

31 January 2016

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

Resonance Health Limited today released its 2nd quarter Cash Flow Report for the period ending 31 December 2015.

Cash at 31 December 2015 was \$2.405million.

Image analysis services for the quarter were 22% higher than in the same quarter the previous year. This volume increase is the result of successful activities to grow routine clinical use of our services by referring clinicians and drive further demand for tests through our collaborative programs with pharmaceutical companies.

Receipts from customers for the quarter were lower as a result of pre-payments received in prior quarters for services delivered in this quarter. A new large order was secured this quarter from a pharmaceutical collaborator with payment to be received next quarter.

FerriScan[®] continues to be a significant focus in our marketing efforts as we identify new target markets to drive revenue and maintain the sustainability of the Company. New opportunities are being generated by applying the FerriScan technology for iron assessments in organs other than the liver. Targeted marketing has also been undertaken to develop strategically valuable HepaFat-Scan[®] opportunities and pharmaceutical marketing remains a high priority for HepaFat-Scan. During the quarter the Company:

- Attended the Annual Liver Meeting organised by the American Association for the Study of Liver Diseases (AASLD) in San Francisco, USA focusing on promoting HepaFat-Scan to Key-Opinion-Leaders and pharmaceutical companies.
- Attended the Annual Meeting of the American Society of Hematology (ASH) in Orlando, USA where we focused on promoting FerriScan, expanded on relationships with existing customers and generated valuable new leads.
- Secured use of HepaFat-Scan in the high profile London Marathon Study to measure the impact of intense exercise on heart muscle in 120 participants. The addition of HepaFat Scan provides a valuable opportunity to examine any relationship between intense exercise and liver fat volume alongside cardiac function.

Research and development spend was in line with our planned budget of \$138,000 and focused on the development of a non-invasive liver fibrosis measurement technology and utilisation of the FerriScan technology in new disease indications. During the quarter:

- Chief Scientific Officer, Prof Tim St Pierre, presented the abstract on our prototype fibrosis measurement technology at the Annual Liver Meeting (AASLD).
- The Company commenced its delivery of bone marrow iron assessments for a small pharmaceutical sponsored study.
- The Company reached an agreement with CSIRO to continue collaborations in 2016, focusing on development of a non-invasive liver fibrosis measurement.
- Recruitment continued for the Australian Liver Surgery HepaFat-Scan study and the paediatric HepaFat-Scan validation study with Children's Healthcare of Atlanta.
- Research into the measurement of liver fibrosis based on the FerriScan technology showed promising results.

+ See chapter 19 for defined terms.

Further achievements for the quarter included:

- The Company celebrated the significant milestone of delivering over 30,000 FerriScans to patients worldwide.
- A record monthly volume of analyses was achieved in December 2015.
- Three new team members were recruited to assist in our growing business areas; an Account Manager in Marketing and Sales (Ms Julie Weir), and a Clinical Manager (Dr Sherif Boulos) and a Scientific Research Officer (Associate Prof. Michael House) in Research and Development.
- An investigation commenced into an opportunity for a HepaFat-Scan study in diabetes patients.
- Potential collaborations are being explored for additional new HepaFat-Scan studies in order to further demonstrate its potential.
- Continued engagement with pharmaceutical companies to develop future collaborations.

In the next quarter and coming 12 months the focus will continue to be on growth and development. The Company is looking to recruit an additional resource to further strengthen the Marketing field team and target specific growth areas. It is anticipated the Company will further expand its R&D team as we continue to develop our suite of products.

Investors can subscribe to our ASX market releases via our web site.

<http://www.resonancehealth.com/investors/asx-subscribe.html>

For further information please contact:

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Rule 4.7B

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 2015

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	384	989
1.2 Payments for		
(a) staff costs	(310)	(621)
(b) advertising and marketing	(202)	(353)
(c) research and development	(138)	(261)
(d) leased assets	-	-
(e) other working capital	(69)	(188)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	11	31
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes (paid)/received	-	116
1.7 Other Receipts/Payments		
(a) consulting & professional services	(6)	(14)
(b) statutory & compliance	(37)	(84)
(c) grants	-	-
(d) Due diligence expense	-	-
Net operating cash flows	(367)	(385)

+ See chapter 19 for defined terms.

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

		Current quarter	Year to date
		\$A'000	\$A'000
1.8	Net operating cash flows (carried forward)	(367)	(385)
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	(4)	(13)
	(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	(4)	(13)
1.14	Total operating and investing cash flows	(371)	(398)
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	(371)	(398)
1.21	Cash at beginning of quarter/year to date	2,787	2,797
1.22	Exchange rate adjustments to item 1.20	(11)	6
1.23	Cash at end of quarter	2,405	2,405

+ 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	\$35k
1.25	Aggregate amount of loans to the parties included in item 1.11	-
1.26	Explanation necessary for an understanding of the transactions	
	\$35K – Directors fees	

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	544	537
4.2 Deposits at call	-	-
4.3 Bank overdraft	-	-
4.4 Other (provide details) - Term deposits	1,861	2,250
Total: cash at end of quarter (item 1.22)	2,405	2,787

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.

Adrian Bowers
Company Secretary