
Resonance Health not to proceed with the VueKlar acquisition and will focus on existing IP strategy

On the 3rd June, Resonance Health announced it had signed a non-binding Heads of Agreement with VueKlar Cardiovascular Ltd. The purpose was to enable Resonance Health to assess a potential opportunity for the Company. The Company has now completed its due diligence and the Directors have decided not to proceed further.

The Directors would like to thank the staff and advisors at VueKlar for the significant time they invested in this process. The VueKlar technology appears to present a solid platform for an investor to take forward with an experienced team to support its development. However, we have formed the opinion that Resonance Health should prioritise the commercialisation of its existing IP at this time, specifically following the recent regulatory approvals for HepaFat-Scan[®]. The funding of the development would have required considerable funds and is in a complex IP space.

Resonance Health is currently undertaking a capital raise and the funds will be used to progress the company's existing IP portfolio, including FerriScan, HepaFat-Scan[®] and the research and development of an MRI based fibrosis test.

- The FerriScan product is a cash flow positive and profitable business unit of the Company. Some of the funds raised will be used to make efficiency improvements to the FerriScan service delivery model.
- Commercialisation of HepaFat-Scan[®] has commenced with a US market assessment, contacting our large existing radiology customer base and engaging with pharmaceutical companies planning clinical trials which require a measurement of fatty liver. See more detailed update below. We are also considering the need for a validation study for HepaFat-Scan[®] and ways to automate the large-scale delivery of the technology to the market with a 'cloud' based solution.
- Work is continuing into developing methods of using MRI image data to assess liver fibrosis and we are currently exploring national and international collaboration to continue to work on this project.

HepaFat-Scan[®] Update

HepaFat-Scan[®] received FDA clearance in December 2013 and the CE mark and TGA listing in May 2014. The Company has since commissioned the Health Business Group located in Boston to perform a detailed US market assessment of the commercial opportunities for HepaFat-Scan[®] in the US. This involved interviews with hepatologists, gastroenterologists, radiologists and surgeons. The report provides guidance on potential clinical scenarios where HepaFat-Scan[®] could be beneficial, competing approaches, pricing models, reimbursement and distribution alternatives. The report has provided guidance to the company for the marketing strategy it is now executing in this market.

Based on the finding of this research, we are now targeting our approach to existing and new customers on the potential role of HepaFat-Scan[®] in various patient management scenarios.

We are engaging our extensive network of radiology facilities currently using FerriScan to assess the potential role of HepaFat-Scan[®] within their organisation. A number of facilities in Australia, the US, the UK and Germany have expressed an interest in moving forward.

Whilst there is considerable information available demonstrating the growing prevalence of fatty liver disease, the serious consequences for patients are often attributed to the inflammation and damage in the liver that the fat can cause. However, more recent studies are concluding that fatty liver disease can have serious and direct consequences for patients and the important role for HepaFat-Scan[®], a non-invasive and accurate assessment of liver fat, is becoming clear.

- In a study of 3074 subjects conducted in Japan, people with non-alcoholic fatty liver disease (NAFLD) had nearly three times the risk of developing diabetes than people without NAFLD. The study is the first ever to show a reduction in type 2 diabetes with improvement in fatty liver disease. The authors stated “the clinical message is that it is important to reduce fatty liver to prevent diabetes”.
- A French study of 5671 subjects found that NAFLD was an independent predictor of cardiovascular disease, recommending patients at risk of cardiovascular disease should be screened for NAFLD.
- Another study concluded that fatty liver disease has a strong association with hepatocellular carcinoma (a type of liver cancer) even in the absence of liver cirrhosis.

As evidence against fatty liver mounts, researchers and clinicians are embarking on large scale studies that require the measurement of liver fat accurately and non-invasively, which HepaFat-Scan[®] can provide.

The company is also in discussions with a number of pharmaceutical companies who are planning clinical trials which may require an assessment of liver fat. Our imaging core lab facility together with HepaFat-Scan[®] offers an ideal solution for clinical trials that require a liver fat measurement. Discussions are ongoing with a number of companies who are evaluating the potential use of HepaFat-Scan[®] in their trials.

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Resonance Health Ltd (ASX: RHT) (www.resonancehealth.com) is a medical device company providing imaging core laboratory services for the quantitative analysis of MR medical images, with a subspecialty in the liver. Resonance Health's patented FerriScan technology provides a safe and accurate alternative for measuring liver iron concentration. HepaFat-Scan is FDA cleared for the measurement of liver fat and research continues into the development of new technology for the accurate assessment of liver fibrosis.