorectal liver metastases.
- Engaging with the clinical community to participate in studies that aim to generate important data to enhance the acceptance and uptake of HepaFat-Scan and may support incorporation of HepaFat-Scan in clinical guidelines for patients with fatty liver disease.
- Engaging with pharmaceutical companies developing therapies to address fatty liver disease. The Company's ISO 13485 certified core lab is ideally suited to provide services for pharmaceutical companies conducting clinical trials where a determination of the amount of fat in the liver is required.
- Presentation of latest clinical data at European Association for the Study of the Liver (EASL), Vienna and attendance at other key conferences such as the Liver Meeting for the American Association for the Study of Liver Diseases (AASLD).
- Invitation onto the internationally based Liver Forum. The purpose of the forum is to provide an arena for clinicians, pharmaceutical companies and FDA to hold open discussions on clinical trials and drug development.
- Submission of a paper to a highly respected peer reviewed journal. This paper describes the validation of HepaFat- Scan against biopsy steatosis measurements and when published will significantly contribute to the acceptance of HepaFat-Scan in the clinical community.

Liver Fibrosis

Resonance Health is continuing its development of tools for the quantification of liver fibrosis using MRI technology. A non-invasive alternative to a liver biopsy to assess the degree of liver fibrosis is a significant unmet need. Activities have focused on the following:

- Development of a prototype non-invasive liver fibrosis measurement that distinguishes between low and high fibrosis scores in a patient cohort with Hepatitis C.
- Submission to and acceptance from the American Association for the Study of Liver Disease (AASLD) of an abstract describing the results of testing of the prototype non-invasive liver fibrosis measurement technology. The abstract will be published in the Journal Hepatology and will be presented at The Liver Meeting® to be held in San Francisco in November 2015.
- Partnering with CSIRO's Biomedical Imaging Group to enhance MR image analysis software for the non-invasive measurement of liver fibrosis.
- Continuing research to explore the potential of recent advancements in the field of image analysis algorithms to accurately interpret MRI image data for the staging of liver fibrosis.

Financial Summary

A net profit after tax was recorded for the year of \$463,234 compared to a net loss after tax of \$72,415 in the previous financial year.

Total revenue was \$2,676,760 (2014: \$2,309,036) an increase of 16% or \$367,724 from the prior year. The Company received an Export Market Development Grant of \$86,934 compared to \$nil received in the previous year and the WA Innovator of the Year grant of \$75,000. Interest income was \$65,518 compared to the prior year of \$24,471 due to the increase of cash on deposit for the full year.

The services business segment reported a profit of \$709,671 compared to a profit of \$661,665 in the previous financial year.

Operating expenses (excluding foreign exchange gain) were 10% or \$240,618 higher than the prior year. Total expenditure, excluding foreign exchange gain/loss for the year was \$2,571,557 compared to the prior year total expenditure of \$2,330,939.

The operating expenses increase is a result of increased marketing activity as company delegates headed to China, USA, Austria, United Kingdom and Italy to participate in carefully selected conferences and met with key stakeholders. These profiling activities increased awareness of HepaFat-Scan and FerriScan in the global clinical community and generated further opportunities. Year on year increase in marketing and travel expense amounted to \$198,501.

The profit for the year was improved significantly by the Company deciding to form a Tax Consolidated Group resulting in an income tax benefit of \$144,316 being recognised as tax liabilities were no longer payable. A Research and Development Tax Credit of \$70,285 was recognised for research and development work undertaken for the financial year 2013-2014. In total both amounts resulted in a tax benefit of \$214,601 compared to the prior year amount of \$3,367.

Resonance Health has cash at bank of \$2,797,203 at the end of the financial year compared to \$2,097,607 in the previous financial year and has no debt. Receipts from customers were \$2,489,302 up 14% from the previous year's result. Cash flows from operating activities generated positive cash of \$197,163.

The Company raised \$650,000 (less costs) on the 15 September 2014 by issuing 13 million shares at 5 cents per share. Research and development expenditure focused on the Company's HepaFat-Scan and fibrosis products totalled \$390,829 during the year (2014: \$376,408). This comprised capitalised development costs of \$159,210 (2014: \$190,406) that are recognised as an intangible asset on the Statement of Financial Position and expenditure of \$121,052 (2014: \$89,326) amortisation expense, \$68,665 (2014: \$70,874) recognised in research and development and \$41,900 (2014: \$25,804) recognised in employee benefits in the Statement of Comprehensive Income.

Operating Results

The net profit of the Group for the financial year after tax was \$463,234 (2014: loss \$72,415).

Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the Company during the financial year, other than as set out in this report.

Significant Events After Balance Date

There have been no subsequent events, that require disclosure in this report.

Likely Developments and Expected Results of Operations

Comments on expected results of the operations of the Group are included in this report under the review of operations.

Disclosure of information regarding likely developments in the operations of the Group in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Company. Accordingly, this information has not been disclosed in this report.

Environmental Legislation

The Group's operations are not subject to any significant environmental legislation.

Indemnification and Insurance of Directors and Officers

The Company has agreed to indemnify all the Directors and secretaries of the Company for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

During the financial year the Company paid a premium to insure the Directors and secretaries of the Company and its controlled entities against any liability incurred in the course of their duties to the extent permitted by the Corporations Act 2001. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Remuneration Report (audited)

This report outlines the remuneration arrangements in place for the key management personnel (KMP) of Resonance Health Limited for the financial year ended 30 June 2015. The information provided in this remuneration report has been audited as required by Section 308 (3C) of the Corporations Act 2001.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent Company and the Company Secretary.

Key Management Personnel

(i) Directors

Dr Martin Blake – Chairman
Dr Jason Loveridge
Mr Simon Panton
Ms Liza Dunne

(ii) Management Executives

Professor Timothy St Pierre – Chief Scientific Officer
Mr Sander Bangma – General Manager of Operations
Mrs Melanie Baxter – Marketing Director
Mr Adrian Bowers – Company Secretary & Chief Financial Officer
Mrs Celine Royet – Quality and Regulatory Affairs Manager

Remuneration Policy

The Board's policy for determining the nature and amount of remuneration for Board members and senior executives of the Group is as follows:

- set competitive remuneration packages to attract the highest calibre of employees in the context of prevailing market conditions, particular experience of the individual concerned and the overall performance of the Company; and
- reward employees for performance that results in long-term growth in shareholder wealth, with the objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

The Board of Resonance Health Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and Directors to run and manage the Group, as well as create goal congruence between Directors, executives and shareholders.

Remuneration Committee

The Remuneration Committee of the Board of Directors of the Company is responsible for determining and reviewing compensation arrangements for Directors and the executive team.

The remuneration policy, setting the terms and conditions for the Directors and other senior executives, was developed by the Remuneration Committee and approved by the Board.

The Remuneration Committee reviews executive packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries. The assistance of an external consultant or remuneration surveys are used where necessary.

Remuneration Structure

In accordance with best practice Corporate Governance, the structure of non-executive Director and executive remuneration is separate and distinct.

Non-executive Director Remuneration

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

Non-executive Directors' fees not exceeding an aggregate of \$250,000 per annum have been approved by the Company in a general meeting.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. The Board considers fees paid to non-executive Directors of comparable companies when undertaking the annual review process.

Each of the non-executive Directors receives a fixed fee for their services as Directors. There is no direct link between remuneration paid to any of the Directors and corporate performance.

Executive Remuneration

Remuneration consists of fixed remuneration and variable remuneration.

(i) Fixed Remuneration

Fixed remuneration is reviewed annually. The process consists of a review of relevant comparative remuneration in the market and internally, and where appropriate, external advice on policies and practices. The Committee has access to external, independent advice where necessary.

All executives (except Professor St Pierre) receive a base salary (which is based on factors such as length of service and experience), superannuation and fringe benefits.

Executives receive a superannuation guarantee contribution required by the government, which for the year is 9.50%, and do not receive any other retirement benefits.

(ii) Variable Remuneration

All bonuses and incentives are linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives and bonuses, and can recommend changes to the committee's recommendations. Any changes must be justified by reference to measurable performance criteria.

All remuneration paid to Directors and executives is valued at the cost to the Company and expensed or capitalised. Securities given to Directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive. There are currently no securities on issue.

Management Employment Agreements

Ms Dunne was appointed to the role of Managing Director of Resonance Health Ltd on 23 October 2008 and resigned 31 January 2015. Her employment agreement provided for a salary of \$272,500 pa inclusive of superannuation and the provision of three months notice for termination or resignation without cause.

