Resonance Health Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	Resonance Health Limited
ABN:	96 006 762 492
Reporting period:	For the year ended 30 June 2023
Previous period:	For the year ended 30 June 2022

2. Results for announcement to the market

	2023 $	2022 $	Change $	Change %
Revenues from ordinary activities	4,404,360	3,827,976	576,384	15%
Loss from ordinary activities after tax attributable to the owners of Resonance Health Limited	(780,361)	(1,141,777)	361,416	(32%)
Loss for the year attributable to the owners of Resonance Health Limited	(780,361)	(1,141,777)	361,416	(32%)

	2023 Cents	2022 Cents
Basic loss per share	(0.17)	(0.25)
Diluted loss per share	(0.17)	(0.25)

Dividends
There were no dividends paid, recommended or declared during the current financial period.

Comments
The loss for the Group after providing for income tax amounted to $780,361 (30 June 2022: $1,141,777).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	1.57	1.70

4. Control gained over entities

Not applicable.

5. Loss of control over entities

Not applicable.

6. Dividends

Current period
There were no dividends paid, recommended or declared during the current financial period.

Previous period
There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements have been audited and an unmodified opinion has been issued.

11. Attachments

Details of attachments (if any):

The Annual Report of Resonance Health Limited for the year ended 30 June 2023 is attached.

12. Signed

Signed M. P. Blake ____________________ Date: 29 August 2023

Dr Martin Blake
Chairman
Perth, Western Australia

Resonance Health Limited

ABN 96 006 762 492

Annual Report - 30 June 2023

Resonance Health Limited
Chairmans letter to shareholders
30 June 2023

Dear Fellow Shareholders,

On behalf of the Board of Directors of Resonance Health Limited (Resonance Health or Company), it is with great pleasure that I present to you our 2023 Annual Report.

Resonance Health is a leading healthcare technology and services company. The Company's services are used globally by clinicians in the management of human diseases and by pharmaceutical and therapeutic companies in their clinical trials.

Our Company's operational focus is on developing and delivering world class quantitative imaging assessments essential in managing diseases and drug development.

The technical efforts of the Company during the period were focused around improving several of its products such HepaFatSmart® (formerly, HepaFat-AI®), shortened scanner acquisition times for FerriScan®, and the use of FerriScan® on the latest generation 3T MRI machines, along with an extended proof of concept (**EPoC**) trial for the flagship new product development for non-invasive MRI Liver Fibrosis assessment.

The Company continued to focus on the sales of its new and existing products to diagnostic and clinical trial customers globally with a notable uptake in sales volumes driven by customers using FerriScan® on 3T scanners.

Along with investing in the continued development of existing products, the Company progressed its exciting work on the ASO (antisense oligonucleotide) project which is aimed at the development and validation of a suite of 'cyclophilin-type specific' targeting drug molecules.

Work continued on development of the Company's clinical trial capability and revenue expansion strategy during the year in conjunction with the opening of a new laboratory aimed at providing a broader range of services to clinical trial customers.

This year also saw a change in management of the Company with Mitchell Wells stepping down as Managing Director and returning to his previous role of Non-Executive Director. I would personally like to thank Mr Wells for his achievements during his tenure especially in relation to numerous internal, operational and technical continuous improvement projects.

I would also like to extend a warm welcome to Andrew Harrison appointed to the role of CEO in July 2023. I believe Andrew and his management team will deliver significant value for shareholders and successfully deliver our growth strategy over coming periods.

On behalf of the Board, I would like to thank our employees for their efforts and outstanding work during the year. I would also like to thank the patients who used our services and importantly the large group of clinicians and researchers who supported our business.

Yours Sincerely

M. P. Blake

Dr Martin Blake
Chairman

Resonance Health Limited
CEO's letter to shareholders
30 June 2023

Dear Shareholders,

The 2023 financial year was one of transition for the Company, it saw progress on major new product developments, the launch of Resonance Clinical and renewed focus on clinical trial customers, and leadership changes.

Since I was appointed as CEO of the Company in July, I have focused on taking stock of our products and technology, our people and customers, and developing a strategy and course of action to deliver shareholder value and a platform for growth in earnings.

The core of the plan is to return the Company to profitability and significantly grow revenue and earnings through existing products and customers, expansion of services to clinical trial customers, and sensible accretive acquisitions that add to scale.

The foundations of this strategy were to reorganise senior management positions and focus on hiring key competencies required to execute our growth plan. To this end we are in the process of hiring a new CFO, Head of Business Development and several new positions in product development and technology.

The step change in scale resulting from this strategy is illustrated by the Company’s recent clinical trial contract win totalling $6.3m over 18 months.

We will also redouble our efforts to hear the voice of the customer in everything we do, with a strategic focus on our relationships with clinicians using our products globally. Striving to make our products and services easier to use with improved clinical outcomes for patients.

We often underestimate the great achievements of the Company having served some of the most recognisable hospital, diagnostic users, and pharmaceutical companies globally. Our R&D teams are making fundamental breakthroughs in product development and are at the leading edge of work in the field.

There have been more than 70,000 patient FerriScan® analyses completed since its launch and for our imaging CRO services we have worked with over 250 sites in 53 countries. All from our humble home in Perth!

I have great confidence in the future of our business and extend my thanks to each of our staff for their contributions to the success of the company and our performance fy23. I would also like to thank our shareholders for their faith in the Company. It certainly looks like there are better days ahead!

Yours Sincerely

Andrew Harrison
CEO

Directors	Dr Martin Blake - Non-executive Chairman Mr Simon Panton - Non-executive Director Dr Travis Baroni - Non-executive Director Mr Aaron Brinkworth - Non-executive Director Mr Mitchell Wells - Non-executive Director
Joint Company Secretaries	Mr Mitchell Wells Ms Liesl Ellies
Registered office	Level 1 141 Burswood Road BURSWOOD WA 6100 T: +61 8 9286 5300 F: +61 8 9286 5399
Principal place of business	Level 1 141 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 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) (ASX code: RHT)
Website	www.resonancehealth.com www.resonanceclinical.com email: info@resonancehealth.com

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group' or 'Resonance Health') consisting of Resonance Health Limited (referred to hereafter also as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2023.

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
Mr Aaron Brinkworth (appointed 27 March 2023)

Principal activities

The Company's business is healthcare technology and includes the development and commercialisation of software medical device technologies (SaMD) and services for the quantitative analysis of radiological images in a regulated and quality-controlled environment, and the provision of clinical trial services.

The Company's core product is FerriScan®, a non-invasive liver assessment technology used for the analysis 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 loss for the Group after providing for income tax amounted to $780,361 (30 June 2022: $1,141,777).

Contributing to this result the Group received a $484K R&D tax incentive refund related to FY22 R&D, in June 2023.

The Group continues to invest in R&D, business development, regulatory and quality affairs, and customer service capabilities to both develop and monetise its technologies and other services globally.

Cash at bank as at 30 June 2023 totalled $6.36 million, in comparison to the 30 June 2022 cash balance of $6.78 million. The Group has no debt.

