Resonance Health Limited

ABN 96 006 762 492

Annual Report - 30 June 2021

Resonance Health Limited
Contents
30 June 2021

Directors	Dr Martin Blake - Non-executive Chairman Mr Mitchell Wells - Managing Director Mr Simon Panton - Non-executive Director Dr Travis Baroni - Non-executive Director
Company secretary	Mr Nicholas Allan
Registered office	Ground Floor Suite 2, 141 Burswood Road BURSWOOD WA 6100 T: +61 8 9286 5300 F: +61 8 9286 5399
Principal place of business	Ground Floor Suite 2, 141 Burswood Road BURSWOOD WA 6100 T: +61 8 9286 5300 F: +61 8 9286 5399
Share register	Advanced Share Registry Ltd 110 Stirling Highway Nedlands WA 6009 Telephone: +61 8 9389 8033 Fax: +61 8 93897871
Auditor	HLB Mann Judd (WA) Partnership Level 4 130 Stirling Street Perth WA 6000
Solicitors	Steinepreis Paganin Level 4, The Reed Building 16 Milligan Street Perth WA 6000
Bankers	National Australia Bank Limited
Stock exchange listing	Resonance Health Limited shares are listed on the Australian Securities Exchange (ASX code: RHT)
Website	www.resonancehealth.com email: info@resonancehealth.com

Resonance Health Limited (ASX: RHT) ("Resonance Health" or the "Company") presents its Review of Operations for the year ended 30 June 2021.

About Resonance Health

Resonance Health is an Australian healthcare technology and services company, specialising in the development and delivery of noninvasive medical imaging software and services.

The Company's products are used globally by clinicians in the diagnosis and management of human diseases and by pharmaceutical and therapeutic companies in their clinical trials. Resonance Health has gained endorsement by leading physicians worldwide for consistently providing high quality quantitative measurements essential in the management of particular diseases.

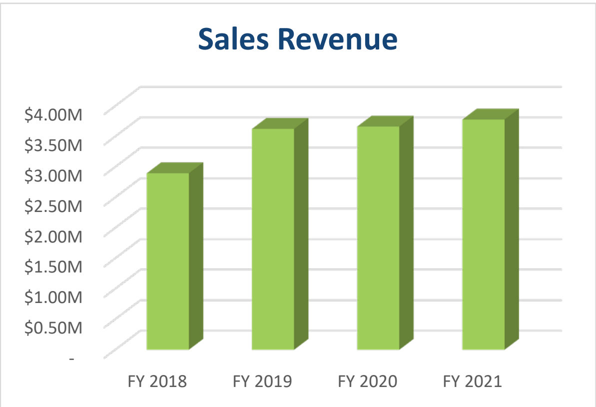
Resonance Health's dedication to scientific rigour and quality management has enabled it to achieve regulatory clearances for a range of Software as a Medical Device (**SaMD**) products in the US, Europe, and Australia and to proudly carry ISO 13485 certification for the design and manufacture of medical devices. A number of these SaMD products incorporate the use of Artificial Intelligence (**AI**) in order to improve speed and efficiency of service delivery:

- **FerriScan® -** provides an accurate measurement of liver iron concentration (**LIC**) through a non-invasive MRI-based technology, for use in the assessment of individuals with iron overload conditions. FerriScan is internationally recognised as the gold standard in LIC assessment
- **FerriSmart® -** an AI-driven system for the automated real-time measurement of LIC in patients using non-invasive MRI-based technology
- **HepaFat-AI® -** an AI-driven system for the automated real-time multi-metric measurement of liver fat in patients using non-invasive MRI-based technology, for use in the assessment of individuals with confirmed or suspected fatty liver disease

The Company has an active development pipeline of additional medical imaging analysis products and services, including, **Alert-PE®**, an AI tool for the automated review of chest CT scans of patients with suspected pulmonary embolism.

Sales Revenue

Sales revenue for the year was $3.78 million, a 3% increase on the previous year of $3.67 million which was achieved despite the impact of COVID-19 due to global lockdowns and accessibility issues for patients to scanning centres during the global pandemic.



31% of sales revenue for the year was derived from the United States and Canada with the UK contributing 21% and the balance spread across Europe, Australia and Asia. Commercial revenue accounted for 59% of total revenue with clinical trials and other studies making up the balance. Receipts from customers were $3.68 million, up 2% from the previous year's result.

Net Profit After Tax

The Company recorded a Net Profit after Tax for the year of $585,858, compared with a Net Loss after Tax for FY2020 of $715,076.

Research and Development Activities

Resonance Health recorded a number of significant achievements during the year in respect of its artificial intelligence ("AI"), imaging and molecular medicine R&D workstreams:

- **FerriSmart** – The Company reached agreement for the incorporation of Resonance's FerriSmart AI-based liver-iron concentration measurement tool into the Siemens Healthineers Digital Marketplace. This follows previous agreements allowing FerriSmart to be sold as part of 3DR's post-processing services to their customers in the United States and via Blackford Analysis's platform.

- **HepaFat-AI** – The Company achieved regulatory clearance from the US Food & Drug Administration ("FDA"), the Australian Therapeutic Goods Administration ("TGA") and European CE Marking for HepaFat-AI, the Company's fully automated AI-based liver fat quantification tool (see ASX announcements dated 9 December 2020, 18 February 2021 and 24 February 2021). In addition, the HepaFat-AI technology was integrated into channel partner Blackford Analysis's platform during the year pursuant to an Alliance Partner Agreement (see ASX announcement 24 December 2020).
- **Alert-PE** – The Company continued to develop its Alert-PE tool, a radiological software tool that performs fully automated AI identification of pulmonary embolism ("PE") using computer tomography pulmonary angiogram ("CTPA") scans. The Company is progressing the Alert-PE product through validation of its performance and has recently (post period) lodged an application for a pre-submission meeting with the FDA.
- **Antiviral Therapies Project** - The Company has also progressed its molecular medicine R&D workstream aimed at treating liver-related diseases. Following testing the Company has selected a lead antisense oligonucleotide ("ASO") compound which has been named AS3 and which is intended to target a human host protein essential to the lifecycle of numerous human viruses, including Hepatitis B ("HBV"). In a preclinical cell model of HBV infection, AS3 demonstrated statistically significant viral suppression compared to a control ASO. In view of the positive data and market opportunity, the Company has extended the testing program to include other important viral diseases and has commenced a liver dosing study in humanized liver mice.

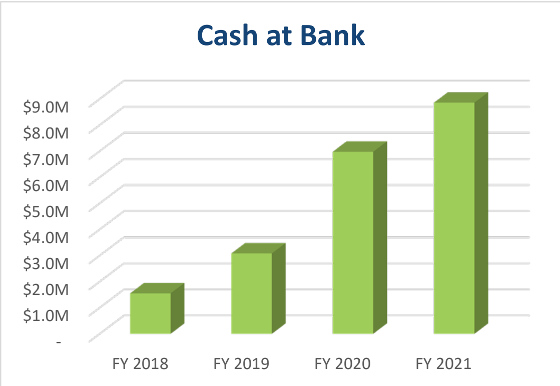
As part of these R&D workstreams, the Company received an R&D tax incentive of $242,334 for eligible R&D work expended by the Company for the financial year ended 30 June 2021.

The Company continues to assess opportunities to expand its core business, with R&D expenditure targeted specifically towards the diversification of in-house R&D projects by establishing three key areas of focus, artificial intelligence, imaging, and molecular medicine.

Cash at Bank

Cash at Bank as at 30 June 2021 totaled $8.86 million, in comparison to the 30 June 2020 cash balance of $6.97 million which reflected strong Cash Flows from Operating Activities during the year of $1.17 million. The financial year included an R&D tax incentive refund of $242,334 and $1.25 million from the issue of fully paid ordinary shares on the exercise of options.

The Company has no debt.



Management Changes and Strategy for Growth

Mr. Mitchell Wells was appointed Managing Director on 28 June 2021 following the resignation of Ms. Alison Laws as CEO of Resonance Health. Mr. Wells commenced working with Resonance Health in April 2017. He initially provided strategy, contract, and corporate advisory services and in early 2018 he was invited to join the Board of Directors. He has served as a Director and a consultant of the Company since February 2018. Mr. Nicholas Allan was appointed Chief Financial Officer and Company Secretary during the year. Post year end, Mr. Ajay Nair was appointed as GM – Global Sales & Marketing.