Mr Bowers was appointed to the role of Company Secretary of Resonance Health Ltd on 28 November 2013. His employment agreement provides for a salary of \$140,000 pa exclusive of superannuation and a termination notice of 2 weeks.

Mr Bangma was appointed to the role of General Manager of Operations on 31st January 2015. His employment agreement provides for a salary of \$125,000 pa exclusive of superannuation and a termination notice of 4 weeks.

Mrs Royet was appointed to the role of Quality Assurance and Regulatory Affairs Manager on 5th June 2015. Her employment agreement provides for a salary of \$115,000 pa exclusive of superannuation and a termination notice of 1 week.

Consultancy Services Agreement

The Company has an agreement with The University of Western Australia (UWA) for consulting services provided by Professor St Pierre. Under this agreement consulting services provided for duties of Chief Scientific Officer totalling \$82,719 (2014: \$67,119) and no fixed fee for his services as a non-executive director (2014: \$nil) were incurred during the financial year. These amounts are included in Professor Tim St Pierre's remuneration disclosed in the following table.

Mrs Baxter was appointed to the role of Marketing Director on 31st January 2015. The Company has an agreement with Catalyst Communications Limited for consulting services provided by Mrs Baxter. Under this agreement consulting services provided totalled \$144,133. The agreement can be terminated immediately by mutual agreement. This amount is included in Mrs Baxter's remuneration disclosed in the following table.

Details of Remuneration for Year Ended 30 June 2015

The remuneration for key management personnel of the Group during the year was as follows:

	Short-term employee benefits	Post employment benefits	Equity	Total	Fixed Remuneration	Remuneration linked to performance
	Salary	Superannuation Contributions	Shares/ Options		Remuneration	linked to performance
	\$	\$	\$	\$	%	%
Non-Executive Directors' remuneration						
Dr M Blake	54,795	5,205	-	60,000	100%	-
Dr J Loveridge	40,000	-	-	40,000	100%	-
Mr S Panton	36,530	3,470	-	40,000	100%	-
Total	131,325	8,675	-	140,000		
Executive Directors' remuneration						
Ms L Dunne ¹	274,007	20,553	-	294,560	100%	-
Total	274,007	20,553	-	294,560		

	Short-term employee benefits	Post employment benefits	Equity	Total		
	Salary	Superannuation Contributions	Shares/ Options		Fixed Remuneration	Remuneration linked to performance
	\$	\$	\$	\$	%	%
Management Executives' remuneration						
Professor T St Pierre ^{2,3}	82,719	-	-	82,719	100 %	-
Mr S Bangma ⁵	119,692	11,371	1,000	132,063	99.2%	0.8%
Mrs M Baxter ^{4,5}	144,133	-	1,000	145,133	99.3%	0.7%
Mr A Bowers ⁵	131,600	12,502	1,000	145,102	99.3%	0.7%
Mrs C Royet ⁶	1,650	157	-	1,807	100 %	-
Total	479,794	24,030	3,000	506,824		

- Ms L Dunne resigned as Managing Director 31st January 2015.
- Professor T St Pierre resigned as a Director 29th October 2014.
- Professor T St Pierre is the Chief Scientific Officer; remuneration represents consulting fees for duties as Chief Scientific Officer paid to The University of Western Australia. At 30 June 2015 a balance of \$45,512 was owing to The University of Western Australia.
- At 30 June 2015 a balance of \$17,093 was owing to Catalyst Communications Limited for consulting services provided by Mrs Baxter.
- Received 30,303 shares in Resonance Health Limited on 31st March 2015. The shares were issued under the Resonance Health Limited Employee Share Plan – approved by members at the Annual General Meeting held 27th November 2014. The shares were issued for nil consideration. The fair value of the shares issued to each staff member was \$1,000 which was based on the share price at the date of issue.
- Mrs C Royet commenced employment on 5th June 2015.

Details of Remuneration for Year Ended 30 June 2014

	Short-term employee benefits	Post employment benefits	Equity	Total		
	Salary	Superannuation Contributions	Shares/ Options		Fixed Remuneration	Remuneration linked to performance
	\$	\$	\$	\$	%	%
Non-Executive Directors' remuneration						
Dr M Blake	54,920	5,080	-	60,000	100%	-
Mr S Panton	27,460	2,540	-	30,000	100%	-
Dr J Loveridge	45,000	-	-	45,000	100%	-
Total	127,380	7,620	-	135,000		

	Short-term employee benefits	Post employment benefits	Equity	Total		
	Salary	Superannuation Contributions	Shares/ Options		Fixed Remuneration	Remuneration linked to performance
	\$	\$	\$	\$	%	%
Executive Directors' remuneration						
Ms L Dunne	250,000	23,125	-	273,125	100%	-
Professor T St Pierre ¹	67,119	-	-	67,119	100%	-
Total	317,119	23,125	-	340,244		

Other Executives' remuneration

Mrs N Haydari ²	59,411	4,460	-	63,871	100%	-
Total	59,411	4,460	-	63,871		

¹ Professor St Pierre's remuneration represents director's fees earned during the financial year and consulting fees for duties as Chief Scientific Officer paid to The University of Western Australia in full.

² Mrs N Haydari resigned effective 28th November 2013.

Shareholdings of key management personnel

The numbers of ordinary shares in the Company held during the financial year by key management personnel of the consolidated Group including their personally related entities are set out below.

	Balance 1/7/2014	Received as Remuneration	Net Change Other	Received during the year on exercise of options	Balance 30/6/2015
Dr M Blake	6,464,677	-	-	-	6,464,677
Dr J Loveridge	-	-	-	-	-
Mr S Panton	65,960,972	-	5,191	-	65,966,163
Ms L Dunne ¹	3,253,385	-	-	-	3,253,385
Professor T St Pierre	9,078,750	-	(1,860,250)	-	7,218,500
Mr S Bangma	-	30,303	-	-	30,303
Mrs M Baxter	-	30,303	-	-	30,303
Mr a Bowers	-	30,303	-	-	30,303
Mrs C Royet	-	-	-	-	-
Total	84,757,784	90,909	(1,855,059)	-	82,993,634

1. Ms L Dunne holding as at date of resignation 31st January 2015.

No options or rights are held by any member of KMP and there were no other transactions with KMP's during the year.

Meetings of Directors

The number of meetings of the Company's Board of Directors and each Board committee held during the year ended 30 June 2015, and the numbers of meetings attended by each director were:

	Director Meetings		Audit Committee Meetings		Remuneration Committee	
	Number eligible To attend	Number attended	Number eligible To attend	Number attended	Number eligible To attend	Number attended
Dr M Blake	11	11	3	3	2	2
Mr S Panton	11	11	3	3	2	2
Dr J Loveridge	10	10	3	3	2	2
Ms L Dunne ¹	6	6	-	-	-	-
Professor T St Pierre ²	5	-	-	-	-	-

¹ Ms L Dunne resigned as Managing Director 31 January 2015.

² Professor T St Pierre resigned as a Director 29 October 2014. He was absent from Board meetings as a result of his appointment as an Institute of Electrical and Electronics Engineers (IEEE) Magnetics Society Distinguished Lecturer, requiring extensive international travel.

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Resonance Health Limited support and adhere to the principles of corporate governance. The Company's Corporate Governance Statement is contained in the following section of this annual report.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Auditor Independence and Non-audit Services

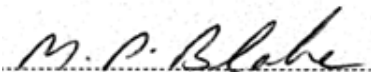
Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the Directors of the Company with an Independence Declaration in relation to the audit of the financial report. This Independence Declaration is set out on page 33 and forms part of this Directors' Report for the year ended 30 June 2015.

Non-audit Services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 22 to the financial statements. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services do not compromise the auditor's independence as all non-audit services have been reviewed to ensure that they do not impact the integrity and objectivity of the auditor and none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board.

This report is made in accordance with a resolution of the Board of Directors.



Dr Martin Blake Chairman

Perth, Western Australia. Dated this 24 September 2015

Resonance Health Limited is committed to protecting and enhancing shareholder value and adopting best practice governance policies and practices. This Corporate Governance Statement outlines the main Corporate Governance practices that were in place throughout the financial year, which comply with the Australian Securities Exchange ('ASX') Corporate Governance Council published guidelines as well as its corporate governance principles and recommendations unless otherwise stated. Where a recommendation has not been followed, this is clearly stated along with an explanation for the departure.