About Resonance Health

Resonance Health Limited is an Australian healthcare technology and services company. The Group's services are used globally by clinicians in the management of human diseases and by pharmaceutical and therapeutic companies in their clinical trials. Resonance Health has gained endorsement by leading physicians worldwide for providing high quality quantitative assessments essential in managing diseases and drug development.

Resonance Health's dedication to scientific rigour and quality has enabled it to achieve regulatory clearances for a range of Software-as-Medical Devices (SaMDs) in the USA, Europe, UK, and Australia, and to proudly carry ISO 13485 certification for the design and manufacture of medical devices. Regulatory cleared SaMD products, some of which incorporate Artificial Intelligence (AI), include:

- **FerriScan®,** a core-lab product that provides an accurate assessment of liver iron concentration (**LIC**) through non-invasive MRI-based technology, for use in the assessment of individuals with iron overload conditions. Internationally recognised as the gold standard in LIC assessment.
- **FerriSmart®,** an AI-trained, non-invasive MRI-based device for the automated real-time assessment of LIC in patients, calibrated against the global gold standard, FerriScan®.
- **HepaFatScan®,** an MRI-based solution which provides a reliable non-invasive assessment of liver-fat in liver tissue for use in the assessment of individuals with confirmed or suspected fatty-liver-disease.
- **HepaFatSmart®,** an AI-trained, non-invasive device for the automated real-time multi-metric assessment of liver-fat in patients, for the assessment of individuals with confirmed or suspected fatty liver disease.
- **LiverSmart®,** an AI-trained, non-invasive MRI-based multi-parametric device combining FerriSmart® and HepaFatSmart ® into a consolidated report providing accurate assessment of LIC and liver fat.
- **CardiaT2*,** the most widely accepted MRI method for assessing heart iron loading. Resonance Health offers a dual analysis of FerriScan® and CardiacT2*. CardiacT2* is TGA and CE Marking regulatory cleared.

The Group has a development pipeline of additional medical imaging analysis products and services, including the **MRI Liver Fibrosis Project**, aimed at accurately assessing the presence and progression of liver fibrosis utilising non-invasive MRI analysis.

Sales Revenue

Strong demand in diagnostics and clinical trials resulted in sales revenue for the year of $4.40 million, a 15% increase on FY2022 of $3.83 million. This was also reflected in cashflow with total customer receipts for FY23 of $4.33M, versus total customer receipts for FY22 of $3.53M, a 23% increase.

Geographically, North America and the UK were our biggest markets, with the balance of sales mostly spread across Europe, Asia, and Australia.

Services

The Group provides its products and services to customers in both diagnostic and clinical trial settings. During the year its products and services were used in over 150 hospitals and MRI centres around the world. Resonance Health's analysis reports are an assessment tool used by clinicians when treating patients with chronic iron-overload and fatty-liver diseases.

Customers in diagnostic settings accounted for less than 60% of revenues, while clinical trial customers accounted for almost 40% of revenues.

Resonance Health continues to actively engage with the global clinical trial market to build on the successful use of its products and services. Due to the highly technical and regulated nature of clinical trial services, revenue from these customers is usually based on multiyear contracts and is higher margin compared to diagnostic customers.

Summary of Activities

Management Transition

The Group announced the appointment of Mr Andrew Harrison as CEO, with a start date of 1 July 2023. Mr Harrison is an experienced CEO and director of publicly listed and private companies, across a range of industries, including radiology and medical artificial intelligence (AI). He founded and was Managing Director of Capitol Health Limited (ASX: CAJ) one of Australia's largest radiology companies.

Mr Harrison has extensive experience in capital market transactions, technology commercialisation, local and international mergers and acquisitions, and strategic restructuring and turnaround. He has substantial international experience including in European, US, and Chinese markets and he served on the Board of Directors of Enlitic, LLC a world leading US based medical AI company.

Mitchell Wells remains as a non-executive director on the Board of the Company.

Liver MRI Fibrosis Extended Proof of Concept

The Group continues to make progress on its extended proof of concept (EPoC) for a non-invasive MRI Liver Fibrosis assessment with agreements nearing completion to commence EPoC studies with 2 trial sites.

The results of the EPoC studies, if successful, will allow the Group continued engagement with pharmaceutical companies developing treatments for chronic liver disease, particularly Non-Alcoholic Fatty Liver Disease (NAFLD), to further assess the commercial potential of the technology. The Company attended the European Association for the Study of the Liver (EASL) and European Hematology Association (EHA) conferences in Europe during the period and engaged with international key opinion leaders (KOLs) and pharma companies active in the fibrosis space.

International advocacy associations and regulators, including the United States Food & Drug Administration (US FDA) and the LITMUS consortium (Liver Investigation: Testing Marker Utility in Steatohepatitis) in the EU, continue to highlight the urgent need for the development of new, validated, non-invasive biomarkers to assess liver fibrosis to accelerate drug development in NAFLD – the most common cause of chronic liver disease.

HepaFatSmart® US FDA Clearance

The Group received regulatory clearance from the US FDA to market its improved AI trained liver-fat assessment software-as-a-medical device (SaMD) in the USA, HepaFatSmart®. HepaFatSmart® will replace HepaFat-AI® in the United States which received US FDA regulatory clearance in Dec 2020.

HepaFatSmart® automatically analyses magnetic resonance imaging (MRI) for the quantitative assessment of a patient's liver fat. Specifically, it provides clinicians with three liver fat biomarkers: volumetric liver fat fraction (VLFF), proton density fat fraction (PDFF), and a steatosis grade.

Other Product Innovations

Resonance Health announced during the period that its gold-standard FerriScan® liver iron concentration (LIC) analysis service is now available on newer-generation 3 tesla (3T) magnetic field strength MRI machines. Sales for this service grew during the period as the upgrade to 3T machines globally gathered pace.

Work continued on the validation of a materially shortened MRI imaging protocol FerriScan® and FerriSmart® with a targeted 75% reduction in patient MRI scanning time, thereby improving patient experience and increasing scanner throughput. The datasets required for completion of this work were received during the year.

Continuing on from the technical and market success of FerriScan®'s extension to newer 3 Tesla field strength MRI machines in August 2022, work continued on the development of a 3T version of the Group's Cardiac-T2* cardiac-iron assessment device with technical development now complete and validation nearing completion, and documentation being prepared for a regulatory submission in the coming months.

Resonance Clinical & Clinical Trials

The Group continued developing and enhancing its clinical trial capability and revenue expansion strategy during the year, with conversations progressing with international pharma companies engaged or looking to engage in clinical trials in Australia. Several business development leads were progressed during the period with a particular focus on a large potential clinical trial to be performed in Australia, utilising a range of the Group's services.

Molecular Medicine

The Group continues its exciting work on the ASO (antisense oligonucleotide) R&D project which is aimed at the development and validation of a suite of 'cyclophilin-type specific' targeting drug molecules. The Group is currently planning a number of trials to determine the efficacy of its molecules in both liver and neurological diseases.

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

Mr Andrew Harrison was appointed as CEO of the Company effective 1 July 2023.

Mr Nick Allan resigned as COO, CFO and joint Company Secretary of the Company effective 31 July 2023.

