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INSIDE *Insight*

Message from the Managing Director

FerriScan and Iron Overload

Report on the UK Market

International Communication

Product Development

Research and Development

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Message from the Managing Director

Executive Summary

- Commercial sales of FerriScan® are increasing and the UK market in particular is expanding rapidly.
- Major pharmaceutical company chooses FerriScan as end point test in clinical trials of iron overload.
- FerriScan gains further international recognition with endorsement from independent experts.
- Resonance is investing in the next generation of tests for liver disorders and to improve FerriScan.

2009 is progressing well as a strong year for FerriScan revenue and for further research and development.

Solid progress has been made in the UK market following the appointment of a UK based Communications Manager with 14 years experience in the marketing and communication industry working for multinational clients in the public and private sectors. The first six months of UK marketing activities (partly funded by the export marketing development grant) have been very successful and resulted in a 200% increase in FerriScan referrals compared to the preceding six months.

Our product development activities are focused on improving the cost effectiveness of FerriScan and developing a cardiac iron assessment test which we plan to launch later this year.

The product development pipeline includes an MRI test for the assessment of liver fibrosis, an exciting opportunity that will address the large hepatitis C and fatty liver disease markets. A development grant application has been submitted to assist with funding for this project.

I look forward to keeping you informed of our activities that are solidly focused on growth and returning a positive result for the company and shareholders. We thank you for your continued support of Resonance Health.

Ms Liza Dunne
Managing Director

FerriScan and Iron Overload

The iron overload market for FerriScan is focused in two key segments: **primary iron overload** associated with hereditary haemochromatosis and **transfusional iron overload** resulting from repeated blood transfusions.

Hereditary haemochromatosis is a common genetic disorder affecting approximately 1 in 227 people in the United States and results in the excess absorption of iron from the diet. If left untreated the excess iron (primarily stored in the liver) causes liver disease and finally liver cirrhosis. FerriScan provides an accurate assessment of liver iron to assist in the diagnosis of the disease, the magnitude of excess iron to be removed, and the risk of liver damage from the iron.

Transfusional iron overload is often associated with disorders such as thalassaemia, sickle cell anemia, and myelodysplastic syndromes where patients may require regular blood transfusions to manage their condition. These transfusions result in an excess build up of iron in the liver which may cause organ damage and even mortality if left untreated. FerriScan provides a significant improvement to the clinical management of these patients, providing an accurate and non-invasive assessment of their liver iron and eliminating the need for a liver biopsy in most cases. *"The liver R2 MRI (FerriScan) has largely replaced liver biopsy for our patients"*, said Dr. Janet Kwiatkowski, Hematologist at The Children's Hospital of Philadelphia.

To support our clinical expertise, Resonance Health has engaged Ms Shameela Dermott as Clinical and Business Development Manager. Shameela brings over 12 years experience in the Clinical Management role involving the design and management of global clinical studies, engaging key opinion leaders, reimbursement and business development within the Pharmaceutical and CRO industry in the UK and Australia. *"FerriScan is clearly a market leader in the assessment of iron overload and to date over 6,000 patients have benefited from the FerriScan test. I am very excited about the opportunities for Resonance Health not only with the FerriScan product but also as the company continues to expand its medical device research and development profile and the services delivered through its imaging core lab."* said Ms Dermott. 🌐

Report on the UK Market



Melanie Baxter (right) at a UK Sickle Cell Society Meeting

From Melanie Baxter, in London...

The UK market has significant potential for FerriScan and our marketing campaigns are starting to generate increased FerriScan referrals.

Medical consultants view FerriScan as a very attractive alternative to existing monitoring methods. Dr Lorna Bennett, Clinical Services Manager of the Camden & Islington Sickle Cell and Thalassaemia Centre said *"The new FerriScan technology offers a great advantage for sickle cell patients who require their liver iron levels to be monitored. We are delighted that FerriScan is now available in this country to improve patient health outcomes and to provide consultants with an accurate, non-invasive and cost effective tool in the effective management of their patients."*

We have secured some excellent coverage of FerriScan in the first six months of the campaign including: publicity for FerriScan in UK disease society publications, a FerriScan presentation by a leading medical consultant at the National UK Forum on Haemoglobin Disorders to over 100 consultants and a FerriScan presentation at the UK Sickle Cell Society Debate on iron monitoring.