Going into FY2021 the Company is focused on pursuing organic revenue growth from its existing regulatory-approved product suite, building product and brand awareness in its current and new markets, pursuing strategic alliances to accelerate product distribution and progressing its R&D portfolio toward clinical validation and regulatory approval.

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Resonance Health Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2021.

Directors

The following persons were Directors of Resonance Health Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Dr Martin Blake
Mr Mitchell Wells
Mr Simon Panton
Dr Travis Baroni

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.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The profit for the Group after providing for income tax amounted to $585,858 (30 June 2020: loss of $715,076).

Significant changes in the state of affairs

Agha Shahzad resigned as the CFO and Company Secretary on 8 April 2021. Mitchell Wells was appointed as Company Secretary.

Nick Allan was appointed as CFO and Company Secretary on 31 May 2021.

The resignation of the CEO Alison Laws was announced on 4 June 2021 and her final day worked was 2 July 2021. Mitchell Wells transitioned to the role of Executive Director on 4 June 2021 and Managing Director effective 2 July 2021.

297,620 fully-paid ordinary shares were issued (subject to satisfaction of conditions) pursuant to the Licence Agreement with Telethon Kids Institute and Erasmus University Medical Centre on 11 June 2021.

The Controlled Placement Agreement ("CPA") with Acuity Capital increased from $5m to $7.75m with the expiry extended to 31 July 2023. Following the increase and extension the available capacity under the CPA is $5m. There were no fees or costs associated with increase and extension of the CPA.

On 30 June 2021 the following unlisted options were cancelled:

- 1,000,000 unlisted options exercisable at $0.10 on or before 1 January 2022
- 1,000,000 unlisted options exercisable at $0.125 on or before 1 January 2022

There were no other significant changes in the state of affairs of the Group during the financial year.

Matters subsequent to the end of the financial year

Mr Mitchell Wells was appointed as Managing Director on 2 July 2021, following the resignation of CEO Ms Alison Laws.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations

Information on likely developments in the operations of the Group and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Group.

Environmental regulation

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on Directors

Name:	**Dr Martin Blake**
Title:	Non-executive Chairman
Qualifications:	MBBS, FRANZCR, FAANMS, MBA, FAICD
Experience and expertise:	Dr Blake is a Radiologist and Nuclear Physician and brings significant technical and industry experience to Resonance Health. He has been a Partner of Perth Radiological Clinic since 1997 and is currently the Chairman of that Company. Dr Blake has an MBA from Melbourne University, is a Fellow of the Australian Institute of Company Directors, and holds directorships on a number of private Company boards.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chairman of the Remuneration Committee Member of the Audit and Risk Committee
Interests in shares:	6,464,677 ordinary shares
Interests in options:	1,000,000 options exercisable at $0.150 on or before 28 November 2022 1,000,000 options exercisable at $0.175 on or before 28 November 2022 1,000,000 options exercisable at $0.200 on or before 28 November 2022

Name:	**Mr Mitchell Wells**
Title:	Managing Director (appointed a Non-executive Director on 28 February 2018 and appointed Managing Director on 2 July 2021)
Qualifications:	L.LB, B.Comm, Dip. Aviation (CPL)
Experience and expertise:	Mr Wells is an experienced senior executive with commercial and legal experience in Australia, the United States of America and the United Kingdom. He has served as a Director and worked as a senior executive of public and private companies including ASX and US Nasdaq listed public companies. He has served as Chair of two non-profit organisations and he has previously served as the company secretary of two ASX listed public companies and as the corporate secretary of a US Nasdaq listed public company. Mr. Wells previously provided part-time consulting services to the Company before transitioning to Managing Director on 2 July 2021.
Other current directorships:	None
Former directorships (last 3 years):	Lonestar Resources US Inc. – Nasdaq Listed US Public Company
Special responsibilities:	Member of the Audit and Risk Committee Member of the Remuneration Committee
Interests in shares:	600,000 ordinary shares
Interests in options:	1,000,000 options exercisable at $0.150 on or before 28 November 2022 1,000,000 options exercisable at $0.175 on or before 28 November 2022 1,000,000 options exercisable at $0.200 on or before 28 November 2022

Name:	**Mr Simon Panton**
Title:	Director — Non-Executive (appointed 5 October 2009)
Experience and expertise:	Mr Panton has been a strong supporter of the Company and the FerriScan technology over a number of years and is a major shareholder of Resonance Health. Mr Panton brings skills in business and marketing having run his own successful business.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Audit and Risk Committee Member of the Remuneration Committee
Interests in shares:	73,846,350 ordinary shares
Interests in options:	1,000,000 options exercisable at $0.150 on or before 28 November 2022 1,000,000 options exercisable at $0.175 on or before 28 November 2022 1,000,000 options exercisable at $0.200 on or before 28 November 2022

Name:	**Dr Travis Baroni**
Title:	Director — Independent and Non-Executive (appointed 25 November 2016)
Experience and expertise:	Mr Baroni has broad experience across industrial research, commercialisation of technology, asset valuations and investment banking services. He has managed innovation development and technology strategy in a large company setting as well as being an active investor in early stage investments. He has worked in investment banking, providing advisory services to equity capital market transactions, corporate research and valuations to clients.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chairman of the Audit and Risk Committee Member of the Remuneration Committee
Interests in shares:	350,000 ordinary shares
Interests in options:	600,000 options exercisable at $0.150 on or before 28 November 2022 600,000 options exercisable at $0.175 on or before 28 November 2022 600,000 options exercisable at $0.200 on or before 28 November 2022

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary

Mr Nicholas Allan - B.Com ACA

Position: Company Secretary and Chief Financial Officer (appointed 31 May 2021)
Experience: Mr Allan is a Chartered Accountant with over 25 years' experience in commerce, corporate advisory and public practice. Mr Allan has previously held several senior finance positions including Chief Financial Officer and Company Secretary of a number of ASX-listed public companies.

Mr Mitchell Wells - L.LB, B.Comm, Dip. Aviation (CPL)

Position: Company Secretary (appointed 8 April 2021)

Mr Agha Shahzad Pervez - B.Sc (IT) Hons, M.Com (Accounting)

Position: Company Secretary and Chief Financial Officer (appointed 29 November 2017 – resigned 8 April 2021)
Experience: Mr Pervez has over ten years' experience in managing the financial obligations of an ASX listed corporation. He joined Resonance Health in 2009 and has in-depth knowledge of all financial and operational aspects of the Company. Agha has also been responsible for the handling of EMDG rebates and R&D Tax Incentive claims for the last several years.

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2021, and the number of meetings attended by each Director were:

	Full Board		Remuneration Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
Dr M Blake	9	9	2	2	2	2
Mr M Wells	9	9	2	2	2	2
Mr S Panton	9	9	2	2	2	2
Dr T Baroni	9	9	2	2	2	2

Held: represents the number of meetings held during the time the Director held office.

Remuneration Report (audited)

The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all Directors.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- 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 Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its Directors and executives. The performance of the Group depends on the quality of its Directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

In consultation with external remuneration consultants, the Remuneration Committee has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Group.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive Director and executive Director remuneration is separate.

Non-executive Directors remuneration

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain Directors of a high 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 service fees paid to any of the Directors and corporate performance.

Executive remuneration

The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:
- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Remuneration Committee based on individual and business unit performance, the overall performance of the Group and comparable market remunerations.

The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's include profit contribution, customer satisfaction, leadership contribution and product management.

The long-term incentives ('LTI') include long service leave and share-based payments.

All bonuses and incentives are linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives and bonuses.

The Remuneration Committee is of the opinion that the continued improved results can be attributed in part to the adoption of performance based compensation and is satisfied that this improvement will continue to increase shareholder wealth if maintained over the coming years.

Adoption of Remuneration Report

The remuneration report for the year ended 30 June 2020 was voted in favour at the 2020 AGM.