Principle 1

Lay solid foundations for management and oversight

The Board is the governing body of the Company. The Board and the Company act within a statutory framework – principally the Corporations Act and also the Constitution of the Company. Subject to this statutory framework, the Board has the authority and the responsibility to perform the functions, determine the policies and control the affairs of Resonance Health Limited.

The Board must ensure that Resonance Health Limited acts in accordance with prudent commercial principles, and satisfies shareholders – consistent with maximising the Company's long term value.

The Company has established the functions reserved to the Board. The Board Charter summarises the role, responsibilities, policies and processes of the Board of Resonance Health Limited and comments on the Board's approach to corporate governance.

The primary responsibilities of the Board include:

- Charting the direction, strategies and financial objectives of the Company and ensuring appropriate resources are available
- Monitoring the implementation of those policies and strategies and the achievement of those financial objectives
- Monitoring compliance with control and accountability systems, regulatory requirements and ethical standards
- Ensuring the preparation of accurate financial reports and statements
- Reporting to shareholders and the investment community on the performance and state of the Company
- Appointing and monitoring the performance of senior executives
- Establishing proper succession plans for management of the Company

The Company has established the functions delegated to senior executives. The Board Charter summarises the role and responsibilities of the Managing Director and the Company Secretary. With effect 31st January 2015 the Company does not have a designated Managing Director nor a CEO. The Managing Director and the CEO job functions are replaced by Management.

Management – Key Personnel:

- Tim St Pierre – Chief Scientific Officer responsible for Research and Development.
- Sander Bangma – General Manager of Operations responsible for day to day management of service delivery and R&D activities.
- Melanie Baxter – Director of Marketing responsible for the development of sales and marketing.
- Adrian Bowers – Chief Financial Officer and Company Secretary responsible for good administration of the Company.
- Celine Royet – Quality Assurance and Regulatory Affairs Manager responsible for compliance with FDA, TGA and CE.

The Board delegates responsibility for day to day management of the Company to Management. However, Management must consult the Board on matters that are sensitive, extraordinary or of a strategic nature. The Company Secretary supports the effectiveness of the Board. The Company Secretary is accountable directly to the board, through the chair, on all matters to do with the proper functioning of the Board.

Separate functions of the Board and management existed and were practised throughout the year.

The performance of Management is measured against criteria agreed annually with each person and is based predominantly on the achievement of agreed milestones. The Management review was undertaken during reporting period.

Details of matters referred to the Board and delegated to Management are outlined in the Board Charter. A copy of the Board Charter is publically available on the Company's website.

The Company undertakes appropriate checks before appointing a person or putting forward to security holders a candidate for election, as a director; and provides security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

The Company undertakes a periodical review evaluating the Board members. The Chairman prepares a questionnaire and asks the Directors and Company Secretary to complete their written response. The Responses are reviewed and discussed at appropriate Board meetings. The Board review was completed during the reporting period.

The Company provides each Director and management executive a written agreement setting out the terms of their appointment.

Diversity Policy

The Board currently does not have a Diversity Policy. Gender Diversity is demonstrated within the Company as follows:

Currently, 32% of all current employees are women and 26% of all Management/Executive roles are filled by women. The Board currently has no measurable objectives on achieving greater gender diversity within the Company.

The Board complied with the ASX Corporate Governance Council Principle 1 at all times during the year except as noted above.

Principle 2

Structure the Board to add value

The composition of the Board has been determined on the basis of providing the Company with the benefit of a broad range of technical, commercial and financial skills, combined with an appropriate level of experience at a senior corporate level. Details of each Director's skills and experience are set out in the Directors' report.

The ASX guidelines recommend that a listed Company should have a majority of Directors who are independent, Principle 2 Recommendation 2.4. With effect from 31st January 2015 the Board did have a majority of independent Directors.

A Director is considered independent when the Director does not have any relationship with the Company that would be considered to affect their independent status as outlined in the ASX Corporate Governance Council Principle 2 Recommendation 2.4.

In the context of director independence, 'materiality' is considered from both the Company and individual director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal or less than 5% of the appropriate base amount. It is presumed to be material (unless there is evidence to the contrary) if it is equal or greater than 10% of the appropriate base amount. Qualitative factors considered include whether a relationship is strategically important, the competitive

landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors which point at the actual ability in question to shape the direction of the Company's loyalty.

Directors during the financial year were:

- Dr Martin Blake – Independent – Chairman
- Ms Liza Dunne – Executive – Not independent – Managing Director (resigned 31 January 2015)
- Mr Simon Panton – Not independent – substantial shareholder
- Professor Tim St Pierre – Executive – Not independent – Chief Scientific Officer (resigned 29 October 2014)
- Dr Jason Loveridge – Independent – Non-executive Director

A description of the skills and experience of each director and their period of office is disclosed in the Directors' Report. The ASX Corporate Governance Council Principle 2 Recommendation 2.5 recommends that the Chairman should be an independent director. The role of Chairman was performed by an independent director at all times during the financial year. The ASX Corporate Governance Council Principle 2 Recommendation 2.5 recommends that the roles of Chairman and Managing Director be exercised by different individuals. The Company complied with this recommendation at all times during the financial year.

While there is no current incumbent in the role of Managing Director, some of the responsibilities have been assumed by General Manager of Operations, Sander Bangma. Dr Martin Blake has assumed an Executive Chairman role.

The roles of Chairman and Managing Director are exercised by different individuals, providing for clear division of responsibility at the head of the Company. Their roles and responsibilities, and the division of responsibilities between them, are clearly understood and there is regular communication between them.

Directors are subject to re-election by rotation at annual general meetings as stipulated in the Corporations Act and the Company's Constitution. There is no maximum term for non-executive director appointments. Newly elected Directors must seek re-election at the first general meeting of shareholders following their appointment.

The remuneration of the Directors is determined by the Nomination and Remuneration Committee. Further information and the components of remuneration for Directors are set out in the Directors' Report.

ASX Corporate Governance Council Principle 2.1 recommends that the Nomination Committee should consist of a majority of independent Directors, be chaired by an independent Director and have at least three members.

The members of the Nomination and Remuneration Committee during the financial year were:

- Dr Martin Blake – (Chairman) – Independent
- Mr Simon Panton – Not Independent
- Dr Jason Loveridge – Independent

Nomination and Remuneration Committee consists of three Non-executive Directors.

The number of meetings attended by each member of the Nomination and Remuneration Committee are detailed in the Directors' Report. The Company discloses its Nomination and Remuneration Committee Charter on the Company's website.

The Company has a procedure in place for Directors to take independent professional advice at the expense of the Company.

Prior to the appointment of a new director, the Nomination and Remuneration Committee assesses the skills represented on the Board by the non-executive Directors and determines whether those skills meet the skills identified as required. The Committee will then implement a process to identify suitable candidates for appointment. The Committee makes recommendations to the Board on candidates it considers appropriate for appointment. Induction procedures are in place to ensure new Directors are able to participate fully and actively in Board decision-making at

the earliest opportunity. Directors are encouraged to engage in continuing education and are encouraged to update and enhance their skills and knowledge. Directors meet regularly to discuss the performance of the Company and to attend to regulatory requirements. The Company Secretary distributes information before each Board meeting to enable Directors to discharge their duties effectively.

The Company's Constitution requires a director of the Company to not hold office without re-election past the third annual general meeting following the director's appointment or three years, whichever is longer.

The Board complied with the ASX Corporate Governance Council Principle 2 at all times during the year except as noted above.

Principle 3

Promote ethical and responsible decision-making

The Board places great emphasis on ethics and integrity in all its business dealings.

In regards to Principle 3.1 the Board considers the business practices and ethics exercised by individual Board members and key executives to be of the highest standards.

The Company has a code of conduct as to the:

- practices necessary to maintain confidence in the Company's integrity;
- practices necessary to take into account their legal obligations and the expectations of shareholders; and
- responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

These practices are outlined in the Company's Board Charter, Communication Policy, Continuous Disclosure Charter, Share Trading Policy, Audit and Risk Charter and Nomination and Remuneration Charter. These documents are disclosed on the Company's website.

Trading in the Company's shares

The Company's policy restricts Directors and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the securities' prices. Statutory provisions of the Corporations Act dealing with insider trading have been strictly complied with.

The Company's Share Trading Policy is disclosed on the Company's website.

The Board complied with the ASX Corporate Governance Council Principle 3 Recommendations at all times during the year.

Principle 4

Safeguard integrity in financial reporting

The Board has established an Audit and Risk Committee that operates in accordance with the Company's Audit and Risk Charter. It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, including the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information. The Board has delegated responsibility for the establishment and framework of internal controls and ethical standards for the management of the Group to the Audit Committee.

The Committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial reports. All members of the Audit Committee are non-executive Directors.

ASX Corporate Governance Council Principle 4.1 recommends that the Audit Committee should consist only of non-executive with a majority of independent Directors, be chaired by an independent director who is not chair of the Board and have at least three members.

The members of the Audit and Risk Committee during the financial year were:

- Dr Martin Blake (Chairman) – Independent
- Mr Simon Panton – Not independent
- Dr Jason Loveridge – Independent

The qualifications of each member of the Audit and Risk Committee and the number of meetings attended are detailed in the Directors' Report.

The Audit and Risk Committee generally invites the Managing Director, Company Secretary, and external auditors to attend meetings.

The Company discloses its Audit and Risk Committee Charter on the Company's website.

The Company's external auditors have a policy for the rotation of audit engagement partners. A new Audit Partner was assigned to the Company with effect for the 2014 financial year in line with this policy.

The Board has not complied with the ASX Corporate Governance Council Principle 4 Recommendations at all times during the year. The Chairman of the Board is also Chairman of the committee which is not in accordance with Principle 4.1, however given the size of the company and the Chair's Independent status the Board's opinion is that it is reasonable and acceptable.

In accordance with Recommendation 4.2 the Chief Financial Officer and General Manager of Operations provide written statements at each reporting period regarding the integrity of the financial statements and the Company's risk management and internal compliance and control systems.

In accordance with Recommendation 4.3 the Company's external auditor is invited to attend the annual general meeting and questions from shareholders regarding the conduct of the audit and the preparation and content of the auditor's report are welcomed.

Principle 5

Make timely and balanced disclosure

The Company complies with all disclosure requirements to ensure that Resonance Health manages the disclosure of price sensitive information effectively and in accordance with the requirements as set out by regulatory bodies. The Company Secretary is authorised to communicate with shareholders and the market in relation to Board approved disclosures.

The Company has a written policy designed to ensure compliance with ASX Listing Rule disclosures and accountability at a senior executive level for that compliance. The details of this policy are outlined in the Company's Continuous Disclosure Charter which is displayed on the Company's website.

All announcements made to the ASX are placed on the Company's web site immediately after public release.

The Board complied with the ASX Corporate Governance Council Principle 5 Recommendations at all times during the year.

Principle 6

Respect the rights of shareholders

The Company has a Communications Policy that details the Company's strategy to communicate with shareholders and actively promote shareholder involvement in the Company. It aims to continue to increase and improve the information available to shareholders on its website. All Company announcements, presentations to analysts and other significant briefings are posted on the Company's website after release to the Australian Securities Exchange.

The Board complied with the ASX Corporate Governance Council Principle 6 Recommendations at all times during the year.

Principle 7

Recognise and manage risk

The Board oversees the establishment, implementation and ongoing review of the Company's risk management and internal control system. Recommendation 7.1 requires that the Company has a formal risk management policy and internal compliance and control system. Resonance Health Limited, through its operating subsidiary Resonance Health Analysis Services Pty Ltd, maintained a Quality Management System (QMS) to international standards ISO13485:2003 for the whole financial year which encompass formal risk analysis processes.

Recommendation 7.2 requires implementation and review of the Company's risk management and internal control system. The Company did not have a separately established risk committee. However, the duties and responsibilities typically delegated to such a committee are expressly included in the role of the Audit and Risk Committee and the main Board. The Board does not believe that any marked efficiencies or enhancements would be achieved by the creation of a separate risk committee.

In addition, the QMS requires the appointment of a Management Representative that reports directly to the Board of Directors. The Company also has in place classes of insurance at levels which, in the reasonable opinion of the Directors, are appropriate for its size and operations. Management has reported the effectiveness of the Company's management of its material business risks to the Board during the reporting period.

The Company's Audit and Risk Charter is displayed on the Company's website.

In regards to Recommendation 7.3 the Company does not have an Internal Audit Function given its size and the company has maintained a Quality Management System (QMS) to international standards ISO13485:2003 for the whole financial year which encompass formal risk analysis processes.

In regards to Recommendation 7.4 the Company does not have material exposure to economic, environmental and social sustainability risks other than normal trading business risks.

Except for Recommendation 7.3 the Board complied with the ASX Corporate Governance Council Principle 7 Recommendations at all times during the year.

Principle 8

Remunerate fairly and responsibly

The Board has a Nomination and Remuneration Committee. Members of the Committee are outlined under Principle 2 above.

ASX Corporate Governance Council Principles recommend that the Remuneration Committee should consist of a majority of independent Directors, be chaired by an Independent Director and have at least three members.

The Nomination and Remuneration Committee regularly review the level and composition of remuneration of non-executive Directors, executive Directors and senior management with regards to industry best practice, Company and individual performance. During Financial year ended 30 June 2015 the Nomination and Remuneration Committee met two times.

The Company pays fees to The University of Western Australia for services provided by Professor St Pierre who is the Chief Scientific Officer the Company.

All Management employees receive a base salary and superannuation. The Company has a share plan. Directors do not receive any equity based remuneration unless specifically approved on a case by case basis at a general meeting.

The members of the Nomination and Remuneration Committee are outlined in Principle 2. Their attendance at Nomination and Remuneration Committee meetings is detailed in the Directors' Report. Director disclosure requirements are detailed in the Remuneration Report.

The Nomination and Remuneration Committee Charter is displayed on the Company's website.

Recommendation 8.3 – The Company does not have a written policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the Share Plan. However the Directors discourage employees from doing so especially if it is a short term trading activity.

The Board complied with the ASX Corporate Governance Council Principle 8 Recommendations at all times during the year excepted for Recommendation 8.3 as noted above.



AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Resonance Health Limited for the year ended 30 June 2015, 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 audit; and
- b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia 24 September 2015

L Di Giallonardo Partner

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

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HLB Mann Judd (WA Partnership) is a member of International, a worldwide organisation of accounting firms and business advisers.

		Consolidated	
	Notes	2015 \$	2014 \$
Sales revenue	2(a)	2,443,476	2,284,565
Other income	2(b)	233,284	24,471
Revenue		2,676,760	2,309,036
Employee benefits expense		(1,348,506)	(1,307,370)
Consulting and professional services		(94,032)	(79,540)
Research and development		(68,665)	(70,874)
Depreciation expense		(13,649)	(19,242)
Amortisation expense		(121,052)	(89,326)
Marketing and travel		(371,733)	(173,232)
Statutory and compliance		(159,449)	(139,345)
Foreign exchange gain/(loss)		143,430	(53,879)
Due diligence expense		(15,264)	(119,573)
Other expenses		(379,207)	(332,437)
Profit/(loss) before income tax benefit		248,633	(75,782)
Income tax benefit	3	214,601	3,367
Net profit/(loss) for the year attributable to owners of the parent		463,234	(72,415)
Other comprehensive income/(loss)			
<i>Items that may be reclassified to profit and loss</i>			
Exchange differences arising on translation of foreign operations		(61,916)	(9,249)
Exchange differences arising on translation of foreign loan		(37,314)	9,827
Other comprehensive income/(loss) for the year, net of tax		(99,230)	578
Total comprehensive income/(loss) for the year attributable to owners of the parent		364,004	(71,837)
Basic earnings/(loss) per share (cents per share)	5	0.12	(0.02)

The accompanying notes form part of these financial statements.

	Notes	Consolidated	
		2015	2014
		\$	\$
Current Assets			
Cash and cash equivalents	7	2,797,203	2,097,607
Trade and other receivables	8	662,177	499,399
Other assets	9	42,304	24,602
Total Current Assets		3,501,684	2,621,608
Non-Current Assets			
Plant and equipment	10	27,216	29,448
Intangible assets	11	1,601,442	1,563,284
Other financial assets	12	-	3,004
Other assets	9	62,106	59,099
Total Non-Current Assets		1,690,764	1,654,835
Total Assets		5,192,448	4,276,443
Current Liabilities			
Trade and other payables	13	329,158	460,429
Current tax liability	3	-	144,316
Provisions	15	44,070	48,610
Other liabilities	14	413,932	244,480
Total Current Liabilities		787,160	897,835
Non-Current Liabilities			
Provisions	15	-	40,013
Total Non-Current Liabilities		-	40,013
Total Liabilities		787,160	937,848
Net Assets		4,405,288	3,338,595
Equity			
Issued capital	16(a)	69,406,199	68,703,510
Reserves	16(b)	(204,296)	(105,066)
Accumulated losses		(64,796,615)	(65,259,849)
Total Equity		4,405,288	3,338,595

The accompanying notes form part of these financial statements.