The Controlled Placement Agreement executed by the Company and Acuity Capital on 18 April 2019 and then extended on 30 June 2021 ('CPA'), expired on 31 July 2023. The CPA established an at-the-market standby equity capital facility ('ATM Facility') providing Resonance with standby equity capital. As security for the ATM Facility, the Company issued Acuity Capital with 20,000,000 collateral shares. Given the ATM Facility has now expired, the parties have agreed to the return and cancellation of the 20 million collateral shares for nil consideration in accordance with the terms of the CPA ('Buyback'). The Buyback will be implemented in accordance with Part 2J.1 of the *Corporations Act 2001* (Cth) and will be subject to shareholder approval.

The Group was awarded a significant clinical trial agreement with Sun Pharmaceutical Industries Limited on 18 August 2023. The agreement is for the provision of clinical trial services and is expected to be worth up to $6.33m over 18 months.

No other matter or circumstance has arisen since 30 June 2023 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.

Business risks

The Group is subject to risks of both a general nature and ones that are specific to its business activities including, but not limited to the following:

Revenue risks associated with clinical trials

A significant percentage of the Group's revenue is derived from its technology being used in clinical trials or directly from CRO services such as the recently announced Sun Pharmaceutical Industries Ltd clinical trial (signed 18th August 2023).

Clinical trials are complex and resource intensive. Even if the Group's products are used successfully in clinical trials, these trials can be cancelled or cut short for any number of reasons. This is of particular importance to the significant revenue expected to be generated by Resonance Clinical as a CRO. The potential risks include:

- lack of effectiveness of any product candidate during clinical trials;
- discovery of serious or unexpected toxicities or side effects experienced by trial participants or other safety issues;
- slower than expected rates of subject recruitment and enrolment rates in clinical trials;
- difficulty in retaining subjects who have initiated a clinical trial but may withdraw at any time;
- delays in obtaining regulatory authorisation to commence a trial;
- suspension or termination of a trial by a regulatory agency before or after a trial is commenced; and
- delays or failure in reaching agreement on acceptable terms in clinical trial contracts or protocols with prospective clinical trial sites.

Cyber security threat from data breach

A cyber security breach has the potential to disrupt the Group's information technology platform which is integral to the efficient operation of its business. A serious data breach could expose the Group to statutory liability and reputational damage.

Protection of proprietary technology

The Group's success depends upon it maintaining existing, and obtaining new patents along with the protection of its trade secrets. The Group relies upon a combination of patents, trade secret protection (i.e., know how), and confidentiality agreements to protect its intellectual property. The Group may also face competition from companies who develop a substantially similar product to one of its products or proposed products. Many companies have encountered significant problems in protecting and enforcing intellectual property rights in foreign jurisdictions.

Operations in international jurisdictions

The Group operates in a number of international jurisdictions. The majority of its revenues are generated in the USA, UK, and Europe. Wherever the Group sets up operations it is exposed to a range of multi-jurisdictional risks such as risks relating to labour practices, environmental matters, difficulty in enforcing contracts, changes to or uncertainty in the relevant legal and regulatory regime (including in relation to taxation and foreign investment and practices of government and regulatory authorities) and other issues in foreign jurisdictions in which the Group operates. Businesses that operate across multiple jurisdictions face additional complexities from the unique business requirements in each jurisdiction.

Regulatory and compliance risk

The Group operates in a complex regulatory environment and in jurisdictions that have varying degrees of enactment and implementation of regulations and are constantly evolving to meet challenges associated with new technology including in relation to privacy and protected health information. The Group's products are registered or have certain regulatory approvals in various jurisdictions including the US FDA, Australian TGA, and European CE. A failure to comply with, or adjust to variations of, regulatory requirements both in Australia and overseas may result in the Company facing regulatory investigation and/or significant claims, and/or being required to adapt or withdraw certain products, which may adversely affect the Group's revenues.

Dependence upon key personnel

The Group depends on the talent and experience of key personnel to deliver on its business strategy. If key personnel leave, it may be difficult to replace them, or to do so in a timely manner or at a comparable expense. Any key personnel who leave to work for a competitor may adversely impact the Group. Additionally, increases in recruitment, wages and contractor costs may adversely impact upon the financial performance of 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:	Chair - Non-executive and Independent Appointed 3 October 2007
Qualifications:	MBBS, FRANZCR, FAANMS, MBA, FAICD
Experience and expertise:	Dr Blake is a Radiologist and Nuclear Physician who brings significant technical and industry experience to Resonance Health. He has been a Partner of Perth Radiological Clinic since 1997. 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 listed directorships:	None
Former listed directorships (last 3 years):	None
Special responsibilities:	Chair of the Board of Directors Member of the Remuneration Committee Member of the Audit & Risk Committee
Interests in shares:	6,464,677 ordinary shares
Interests in options:	None

Name:	**Mr Mitchell Wells**
Title:	Director - Non-executive and not Independent Appointed 28 February 2018, Managing Director from 1 July 2021 to 1 July 2023
Qualifications:	L.LB, B.Comm, Dip. Aviation
Experience and expertise:	Mr Wells is an experienced senior executive and a qualified lawyer 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 large non-profit organisations and 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.
Other current listed directorships:	None
Former listed directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	1,000,000 ordinary shares
Interest in options:	none
Interests in performance rights:	At the 2022 AGM the Company's shareholders approved the issuance of 1,830,000 performance rights to Mr Wells with service based vesting conditions.

Name:	**Mr Simon Panton**
Title:	Director - Non-executive and not Independent Appointed 5 October 2009
Experience and expertise:	Mr Panton has been a strong supporter of the Company and its technologies 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 listed directorships:	None
Former listed directorships (last 3 years):	None
Special responsibilities:	Member of the Audit & Risk Committee Member of the Remuneration Committee
Interests in shares:	74,346,350 ordinary shares
Interests in options:	None

Name:	**Dr Travis Baroni**
Title:	Director - Non-Executive and Independent Appointed 25 November 2016
Experience and expertise:	Dr Baroni has broad experience across industrial research, commercialisation of technology, asset valuations and investment banking services. He has a bachelor's degree and PhD in applied physics from The University of Western Australia and 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 listed directorships:	None
Former listed directorships (last 3 years):	None
Special responsibilities:	Chair of the Audit & Risk Committee Member of the Remuneration Committee
Interests in shares:	350,000 ordinary shares
Interests in options:	None

Name:	**Mr Aaron Brinkworth**
Title:	Director - Non-executive and Independent Appointed 27 March 2023
Experience and expertise:	Mr Brinkworth had a 22-year career with Gilead Sciences, Inc. (Nasdaq: GILD) (Gilead) during which time the company grew from a small biotech-pharma company to a multi-billion-dollar global company with annual sales of over USD $27 billion. He held several commercial, licensing, and patient access roles at Gilead, including that of Executive Director – Global Patient Solutions, where he was responsible for commercial and access strategies for emerging markets. He led Gilead's commercial and access operations in the Asia Pacific (APAC) where he managed a geographically dispersed team and partners across 31 APAC countries. He completed Gilead's Senior Leadership Development Program, has a Bachelor's degree in Health Sciences from Edith Cowan University and also serves on a large sized NFP Board for The Royal Lifesaving Society of Western Australia since 2020. He is a graduate of the AICD Company Directors course and maintains active membership of the AICD.
Other current listed directorships:	None
Former listed directorships (last 3 years):	None
Special responsibilities:	Chair of Remuneration Committee
Interests in shares:	None
Interests in options:	None

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

'Former listed 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.