Details of remuneration

Amounts of remuneration
Details of the remuneration of key management personnel of the Group are set out in the following tables.

The key management personnel of the Group consisted of the following Directors of Resonance Health Limited:
- Dr Martin Blake
- Mr Mitchell Wells
- Mr Simon Panton
- Dr Travis Baroni

And the following persons:
- Ms Alison Laws - Chief Executive Officer (resigned 2 July 2021)
- Mr Agha Shahzad – Company Secretary & Chief Financial Officer (resigned 8 April 2021)
- Mr Nicholas Allan – Company Secretary & Chief Financial Officer (appointed 31 May 2021)

2021	Short-term benefits: Cash salary and fees $	Short-term benefits: Cash bonus $	Short-term benefits: Non-monetary $	Post-employment benefits: Super-annuation $	Long-term benefits: Long service leave $	Share-based payments: Equity-settled $	Total $
Non-Executive Directors:							
Dr M Blake	54,795	-	-	5,205	-	-	60,000
Mr S Panton	36,530	-	-	3,470	-	-	40,000
Dr T Baroni	36,530	-	-	3,470	-	-	40,000
Executive Directors:							
Mr M Wells*	150,500	-	-	-	-	-	150,500
Other Key Management Personnel:							
Ms A Laws	266,147	-	-	23,038	-	1,000	290,185
Mr AS Pervez**	168,913	-	-	11,290	28,626	1,000	209,829
Mr N Allan	17,308	-	-	1,644	-	-	18,952
	730,723	-	-	48,117	28,626	2,000	809,466

* Mr M Wells remuneration represents $40,000 director fees and $110,500 consulting fees. Mr Wells was appointed as an executive director effective 4 June 2021, and from 2nd July 2021 Mr Wells was appointed Managing Director.

** Mr AS Pervez resigned on 8 April 2021, the cash salary and fees includes $50,067 of unused annual leave paid out on termination of employment.

2020	Short-term benefits: Cash salary and fees $	Short-term benefits: Cash bonus $	Short-term benefits: Non-monetary $	Post-employment benefits: Super-annuation $	Long-term benefits: Long service leave $	Share-based payments: Equity-settled** $	Total $
Non-Executive Directors:							
Dr M Blake	54,795	-	-	5,205	-	423,975	483,975
Mr M Wells*	130,000	-	-	-	-	423,975	553,975
Mr S Panton	36,530	-	-	3,470	-	423,975	463,975
Dr T Baroni	36,530	-	-	3,470	-	423,975	463,975
Other Key Management Personnel:							
Ms A Laws	250,000	27,000	-	26,315	-	1,000	304,315
Mr AS Pervez	150,000	15,000	-	15,675	-	141,322	321,997
	657,855	42,000	-	54,135	-	1,838,222	2,592,212

* Mr M Wells remuneration represents $40,000 director fees and $90,000 consulting fees.

** The share-based remuneration is a non-cash expense of $140,322 for employee options and $1,695,900 for Director options as a result of all options being expensed out this financial year. The Directors options were approved by shareholders at the Company's AGM held on 28 November 2019. The valuation is based on the grant date according to AASB 2, and no director has exercised any of their options.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration 2021	Fixed remuneration 2020	Share based payments 2021	Share based payments 2020
Non-Executive Directors:				
Dr M Blake	100%	12%	-	88%
Mr S Panton	100%	9%	-	91%
Dr T Baroni	100%	9%	-	91%
Executive Directors:				
Mr M Wells	100%	23%	-	77%
Other Key Management Personnel:				
Ms A Laws	99%	90%	1%	10%
Mr AS Pervez	99%	51%	1%	49%
Mr N Allan	100%	-	-	-

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Mr Pervez
Title:	Company Secretary & Chief Financial Officer
Agreement commenced:	29 November 2017
Details:	The employment agreement provides for a salary of $150,000 pa exclusive of superannuation and a termination notice of 4 weeks. This salary increased to $165,000 pa exclusive of superannuation during the year. The agreement terminated on 8 April 2021 due to Mr. Pervez' resignation.

Name:	Ms Laws
Title:	Chief Executive Officer
Agreement commenced:	23 February 2018
Details:	The employment agreement provides for a salary of $250,000 pa exclusive of superannuation and a termination notice of 3 months by the Company or Ms Laws. This salary increased to $300,000 pa exclusive of superannuation during the year. The agreement terminated on 2 July 2021 due to Ms. Laws' resignation.

Name:	Mr Wells
Title:	Consultancy Services Agreement
Details:	Mr Wells has a Consultancy Agreement with Resonance Health Analysis Services and provides commercial, investor relations, and management consulting services on a part-time basis. This Consultancy Agreement provides for consultancy fees of $90,000 per annum. The agreement may be terminated on 30 days notice by mutual agreement. The agreement terminated on 30 June 2021 due to Mr. Wells taking up the role of Managing Director.

Name:	Mr Wells
Title:	Managing Director
Agreement commenced:	1 July 2021
Details:	The employment agreement provides for a salary of $236,432 pa exclusive of superannuation and a termination notice of 3 months by the Company or Mr Wells.

Name:	Mr Allan
Title:	Company Secretary & Chief Financial Officer
Agreement commenced:	31 May 2021
Details:	The employment agreement provides for a salary of $205,479.45 pa exclusive of superannuation and a termination notice of 3 months by the Company or Mr Allan.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares
Details of shares issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2021 are set out below:

Name	Date	Shares	Issue price	$
Mr AS Pervez	29 December 2020	4,878	$0.205	1,000
Ms A Laws	29 December 2020	4,878	$0.205	1,000

Options
There were no options over ordinary shares issued during the year ended 30 June 2021 to Directors and other key management personnel as part of compensation that were outstanding as at 30 June 2021.

There were no options over ordinary shares granted to or vested by Directors and other key management personnel as part of compensation during the year ended 30 June 2021.

Additional information
The earnings of the Group for the five years to 30 June 2021 are summarised below:

	2021 $'000	2020 $'000	2019 $'000	2018 $'000	2017 $'000
Sales revenue	3,779	3,668	3,625	2,896	2,485
EBITDA	722	653	1,150	(62)	(473)
EBIT	357	(994)	904	(243)	(667)
Profit/(loss) after income tax	637	(715)	1,270	225	(304)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2021	2020	2019	2018	2017
Share price at financial year end ($)	0.16	0.15	0.11	0.02	0.02
Basic earnings per share (cents per share)	0.14	(0.17)	0.31	0.06	(0.08)

Additional disclosures relating to key management personnel

Shareholding
The number of shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Dr M Blake	6,464,677	-	-	-	6,464,677
Mr M Wells	600,000	-	-	-	600,000
Dr T Baroni *	500,000	-	132,500	(282,500)	350,000
Mr S Panton	73,546,350	-	300,000	-	73,846,350
Ms A Laws	9,091	4,878	10,000,000	-	10,013,969
Mr AS Pervez **	9,091	4,878	2,500,000	(2,513,969)	-
Mr N Allan	-	-	-	-	-
	81,129,209	9,756	12,932,500	(2,796,469)	91,274,996

* T Baroni had an off-market transfer of 282,500 ordinary shares.
** A Shahzad disposed of 500,000 ordinary shares and resigned 8 April 2021.

Option holding
The number of options over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ off market transfer/ other	Balance at the end of the year
Options over ordinary shares					
Dr M Blake	3,000,000	-	-	-	3,000,000
Mr M Wells	3,000,000	-	-	-	3,000,000
Dr T Baroni *	3,000,000	-	-	(1,200,000)	1,800,000
Mr S Panton	3,000,000	-	-	-	3,000,000
Ms A Laws	10,000,000	-	(10,000,000)	-	-
Mr AS Pervez **	3,500,000	-	(2,500,000)	(1,000,000)	-
Mr N Allan	-	-	-	-	-
	25,500,000	-	(12,500,000)	(2,200,000)	10,800,000

* T Baroni had an off-market transfer of 1,200,000 unlisted options.
** A Shahzad resigned 8 April 2021.

This concludes the remuneration report, which has been audited.