There are approximately 3,000 patients in our primary market in the UK who require an annual MRI for liver iron assessment. This market is our first priority as it is most likely to achieve widespread reimbursement by the National Health Service in the UK. Additionally, the hereditary haemochromatosis market has upwards of 100,000 potential patients.

In the longer term, I fully expect to see FerriScan become standard and mandated for use in Sickle Cell and Thalassaemia patients in the UK. 🌐

International Communication

Resonance Health has a number of targeted conferences and workshops in 2009 to support our marketing strategy. Chief Scientific Officer, Prof Tim St Pierre, has been invited to speak at a number of international conferences raising awareness of FerriScan with key opinion leaders, patient advocate groups and patients. These events are important supplements to localised marketing efforts.

FerriScan has gained marketing exposure at the following events so far in 2009:


- Iron Disorder Institute workshop in the USA
- British Society for Haematology 49th Annual Scientific Meeting
- Guest speaker at the International Thalassemia Day Conference
- UK Forum Haemoglobin Meeting
- International Biolron Society (IBIS) in Portugal
- Invited speaker at the Iron in Haemoglobin Disorder meeting in Milan

In the second half of 2009 FerriScan will be strongly represented at:

- The 9th Cooley's Anemia Symposium in New York (invited speaker)
- The American Association for the Study of Liver Disease conference in Boston (invited speaker)

Scientific Article in International Magazine

FerriScan gained important coverage with an article published in the latest Thalassaemia International Federation (TIF) magazine titled USING MRI TO MEASURE LIVER IRON LEVELS. The article focused on the interpretation of liver iron measurements and the importance of measuring it accurately.

Comparisons were also made between other MRI-based methods to measure liver iron concentrations. For more details on this article, please visit the TIF website at www.thalassaemia.org.cy (TIF Magazine June 2009 Issue 55). 

Product Development

FerriScan Rapide Project

Resonance Health plans to launch an update to FerriScan in late 2009 which will reduce the MRI scan time for patients by more than 50%. We are delighted to collaborate with two international centres in the FerriScan Rapide study, the Ege University in Turkey and the Cairo University in Egypt, both of which have very large cohorts of thalassaemia major patients.

With the growing demand on MRI scanners and high capital costs, access to MRI time is constrained in many centres. A reduced scan time is better for patients and saves the MRI department time and money, improving the overall cost effectiveness of the FerriScan test. Resonance Health plans to launch 'FerriScan Rapide' in the 4th Quarter 2009.

Cardiac T2* measurement

Resonance Health is expanding its services to include a cardiac test to complement the FerriScan liver iron test. Whilst the vast majority of excess iron is stored in the liver, once a certain threshold has been exceeded iron begins to accumulate in other organs, such as the heart. Cardiac failure from iron overload remains the number one cause of death for patients with thalassaemia major.

The assessment of an imaging parameter known as T2* is widely used to provide an indirect measure of cardiac iron. Resonance Health is developing a tool to measure cardiac T2* which we plan to bring to the market in late 2009. This test will complement the existing FerriScan liver iron test providing clinicians with a more comprehensive picture of the iron overload status of their patients.

Research & Development

Liver Fibrosis Measurement

The development of a non-invasive accurate assessment of liver fibrosis has significant potential for Resonance Health targeting the large hepatitis C and fatty liver disease markets. There are approximately 2.7million hepatitis C patients in the US alone (170 million people worldwide). The prevalence of fatty liver disease is rising and was found in nearly one third of American adults in a recent population study.

Product development is well underway and we aim to have definitive results within the next 12 months regarding the merits of our development. This project represents a very exciting opportunity for the company to expand into a significant market which has a largely unmet clinical need for an accurate and non-invasive assessment of liver disease. 