	Consolidated				
	Foreign Currency				
	Issued Capital	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
Loss for the year	-	-	-	(72,415)	(72,415)
Other comprehensive income	-	578	-	-	578
Total comprehensive loss for the year	-	578	-	(72,415)	(71,837)
Shares issued	1,277,521	-	-	-	1,277,521
Share issue costs	(108,050)	-	-	-	(108,050)
Balance at 30 June 2014	68,703,510	(171,350)	66,284	(65,259,849)	3,338,595
Profit for the year	-	-	-	463,234	463,234
Other comprehensive loss	-	(99,230)	-	-	(99,230)
Total comprehensive income for the year	-	(99,230)	-	463,234	364,004
Shares issued	745,039	-	-	-	745,039
Shares issue costs	(42,350)	-	-	-	(42,350)
Balance at 30 June 2015	69,406,199	(270,580)	66,284	(64,796,615)	4,405,288

The accompanying notes form part of these financial statements.

	Notes	Consolidated	
		2015	2014
		\$	\$
	Inflows/(Outflows)		
Cash flows from operating activities			
Receipts from customers		2,489,302	2,179,241
Payments to suppliers and employees		(2,481,556)	(2,134,816)
Due diligence expense		(42,887)	(94,629)
Grants received		161,934	-
Interest received		70,370	19,814
		<hr/>	<hr/>
Net cash provided/(used in) by operating activities	7(i)	197,163	(30,390)
Cash flows from investing activities			
Payments for plant and equipment		(11,417)	(4,389)
Payments for intangible assets		(159,210)	(190,406)
		<hr/>	<hr/>
Net cash used in investing activities		(170,627)	(194,795)
Cash flows from financing activities			
Share issues		650,000	1,277,521
Share issue costs		(18,687)	(48,672)
		<hr/>	<hr/>
Net cash provided by financing activities		631,313	1,228,849
Net increase in cash and cash equivalents		657,849	1,003,664
Foreign exchange differences on cash balances		41,747	1,000
Cash and cash equivalents at the beginning of period		2,097,607	1,092,943
		<hr/>	<hr/>
Cash and cash equivalents at the end of the period	7	2,797,203	2,097,607

The accompanying notes form part of these financial statements.

NOTE 1: Statement of significant accounting policies**(a) Basis of preparation**

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and complies with other requirements of the law.

The financial report has been prepared on a historical cost basis, except for available-for-sale investments, which have been measured at fair value. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report is presented in Australian dollars. The Company is a listed public Company, incorporated and operating in Australia and the United States of America. The Company's business involves the development and commercialisation of technologies and services for the quantitative analysis of radiological images in a regulated and quality controlled environment.

(b) Adoption of new and revised standards

In the year ended 30 June 2015, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for the current annual reporting period. It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group's business and, therefore, no change is necessary to Group accounting policies.

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2015. 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's business and, therefore, no change necessary to Group accounting policies.

(c) Statement of compliance

The financial report was authorised for issue on 24 September 2015.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(d) Basis of consolidation

The consolidated financial statements comprise the separate financial statements of Resonance Health Limited ("Company" or "parent entity") and its subsidiaries as at 30 June each year ("the Group"). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent Company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Business combinations have been accounted for using the acquisition method of accounting (refer Note 1(ab)).

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the statement of comprehensive income and within equity in the consolidated statement of financial position. Losses are attributed to the non-controlling interest even if that results in a deficit balance.

NOTE 1: Statement of significant accounting policies (continued)**(e) Critical accounting judgements and key sources of estimation uncertainty**

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Impairment of intangibles

The Group determines whether intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash generating units to which the intangibles with indefinite useful lives are allocated. The assumptions used in this estimation of recoverable amount and the carrying amount of intangibles with indefinite useful lives are discussed in Note 11.

Additionally, the Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may indicate impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

With respect to cash flow projections growth rates have been factored into valuation models for the next five years on the basis of management's expectations regarding the Group's continued ability to increase market share based on contractual obligations already in place and historical sales growth rates.

Historic Group averages have been used to reflect projected cash flow growth rates in year 1 and year 2. In subsequent periods a consistent growth rate has been attached as a conservative estimate for use in the impairment calculation.

Pre-tax discount rate of 10% which includes a risk component, has been used throughout the value-in-use model.

Development expenditure is considered to be sensitive to these assumptions as they are not ready for use. Therefore sensitivity analysis of 5% and 10% reduction in revenue and the use of a pre-tax discount rate of 15%, have been calculated and did not indicate an impairment.

Share-based payment transactions

The Group measures the cost of cash-settled share-based payments at fair value at the grant date.

(f) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Resonance Health Limited.

(g) Foreign currency translation

Both the functional and presentation currency of Resonance Health Limited and its Australian subsidiaries is Australian dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the statement of financial position date.

All exchange differences in the consolidated financial report are taken to profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

NOTE 1: Statement of significant accounting policies (continued)**(g) Foreign currency translation (Continued)**

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

The functional currency of the foreign operation Resonance USA Inc. is United States dollars (US\$). As at the reporting date the assets and liabilities of this subsidiary are translated into the presentation currency of Resonance Health Limited at the rate of exchange ruling at the balance date and the statement of comprehensive income is translated at the average exchange rate for the year. The exchange differences arising on the translation are taken directly to a separate component recognised in the foreign currency translation reserve in equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the Statement of Comprehensive Income.

(h) Revenue recognition

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of Goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

(ii) Rendering of services

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

(iii) Interest income

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(i) Borrowing costs

Borrowing costs are recognised as an expense when incurred.

(j) Lease

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance lease are initially recognised at their fair value or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and the reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the general policy on borrowing costs.

Finance lease assets are depreciated on a straight line basis over the estimated useful life of the asset.

Operating lease payments, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased items, are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

(k) Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

NOTE 1: Statement of significant accounting policies (continued)**(k) Income tax (continued)**

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the balance date. Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit, nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it is has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Tax consolidation legislation

Resonance Health Limited and its 100% owned Australian resident subsidiaries have implemented the tax consolidated legislation. Current and deferred tax amounts are accounted for in each individual entity as if each entity continued to act as a taxpayer on its own.

NOTE 1: Statement of significant accounting policies (continued)**(l) Other taxes**

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST) except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(m) Impairment of assets

The Group assesses at each balance date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and adjusted risk specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each balance date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in statement of comprehensive income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(n) Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(o) Trade and other receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. Trade receivables are generally due for settlement within periods ranging from 14 days to 90 days.

NOTE 1: Statement of significant accounting policies (continued)**(o) Trade and other receivables (continued)**

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Group in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Group. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

(p) Financial assets

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. Where financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date, i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

(i) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through

profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on investments held for trading are recognised in profit or loss.

(ii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification.

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets that are not quoted in an active market. Gains and losses are recognised in the profit or loss when the loans and receivables are derecognised or impaired.

(iv) Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models.

NOTE 1: Statement of significant accounting policies (continued)**(q) Derecognition of financial assets and liabilities****(i) Financial assets**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either:
 - (a) has transferred substantially all the risks and rewards of the asset, or
 - (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset.

(ii) Financial liabilities

A financial liability is recognised when the obligation under the liability is discharged or cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(r) Impairment of financial assets

The Group assess at each balance date whether a financial asset or group of financial assets is impaired.

(i) Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial asset is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(ii) Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset. Such impairment loss should not be reversed in subsequent periods.

NOTE 1: Statement of significant accounting policies (continued)**(r) Impairment of financial assets (continued)****(iii) Available-for-sale investments**

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the income statement. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

(s) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

- Plant and equipment 3 – 5 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

(i) Impairment

The carrying values of plant and equipment are reviewed for impairment at each balance date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

Impairment losses for plant and equipment are recognised in the statement of comprehensive income.

(ii) Derecognition and disposal

An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognised.

(t) Intangible assets

Internally generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period as incurred.

An intangible asset arising from development expenditure on an internal project is recognised if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;

NOTE 1: Statement of significant accounting policies (continued)

(t) Intangible assets (continued)

- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above.

(u) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

(v) Interest-bearing loans and borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(w) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

(x) Employee benefits

Wages, salaries, annual leave, sick leave and long service leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave, long service leave and sick leave expected to be settled within 12 months of the balance date are recognised in sundry creditors in respect of employees' services up to the balance date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(y) Share-based payment transactions

Equity-settled transactions

The Group uses agreements where payment for services rendered are settled by the issuance of fully paid shares or options in the Company.