Joint Company Secretaries

Mr Nicholas Allan - B.Comm, ACA (resigned 31 July 2023)
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)
Experience: see above.

Ms Liesl Ellies - Bachelor of Laws and Bachelor of Asian Studies (Japanese) (appointed 29 April 2022)
Experience: Ms Ellies is an experienced corporate lawyer having advised public and private companies across a wide range of industries on all aspects of corporate compliance, equity capital markets and mergers & acquisitions.

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2023, 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	1	1	2	2
Mr M Wells	9	9	-	-	-	-
Mr S Panton	9	9	1	1	2	2
Dr T Baroni	8	9	1	1	2	2
Mr A Brinkworth	3	3	1	1	1	1

Held: represents the number of meetings held during the time the Director held office or was a member of the relevant committee.

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 (‘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.

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 way it is apportioned amongst Directors is reviewed periodically. The Board considers fees paid to non-executive directors of comparable companies when undertaking the annual review process.

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

Executive remuneration

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 2022 was adopted at the 2022 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
- Mr Aaron Brinkworth – appointed 27 March 2023

And the following person:

- Mr Nicholas Allan – Chief Operating Officer, Chief Financial Officer & Joint Company Secretary

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2023	Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:							
Dr M Blake	54,299	-	-	5,701	-	-	60,000
Mr S Panton	36,199	-	-	3,801	-	-	40,000
Dr T Baroni	36,199	-	-	3,801	-	-	40,000
Mr A Brinkworth	10,538	-	-	1,106	-	-	11,644
Executive Directors:							
Mr M Wells	249,412	-	-	25,146	-	48,325	322,883
Other Key Management Personnel:							
Mr N Allan	219,655	-	-	23,064	-	-	242,719
	606,302	-	-	62,619	-	48,325	717,246

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2022	Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:							
Dr M Blake	54,545	-	-	5,454	-	-	59,999
Mr S Panton	36,364	-	-	3,636	-	-	40,000
Dr T Baroni	36,364	-	-	3,636	-	-	40,000
Executive Directors:							
Mr M Wells	236,432	-	-	23,568	-	-	260,000
Other Key Management Personnel:							
Ms A Laws*	39,998	-	-	577	-	-	40,575
Mr N Allan	204,545	-	-	20,455	-	-	225,000
	608,248	-	-	57,326	-	-	665,574

* Ms A Laws resigned on 2 July 2021, the cash salary and fees includes $34,228 of unused annual leave paid out on termination of employment.

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

	Fixed remuneration		Remuneration linked to performance	
Name	2023	2022	2023	2022
Non-Executive Directors:				
Dr M Blake	100%	100%	-	-
Mr S Panton	100%	100%	-	-
Dr T Baroni	100%	100%	-	-
Mr A Brinkworth	100%	-	-	-
Executive Directors:				
Mr M Wells	85%	100%	15%	-
Other Key Management Personnel:				
Mr N Allan	100%	100%	-	-
Ms A Laws	-	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 Wells
Title:	Managing Director
Agreement commenced:	1 July 2021
Details:	The employment agreement provides for a salary of $254,118 plus superannuation and a termination notice of 3 months by the Company or Mr Wells.

Name:	Mr Allan
Title:	Chief Operating Officer, Chief Financial Officer & Joint Company Secretary
Agreement commenced:	31 May 2021
Details:	The employment agreement provides for a salary of $225,000 plus 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

There were no shares issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2023.

Options

There were no options over ordinary shares issued to Directors and other key management personnel as part of compensation that were outstanding as at 30 June 2023.

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 2023.

Performance rights

There were no performance rights over ordinary shares issued to Directors and other key management personnel during the year ended 30 June 2023. However, performance rights were approved for issue by shareholders at the Company's AGM on 24 November 2022, and are being expensed from this date as the services to which the issue relate to are already being provided.

The terms and conditions of each grant of performance rights over ordinary shares affecting remuneration of Directors and other key management personnel in this financial year or future reporting years are as follows:

Name	Number of rights granted	Valuation date	Vesting date	Fair value per right at grant date
Mitchell Wells	610,000	24 November 2022	1 October 2023	$0.064
Mitchell Wells	610,000	24 November 2022	1 October 2024	$0.064
Mitchell Wells	610,000	24 November 2022	1 October 2025	$0.064

Performance rights granted carry no dividend or voting rights.

There were no performance rights over ordinary shares granted to or vested by Directors and other key management personnel as part of compensation during the year ended 30 June 2023.

Additional information

The earnings of the Group for the five years to 30 June 2023 are summarised below:

	2023 $'000	2022 $'000	2021 $'000	2020 $'000	2019 $'000
Sales revenue	4,404	3,828	3,779	3,668	3,625
EBITDA	(863)	(1,126)	675	653	1,150
EBIT	(1,300)	(1,555)	310	(994)	904
(Loss)/profit after income tax	(780)	(1,142)	586	(715)	1,270

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

	2023	2022	2021	2020	2019
Share price at financial year end ($)	0.04	0.06	0.16	0.15	0.11
Basic (loss)/earnings per share (cents per share)	(0.17)	(0.25)	0.14	(0.17)	0.31

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	-	400,000	-	1,000,000
Dr T Baroni	350,000	-	-	-	350,000
Mr S Panton	73,846,350	-	500,000	-	74,346,350
Mr N Allan	-	-	-	-	-
	81,261,027	-	900,000	-	82,161,027

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	1,800,000	-	-	(1,800,000)	-
Mr S Panton	3,000,000	-	-	(3,000,000)	-
Mr N Allan	-	-	-	-	-
	10,800,000	-	-	(10,800,000)	-

This concludes the remuneration report, which has been audited.

Shares under option

There were no unissued ordinary shares of Resonance Health Limited under option outstanding at the date of this report.

Shares under performance rights

There were no unissued ordinary shares of Resonance Health Limited under performance rights outstanding at the date of this report. It is intended that 1,800,000 performance rights will be issued to Mr Mitchell Wells as approved by shareholders at the Company AGM in November 2022.

Shares issued on the exercise of options

There were no ordinary shares of Resonance Health Limited issued on the exercise of options during the year ended 30 June 2023 and up to the date of this report.

Shares issued on the exercise of performance rights

There were no ordinary shares of Resonance Health Limited issued on the exercise of performance rights during the year ended 30 June 2023 and up to the date of this report.