Shares under option
Unissued ordinary shares of Resonance Health Limited under option at the date of this report are as follows:

Type	Expiry date	Exercise price	Number under option
Unlisted options	13 June 2022	$0.100	1,000,000
Unlisted options	1 December 2022	$0.100	200,000
Unlisted options	28 November 2022	$0.150	4,000,000
Unlisted options	28 November 2022	$0.175	4,000,000
Unlisted options	28 November 2022	$0.200	4,000,000
			13,200,000

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of options
The following ordinary shares of Resonance Health Limited were issued during the year ended 30 June 2021 and up to the date of this report on the exercise of options granted:

Expiry date	Exercise price	Number of shares issued
9 March 2021	$0.030	2,500,000
9 March 2021	$0.050	3,250,000
9 March 2021	$0.075	4,500,000
9 March 2021	$0.100	4,750,000
13 June 2022	$0.100	2,000,000
		17,000,000

Indemnity and insurance of officers
The Company has indemnified the Directors and executives of the Company for costs incurred, in their capacity as a Director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the Directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor
The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to 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 part of those proceedings.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 24 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), 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 as disclosed in note 24 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved 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 APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' Report.

Auditor

HLB Mann Judd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors

M. P. Blake

Dr Martin Blake
Chairman

29 September 2021
Perth, Western Australia

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 2021, 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
29 September 2021

M R Ohm
Partner

hlb.com.au

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Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849
T: +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au

Resonance Health Limited
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2021

	Note	Consolidated 2021 $	Consolidated 2020 $
Revenue	5	3,778,914	3,668,184
Other income	6	243,577	231,239
Expenses			
Depreciation expense		(74,993)	(75,364)
Amortisation expense		(289,166)	(265,208)
Share-based payments		(34,227)	(1,851,223)
Marketing & travel		(241,051)	(236,457)
Consulting and professional services		(135,264)	(108,822)
Employee benefits expense		(1,970,270)	(1,719,589)
Research and development		(393,925)	(152,280)
Statutory and compliance		(211,628)	(215,917)
Foreign exchange loss		(88,243)	(4,024)
Other expenses		(240,200)	(223,239)
Profit/(loss) before income tax benefit		343,524	(952,700)
Income tax benefit	7	242,334	237,624
Profit/(loss) after income tax benefit for the year attributable to the owners of Resonance Health Limited	20	585,858	(715,076)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income / (loss) for the year attributable to the owners of Resonance Health Limited		585,858	(715,076)
		Cents	**Cents**
Basic earnings/(loss) per share	33	0.13	(0.17)
Diluted earnings/(loss) per share	33	0.13	(0.17)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Resonance Health Limited
Statement of Financial Position
As at 30 June 2021

	Note	Consolidated 2021 $	Consolidated 2020 $
Assets			
Current assets			
Cash and cash equivalents	8	8,856,820	6,974,237
Trade and other receivables	9	790,375	765,606
Other assets	10	43,008	39,871
Total current assets		9,690,203	7,779,714
Non-current assets			
Property, plant and equipment	11	52,481	27,431
Right-of-use assets	12	55,925	111,849
Intangibles	13	2,594,630	2,532,122
Other assets	10	45,900	45,900
Total non-current assets		2,748,936	2,717,302
Total assets		12,439,139	10,497,016
Liabilities			
Current liabilities			
Trade and other payables	14	492,508	385,272
Lease liabilities	15	60,105	55,998
Provisions	16	26,924	75,821
Other liabilities	17	32,201	13,843
Total current liabilities		611,738	530,934
Non-current liabilities			
Lease liabilities	15	-	60,105
Total non-current liabilities		-	60,105
Total liabilities		611,738	591,039
Net assets		11,827,401	9,905,977
Equity			
Issued capital	18	73,882,788	72,565,449
Reserves	19	2,064,177	2,045,950
Accumulated losses	20	(64,119,564)	(64,705,422)
Total equity		11,827,401	9,905,977

The above statement of financial position should be read in conjunction with the accompanying notes

Resonance Health Limited
Statement of Changes in Equity
For the year ended 30 June 2021

Consolidated	Issued capital $	Foreign currency translation reserve $	Options reserve $	Accumulated losses $	Total equity $
Balance at 1 July 2019	69,674,199	(270,580)	480,307	(63,990,346)	5,893,580
Loss after income tax benefit for the year	-	-	-	(715,076)	(715,076)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(715,076)	(715,076)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 18)	2,891,250	-	-	-	2,891,250
Share-based payments (note 34)	-	-	1,836,223	-	1,836,223
Balance at 30 June 2020	72,565,449	(270,580)	2,316,530	(64,705,422)	9,905,977

Consolidated	Issued capital $	Foreign currency translation reserve $	Options reserve $	Accumulated losses $	Total equity $
Balance at 1 July 2020	72,565,449	(270,580)	2,316,530	(64,705,422)	9,905,977
Profit after income tax benefit for the year	-	-	-	585,858	585,858
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	-	585,858	585,858
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 18)	1,250,000	-	-	-	1,250,000
Share-based payments (note 34)	67,339	-	18,227	-	85,566
Balance at 30 June 2021	73,882,788	(270,580)	2,334,757	(64,119,564)	11,827,401

The above statement of changes in equity should be read in conjunction with the accompanying notes

Resonance Health Limited
Statement of Cash Flows
For the year ended 30 June 2021

	Note	Consolidated 2021 $	Consolidated 2020 $
Cash flows from operating activities			
Receipts from customers		3,679,488	3,601,142
Payments to suppliers and employee		(3,102,424)	(2,654,492)
		577,064	946,650
Interest received		45,624	47,639
Interest and other finance costs paid		(4,103)	(9,135)
Grants received		307,595	88,000
Income taxes refunded	7	242,334	237,624
Net cash from operating activities	32	1,168,514	1,310,778
Cash flows from investing activities			
Payments for property, plant and equipment	11	(44,119)	(2,106)
Payments for intangibles	13	(351,674)	(248,526)
Net cash used in investing activities		(395,793)	(250,632)
Cash flows from financing activities			
Proceeds from issue of shares	18	1,250,000	2,891,250
Share issue transaction costs		-	(15,000)
Repayment of lease liabilities		(51,895)	(51,671)
Net cash from financing activities		1,198,105	2,824,579
Net increase in cash and cash equivalents		1,970,826	3,884,725
Cash and cash equivalents at the beginning of the financial year		6,974,237	3,081,192
Effects of exchange rate changes on cash and cash equivalents		(88,243)	8,320
Cash and cash equivalents at the end of the financial year	8	8,856,820	6,974,237

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Resonance Health Limited as a Group consisting of Resonance Health Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Resonance Health Limited's functional and presentation currency.

Resonance Health Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 3, 141 Burswood Road
BURSWOOD WA 6100
T: +61 8 9286 5300
F: +61 8 9286 5399

A description of the nature of the Group's operations and its principal activities are included in the Directors' Report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 29 September 2021. The Directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

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

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 29.

Note 2. Significant accounting policies (continued)

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Resonance Health Limited ('Company' or 'parent entity') as at 30 June 2021 and the results of all subsidiaries for the year then ended. Resonance Health Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance. The Board of Directors have been identified as the CODM.

Foreign currency translation
The financial statements are presented in Australian dollars, which is Resonance Health Limited's functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition
Refer to note 5 for accounting policy.

Note 2. Significant accounting policies (continued)

Government grants
Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or 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 nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Resonance Health Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

Note 2. Significant accounting policies (continued)

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 14 - 90 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment	3-5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Note 2. Significant accounting policies (continued)

Intangible assets

Research and development
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;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probably 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.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

The useful life used in the calculation of amortisation is 10 years.

Trade and other payables
These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Provisions
Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Note 2. Significant accounting policies (continued)

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share-based payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying the Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:
- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

Note 2. Significant accounting policies (continued)

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Resonance Health Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

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

Note 2. Significant accounting policies (continued)

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2021. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

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 13.

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.

The directors acknowledge that there is potential uncertainty surrounding budgeted commercial income as a result of the COVID-19 pandemic. As a result, the projected cash flows have been adjusted. For commercial income, a reduced growth rate of 10% has been adopted.