The cost of these equity-settled transactions is measured by reference to the fair value of the equity instruments at the date they are granted and is recognised, together with a corresponding increase in equity, over the period in which the service is provided.

NOTE 1: Statement of significant accounting policies (continued)**(z) Issued capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(aa) Earnings per share ("EPS")

Basic EPS is calculated as net profit/loss attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit/loss attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(ab) Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or business under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred also includes the fair value of any contingent consideration arrangements and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified as either equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

(ac) Parent entity financial information

The financial information for the parent entity, Resonance Health Limited, disclosed in Note 20 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the parent entity's financial statements.

NOTE 2: Revenues and expenses

	Consolidated	
	2015	2014
	\$	\$
(a) Sales revenue		
Sales to external customers	2,443,476	2,284,565
(b) Other income		
Grants received	161,934	-
Interest received	65,518	24,471
Other revenue	5,832	-
	<hr/> 233,284	<hr/> 24,471
(c) Expenses		
Rental expense on operating leases	107,794	101,997
	<hr/> 107,794	<hr/> 101,997

NOTE 3: Income tax benefit

	Consolidated	
	2015	2014
	\$	\$
Income tax recognised in profit or loss		
The major components of tax benefit are:		
Current taxation – reversal of prior year entries	144,316	(112,582)
Adjustments recognised in the current year in relation to the current tax of prior years – R&D tax offset	70,285	115,949
	214,601	3,367
The prima facie income tax benefit on pre-tax accounting loss from operations reconciles to the income tax benefit in the financial statements as follows:		
Accounting profit/(loss) before income tax	248,633	(75,782)
Income tax benefit calculated at 30%	(74,590)	22,735
Effect of expenses that are not deductible in determining taxable profit	(120,113)	(110,676)
Effect of unused tax losses not recognised as deferred tax assets	(292,563)	(480,956)
Effect of prior year adjustments	-	22,787
Effect of temporary differences not recognised as deferred tax assets and liabilities	474,562	513,696
Effect of capital raising costs recognised directly in equity	12,704	32,415
Income tax expense	-	(112,182)
Income tax benefit reversal of prior year entries	144,316	-
Tax refund receivable (research and development tax offset)	70,285	115,549
Income tax benefit reported in the statement of comprehensive income	214,601	3,367

NOTE 3: Income tax benefit (continued)

	2015	Consolidated 2014
	\$	\$
Unrecognised deferred tax balances		
The following deferred tax assets and liabilities have not been brought to account:		
Deferred tax assets:		
Losses available for offset against future taxable income - revenue	2,974,408	2,681,845
Depreciation timing differences	892,813	1,231,243
Business related costs	66,697	71,993
Unrealised foreign exchange losses	1,708	106,223
Accrued expenses and liabilities	57,621	81,331
	3,993,247	4,172,635
<i>Deferred tax liabilities:</i>		
Capitalised research and development costs	480,433	468,985
Accrued income	321	1,777
Prepayments	-	7,380
	480,754	478,142
<i>Income tax benefits not recognised directly in equity</i>		
Share issue costs	12,704	32,415
	12,704	32,415
Recognised balances		
Current tax liability		
Income tax payable	-	144,316
	-	144,316

Deferred tax assets and liabilities have not been recognised in respect of these taxable temporary differences as the entity is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Tax Consolidation

Resonance Health Limited and its 100% owned Australian resident subsidiaries implemented the tax consolidation legislation from 1st July 2012. The accounting policy for the implementation of the tax consolidation legislation is set out in note 1(k).

NOTE 4: Segment reporting

Segment Information

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

Business Segments

The following table presents revenue and profit/(loss) information and certain asset and liability information regarding business segments for the year ended 30 June 2015.

	Services \$	Research and Development \$	Corporate \$	Total \$
Segment revenue				
Sales to external customers	2,605,410	-	-	2,605,410
Interest revenue	-	-	65,518	65,518
Other revenue	-	-	5,832	5,832
Total segment revenue	2,605,410	-	71,350	2,676,760
Segment profit/(loss) before tax	709,671	(110,565)	(350,473)	248,633
Other segment information included in profit				
Income tax benefit	-	214,601	-	214,601
Segment assets	662,177	1,601,441	2,928,830	5,192,448
Segment liabilities	743,090	-	44,070	787,160

The Group derived 44% of its external customer sales revenue from one major customer.

The following table presents revenue and profit/loss information and certain asset and liability information regarding business segments for the year ended 30 June 2014.

	Services \$	Research and Development \$	Corporate \$	Total \$
Segment revenue				
Sales to external customers	2,284,565	-	-	2,284,565
Interest revenue	-	-	24,471	24,471
Total segment revenue	2,284,565	-	24,471	2,309,036
Segment profit/(loss) before tax	661,665	(96,678)	(640,769)	(75,782)
Other segment information included in loss				
Income tax benefit	-	3,367	-	3,367
Segment assets	499,399	1,563,282	2,213,761	4,276,443
Segment liabilities	849,225	-	88,623	937,848

NOTE 5: Earnings per share

	Consolidated	
	2015	2014
	\$	\$
Basic earnings/(loss) per share (cents per share)	0.12	(0.02)
(a) Profit/(loss) used in the calculation of basic earnings per share	463,234	(72,415)
	2015	2014
	Number	Number
(b) Weighted average number of ordinary shares for the purposes of basic earnings/(loss) per share	398,239,002	363,572,613

The calculation does not include shares under option that could potentially dilute basic earnings per share in the future as no options are on issue.

NOTE 6: Dividends

No dividend was paid or declared for the current or previous financial year.

NOTE 7: Cash and cash equivalents

	Consolidated	
	2015	2014
	\$	\$
Deposits at call	557,580	497,607
Term deposits	2,239,623	1,600,000
	2,797,203	2,097,607

Deposits at call earn interest at floating rates based on daily bank deposit rates.

Term deposits are made for varying periods depending on the immediate cash requirements of the Group and earn interest at the respective term deposit rates.

NOTE 7: Cash and cash equivalents (Continued)

	Consolidated	
	2015	2014
	\$	\$
(i) Reconciliation of loss for the year to net cash flows from operating activities		
Profit/(loss) for the year	463,234	(72,415)
Non-cash flows in loss:		
Depreciation	13,649	19,242
Amortisation of intangible assets	121,052	89,326
Employee share costs	12,000	-
Changes in net assets and liabilities:		
Increase in trade and other receivables	(162,778)	(111,191)
Increase in other assets (current)	(17,702)	(78)
Increase in other assets (non-current)	(3,007)	-
Decrease in other financial assets	3,004	-
(Decrease)/increase in trade creditors and other payables	(257,425)	1,469
(Decrease)/increase in current tax liabilities	(144,316)	112,582
Increase/(decrease) in other liabilities	169,452	(69,325)
Net cash (used in)/provided by operating activities	197,163	(30,390)
(ii) Financing facilities		
Unsecured credit card:		
Amount used	-	11,073
Amount unused	-	8,927
	-	20,000
Secured credit card:		
Amount used	12,793	1,202
Amount unused	7,207	18,798
	20,000	20,000
(iii) Cash balances not available for use		
Security deposits:		
Credit card	20,000	20,000
Lease premises	39,099	39,099
	59,099	59,099

NOTE 8: Trade and other receivables

	Consolidated	
	2015	2014
	\$	\$
Trade receivables	457,839	365,592
Other receivables	204,338	133,807
	662,177	499,399
<p>The average credit period on sales of goods and rendering of services is 14 to 90 days.</p>		
<p>Aging of past due but not impaired</p>		
Up to 30 days	101,255	84,668
60-90 days	41,269	23,984
90-120 days	83,675	33,748
120+ days	-	-
	226,189	142,400

In determining the recoverability of a trade receivable, the Group considers any changes in the credit quality of the trade receivable from the date credit was granted up to the reporting date. No allowance has been made for estimated irrecoverable trade receivable amounts arising from the past rendering of services in relation to a specific debtor amount. The concentration of credit risk is significant with 18% (2014: 33%) of trade receivables relating to one major customer. The remaining trade receivables relate to a large and unrelated customer base. The Directors believe no further increase is required in excess of the allowance for impairment.