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
Chair

29 August 2023
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 2023, 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 August 2023

M R Ohm
Partner

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849
T: +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au

Resonance Health Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

	Note	2023 $	2022 $
Revenue	5	4,404,360	3,827,976
Other income	6	106,899	28,323
Expenses			
Depreciation expense		(136,485)	(114,527)
Amortisation expense		(299,874)	(314,579)
Impairment of research & development		(31,460)	-
Share-based payments		(24,431)	(5,617)
Marketing & travel		(817,667)	(1,016,199)
Consulting and professional services		(236,969)	(241,951)
Employee benefits expense		(3,111,198)	(2,494,576)
Research and development		(708,251)	(716,231)
Statutory and compliance		(197,495)	(222,748)
Foreign exchange gain/(loss)		285,356	192,602
Other expenses		(496,841)	(473,995)
Loss before income tax benefit		(1,264,056)	(1,551,522)
Income tax benefit	7	483,695	409,745
Loss after income tax benefit for the year attributable to the owners of Resonance Health Limited	20	(780,361)	(1,141,777)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Resonance Health Limited		(780,361)	(1,141,777)
		Cents	**Cents**
Basic loss per share	33	(0.17)	(0.25)
Diluted loss per share	33	(0.17)	(0.25)

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

Resonance Health Limited
Consolidated statement of financial position
As at 30 June 2023

	Note	2023 $	2022 $
Assets			
Current assets			
Cash and cash equivalents	8	6,361,622	6,783,166
Trade and other receivables	9	1,143,870	1,505,040
Other assets	10	51,909	59,554
Total current assets		7,557,401	8,347,760
Non-current assets			
Property, plant and equipment	11	385,106	137,686
Right-of-use assets	12	244,494	253,480
Intangibles	13	2,713,349	2,865,005
Other assets	10	82,886	82,886
Total non-current assets		3,425,835	3,339,057
Total assets		10,983,236	11,686,817
Liabilities			
Current liabilities			
Trade and other payables	14	732,378	697,272
Lease liabilities	15	100,394	79,794
Provisions	16	31,414	7,673
Other liabilities	17	11,188	22,411
Total current liabilities		875,374	807,150
Non-current liabilities			
Lease liabilities	15	172,551	188,426
Total non-current liabilities		172,551	188,426
Total liabilities		1,047,925	995,576
Net assets		9,935,311	10,691,241
Equity			
Issued capital	18	73,882,788	73,882,788
Reserves	19	2,094,225	2,069,794
Accumulated losses	20	(66,041,702)	(65,261,341)
Total equity		9,935,311	10,691,241

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

Resonance Health Limited
Consolidated statement of changes in equity
For the year ended 30 June 2023

	Issued capital $	Foreign currency translation reserve $	Share-based payments reserve $	Accumulated losses $	Total equity $
Balance at 1 July 2021	73,882,788	(270,580)	2,334,757	(64,119,564)	11,827,401
Loss after income tax benefit for the year	-	-	-	(1,141,777)	(1,141,777)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(1,141,777)	(1,141,777)
Transactions with owners in their capacity as owners:					
Share-based payments (note 34)	-	-	5,617	-	5,617
Balance at 30 June 2022	73,882,788	(270,580)	2,340,374	(65,261,341)	10,691,241

	Issued capital $	Foreign currency translation reserve $	Share-based payments reserve $	Accumulated losses $	Total equity $
Balance at 1 July 2022	73,882,788	(270,580)	2,340,374	(65,261,341)	10,691,241
Loss after income tax benefit for the year	-	-	-	(780,361)	(780,361)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(780,361)	(780,361)
Transactions with owners in their capacity as owners:					
Share-based payments (note 34)	-	-	24,431	-	24,431
Balance at 30 June 2023	73,882,788	(270,580)	2,364,805	(66,041,702)	9,935,311

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

	Note	2023 $	2022 $
Cash flows from operating activities			
Receipts from customers		4,334,471	3,527,664
Payments to suppliers and employee		(5,476,987)	(5,012,784)
		(1,142,516)	(1,485,120)
Interest received		25,048	4,976
Grants received		67,000	25,000
R&D tax incentive received		893,440	-
Net cash used in operating activities	32	(157,028)	(1,455,144)
Cash flows from investing activities			
Payments for property, plant and equipment	11	(288,225)	(119,043)
Payments for intangibles	13	(179,678)	(584,954)
Net cash used in investing activities		(467,903)	(703,997)
Cash flows from financing activities			
Repayment of lease liabilities		(81,967)	(70,129)
Payments for cash backed guarantees		-	(36,986)
Net cash used in financing activities		(81,967)	(107,115)
Net decrease in cash and cash equivalents		(706,898)	(2,266,256)
Cash and cash equivalents at the beginning of the financial year		6,783,166	8,856,820
Effects of exchange rate changes on cash and cash equivalents		285,354	192,602
Cash and cash equivalents at the end of the financial year	8	6,361,622	6,783,166

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:

Level 1
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 August 2023. 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.

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.

Note 2. Significant accounting policies (continued)

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.

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 2023 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.

Note 2. Significant accounting policies (continued)

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.

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.

Note 2. Significant accounting policies (continued)

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.

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 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.

Note 2. Significant accounting policies (continued)

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.

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.

Note 2. Significant accounting policies (continued)

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.

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 an appropriate 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.

Note 2. Significant accounting policies (continued)

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 an appropriate 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.

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.

Note 2. Significant accounting policies (continued)

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.

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 2023. 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.

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

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.

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.

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.

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 2023.

2023	Services $	Research and development $	Corporate $	Other segments $	Total $
Revenue					
Sales to external customers	4,404,360	-	-	-	4,404,360
Total revenue	4,404,360	-	-	-	4,404,360
Total revenue	4,404,360	-	-	-	4,404,360
Other expenses	(993,898)	(1,039,585)	(3,741,832)	-	(5,775,315)
Other income	-	-	106,899	-	106,899
(Loss)/profit before income tax benefit	3,410,462	(1,039,585)	(3,634,933)	-	(1,264,056)
Income tax benefit					483,695
Loss after income tax benefit					(780,361)
Assets					
Segment assets	1,104,333	2,713,349	7,165,554	-	10,983,236
Total assets					10,983,236
Liabilities					
Segment liabilities	-	-	1,047,925	-	1,047,925
Total liabilities					1,047,925

2022	Services $	Research and development $	Corporate $	Other segments $	Total $
Revenue					
Sales to external customers	3,827,976	-	-	-	3,827,976
Total revenue	3,827,976	-	-	-	3,827,976
Total revenue	3,827,976	-	-	-	3,827,976
Other expenses	(704,525)	(1,030,810)	(3,672,486)	-	(5,407,821)
Other income	-	-	28,323	-	28,323
(Loss)/profit before income tax benefit	3,123,451	(1,030,810)	(3,644,163)	-	(1,551,522)
Income tax benefit					409,745
Loss after income tax benefit					(1,141,777)
Assets					
Segment assets	1,045,668	2,865,005	7,776,144	-	11,686,817
Total assets					11,686,817
Liabilities					
Segment liabilities	-	-	995,576	-	995,576
Total liabilities					995,576

The group derived 14% of its external customer sales revenue from one major customer (2022: 11%)

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, South 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.

	2023 $	2022 $
Asia/Pacific	293,885	327,909
North America	2,779,833	2,575,512
South America	-	3,812
EMEA	1,330,642	920,743
Total sales to external customers	4,404,360	3,827,976

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.