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 analyses 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 equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Allowance for expected credit losses
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Fair value measurement hierarchy
The Group is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assets
The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax
The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Lease term
The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Note 4. Operating segments

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

Note 4. Operating segments (continued)

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 2021.

Consolidated - 2021	Services $	Research and development $	Corporate $	Other segments $	Total $
Revenue					
Sales to external customers	3,778,914	-	-	-	3,778,914
Total revenue	3,778,914	-	-	-	3,778,914
Total revenue	3,778,914	-	-	-	3,778,914
Other income	-	-	243,577	-	243,577
Other expenses	(1,598,636)	(1,104,485)	(975,846)	-	(3,678,967)
Profit/(loss) before income tax benefit	2,180,278	(1,104,485)	(732,269)	-	343,524
Income tax benefit					242,334
Profit after income tax benefit					585,858
Assets					
Segment assets	703,807	2,645,969	9,089,363	-	12,439,139
Total assets					12,439,139
Liabilities					
Segment liabilities	32,201	-	579,537	-	611,738
Total liabilities					611,738

Consolidated - 2020	Services $	Research and development $	Corporate $	Other segments $	Total $
Revenue					
Sales to external customers	3,668,184	-	-	-	3,668,184
Total revenue	3,668,184	-	-	-	3,668,184
Total revenue	3,668,184	-	-	-	3,668,184
Other income	-	-	231,329	-	231,329
Expenses	(2,084,938)	(300,400)	(2,466,875)	-	(4,852,213)
Profit/(loss) before income tax benefit	1,583,246	(300,400)	(2,235,546)	-	(952,700)
Income tax benefit					237,624
Loss after income tax benefit					(715,076)
Assets					
Segment assets	765,606	2,532,122	7,199,288	-	10,497,016
Total assets					10,497,016
Liabilities					
Segment liabilities	399,115	-	191,924	-	591,039
Total liabilities					591,039

The group derived 12% of its external customer sales revenue from one major customer.

Note 4. Operating segments (continued)

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

All non-current assets are located in Australia being the Asia/Pacific region, applicable disclosure information is disclosed in Business Segment assets and no additional disclosure is made.

	Consolidated	
	2021	2020
	$	$
Asia/Pacific	156,615	115,185
North America	1,167,493	1,149,062
EMEA	2,454,806	2,403,937
Total sales to external customers	3,778,914	3,668,184

Note 5. Revenue

Accounting policy for revenue

The Group generates revenue largely in the United States of America and the United Kingdom.

The revenue and profits recognised in any period are based on the delivery of performance obligations and an assessment of when control is transferred to the customer.

In determining the amount of revenue and profits to record, and related statement items (such as contract fulfilment assets, capitalisation of costs to obtain a contract, trade receivables, accrued income and deferred income) to recognise in the period, management is required to form a number of key judgements and assumptions. This includes an assessment of the costs the Group incurs to deliver the contractual commitments and whether such costs should be expensed as incurred or capitalised.

Revenue is recognised either when the performance obligation in the contract has been performed (so 'point in time' recognition) or 'over time' as control of the performance obligation is transferred to the customer.

For contracts with multiple components to be delivered such as establishment services, trial establishment project and data management, project and data management services and analysis services management applies judgement to consider whether those promised goods and services are (i) distinct - to be accounted for as separate performance obligations; (ii) not distinct - to be combined with other promised goods or services until a bundle is identified that is distinct or (iii) part of a series of distinct goods and services that are substantially the same and have the same pattern of transfer to the customer.

At contract inception the total transaction price is estimated, being the amount to which the Group expects to be entitled and has rights to under the present contract.

The transaction price does not include estimates of consideration resulting from changed orders for additional goods and services unless these are agreed.

Note 5. Revenue (continued)

Once the total transaction price is determined, the Group allocates this to the identified performance obligations in proportion to their relative stand-alone selling prices and recognises revenue when (or as) those performance obligations are satisfied.

For each performance obligation, the Group determines if revenue will be recognised over time or at a point in time. Where the Group recognises revenue over time for long term contracts, this is in general due to the Group performing and the customer simultaneously receiving and consuming the benefits provided over the life of the contract.

For each performance obligation to be recognised over time, the Group applies a revenue recognition method that faithfully depicts the Group's performance in transferring control of the goods or services to the customer. This decision requires assessment of the real nature of the goods or services that the Group has promised to transfer to the customer. The Group applies the relevant output or input method consistently to similar performance obligations in other contracts.

When using the output method the Group recognises revenue on the basis of direct measurements of the value to the customer of the goods and services transferred to date relative to the remaining goods and services under the contract. Where the output method is used, in particular for long term service contracts where the series guidance is applied, the Group often uses a method of time elapsed which requires minimal estimation. Certain long term contracts use output methods based upon estimation of number of users, level of service activity or fees collected.

If performance obligations in a contract do not meet the over time criteria, the Group recognises revenue at a point in time. This may be at the point of physical delivery of goods and acceptance by a customer or when the customer obtains control of an asset or service in a contract with customer-specified acceptance criteria.

The Group disaggregates revenue from contracts with customers by contract type, which includes (i) commercial revenue, (ii) voucher revenue, (iii) clinical trial revenue and (iv) other study income as management believe this best depicts how the nature, amount, timing and uncertainty of the Group's revenue and cash flows.

The nature of contracts or performance obligations categorised within this revenue type includes (i) establishment services, (ii) trial establishment project and data management, (iii) project and data management services, and (iv) analysis services.

The service contracts in this category include contracts with either a single or multiple performance obligations.

The Group considers that the services provided meet the definition of a series of distinct goods and services as they are (i) substantially the same and (ii) have the same pattern of transfer (as the series constitutes services provided in distinct time increments (e.g. monthly or annual services)) and therefore treats the series as one performance obligation.

(i) Establishment services

Encompasses different services from which the customer is able to benefit from on their own or with other readily available resources. Accordingly, revenues are recognised at a point in time when the service is delivered.

(ii) Trial establishment project and data management

Revenues are recognised when the contract is signed and the trial establishment activities have been performed. The customer can benefit from these activities on their own or with other readily available resources.

(iii) Project and data management services

Revenues are recognised over the contract period as the service is provided.

Note 5. Revenue (continued)

(iv) Analysis services

Revenues are recognised at a point in time following the completion of the analysis and report compilation.

Contract fulfilment assets and liabilities

As a result of the contracts which the Group enters into with its customers, a number of different assets and liabilities are recognised on the Group's balance sheet. These include but are not limited to:
- Trade receivables
- Accrued income
- Deferred income

Deferred and accrued income

The Group's customer contracts include a diverse range of payment schedules dependent upon the nature and type of goods and services being provided. The Group often agrees payment schedules at the inception of long term contracts under which it receives payments throughout the term of the contracts. These payment schedules may include performance-based payments or progress payments as well as regular monthly payments for ongoing service delivery. Payments for transactional goods and services may be at delivery date, in arrears or part payment in advance.

Where payments made are greater than the revenue recognised at the period end date, the Group recognises a deferred income contract liability for this difference. Where payments made are less than the revenue recognised at the period end date, the Group recognises an accrued income contract asset for this difference.

Disaggregation of revenue

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

	Consolidated	
	2021	2020
	$	$
Revenue from contracts with customers		
Commercial revenue	2,189,364	2,007,927
Voucher program	33,358	25,342
Clinical trials	1,513,097	1,587,337
Other studies	43,095	47,578
Revenue	3,778,914	3,668,184

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

	Consolidated	
	2021	2020
	$	$
Segment revenue	3,778,914	3,668,184
Adjustments and eliminations	-	-
Total revenue from contracts with customers	3,778,914	3,668,184

Note 6. Other income

	Consolidated 2021 $	Consolidated 2020 $
Subsidies and grants (1)	206,095	189,925
Interest revenue	37,482	41,314
Other income	243,577	231,239

(1) Grants received included $136,500 in JobKeeper and $52,095 in Cash Flow Boosts from the Australian Federal Government and $17,500 payroll tax rebate from the Western Australian State Government.

