

31 January 2018

### Resonance Health Ltd (ASX: RHT) Appendix 4C – 2nd Quarter FY17/18 Quarterly Report

Resonance Health Limited today released its 2nd Quarter Report for the period ending 31 December 2017.

Operationally, the quarter has been productive. FerriScan® service usage rose 23.5% across key target markets of the US, UK, Canada, and Australia when compared to the same quarter of the previous year. As of the 1<sup>st</sup> of January 2018, the Company also implemented a price rise for the FerriScan service in key target markets across the US and Canada.

Resonance Health's Chief Business Development Officer, Alison Laws commented:

"We are already seeing increased growth following the results of the Dragon study, with the study's findings demonstrating the inconsistencies and inaccuracies in results when using an unregulated T2\* technique versus FerriScan. We look forward to expanding on the 14 new sites already activated since release of the Dragon study findings."

Work has continued to progress in the field of Artificial Intelligence. FerriSmart, Resonance Health's AI version of liver iron concentration measurement will be distributed via its newly developed web portal platform. This platform will allow the Company to present multiple AI medical technologies to customers through one portal, increasing cross-selling opportunities to customers. The Company's AI solution will enable iron overload management at a significantly lower price point to FerriScan® for customers in emerging growth markets.

Additionally, Resonance Health has been actively pursuing other opportunities to utilise its significant distribution network. Complementary technologies that may be value-adding for clients of the Company are being reviewed as part of Resonance Health's strategy to expand offerings to clinicians, radiologists, and pharmaceutical companies.

The Company finalised its substantial organisational restructure efforts during the quarter, with efficiencies expected to deliver benefits in the second half of the financial year. A decrease in cash balance this quarter was the result of departure payouts to long-serving staff, end-of-year payments, and strategic conference appearances.

In the third quarter of this financial year the Company anticipates a significant R&D tax incentive rebate as a result of the ongoing work in Artificial Intelligence, inflammation, and various improvements to our current technologies.

Cash at 31 December 2017 was \$1.12 million.

#### Research and Development and Lab Services

- ✓ R&D spend for the quarter was \$58,000, a significant decrease from the previous quarter.
- ✓ The Company completed internal validation of its AI solution for the rapid, low-cost analysis of liver-iron-concentration (LIC), with regulatory documentation expected to be submitted to the FDA, CE Mark, and TGA during the first quarter of 2018. The large body of work required to provide this documentation has delayed the Company's bone marrow submission which is now expected before the end of 2018.

+ See chapter 19 for defined terms.

- ✓ A trial commenced to decrease acquisition time of the FerriScan® protocol, reducing the time patients need to spend inside the scanner. A reduction in image acquisition time better positions FerriScan® and the Company's AI solutions to the market.
- ✓ Planning was also completed this quarter to trial the adaptation of the Company's FerriScan® and AI services to 3 Tesla (3T) scanners, resulting in better compatibility and usability with advancements in MRI technology.

**Sales and Marketing**

- ✓ Marketing spend for the quarter was \$200,000, a slight increase from the previous quarter. A restructure of the marketing spend is ongoing.
- ✓ Key negotiations commenced with various global pharmaceutical companies for the service of FerriScan® and HepaFat-Scan® in new clinical trial opportunities, with two trials having now been announced for FerriScan®, and further discussions ongoing to explore other trial opportunities.
- ✓ Resonance Health featured at high profile conferences at the American Association for the Study of Liver Diseases (AASLD) and the American Society of Hematology (ASH) conferences during the quarter, with key meetings taking place around further validation of our HepaFat-Scan® Technology, and the planned distribution of our newly developed AI services.
- ✓ Further planning was advanced for the rollout of our AI solutions to emerging growth markets following the procurement of a TGA export license, with beta testing sites targeted in regions where the AI tool can now be sold without further regulatory approval.
- ✓ The Company has commenced various confidential discussions for collaboration opportunities in delivering our technologies, as Resonance Health looks to diversify its distribution channels.
- ✓ HepaFat-Scan® received significant attention this quarter with an abstract revealed at AASLD that highlighted the outstanding performance of the HepaFat-Scan® technology in children. The abstract concluded that HepaFat-Scan® was a highly precise and accurate measure of hepatic steatosis, making it suitable for monitoring changes in liver fat within the context of clinical trials and for general clinical care. The Company has expanded efforts into promoting the technology in clinical settings. A major focus for the Company moving forward will be marketing HepaFat-Scan. A significant amount of research globally is being done in the metabolic disease space, and HepaFat-Scan is a highly precise measurement of volumetric liver fat fraction. It is estimated by the WHO that there are over 1 billion people in the world with fatty liver currently, making this market strategically very significant for Resonance Health.
- ✓ The company has recently introduced a premium service offering for rapid turnaround of patient results.

**Investors can subscribe to our ASX market releases via our website:**

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

**For further information, please contact:**

Alison Laws

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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	
<b>ABN</b>	<b>Quarter ended (“current quarter”)</b>
96 006 762 492	31 December 2017

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A’000</b>	<b>Year to date (6months) \$A’000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	563	1171
1.2 Payments for		
(a) research and development	(58)	(257)
(b) product manufacturing and operating costs		
(c) advertising and marketing	(200)	(364)
(d) leased assets		
(e) staff costs	(469)	(862)
(f) administration and corporate costs	(70)	(220)
1.3 Dividends received (see note 3)		
1.4 Interest received	3	7
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(231)</b>	<b>(525)</b>

+ See chapter 19 for defined terms.

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6months) \$A'000</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(6)	(19)
(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)		
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(6)</b>	<b>(19)</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		
3.7 Transaction costs related to loans and 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>(6months)</b> <b>SA'000</b>
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	1,363	1,685
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(231)	(525)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(6)	(19)
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	(10)	(25)
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>1,116</b>	<b>1,116</b>

<b>5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts</b>		<b>Current quarter</b> <b>SA'000</b>	<b>Previous quarter</b> <b>SA'000</b>
5.1	Bank balances	1,116	1,363
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,116</b>	<b>1,363</b>

+ See chapter 19 for defined terms.

<b>6. Payments to directors of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1 Aggregate amount of payments to these parties included in item 1.2	35
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	

\$35K – Directors fees

<b>7. 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	

**8. Financing facilities available**  
*Add notes as necessary for an understanding of the position*

<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.

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<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Research and development	110
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	137
9.4 Leased assets	-
9.5 Staff costs	350
9.6 Administration and corporate costs	70
<b>Estimated cash outflows</b>	<b>(667)</b>
9.7 Estimated receivables	712
<b>9.8 Total estimated cash outflows</b>	<b>45</b>

<b>10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	<b>Acquisitions</b>	<b>Disposals</b>
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

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

Sign here: **Agha Shahzad Pervez**  
(Company secretary)

Date: 31 December 2017

### Notes

- 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.
- 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.
- 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.

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