NOTE 9: Other assets

	Consolidated	
	2015	2014
	\$	\$
<p>Current</p>		
Prepayments	42,304	24,602
<p>Non-Current</p>		
Deposits	62,106	59,099

NOTE 10: Plant and equipment

	Consolidated	
	2015	2014
	\$	\$
Fixtures and equipment		
At cost	285,237	273,820
Less: Accumulated depreciation	(258,021)	(244,372)
Total plant and equipment	27,216	29,448

Reconciliation

Reconciliation of the carrying amount of each class of plant and equipment is set out below: Fixtures and equipment is set out below:

Fixtures and equipment		
Carrying amount at the beginning of the year	29,448	44,302
Additions	11,417	4,388
Depreciation expense	(13,649)	(19,242)
Carrying amount at the end of the year	27,216	29,448

NOTE 11: Intangible assets

Development expenditure		
At cost	1,846,497	1,687,287
Less: Accumulated amortisation	(245,055)	(124,003)
Total development expenditure	1,601,442	1,563,284

Reconciliation

Reconciliation of the carrying amount of intangible assets is set out below:

Development expenditure		
Carrying amount at the beginning of the year	1,563,284	1,462,204
Additions	159,210	190,406
Amortisation expense	(121,052)	(89,326)
Carrying amount at the end of the year	1,601,442	1,563,284

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

During the current financial year this development has related to a new liver fat assessment tool, further refinement of FerriScan and the next stage of development of a MRI based liver fibrosis 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.

In making this assessment the Directors had regard to the size of the liver fibrosis and liver fat markets, competing products, experience gained with the FerriScan technology, the likely period over which these revenues are expected to be generated and the likelihood of any technological obsolescence.

NOTE 11: Intangible assets (Continued)

The recoverable amount of development expenditure detailed above is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a five year period. The cash flows are discounted using a rate of 10% which includes a risk component at the beginning of the budget period.

The following assumptions were used in the value-in-use calculations:

- Growth rate was based on contractual obligations already in place and historical sales growth rates.
- Costs are calculated taking into account historical margins and trends as well as estimated weighted average inflation rates over the period, which are consistent with inflation rates appropriate to historic company rates.
- Discount rate was based on the pre-tax discount rate of 10% which includes a risk component.

NOTE 12: Other financial asset

	Consolidated	
	2015	2014
	\$	\$
Available-for-sale investments - carried at fair value		
Shares in listed corporations	-	14,337
Less: impairment	-	(11,333)
	-	3,004

NOTE 13: Trade and other payables

Current		
Trade payables (i)	85,228	136,618
Sundry creditors and accruals	243,930	323,811
	329,158	460,429

- (i) Trade payables are non-interest bearing and are normally settled on 30 day terms. Information regarding the effective interest rate and credit risk of current payables is set out in Note 17.

NOTE 14: Other liabilities

Current		
Unearned income	413,932	244,480

NOTE 15: Provisions

Current: Long service leave	44,070	48,610
Non-current: Long service leave	-	40,013
	44,070	88,623
Reconciliation		
Balance at the beginning of the year	88,623	80,222
Arising during the year	4,163	8,401
Utilised during the year	(48,716)	-
Balance at the end of the year	44,070	88,623

NOTE 16: Issued capital and reserves

	2015		2014	
	No	\$	No	\$
(a) Issued and paid up capital	401,566,203	69,406,199	386,541,784	68,703,510
Movements – Ordinary shares				
	2015	2015	2014	2014
	No of shares	\$ No. of shares		\$
Balance at the beginning of the year	386,541,784	68,703,510	360,991,365	67,534,039
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
Placement 15 September 2014 at \$0.05 each	13,000,000	650,000	-	-
Placement 30 September 2014 at \$0.05 each	1,660,783	83,044	-	-
Employee Shares 31 March 2015 at \$0.033 each	363,636	12,000	-	-
Share capital issue costs	-	(42,350)	-	(108,050)
Balance at the end of the year	401,566,203	69,406,199	386,541,784	68,703,510

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

(b) Reserves

Nature and purpose of reserves:

Foreign currency translation reserve – the foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Option reserve – the option reserve is used to record the fair value of options issued as share based payments to employees and directors as part of their remuneration.

NOTE 17: Financial instruments

(a) Capital risk management

The Group controls the capital of the Company in order to maintain an appropriate debt to equity ratio and to ensure that the Company can fund its operations and continue as a going concern. The Group's overall strategy remains unchanged from the previous financial year. The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings. None of the Group's entities are subject to externally imposed capital requirements. Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures.

NOTE 17: Financial instruments (Continued)

(b) Categories of financial instruments

	Consolidated	
	2015	2014
	\$	\$
Financial assets/(liabilities)		
Cash and cash equivalents	2,797,202	2,097,607
Trade and other receivables	662,177	499,399
Available for sale financial assets	-	3,004
Other assets	62,106	59,099
Trade and other payables	(329,158)	(460,429)

The net fair values of all financial assets and liabilities approximate their carrying value.

(c) Financial risk management objectives

The Group is exposed to market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group seeks to minimise the effects of these risks. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

(d) Market risk

The Group's activities expose it primarily to the financial risk of changes in foreign currency exchange rates. There has been no change in the Group's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

(e) Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters. The Group does not engage in forward exchange contracts.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

	Liabilities		Assets	
	2015	2014	2015	2014
	\$	\$	\$	\$
United States Dollars	16,276	1,904	375,225	372,647
Great British Pounds	25,055	12,905	248,574	98,802
European Euros	4,996	-	21,493	41,953

NOTE 17: Financial instruments (Continued)

(e) Foreign currency risk management (Continued)

Foreign currency sensitivity analysis

The Group is exposed to United States Dollar (USD), Great British Pound (GBP) and European Euro (EUR) currency fluctuations.

The following table illustrates the Group's sensitivity to a 10% increase and decrease in the Australian dollar against the relevant foreign currency. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A negative number indicates a decrease in profit and other equity where the Australian dollar strengthens against the respective currency. For a weakening of the Australian dollar against the respective currency there would be an equal and opposite impact on the profit and other equity and the balances below would be positive.

	2015 \$	2014 \$
Profit or loss impact:		
- USD	(32,632)	(33,704)
- GBP	(20,320)	(7,809)
- EUR	(1,500)	(3,814)

(f) Interest rate risk management

All financial assets and financial liabilities are non-interest bearing except for cash and cash equivalent balances. The following table details the Group's expected maturities for cash and cash equivalent financial assets.

	Less than one month	One to three months	Total
Cash and cash equivalent financial assets			
2015	\$2,797,203	\$62,106	\$2,859,309
Weighted average effective interest rate	1.59%	2.66%	
2014	\$2,097,607	\$59,099	\$2,156,706
Weighted average effective interest rate	2.65%	3.42%	

The Group is exposed to fluctuations in interest rates as it has deposited monies at floating and fixed interest rates. The impact of a 10% change in interest rates will not have a material impact on the result for the year.

NOTE 17: Financial instruments (Continued)

(g) Credit risk management

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily from customer receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

Outstanding customer receivables are regularly monitored and any credit concerns highlighted to senior management. At 30 June 2015, the Group had one customer that accounted for 18% of all trade receivables (2014: 33%).

The maximum exposure to credit risk, excluding the value of any collateral or other security at balance date in relation to each class of recognised financial assets is the carrying amount, net of any allowance for impairment recorded in the financial statements. The Group does not hold any collateral as security for any trade receivable.

(h) Equity price risk

The Group is exposed to equity price risks arising from available-for-sale financial assets. The Group's investments are publicly traded.

The impact of a 10% increase or decrease in the equity price will not have a material impact on the result for the year.

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves by continually monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in Note 7 is a listing of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

The following table details the Group's expected maturity for its financial liabilities.

	Less than one month \$	One month to three months \$	Three months to one year \$	Total \$
2015				
Non-interest bearing	202,889	62,240	64,029	329,158
2014				
Non-interest bearing	227,613	127,509	105,306	460,429

(j) Fair value of financial instruments

The net fair value of all financial assets and liabilities approximate their carrying values. No financial assets or financial liabilities, except for listed shares are readily traded on organized markets in standardised form.

The aggregate net fair values and carrying amounts of all financial assets and liabilities are disclosed in the financial statements.

NOTE 18: Commitments for expenditure

	Consolidated	
	2015	2014
	\$	\$
Operating lease commitments		
Commitments for minimum lease payments in relation to non-cancellable operating leases for office premises are payable as follows:		
Within one year	117,060	106,173
Later than 1 year but no later than 5 years	131,887	255,386
Total commitments not recognised in the financial statements	248,947	361,559

A lease over premises was entered into effective 1 August 2011 and has been extended from 1 August 2014 for a further 3 years to July 2017.