Note 7. Income tax

	Consolidated 2021 $	Consolidated 2020 $
Income tax benefit		
Research and Development tax offset	(242,334)	(237,624)
Aggregate income tax benefit	(242,334)	(237,624)
Numerical reconciliation of income tax benefit and tax at the statutory rate		
Profit/(loss) before income tax benefit	343,524	(952,700)
Tax at the statutory tax rate of 26% (2020: 27.5%)	89,316	(261,993)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Expenses that are not deductible in determining taxable profit	103,876	548,516
Non-assessable income	(13,545)	(20,054)
	179,647	266,469
Effect of unused tax losses not recognised as deferred tax assets	-	-
Reduction in tax rate	(6,910)	-
Tax losses recovered	(160,374)	(233,474)
Effect of temporary differences not recognised in deferred tax assets and liabilities	(12,363)	(32,995)
Research and Development tax offset	(242,334)	(237,624)
Income tax benefit	(242,334)	(237,624)

Unrecognised deferred tax balances

Note 7. Income tax (continued)

	Consolidated	
	2021	2020
	$	$
Deferred tax assets not recognised		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Losses available for offset against future taxable income - revenue	2,040,098	2,530,838
Amortisation and depreciation timing differences	127,247	139,972
Business related costs	1,753	1,925
Unrealised foreign exchange losses	22,061	1,107
Accrued expenses and liabilities	61,824	101,688
Others	1,045	1,170
Total deferred tax assets not recognised	2,254,028	2,776,700

The above potential tax benefit, which excludes tax losses, for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

	Consolidated	
	2021	2020
	$	$
Deferred tax liabilities not recognised		
Deferred tax liabilities not recognised comprises temporary difference attributable to:		
Capitalised research and development costs	646,658	696,334
Accrued income	664	2,970
Prepayments	-	-
	649,322	699,304

Deferred tax 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 differences and it is probable that the temporary differences 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.

Note 8. Cash and cash equivalents

	Consolidated 2021 $	Consolidated 2020 $
Current assets		
Cash at bank	2,767,451	929,779
Term deposits	6,089,369	6,044,458
	8,856,820	6,974,237

Cash at bank earns 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 9. Trade and other receivables

	Consolidated 2021 $	Consolidated 2020 $
Current assets		
Trade receivables	755,146	739,517
Other receivables	35,229	26,089
	790,375	765,606

Trade receivables are non-interest bearing and are generally on terms of 14 days to 90 days. All amounts are short term. The carrying value of trade receivables is considered a reasonable approximation of fair value.

Allowance for expected credit losses
The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

Consolidated	Carrying amount 2021 $	Carrying amount 2020 $
Not overdue	361,426	362,237
30 - 60 days overdue	173,516	88,813
60 - 90 days overdue	97,677	35,512
90 - 120 days overdue	157,756	279,044
	790,375	765,606

The Group applies the AASB 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics.

Trade receivables are written off when there is no reasonable expectation of recovery.

Note 9. Trade and other receivables (continued)

On the basis determined above, the expected credit loss for trade receivables as at 30 June 2021 was determined as $nil (30 June 2020: $nil).

Note 10. Other assets

	Consolidated	
	2021	2020
	$	$
Current assets		
Prepayments	43,008	39,871
Non-current assets		
Security deposits	45,900	45,900
	88,908	85,771

Note 11. Property, plant and equipment

	Consolidated	
	2021	2020
	$	$
Non-current assets		
Plant and equipment - at cost	153,873	397,916
Less: Accumulated depreciation	(101,392)	(370,485)
	52,481	27,431

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	$
Balance at 1 July 2019	40,511
Additions	6,359
Depreciation expense	(19,439)
Balance at 30 June 2020	27,431
Additions	44,119
Depreciation expense	(19,069)
Balance at 30 June 2021	52,481

Note 12. Right-of-use assets

	Consolidated 2021 $	Consolidated 2020 $
Non-current assets		
Land and buildings - right-of-use	167,774	167,774
Less: Accumulated depreciation	(111,849)	(55,925)
	55,925	111,849

The Group has a single premises lease.

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Land and buildings $
Balance at 1 July 2019	-
Additions	167,774
Depreciation expense	(55,925)
Balance at 30 June 2020	111,849
Depreciation expense	(55,924)
Balance at 30 June 2021	55,925

Note 13. Intangibles

	Consolidated 2021 $	Consolidated 2020 $
Non-current assets		
Research & development - at cost	4,068,506	3,716,832
Less: Accumulated amortisation	(1,473,876)	(1,184,710)
	2,594,630	2,532,122

Note 13. Intangibles (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	$
Balance at 1 July 2019	2,550,818
Additions	246,512
Amortisation expense	(265,208)
Balance at 30 June 2020	2,532,122
Additions	351,674
Amortisation expense	(289,166)
Balance at 30 June 2021	2,594,630

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. Impairment tests are also required for intangible assets not yet ready for use regardless of the existence of indicator of impairment. 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.

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 14. Trade and other payables

	Consolidated 2021 $	Consolidated 2020 $
Current liabilities		
Trade payables (i)	118,495	53,617
Other payables	374,013	331,655
	492,508	385,272

(i) Trade payables are non-interest bearing and are normally settled on 30-day terms. The carrying value of the trade payables is considered a reasonable approximation of fair value. Information regarding the effective interest rate and credit risk of current payables is set out in note 22.

Note 15. Lease liabilities

The Group leases only premises. The remaining term of the lease as of 30 June 2021 is 12 months. The incremental borrowing rate applied to this lease is 4.79%.

	Consolidated 2021 $	Consolidated 2020 $
Current liabilities		
Lease liability	60,105	55,998
Non-current liabilities		
Lease liability	-	60,105
	60,105	116,103

Refer to note 22 for further information on financial instruments.

Underlying assets serve as security for the related lease liabilities. A maturity analysis of future minimum lease payments is presented below:

	Lease payments due		
	< 1 year	1 - 2 years	Total
Lease payments	61,903	-	61,903
Interest	(1,798)	-	(1,798)
Net present values	60,105	-	60,105

Note 16. Provisions

	Consolidated 2021 $	Consolidated 2020 $
Current liabilities		
Long service leave	26,924	75,821

Note 17. Other liabilities

	Consolidated 2021 $	Consolidated 2020 $
Current liabilities		
Unearned income	32,201	13,843

Note 18. Issued capital

	Consolidated			
	2021 Shares	2020 Shares	2021 $	2020 $
Ordinary shares - fully paid	461,149,601	443,773,933	73,882,788	72,565,449

Movements in ordinary share capital

Details	Date	Shares	$
Balance	1 July 2019	422,497,568	69,674,199
Share issue on conversion of options		8,500,000	141,250
Shares issue under ESP		136,365	15,000
Controlled placement cost		-	(15,000)
Share issue to Acuity Capital[1]		12,640,000	2,750,000
Balance	30 June 2020	443,773,933	72,565,449
Shares issued on conversion of options		17,000,000	1,250,000
Shares issued under ESP		78,048	16,000
Shares issued for research and development projects[2]		297,620	51,339
Balance	30 June 2021	461,149,601	73,882,788

(1) As collateral for a Controlled Placement Agreement ("CPA") that was entered into on 18 April 2019, the Company agreed to place additional 12,640,000 shares from its Listing Rule 7.1 capacity, at issue price of $0.218 per share to Acuity Capital (collateral shares) but may, at any time, cancel the CPA and buy back the collateral shares for no consideration.

The CPA was initially established with a limit of $5m and the Company has utilised the CPA to raise a total of $2.75m. On 30 June 2021 it was announced that the CPA limit was increased to $7.75m and expiry date was extended to 31 July 2023. The Company now has available capacity of $5m under the CPA.

There is no requirement to utilise the CPA and there were no fees or costs associated with the increase in and extension of the CPA.

Note 18. Issued capital (continued)

(2) 297,620 shares were issued to the Telethon Kids Institute on 11 June 2021 at an issue price of $0.1725. Refer note 34.

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back
There is no current on-market share buy-back.

Capital risk management
The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The Group is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The Group is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 30 June 2020 Annual Report.

Note 19. Reserves

	Consolidated	
	2021 $	2020 $
Foreign currency reserve	(270,580)	(270,580)
Options reserve	2,334,757	2,316,530
	2,064,177	2,045,950

Foreign currency reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services.

