

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001

Name of entity

Resonance Health Limited

ABN

96 006 762 492

Quarter ended ("current quarter")

31 December 2003

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from customers		
1.2 Payments for		
(a) staff costs	(58)	(77)
(b) advertising and marketing	(10)	(10)
(c) research and development	-	-
(d) leased assets	-	-
(e) other working capital	(129)	(285)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	6	10
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net operating cash flows	(191)	(362)

+ See chapter 19 for defined terms.

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	Current quarter \$A'000	Year to date (6 months) \$A'000
1.8 Net operating cash flows (carried forward)	(191)	(362)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	Refer item 5	Refer item 5
(b) equity investments	(383)	(383)
(c) intellectual property	-	-
(d) physical non-current assets	(15)	(15)
(e) other non-current assets		
1.10 Proceeds from disposal of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets		
(e) other non-current assets		
1.11 Loans to other entities		
1.12 Loans repaid by other entities		
1.13 Other (provide details if material)		
	(398)	(398)
Net investing cash flows		
1.14 Total operating and investing cash flows	(589)	(760)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	1,351	1,351
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings		
1.18 Repayment of borrowings		
1.19 Dividends paid		
1.20 Other (cost of capital raisings)	(238)	(238)
Net financing cash flows	1,113	1,113
Net increase (decrease) in cash held	524	353
1.21 Cash at beginning of quarter/year to date	546	717
1.22 Exchange rate adjustments to item 1.20		
1.23 Cash at end of quarter	1,070	1,070

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000						
1.24	Aggregate amount of payments to the parties included in item 1.2 & 1.20	128						
1.25	Aggregate amount of loans to the parties included in item 1.11	-						
1.26	<p>Explanation necessary for an understanding of the transactions</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td style="width: 60%;">Salaries – Directors</td> <td style="text-align: right;">38</td> </tr> <tr> <td>Consulting fees</td> <td style="text-align: right;">85</td> </tr> <tr> <td>Rent and office administration</td> <td style="text-align: right;">5</td> </tr> </tbody> </table>		Salaries – Directors	38	Consulting fees	85	Rent and office administration	5
Salaries – Directors	38							
Consulting fees	85							
Rent and office administration	5							

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Refer item 5 for details of non cash consideration paid for 100% acquisition of IVB Holdings Pty Ltd
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- 2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

Not applicable

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

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Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
4.1	Cash on hand and at bank	1,070	546
4.2	Deposits at call	-	-
4.3	Bank overdraft	-	-
4.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)		1,070	546

Acquisitions and disposals of business entities

		Acquisitions <i>(Item 1.9(a))</i>	Disposals <i>(Item 1.10(a))</i>
5.1	Name of entity	IVB Holdings Pty Ltd	
5.2	Place of incorporation or registration	Sydney, NSW	
5.3	Consideration for acquisition or disposal	Refer share consideration in Annexure A	
5.4	Total net assets	\$1,000,000	
5.5	Nature of business	51% voting control of Inner Vision Biometrics Pty Ltd (IVB) and earning 51% of full equity of IVB.	

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.

Evan Cross
Company secretary
27 January 2004

+ See chapter 19 for defined terms.

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
 - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
 - 9.2 - itemised disclosure relating to acquisitions
 - 9.4 - itemised disclosure relating to disposals
 - 12.1(a) - policy for classification of cash items
 - 12.3 - disclosure of restrictions on use of cash
 - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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ANNEXURE A

SHARE CONSIDERATION PAID FOR ACQUISITION OF IVB HOLDINGS PTY LTD
ITEM 5.3 OF APPENDIX 4C

	No. of Shares Issued	Value of Consideration \$
Cash consideration paid for acquisition	-	-
Issue of Ordinary Fully Paid shares at 10 cents each	13,000,000	1,300,000
Issue of Performance shares of various classes	41,000,000	41
Issue of Performance share options **	24,000,000	0
Total Consideration Paid for 100% of the issued shares in IVB Holdings Pty Ltd		<u>1,300,041</u>
** Issue of Options are subject to meeting performance criteria attached to Performance shares		

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