(iv) Analysis services

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

Note 5. Revenue (continued)

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:

	2023 $	2022 $
Revenue from contracts with customers		
At a point in time:		
Commercial revenue	2,520,745	2,306,183
Clinical trials	607,748	471,138
Other studies	345,416	196,244
Over time:		
Clinical trials	930,451	854,411
Revenue	4,404,360	3,827,976

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

	2023 $	2022 $
Segment revenue	4,404,360	3,827,976
Adjustments and eliminations	-	-
Total revenue from contracts with customers	4,404,360	3,827,976

Note 6. Other income

	2023 $	2022 $
Subsidies and grants	67,000	25,000
Interest revenue	39,899	3,323
Other income	106,899	28,323

Note 7. Income tax

	2023 $	2022 $
Income tax benefit		
Research and Development tax offset	(483,695)	(409,745)
Aggregate income tax benefit	(483,695)	(409,745)
Numerical reconciliation of income tax benefit and tax at the statutory rate		
Loss before income tax benefit	(1,264,056)	(1,551,522)
Tax at the statutory tax rate of 25%	(316,014)	(387,881)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Expenses that are not deductible in determining taxable profit	103,513	175,083
Non-assessable income	(5,974)	-
	(218,475)	(212,798)
Unused tax losses not recognised as deferred tax assets	171,179	300,785
Effect of temporary differences not recognised in deferred tax assets and liabilities	47,296	(87,987)
Research and Development tax offset	(483,695)	(409,745)
Income tax benefit	(483,695)	(409,745)

Unrecognised deferred tax balances

	2023 $	2022 $
Deferred tax assets not recognised		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Losses available for offset against future taxable income - revenue	2,304,481	2,133,302
Amortisation and depreciation timing differences	140,368	140,368
Business related costs	543	1,085
Accrued expenses and liabilities	131,525	80,828
Others	7,113	3,685
Total deferred tax assets not recognised	2,584,030	2,359,268

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. Tax losses may be carried forward indefinitely under current tax legislation provided conditions for deductibility are met.

Note 7. Income tax (continued)

	2023 $	2022 $
Deferred tax liabilities not recognised		
Deferred tax liabilities not recognised comprises temporary difference attributable to:		
Capitalised research and development costs	678,337	716,251
Accrued income	3,964	251
Unrealised foreign exchange gains	62,172	42,510
	744,473	759,012

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

	2023 $	2022 $
Current assets		
Cash at bank	5,324,561	5,760,533
Term deposits	1,037,061	1,022,633
	6,361,622	6,783,166

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

	2023 $	2022 $
Current assets		
Trade receivables	1,104,333	1,045,668
Other receivables	39,537	49,627
Income tax refund due	-	409,745
	1,143,870	1,505,040

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.

Note 9. Trade and other receivables (continued)

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

	Carrying amount 2023 $	Carrying amount 2022 $
Not overdue	586,325	737,824
30 - 60 days overdue	64,410	73,293
60 - 90 days overdue	65,437	16,383
90 - 120 days overdue	37,075	14,296
>120 days overdue	390,623	253,499
	1,143,870	1,095,295

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. The Group is actively working with customers in relation to payments of outstanding receivable balances with systems and processes set up to enable collection of funds.

On the basis determined above, the expected credit loss for trade receivables as at 30 June 2023 was determined as $nil (30 June 2022: $nil).

Note 10. Other assets

	2023 $	2022 $
Current assets		
Prepayments	51,909	59,554
Non-current assets		
Security deposits	82,886	82,886
	134,795	142,440

Note 11. Property, plant and equipment

	2023 $	2022 $
Non-current assets		
Plant and equipment - at cost	545,246	257,021
Less: Accumulated depreciation	(160,140)	(119,335)
	385,106	137,686

Note 11. Property, plant and equipment (continued)

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

	$
Balance at 1 July 2021	52,481
Additions	119,043
Depreciation expense	(33,838)
Balance at 30 June 2022	137,686
Additions	288,225
Depreciation expense	(40,805)
Balance at 30 June 2023	385,106

Note 12. Right-of-use assets

	2023 $	2022 $
Non-current assets		
Land and buildings - right-of-use	406,880	320,188
Less: Accumulated depreciation	(162,386)	(66,708)
	244,494	253,480

The Group leases two premises.

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

	Land and buildings $
Balance at 1 July 2021	55,925
Additions	278,244
Depreciation expense	(80,689)
Balance at 30 June 2022	253,480
Additions	86,694
Depreciation expense	(95,680)
Balance at 30 June 2023	244,494

Note 13. Intangibles

	2023 $	2022 $
Non-current assets		
Research & development - at cost	4,340,231	4,653,461
Less: Accumulated amortisation	(1,626,882)	(1,788,456)
	2,713,349	2,865,005

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

	$
Balance at 1 July 2021	2,594,630
Additions	584,954
Amortisation expense	(314,579)
Balance at 30 June 2022	2,865,005
Additions	179,678
Impairment of assets*	(31,460)
Amortisation expense	(299,874)
Balance at 30 June 2023	2,713,349

* During the year management assessed the carrying value or R&D capitalised and impaired the R&D projects which were no longer cash generating business units.

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 an 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.

As the Group has a number of intangible assets not yet ready for us, the Directors have conducted an impairment test as required by AASB136. 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.

Note 13. Intangibles (continued)

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.

	2023 $	2022 $
Impairment Expense		
Ferriscan® - Image R2 platform conversion	17,541	-
Ferriscan® - Report writer	505	-
Iron blood marker study	13,414	-
	31,460	-

Note 14. Trade and other payables

	2023 $	2022 $
Current liabilities		
Trade payables (i)	145,316	240,665
Other payables	587,062	456,607
	732,378	697,272

(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 two premises. The remaining term of the leases as of 30 June 2023 is 26 and 50 months respectively.

	2023 $	2022 $
Current liabilities		
Lease liability	100,394	79,794
Non-current liabilities		
Lease liability	172,551	188,426
	272,945	268,220

Refer to note 22 for further information on financial instruments.

Note 15. Lease liabilities (continued)

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 or less $	Between 1 and 2 years $	Between 2 and 5 years $	Total $
Lease payments	111,812	154,198	29,859	295,869
Interest	(11,418)	(10,735)	(771)	(22,924)
Net present values	100,394	143,463	29,088	272,945

Note 16. Provisions

	2023 $	2022 $
Current liabilities		
Long service leave	31,414	7,673

Note 17. Other liabilities

	2023 $	2022 $
Current liabilities		
Unearned income	11,188	22,411

Note 18. Issued capital

	2023 Shares	2022 Shares	2023 $	2022 $
Ordinary shares - fully paid	461,149,601	461,149,601	73,882,788	73,882,788

The Controlled Placement Agreement (CPA) that was entered into on 18 April 2019, 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 had an available capacity of $5m under the CPA. Subsequent to year end on 31 July 2023 the CPA expired and will not be renewed.

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.

Note 18. Issued capital (continued)

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 capital risk management policy remains unchanged from the 30 June 2022 Annual Report.