Note 19. Reserves (continued)

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Foreign currency translation reserve $	Option reserve $	Total $
Balance at 1 July 2019	(270,580)	480,307	209,727
Options issued	-	1,836,223	1,836,223
Balance at 30 June 2020	(270,580)	2,316,530	2,045,950
Options amortised	-	18,227	18,227
Balance at 30 June 2021	(270,580)	2,334,757	2,064,177

Note 20. Accumulated losses

	Consolidated 2021 $	Consolidated 2020 $
Accumulated losses at the beginning of the financial year	(64,705,422)	(63,990,346)
Profit/(loss) after income tax benefit for the year	585,858	(715,076)
Accumulated losses at the end of the financial year	(64,119,564)	(64,705,422)

Note 21. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 22. Financial instruments

Financial risk management objectives
The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group does not enter into or trade financial instruments, including derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk
The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Note 22. Financial instruments (continued)

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 financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
Consolidated	2021 $	2020 $	2021 $	2020 $
US dollars	2,148,146	1,052,673	-	5,441
Euros	244,390	174,061	554	2,249
Pound Sterling	1,035,920	291,320	4,126	4,378
	3,428,456	1,518,054	4,680	12,068

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 an 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.

	Consolidated	
	2021 $	2020 $
Profit or loss impact:		
USD	(195,286)	(95,203)
EUR	(22,167)	(15,619)
GBP	(93,799)	(26,086)

Price risk
The Group is not exposed to any significant price risk.

Interest rate risk
All financial assets and financial liabilities are non-interest bearing except for cash and cash equivalent balances, and lease liabilities. The following table details the Group’s expected maturities for cash and cash equivalent financial assets.

Note 22. Financial instruments (continued)

Cash and cash equivalent financial assets:

	2021		2020	
Consolidated	**Weighted average interest rate %**	**Balance $**	**Weighted average interest rate %**	**Balance $**
Less than one month	0.13%	8,856,820	0.86%	6,974,237
One to three months	0.49%	45,900	1.34%	45,900
		8,902,720		7,020,137

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

Credit risk
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 2021, the Group had one customer that accounted for 9% of all trade receivables (2020: 12%). Refer note 9 for further details.

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.

Liquidity risk
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.

Note 22. Financial instruments (continued)

Remaining contractual maturities
The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2021	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	492,508	-	-	-	492,508
Other payables	-	32,201	-	-	-	32,201
Interest-bearing - variable						
Lease liability	-	60,105	-	-	-	60,105
Total non-derivatives		584,814	-	-	-	584,814

Consolidated - 2020	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	385,272	-	-	-	385,272
Other payables	-	13,843	-	-	-	13,843
Interest-bearing - variable						
Lease liability	-	55,998	60,105	-	-	116,103
Total non-derivatives		455,113	60,105	-	-	515,218

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 23. Key management personnel disclosures

Directors
The following persons were Directors of Resonance Health Limited during the financial year:

Dr Martin Blake
Mr Mitchell Wells
Mr Simon Panton
Dr Travis Baroni

Note 23. Key management personnel disclosures (continued)

Other key management personnel
The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, during the financial year:

Ms Alison Laws	Chief Executive Officer (resigned 2 July 2021)
Mr Agha Shahzad	Company Secretary & Chief Financial Officer (resigned 8 April 2021)
Mr Nicholas Allan	Company Secretary & Chief Financial Officer (appointed 31 May 2021)

Compensation
The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

	Consolidated 2021 $	Consolidated 2020 $
Short-term employee benefits	730,723	699,855
Post-employment benefits	48,117	54,135
Long-term benefits	28,626	-
Share-based payments	2,000	1,838,222
	809,466	2,592,212

Note 24. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by HLB Mann Judd, the auditor of the Company:

	Consolidated 2021 $	Consolidated 2020 $
Audit services - HLB Mann Judd		
Audit or review of the financial statements	61,931	57,528
Other services - HLB Mann Judd		
Preparation of the tax return	7,500	12,500
	69,431	70,028

Note 25. Contingent assets

The Group has no contingent assets as at 30 June 2021 (2020: $nil).

Note 26. Contingent liabilities

On 10 September 2020 the Company announced that they had entered into a licence agreement with the Telethon Kids Institute ("Telethon Kids") and the Erasmus University Medical Centre for the use of computer tomography ("PRAGMA-CF Data") datasets that will be used by the Company in the potential development of a new artificial intelligence ("AI") algorithm for the automated assessment of lung disease progression in patients with cystic fibrosis. See Note 34 for further details.

Under the licence agreement a further 297,620 fully paid ordinary shares in the Company will be issuable to Telethon Kids upon first submission of its medical device dossiers to a regulatory authority and a 10% net royalty on all sales of the analysis performed by the AI algorithm device will be payable by the Group.

Note 27. Commitments

The Group has no operating or capital commitments.

Note 28. Related party transactions

Parent entity
Resonance Health Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 30.

Key management personnel
Disclosures relating to key management personnel are set out in note 23 and the remuneration report included in the Directors' Report.

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated	
	2021	2020
	$	$
Sale of goods and services:		
Services provided to Perth Radiological Clinic *	2,156	270
Payment for goods and services:		
Services provided by Perth Radiological Clinic *	300	540

* Dr Martin Blake is a shareholder, Chairman and consulting Radiologist of Perth Radiological Clinics.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 29. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of Profit or Loss and Other Comprehensive Income

	Parent 2021 $	Parent 2020 $
Loss after income tax	(570,871)	(2,409,395)
Total comprehensive income	(570,871)	(2,409,395)

Statement of Financial Position

	Parent 2021 $	Parent 2020 $
Total current assets	6,119,528	6,091,272
Total assets	6,976,210	6,947,954
Total current liabilities	102,207	59,343
Total liabilities	2,663,411	3,399,850
Equity		
Issued capital	73,882,788	72,565,449
Options reserve	2,334,757	2,316,530
Accumulated losses	(71,904,746)	(71,333,875)
Total equity	4,312,799	3,548,104

Note 30. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest 2021 %	Ownership interest 2020 %
Resonance Health Analysis Services Pty Ltd	Australia	100%	100%
WA Private Health Care Services Pty Ltd	Australia	100%	100%
IVB Holdings Pty Ltd	Australia	100%	100%
Resonance USA Inc	USA	100%	100%

Note 31. Events after the reporting period

Mr Mitchell Wells was appointed as Managing Director on 2 July 2021, following the resignation of CEO Ms Alison Laws.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Note 32. Cash flow information

Reconciliation of profit/(loss) after income tax to net cash from operating activities

	Consolidated	
	2021 $	2020 $
Profit/(loss) after income tax benefit for the year	585,858	(715,076)
Adjustments for:		
Depreciation and amortisation	364,159	340,572
Share-based payments	85,566	1,836,223
Foreign exchange differences	88,243	-
Interest expense	(4,103)	-
Change in operating assets and liabilities:		
Increase in trade and other receivables	(24,769)	(103,278)
Increase in prepayments	(3,137)	(3,551)
Increase/(decrease) in trade and other payables	107,236	(44,078)
Decrease in employee benefits	(48,897)	-
Increase/(decrease) in other operating liabilities	18,358	(34)
Net cash from operating activities	1,168,514	1,310,778

Note 33. Earnings per share

	Consolidated	
	2021 $	2020 $
Profit/(loss) after income tax attributable to the owners of Resonance Health Limited	585,858	(715,076)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	450,260,200	432,385,267
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	1,976,827	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	452,237,027	432,385,267

Note 34. Share-based payments (continued)

	Cents	Cents
Basic earnings/(loss) per share	0.13	(0.17)
Diluted earnings/(loss) per share	0.13	(0.17)

The dilutionary impact of options did not change the earnings per share.

Note 34. Share-based payments

The Company has an Employee Incentive Option Plan for key staff members and consultants of the Company.

