

28 April 2017

## **Resonance Health Ltd (ASX:RHT) Appendix 4C – 3rd Quarter FY17 Quarterly Report**

Resonance Health Limited today released its Quarterly Report for the period ending 31 March 2017. Cash at 31 March 2017 was \$1.86 million, slightly down from last quarter as the Company continues its diversification strategy of investing in research and development (R&D) of pipeline technologies and marketing campaigns. As a result of R&D spend in FY16, an R&D Tax Incentive rebate of \$0.31 million was subsequently received in April 2017.

Targeted marketing campaigns have assisted the growth of both established and new addressable markets. Clinical imaging analysis volumes for the quarter were a record high; up 33% on the same quarter in FY16 and ending with the highest monthly volumes to date. Compared to the same quarter in FY16, commercial sales growth of FerriScan<sup>®</sup>, was achieved in all key target markets; the USA, Canada, the UK, the rest of Europe, and Australia.

### ***Research and Development***

R&D spend for the quarter was \$136,000 with ongoing projects continuing to achieve pleasing progressive results.

Clinical image analysis volumes of the Company's HepaFat-Scan<sup>®</sup> technology, for the measurement of volumetric liver fat fraction (VLFF), have continued to grow strongly. Strategic collaborations with leading global experts across numerous disease fields have aided the collection of invaluable data to support the further clinical rollout of the technology. Several of the studies have reached substantial milestones during the quarter, including the completion of patient scanning for a paediatric study. The study serves as an independent validation of HepaFat-Scan in this cohort and includes a comparison against alternative techniques. Resonance Health looks forward to the publication of results later in the year, which if positive will place HepaFat-Scan in a favourable position to alternative techniques for the assessment of liver fat.

Resonance Health's new pancreatic fat assessment technology is being applied in international collaborative studies to collect evidence for its clinical application in diabetes and metabolic disease. Recruitment is progressing well and the Company looks forward to providing further updates in this world leading research which aims to see the technology rolled out for routine clinical use in this prevalent disease market.

Regulatory clearances for the Company's new bone marrow iron assessment technology aim to make the test available to the substantial addressable market of bone marrow transplantation candidates. The quarter saw timely progress on the collection of the evidence required for these clearances, which are scheduled for 2017.

Promising evidence has continued to build during the quarter for a low-cost test for the measurement of liver iron concentration to expand penetration into developing countries with large volume markets. Proof-of-concept work has also continued towards expanding existing technologies on to alternative magnetic resonance imaging platforms, to broaden the availability of the Company's technologies.

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+ See chapter 19 for defined terms.

### **Strategic Marketing**

Marketing spend for the quarter was \$162,000, slightly less than the previous quarter. Marketing efforts focussed on growing existing and new markets through conscientious stakeholder relationship development, profiling of existing products, and targeted campaigns to expand existing products into new markets. As a result, a new order was secured for the provision of pre-paid FerriScans and cardiac iron assessments as part of an existing partnership with a renowned pharmaceutical company. The quarter also saw the expansion of the delivery of FerriScan, cardiac iron assessment, and spleen volume measurement to a new jurisdiction for a commercial clinical trial.

Vital to the Company's marketing campaigns is the strong scientific rigour of the technologies delivered and as such, joint R&D and marketing collaborations are imperative. Stakeholder relationships were developed and strengthened with pharmaceutical company partners, patient advocacy organisations, and prominent clinicians; particularly through educational campaigns at conferences and at personal meetings. Key conference attendance and associated meetings focused on FerriScan profiling in the fields of haematology, haemochromatosis, and cancer survivorship.

Late 2016 saw the launch of a product development campaign to expand the use of FerriScan and HepaFat-Scan to the cancer survivor population in which iron overload and fatty liver is a side effect of cancer therapies. Strong interest has been expressed by experts via survey results in improving screening for transfusional iron overload in this population. Attendance at two cancer survivorship conferences during the quarter developed relationships with patient organisations, allowed ongoing exploration into including the technologies in cancer survivor management guidelines, and identified potential new FerriScan sites.

To further drive sales growth in the sickle cell disease market in the USA, a Sales Representative was appointed on the east coast during the quarter.

Resonance Health's combined strategic marketing and R&D focus continued to be implemented throughout the quarter with market growth, continued diversification, and new advances in technologies and collaborations. The Company anticipates providing shareholders with further positive updates against its strategy for sustainable growth.

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

[www.resonancehealth.com/investors/asx-subscribe](http://www.resonancehealth.com/investors/asx-subscribe)

For further information please contact:

**Resonance Health**

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+Rule 4.7B

## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

Resonance Health Limited

**ABN**

96 006 762 492

**Quarter ended (“current quarter”)**

31 March 2017

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	661	1,760
1.2 Payments for		
(a) research and development	(136)	(472)
(b) product manufacturing and operating costs		
(c) advertising and marketing	(162)	(480)
(d) leased assets		
(e) staff costs	(340)	(1,141)
(f) administration and corporate costs	(149)	(358)
1.3 Dividends received (see note 3)		
1.4 Interest received	5	18
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(121)</b>	<b>(673)</b>

+ See chapter 19 for defined terms.

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9months) \$A'000</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(0)	(20)
(b) businesses (see item 10)		
(c) investments		
(d) intellectual property		
(e) other non-current assets		
2.2 Proceeds from disposal of:		
(a) property, plant and equipment		
(b) businesses (see item 10)		
(c) investments		
(d) intellectual property		
(e) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)		
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(0)</b>	<b>(20)</b>
<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares		
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options		
3.4 Transaction costs related to issues of shares, convertible notes or options		
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings		

+ See chapter 19 for defined terms.

<b>Consolidated statement of cash flows</b>		<b>Current quarter</b> <b>SA'000</b>	<b>Year to date</b> <b>(9months)</b> <b>SA'000</b>
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(0)</b>	<b>(0)</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	1,920	2,512
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(121)	(673)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(0)	(20)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(0)	(0)
4.5	Effect of movement in exchange rates on cash held	64	44
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>1,863</b>	<b>1,863</b>

+ See chapter 19 for defined terms.

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter</b> <b>\$A'000</b>	<b>Previous quarter</b> <b>\$A'000</b>
5.1 Bank balances	1,863	1,920
5.2 Call deposits		
5.3 Bank overdrafts		
5.4 Other (provide details)		
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,863</b>	<b>1,920</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter**  
**\$A'000**

45

\$45K – Directors fees

<b>7.</b>	<b>Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A'000</b>
7.1	Aggregate amount of payments to these parties included in item 1.2	
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

<b>8.</b>	<b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1	Loan facilities		
8.2	Credit standby arrangements		
8.3	Other (please specify)		
8.4	Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

+ See chapter 19 for defined terms.

9.	Estimated cash outflows for next quarter	\$A'000
9.1	Research and development	263
9.2	Product manufacturing and operating costs	-
9.3	Advertising and marketing	151
9.4	Leased assets	-
9.5	Staff costs	425
9.6	Administration and corporate costs	170
	<b>Estimated cash outflows</b>	<b>(1,009)</b>
9.7	Estimated receivables	814
<b>9.8</b>	<b>Total estimated cash outflows</b>	<b>(195)</b>

10.	Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1	Name of entity		
10.2	Place of incorporation or registration		
10.3	Consideration for acquisition or disposal		
10.4	Total net assets		
10.5	Nature of business		

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: **Adrian Bowers** Date: 28<sup>th</sup> April 2017  
(Company secretary)

## 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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows*



apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.