Note 19. Reserves

	2023 $	2022 $
Foreign currency reserve	(270,580)	(270,580)
Share-based payments reserve	2,364,805	2,340,374
	2,094,225	2,069,794

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.

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

	Foreign currency translation reserve $	Share-based payments reserve $	Total $
Balance at 1 July 2021	(270,580)	2,334,757	2,064,177
Options vesting expense	-	5,617	5,617
Balance at 30 June 2022	(270,580)	2,340,374	2,069,794
Options expired	-	(23,894)	(23,894)
Performance rights vesting expense	-	48,325	48,325
Balance at 30 June 2023	(270,580)	2,364,805	2,094,225

Note 20. Accumulated losses

	2023 $	2022 $
Accumulated losses at the beginning of the financial year	(65,261,341)	(64,119,564)
Loss after income tax benefit for the year	(780,361)	(1,141,777)
Accumulated losses at the end of the financial year	(66,041,702)	(65,261,341)

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 approach focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group has not entered into or traded 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.

Exchange rate exposures are managed by senior executives and the Board, the Group has not engaged 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	
	2023 $	2022 $	2023 $	2022 $
US dollars (USD)	2,430,883	2,786,928	20,356	30,805
Euros (EUR)	564,709	193,358	-	11,340
Pound Sterling (GBP)	1,183,013	1,647,524	21,261	22,489
	4,178,605	4,627,810	41,617	64,634

Note 22. Financial instruments (continued)

Foreign currency sensitivity analysis

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

The following table illustrates the Group's sensitivity to 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.

	2023 $	2022 $
Profit or loss impact:		
USD	(219,122)	(250,557)
EUR	(51,337)	(16,547)
GBP	(105,614)	(147,730)

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.

Cash and cash equivalent financial assets:

	2023		2022	
	Weighted average interest rate %	Balance $	Weighted average interest rate %	Balance $
Less than one month	-	5,324,561	-	5,760,533
One to three months	4.10%	1,037,061	0.25%	1,022,633
		6,361,622		6,783,166

The Group is exposed to fluctuations in interest rates as it has deposited monies at floating interest rates. The impact of a 100bp 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 2023, the Group had one customer that accounted for 9% of all trade receivables (2022: 12%). Refer note 9 for further details.

Note 22. Financial instruments (continued)

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.

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.

2023	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	-	145,316	-	-	-	145,316
Other payables	-	587,062	-	-	-	587,062
Interest-bearing - fixed rate						
Lease liability	5.06%	100,394	143,463	29,088	-	272,945
Total non-derivatives		832,772	143,463	29,088	-	1,005,323

2022	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	-	240,665	-	-	-	240,665
Other payables	-	456,607	-	-	-	456,607
Interest-bearing - variable						
Lease liability	3.60%	79,794	173,781	14,645	-	268,220
Total non-derivatives		777,066	173,781	14,645	-	965,492

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
Mr Aaron Brinkworth

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

Mr Nicholas Allan	Chief Operating Officer, Chief Financial Officer & Joint Company Secretary

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

	2023 $	2022 $
Short-term employee benefits	606,302	608,248
Post-employment benefits	62,619	57,326
Share-based payments	48,325	-
	717,246	665,574

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:

	2023 $	2022 $
Audit services -– HLB Mann Judd		
Audit or review of the financial statements	74,901	60,762
Other services – HLB Mann Judd		
Preparation of the tax return	9,500	9,650
	84,401	70,412

Note 25. Contingent assets

The Group has no contingent assets as at 30 June 2023 (2022: $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 lunch disease progression in patients with cystic fibrosis see note 13.

Under the agreement a 10% net royalty on all sales of the analysis performed by the 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:

	2023 $	2022 $
Sale of goods and services:		
Services provided to Perth Radiological Clinic *	2,426	2,426
Payment for goods and services:		
Services provided by Perth Radiological Clinic *	60	360

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

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2023 $	2022 $
Current receivables:		
Trade receivables from Perth Radiological Clinic	593	889
Current payables:		
Trade payables to Perth Radiological Clinic	-	66

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 2023 $	Parent 2022 $
Loss after income tax	(430,226)	(366,088)
Total comprehensive income	(430,226)	(366,088)

Statement of financial position

	Parent 2023 $	Parent 2022 $
Total current assets	2,185,987	1,628,971
Total assets	3,042,669	4,146,881
Total current liabilities	81,644	49,290
Total liabilities	(503,868)	194,550
Equity		
Issued capital	73,882,788	73,882,788
Share-based payments reserve	2,364,805	2,340,374
Accumulated losses	(72,701,056)	(72,270,831)
Total equity	3,546,537	3,952,331

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 2023 %	Ownership interest 2022 %
Resonance Health Analysis Services Pty Ltd	Australia	100%	100%
CRO Services Pty Ltd*	Australia	100%	100%
Resonance Health Laboratory Services Pty Ltd**	Australia	100%	100%
Resonance USA Inc	USA	100%	100%

* previously WA Private Health Care Services Pty Ltd
** previously IVB Holdings Pty Ltd

Note 31. Events after the reporting period

Mr Andrew Harrison was appointed as CEO of the Company effective 1 July 2023.

Note 31. Events after the reporting period (continued)

Mr Nick Allan resigned as COO, CFO and joint Company Secretary of the Company effective 31 July 2023..

Controlled Placement Agreement executed by the Company and Acuity Capital on 18 April 2019 and then extended on 30 June 2021 (CPA), expired on 31 July 2023.

The CPA established an at-the-market standby equity capital facility (ATM Facility) providing Resonance with standby equity capital. As security for the ATM Facility, the Company issued Acuity Capital with 20,000,000 collateral shares.

Given the ATM Facility has now expired, the parties have agreed to the return and cancellation of the 20 million collateral shares for nil consideration in accordance with the terms of the CPA (Buyback). The Buyback will be implemented in accordance with Part 2J.1 of the *Corporations Act 2001* (Cth) and will be subject to shareholder approval.

The Group was awarded a significant clinical trial agreement with Sun Pharmaceutical Industries Limited on 18 August 2023. The agreement is for the provision of clinical trial services and is expected to be worth up to $6.33m over 18 months.