Set out below are summaries of options granted under the plan:

	Number of options 2021	Weighted average exercise price 2021	Number of options 2020	Weighted average exercise price 2020
Outstanding at the beginning of the financial year	32,200,000	$0.122	33,500,000	$0.074
Granted	-	$0.000	12,200,000	$0.170
Forfeited	(2,000,000)	$0.115	(5,000,000)	$0.000
Exercised	(17,000,000)	$0.075	(8,500,000)	$0.000
Expired	-	$0.000	-	$0.000
Cancelled	-	$0.000	-	$0.000
Outstanding at the end of the financial year	13,200,000	$0.170	32,200,000	$0.122
Exercisable at the end of the financial year	13,200,000	$0.170	32,200,000	$0.122

2021

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ cancelled/ other	Balance at the end of the year
08/11/2018	09/03/2021	$0.030	2,500,000	-	(2,500,000)	-	-
08/11/2018	09/03/2021	$0.050	3,250,000	-	(3,250,000)	-	-
08/11/2018	09/03/2021	$0.075	4,500,000	-	(4,500,000)	-	-
08/11/2018	09/03/2021	$0.100	4,750,000	-	(4,750,000)	-	-
14/02/2019	01/01/2022	$0.100	1,000,000	-	-	(1,000,000)	-
14/02/2019	01/01/2022	$0.125	1,000,000	-	-	(1,000,000)	-
13/06/2019	13/06/2022	$0.100	3,000,000	-	(2,000,000)	-	1,000,000
28/11/2019	28/11/2022	$0.150	4,000,000	-	-	-	4,000,000
28/11/2019	28/11/2022	$0.175	4,000,000	-	-	-	4,000,000
28/11/2019	28/11/2022	$0.200	4,000,000	-	-	-	4,000,000
02/12/2019	01/12/2022	$0.100	200,000	-	-	-	200,000
			32,200,000	-	(17,000,000)	(2,000,000)	13,200,000

The weighted average share price during the financial year was $0.199 (2020: $0.087).

The weighted average remaining contractual life of options outstanding at the end of the financial year was 1.4 years (2020: 1.5 years).

Note 34. Share-based payments (continued)

78,048 fully paid ordinary shares were issued to employees under the Employee Share Plan on 29 December 2020 at an issue price of $0.205. $16,000 was expensed to share based payments.

On 10 September 2020 the Company announced that they had entered into a licence agreement with the Telethon Kids Institute ("Telethon Kids") and the Erasmus University Medical Centre for the use of computer tomography ("PRAGMA-CF Data") datasets that will be used by the Company in the potential development of a new artificial intelligence ("AI") algorithm for the automated assessment of lunch disease progression in patients with cystic fibrosis.

Consideration for the licence of the PRAGMA-CF Data will be as follows:

(i) 297,620 fully paid ordinary shares to Telethon Kids payable upon receipt and acceptance of both the first and second primary tranches of PRAGMA-CF Data
(ii) subject to (i) being satisfied, 297,620 fully paid ordinary shares to Telethon Kids upon first submission of its medical device dossiers to a regulatory authority.
(iii) 10% net royalty on all sales of the analysis performed by the Device.

During the year ended 30 June 2021 the PRAGMA-CF Data was received and the first tranche of 297,620 fully-paid ordinary shares were issued to Telethon Kids on 11 June 2021 at an issue price of $0.1725, $51,339 was expensed to research and development expenditure during the period.

Reconciliation of share based payments expense:

	Consolidated	
	2021	2020
	$	$
Options to staff and consultants	18,227	1,836,223
Employee share plan	16,000	15,000
Shares issued for research & development	51,339	-
	85,566	1,851,223

Resonance Health Limited
Directors' Declaration
30 June 2021

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors

M. P. Blake
____
Dr Martin Blake
Chairman

29 September 2021
Perth, Western Australia

INDEPENDENT AUDITOR'S REPORT
To the members of Resonance Health Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Resonance Health Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia.

We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period.

These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

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Key Audit Matter	How our audit addressed the key audit matter
Intangible assets Refer to Note 13	
As at 30 June 2021, the Group has an intangible asset balance of $2,594,630 which comprises intangible assets not yet available for use and other intangible assets. Under AASB 136 *Impairment of Assets*, intangible assets not yet available for use are subject to an annual impairment test and other intangible assets are subject to an impairment test should indicators of impairment arise. We considered this to be a key audit matter as it involves complex matters involving subjectivity and judgement, it is material to the users' understanding of the financial statements as a whole and it required significant auditor attention and communication with those charged with governance.	Our audit procedures included but were not limited to the following: - Obtained an understanding of the key controls associated with the preparation of the value-in-use calculation used to assess the recoverable amount of the intangible assets; - Critically evaluated management's methodology used in the value-in-use calculation and the basis for key assumptions including the discount rate used; - Assessed the value-in-use calculation for consistency with accounting standards requirements; - Compared key assumptions in forecast cash flows to historical results and, where these were materially different, we critically reviewed the basis for differing future expectations; - Considered whether the assets comprising the cash-generating unit had been correctly allocated; - Compared the value-in-use to the carrying amount of assets comprising the cash-generating unit; - Performed sensitivity analyses around the key inputs used in the cash flow forecasts and the headroom impact on the value-in-use calculation; - Reviewed the mathematical accuracy of the net present value calculation; and - Assessed the appropriateness of the disclosures included in the relevant notes to the financial report.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Resonance Health Limited for the year ended 30 June 2021 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

M R Ohm
Partner

Perth, Western Australia
29 September 2021

The following additional information is disclosed in accordance with section 4.10 of the Australia Securities Exchange Listing Rules in respect of a listed public company.

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 on the Company's web site located here:
http://www.resonancehealth.com/investors/business-overview.html

Analysis of Shareholdings (as of 10 September 2021)

Distribution of shareholders (ASX Code: RHT)

Spread of Holdings	Number of Units	Number of Holders	% of Total Issued Capital
1 - 1000	20,994	117	0.00%
1001 - 5000	966,680	255	0.21%
5001 - 10000	2,059,234	256	0.45%
10001 - 100000	44,575,179	1,097	9.67%
100001 - 999999999999	413,527,514	471	89.67%
TOTAL	**461,149,601**	**2,196**	**100%**

Voting Rights

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

Twenty largest shareholders of quoted ordinary shares (as of 10 September 2021)

Rank	Name	Units	% of Units
1	SOUTHAM INVESTMENTS 2003 PTY LTD <WARWICKSHIRE INVESTMENT A/C>	73,300,000	15.9
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	43,293,525	9.39
3	ACUITY CAPITAL INVESTMENT MANAGEMENT PTY LTD <ACUITY CAPITAL HOLDINGS A/C>	20,000,000	4.34
4	MS ALISON VIRGINIA WESLEY <WESLEY FAMILY A/C>	10,000,000	2.17
5	MR PAUL JOHN VAN DYK	9,349,700	2.03
6	MR WILLIAM MURRAY THOMPSON	6,658,660	1.44
7	MS JADE LOUISE THOMPSON	6,512,759	1.41
8	MR BRUCE ALAN STEVENSON	6,300,000	1.37
9	MR HELMUT ROCKER	6,250,000	1.36
10	MARCOLONGO NOMINEES PTY LTD <MARCOLONGO FAMILY A/C>	5,186,200	1.12
11	THE MAJOBRI HOLDINGS PTY LTD <THE MAJOBRI FAMILY A/C>	4,500,000	0.98
12	MR THOMAS PSARAKIS	4,434,777	0.96
13	MR HARISH GARG	4,001,245	0.87
14	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	3,890,663	0.84
15	DR MARTIN PETER BLAKE	3,798,590	0.82
16	MR VINCENT OLADELE	3,708,052	0.8
17	MORGAN STANLEY AUSTRALIA SECURITIES (NOMINEE) PTY LIMITED <NO 1 ACCOUNT>	3,588,012	0.78
18	FULLERTON PRIVATE CAPITAL PTY LIMITED	3,500,000	0.76
19	THE UNIVERSITY OF WESTERN AUSTRALIA	3,478,750	0.75
20	NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>	3,389,575	0.74
		225,140,508	**48.82**

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

SOUTHAM INVESTMENTS 2003 PTY LTD <WARWICKSHIRE INVESTMENT A/C>	73,300,000	Ordinary shares
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	43,293,525	Ordinary shares