	Consolidated	
	2015	2014
	\$	\$
Clinical Study commitments		
Commitments for minimum payments in relation to non-cancellable clinical trials are payable as follows:		
Within one year	114,732	-
Later than 1 year but no later than 5 years	47,805	-
Total commitments not recognised in the financial statements	162,537	-

NOTE 19: Related party disclosure

The consolidated financial statements include the financial statements of Resonance Health Limited and the subsidiaries listed in the following table.

	Name of entity incorporation	Country of Class of shares	2015 Equity holding	2014 Equity holding
Resonance Health Analysis Services Pty Ltd	Australia	Ordinary	100%	100%
WA Private Health Care Services Pty Ltd	Australia	Ordinary	100%	100%
IVB Holdings Pty Ltd	Australia	Ordinary	100%	100%
Resonance USA Inc	USA	Ordinary	100%	100%

Resonance Health Limited is the ultimate Australian entity and ultimate parent of the Group.

Transactions with related parties

Transactions with related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions with key management personnel

Refer to Note 23 for details of transactions with key management personnel.

Transactions between group companies

During the year the following transactions occurred between group companies:

Resonance Health Analysis Services Pty Ltd (RHAS) had provided a US\$1,882,111 loan to Resonance Health Limited (RHT). It was agreed to convert the loan to Australian Dollars, the amount being \$2,429,158. The Australian Dollar loan amount \$2,429,158 was applied to a debt owing to RHT. Subsequently the impairment amount of \$1,114,196 relating to the loan from RHT to RHAS from prior periods was no longer appropriate and was reversed effective 28th April 2015.

During the year expenses were paid by RHAS totalling \$46,600 (2014: \$243,495) on behalf of RHT. At the 30 June 2015 RHT owed a loan balance of \$304,813 to RHAS.

During the year RHT forgave a debt to Resonance USA Inc. totalling \$705,259. The debt amount had been fully impaired in prior periods.

In prior periods RHT impaired a loan to WA Private Health Care Services Pty Ltd of \$136,423. The loan remains impaired.

NOTE 20: Parent entity disclosures

	Consolidated	
	2015	2014
	\$	\$
Financial Position		
Assets		
Current assets	2,444,159	1,718,326
Non-current assets	856,682	1,048,591
Total assets	3,300,841	2,766,917
Liabilities		
Current liabilities	87,707	238,486
Non-current liabilities	450,073	-
Total liabilities	537,780	238,486
Equity		
Issued capital	69,406,199	68,703,510
Option reserve	66,284	66,284
Accumulated losses	(66,709,421)	(66,241,363)
Total equity	2,763,062	2,528,431
Financial Performance		
	Year ended	Year ended
	30 June 2015	30 June 2014
	\$	\$
Loss for the year	(468,058)	(207,731)
Other comprehensive income	-	-
Total comprehensive loss	(468,058)	(207,731)

NOTE 21: Significant events after balance date

There have been no subsequent events that require disclosure in the financial reports.

NOTE 22: Auditor's remuneration

	Consolidated	
	2015	2014
	\$	\$
During the year the following fees were paid or payable to the auditor:		
Remuneration of the auditor of the Company for:		
Auditing/reviewing financial report	50,000	49,950
Taxation compliance services	45,500	37,750
	95,500	87,700

NOTE 23: Key management personnel disclosures

(a) Details of key management personnel

(i) Directors

Dr Martin Blake	Chairman (non-executive)
Ms Liza Dunne	Resigned as a Managing Director 31st January 2015
Mr Simon Panton	Director (non-executive)
Dr Jason Loveridge	Director (non-executive)
Professor Tim St Pierre	Resigned as a Director 31st October 2015

(ii) Management

Professor Tim St Pierre	Chief Scientific Officer
Mr Sander Bangma	General Manager of Operations
Mrs Melanie Baxter	Director of Marketing
Mr Adrian Bowers	CFO and Company Secretary
Mrs Celine Royet	Manager of Quality Assurance and Regulatory Affairs

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report.

(b) Key Management Personnel Compensation

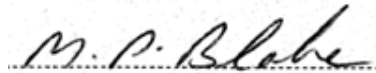
Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2015.

The totals paid to KMP of the Group during the year are as follows:

	2015	2014
	\$	\$
Short term employee benefits	885,126	503,910
Post employment benefits	53,258	35,205
Share based payments	3,000	-
Total KMP compensation	941,384	539,115

1. In the opinion of the Directors:
 - a. the accompanying financial statements, notes and the additional disclosures are in accordance with the Corporations Act 2001 including:
 - i. giving a true and fair view of the Group's financial position as at 30 June 2015 and of its performance for the year then ended; and
 - ii. complying with Australian Accounting Standards, the Corporations Regulations 2001, professional requirements and other mandatory requirements; and
 - b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
 - c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2015.

This declaration is signed in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink that reads "M. P. Blake". The signature is written over a horizontal dashed line.

Dr Martin Blake Chairman

Place: Perth, Western Australia

Dated: 24 September 2015



Accountants | Business and Financial Advisers

To the members of Resonance Health Limited

Report on the Financial Report

We have audited the accompanying financial report of Resonance Health Limited ("the company"), which comprises the statement of financial position as at 30 June 2015, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for the Group. The Group comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the 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 financial report that is free from material misstatement, whether due to fraud or error.

In Note 1(c), the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that the financial report complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

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

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HLB Mann Judd (WA Partnership) is a member of International, a worldwide organisation of accounting firms and business advisers.



Accountants | Business and Financial Advisers

In our opinion:

- (a) the financial report of Resonance Health Limited is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(c).

Report on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion the remuneration report of Resonance Health Limited for the year ended 30 June 2015 complies with section 300A of the Corporations Act 2001.

A handwritten signature in black ink that reads "HLB Mann Judd".

HLB Mann Judd Chartered Accountants

A handwritten signature in black ink that reads "L Di Giallonardo".

L Di Giallonardo Partner

Perth, Western Australia 24 September 2015

The following additional information is disclosed in accordance with Section 4.10 of the Australian Stock Exchange Ltd Listing rules in respect of listed public companies only.

The following additional information is supplied as at 25 September 2015.

1. Analysis of Shareholdings

Distribution of Shareholders (ASX Code: RHT)	Ordinary Shares	
Number of Ordinary Shares Held	Number of holders	Number of shares
1 – 1,000	531	113,892
1,001 – 5,000	179	549,233
5,001 – 10,000	227	1,687,299
10,001 – 100,000	808	31,883,140
100,001 – and over	385	367,332,639
	2,130	401,566,203

The number of shareholdings holding less than a marketable parcel of shares are 1,029.

2. Voting Rights

Ordinary shares

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

3. Twenty Largest Shareholders of quoted Ordinary Shares

Name	Number of Ordinary Shares	Percentage of Total
1. Southam Investments 2003 Pty Ltd <Warwickshire Investment A/C>	65,414,622	16.29
2. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	21,378,229	5.32
3. The University Of Western Australia	9,078,750	2.26
4. Mr Gregory Peter Wilson	8,766,042	2.18
5. Mr Sean Watkins-Saxon <Saxon Family Super Fund A/C>	7,610,636	1.89
6. Mr Kevin Deeves and Mrs Pauline Deeves <Deeves Family Super Fund A/C>	7,250,000	1.80
7. Timothy Guy St Pierre <The St Pierre A/C>	7,218,500	1.80
8. Wanida Chau-Anusorn <The Medta A/C>	6,305,000	1.57
9. Mr Helmut Rocker	6,200,000	1.54
10. Mr Harry Basle	5,022,422	1.25
11. Mr Robert Panton	4,640,824	1.16
12. Walker Trusco Pty Ltd	4,494,844	1.12
13. Dr Martin Peter Blake	3,798,590	0.95
14. Marcolongo Nominees Pty Ltd <Marcolongo Family A/C>	3,626,000	0.90
15. Mrs Mridula Asija	3,363,390	0.84
16. Honne Investments Pty Ltd	3,300,000	0.82
17. Mr Bruce Stevenson	3,097,404	0.77
18. Anahein Pty Ltd	3,010,598	0.75
19. ABN Amro Clearing Sydney Nominees Pty Ltd	2,892,004	0.72
20. Mr Vincent Oladele	2,867,778	0.71
	179,335,633	44.64

4. Substantial shareholders

The names of substantial shareholders who have notified the Company in accordance with sections 709 and 710 of the Corporations Act 2001 are:

Southam Investments 2003 Pty Ltd <Warwickshire Investment A/C>	65,414,622	ordinary shares
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