No other matter or circumstance has arisen since 30 June 2023 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 loss after income tax to net cash used in operating activities

	2023 $	2022 $
Loss after income tax benefit for the year	(780,361)	(1,141,777)
Adjustments for:		
Depreciation and amortisation	436,359	429,106
Impairment of intangibles	31,460	-
Share-based payments	24,431	5,617
Foreign exchange differences	(285,356)	(192,602)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	361,170	(714,665)
Decrease/(increase) in prepayments	7,645	(16,546)
Increase in trade and other payables	35,106	204,764
Increase/(decrease) in employee benefits	23,741	(19,251)
Decrease in other operating liabilities	(11,223)	(9,790)
Net cash used in operating activities	(157,028)	(1,455,144)

Note 32. Cash flow information (continued)

Changes in liabilities arising from financing activities

	Lease liabilities $
Balance at 1 July 2021	60,105
Net cash used in financing activities	(70,129)
Leases entered	320,188
Lease termination	(41,943)
Balance at 30 June 2022	268,221
Net cash used in financing activities	(81,967)
Leases entered	86,692
Balance at 30 June 2023	272,946

Note 33. Earnings per share

	2023 $	2022 $
Loss after income tax attributable to the owners of Resonance Health Limited	(780,361)	(1,141,777)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	461,149,601	461,149,601
Weighted average number of ordinary shares used in calculating diluted earnings per share	461,149,601	461,149,601
	Cents	**Cents**
Basic loss per share	(0.17)	(0.25)
Diluted loss per share	(0.17)	(0.25)

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

Note 34. Share-based payments

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

Note 34. Share-based payments (continued)

Options

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

	Number of options 2023	Weighted average exercise price 2023	Number of options 2022	Weighted average exercise price 2022
Outstanding at the beginning of the financial year	12,200,000	$0.175	13,200,000	$0.170
Expired	(12,200,000)	$0.175	(1,000,000)	$0.100
Outstanding at the end of the financial year	-	$0.000	12,200,000	$0.175
Exercisable at the end of the financial year	-	$0.000	12,200,000	$0.175

2023

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
28/11/2019	28/11/2022	$0.150	4,000,000	-	-	(4,000,000)	-
28/11/2019	28/11/2022	$0.180	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)	-
			12,200,000	-	-	(12,200,000)	-

200,000 options exercisable at $0.10 on or before 2 December 2022 with vesting conditions, did not vest before expiry. An amount of $23,894 previously recognised as a share-based payment expense in prior periods was reversed.

Performance Rights

1,830,000 Performance rights were approved for issue by shareholders to Mitchell Wells at the Company AGM on 24 November 2022, with the following vesting conditions:

Tranche	Number granted	Vesting Date
A	610,000	1 October 2023
B	610,000	1 October 2024
C	610,000	1 October 2025
	1,830,000	

The performance rights will be issued for nil cash consideration and will be convertible into fully paid ordinary shares in the capital of the Company, upon vesting. As at 30 June 2023 the performance rights have not been issued.

These performance rights were valued, using a valuation methodology based on the guidelines set out in AASB 2 *Share-based Payment.*

Note 34. Share-based payments (continued)

For the performance rights granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Assumptions:	Tranche A	Tranche B	Tranche C
Number of performance rights	610,000	610,000	610,000
Valuation date	24 November 2022	24 November 2022	24 November 2022
Share price on valuation date	$0.064	$0.064	$0.064
Indicative value per performance right	$0.064	$0.064	$0.064
- Mr Mitchell Wells	$39,040	$39,040	$39,040

The value of the performance rights are being expensed over the deemed life of the Rights, from shareholder approval. During the period, $48,325 was recognised as an expense in relation to the rights.

Reconciliation of share based payments expense:

	2023 $	2022 $
Options to staff and consultants	(23,894)	5,617
Performance rights expense - Mitchell Wells	48,325	-
	24,431	5,617

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 2023 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
Chair

29 August 2023
Perth, Western Australia

HLB MANN JUDD
ADVISORY AND ACCOUNTING

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 2023, 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 2023 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 (including Independence Standards)* ("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.

Key Audit Matter	How our audit addressed the key audit matter
Intangible assets Refer to Note 13	
As at 30 June 2023, the Group has an intangible asset balance of $2,713,349 which comprises intangible assets not yet available for use and other intangible assets.	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

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 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.	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; - 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 and the headroom impact on the value-in-use calculation; - Ensured any additions met the criteria for recognition; - Ensured amortisation had been correctly applied and the amortisation rate adopted was reasonable; - 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.
Revenue Recognition Refer to Note 5	
The Company recognised $4,404,360 of revenue for the year ended 30 June 2023 from commercial revenue, clinical trials revenue and other studies recorded either at a point in time or over time based upon the relevant performance obligation(s). We focused on this area as a key audit matter due to it being material to the users' understanding of the financial statements and it requiring significant auditor attention and communication with those charged with governance.	Our audit procedures included but were not limited to the following: - We evaluated management's processes and key controls regarding accounting for the Group's revenue; - We ensured that recognition of revenue was consistent with the requirements of AASB 15; - We performed substantive testing over revenue; - We ensured revenue was correctly recorded based upon the relevant performance obligation(s) and was recorded in the correct period; and - We ensured adequate disclosure in 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 2023, 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, actions taken to eliminate threats or safeguards applied.

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 2023. In our opinion, the Remuneration Report of Resonance Health Limited for the year ended 30 June 2023 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 August 2023

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

The shareholder information set out below was applicable as at 25 August 2023.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Ordinary shares		
	Number of holders	Number of	% of total shares issued
1 to 1,000	117	19,050	0.01
1,001 to 5,000	212	791,594	0.17
5,001 to 10,000	224	1,796,356	0.39
10,001 to 100,000	962	39,800,292	8.63
100,001 and over	407	418,742,309	90.80
	1,922	461,149,601	100.00
Holding less than a marketable parcel	449	1,596,337	0.35

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares Number held	Ordinary shares % of total shares issued
SOUTHAM INVESTMENTS 2003 PTY LTD <WARWICKSHIRE INVESTMENT A/C>	73,800,000	16.00
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	48,501,078	10.52
ACUITY CAPITAL INVESTMENT MANAGEMENT PTY LTD <ACUITY CAPITAL HOLDINGS A/C>	20,000,000	4.34
MS ALISON VIRGINIA WESLEY <WESLEY FAMILY A/C>	9,940,000	2.16
MR PAUL JOHN VAN DYK	9,116,947	1.98
MR WILLIAM MURRAY THOMPSON	6,658,660	1.44
MS JADE LOUISE THOMPSON	6,512,759	1.41
MR BRUCE ALAN STEVENSON	6,400,000	1.39
MR HELMUT ROCKER	5,256,471	1.14
MR PAUL ANDREW FITZMAURICE & MRS TANIA MARIE FITZMAURICE <FITZMAURICE FAMILY S/F A/C>	5,250,000	1.14
MARCOLONGO NOMINEES PTY LTD <MARCOLONGO FAMILY A/C>	5,186,200	1.12
DR RUSSELL KAY HANCOCK	4,610,000	1.00
MR HARISH GARG	4,501,245	0.98
MR THOMAS PSARAKIS	4,434,777	0.96
DR MARTIN PETER BLAKE	3,798,590	0.82
MORGAN STANLEY AUSTRALIA SECURITIES (NOMINEE) PTY LIMITED (NO 1 ACCOUNT)	3,589,171	0.78
FULLERTON PRIVATE CAPITAL PTY LIMITED	3,500,000	0.76
THE UNIVERSITY OF WESTERN AUSTRALIA	3,478,750	0.75
NEWECONOMY COM AU NOMINEES PTY LIMITED (900 ACCOUNT)	3,202,660	0.69
CITICORP NOMINEES PTY LTD	2,574,632	0.56
	230,311,940	49.94

Substantial holders

Substantial holders in the Company are set out below:

	Ordinary shares Number held	Ordinary shares % of total shares issued
SOUTHAM INVESTMENTS 2003 PTY LTD <WARWICKSHIRE INVESTMENT A/C>	73,800,000	16.00
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	48,501,078	10.52

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares
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.