



31 January 2012

Resonance Health Ltd (ASX:RHT) Appendix 4C – 2nd Quarter Cash Flow Report

Resonance Health Limited today released its second quarter cash flow report for the period ending 31 December 2011.

Cash at 31 December 2011 was \$1,299,000 representing an increase of \$92,000 for the December quarter. The Company received ATO research and development tax concession funds of \$412,000 in the quarter, in respect of the years 2007 through 2010. An export market development grant of \$50,000 was also received during the quarter. Net cashflows for the quarter were affected by the payment of approximately \$145,000 to the University of Western Australia, largely for research and development expenditure incurred during prior periods. Sales revenue was largely in line with forecasts, but adversely affected by the timing of actual receipts. The strong Australian dollar is also unfavourably affecting revenue as a large proportion of sales revenue is denominated in other currencies.

During the December quarter, FerriScan customers were established in Scotland, Ireland, Wales and Switzerland which have relatively large numbers of people with iron overload due to the prevalence of hereditary hemochromatosis. The Company signed a new FerriScan distributor in the Middle East and continues to focus on gaining reimbursement for FerriScan with the US public and private insurance payers.

In December, the Company submitted a patent application for the HepaFat™ Scan product to measure fatty liver disease using MRI. Whilst there are existing methods published in this field, our approach is novel and appears to provide more accurate results. The development project for HepaFat™ Scan is nearing completion and an FDA submission is planned for Q1 - Q2 2012. The Company's liver fibrosis research project is also nearing completion. The data collected in the study are now being analysed to determine the feasibility of measuring liver fibrosis using MRI. An update on these two important projects will be provided to shareholders as soon as possible.

For further information please contact:

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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 2011

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date \$A'000
1.1 Receipts from customers	312	789
1.2 Payments for		
(a) staff costs	(287)	(690)
(b) advertising and marketing	(69)	(128)
(c) research and development	(173)	(327)
(d) leased assets	-	-
(e) other working capital	(100)	(177)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	37	39
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes (paid)/received	412	412
1.7 Other Receipts/Payments		
(a) consulting & professional services	(19)	(34)
(b) statutory & compliance	(68)	(130)
(c) grants	50	50
Net operating cash flows	95	(196)

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

		Current quarter	Year to date
		\$A'000	\$A'000
1.8	Net operating cash flows (carried forward)	95	(196)
Cash flows related to investing activities			
1.9	Payment for acquisition of:		
	(a) businesses (item 5)	-	-
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	(3)	(8)
	(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 (Cash introduced on acquisition of controlled entity)	-	-
	Net investing cash flows	(3)	(8)
1.14	Total operating and investing cash flows	92	(204)
Cash flows related to financing activities			
1.15	Proceeds from issues of shares, options, etc.	-	-
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 (costs of capital raising)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	92	(204)
1.21	Cash at beginning of quarter/year to date	1,207	1,503
1.22	Exchange rate adjustments to item 1.20		
1.23	Cash at end of quarter	1,299	1,299

+ 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	59
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

\$19K – Directors fees \$40K – Consulting fees (payment for July-Sept 2011 consulting fees)
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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

N/A.

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

N/A

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	-	-

+ See chapter 19 for defined terms.

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	299	207
4.2 Deposits at call	-	-
4.3 Bank overdraft		
4.4 Other (provide details)		
- Term deposits	1,000	1,000
Total: cash at end of quarter (item 1.22)	1,299	1,207

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	N/A	N/A
5.2 Place of incorporation or registration		
5.3 Consideration for acquisition or disposal		
5.4 Total net assets		
5.5 Nature of business		

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.

Colin McDonald
Company Secretary