

23 April 2018

Resonance Health Ltd (ASX: RHT) Appendix 4C – 3rd Quarter FY17/18 Quarterly Report

Resonance Health Limited today released its Appendix 4C – Quarterly cash flow report for the period ended 31 March 2018.

Cash receipts from customers for the March quarter were \$634K, an increase of 11% versus the December 2017 quarter.

Total revenue for the March quarter was \$850K, an increase of 16% versus the December quarter and an increase of 31% versus the March quarter for the previous year. Three new multi-year clinical trial contracts to the value of US \$677K were signed during the March quarter.

As a result of measures taken to increase operational productivity, net operating cash outflow was sharply decreased at \$91K, versus cash outflow of \$247K for December quarter. Cash on hand as of 31 March 2018 was \$1.47m.

Key Highlights:

- Development of a new MRI-based assessment tool, NASHScan, for the screening of non-alcoholic steatohepatitis (NASH) patients was completed, with initial uptake expected from pharmaceutical companies engaged in the development of drugs to treat NASH. The tool can assist in the screening of non-alcoholic steatohepatitis (NASH) patients for ballooning and inflammation in the liver. Considered a serious manifestation of NAFLD, it is estimated that approximately 25 million people in the United States alone have undiagnosed NASH, and of these, about 5 million are expected to develop cirrhosis and/or be diagnosed with hepatocellular carcinoma (Michelotti, G. A. et al (2013). NAFLD, NASH and liver cancer. Nat. Rev. Gastroenterol. Hepatol. 10, 656–665).
- Improvements in usability of the FerriSmart AI application portal have been finalized;
- Company appointed Alison Laws to the position of Chief Executive Officer.
- Company appointed Mitchell Wells to the Board as Non-Executive Director.
- The Company received an R&D Tax Incentive refund of \$452k for the 2016/2017 financial year.
- Dragon Study 2 study is now underway, with FerriScan short acquisition protocols being trialed. Planning and design for the 3T FerriScan calibration was also carried out.
- Fifteen new hospitals were signed up to use FerriScan during the financial quarter.
- FerriScan® experienced a 14% increase in commercial revenue growth when compared to the equivalent quarter of the previous year.

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

www.resonancehealth.com/investors/asx-subscribe

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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	Quarter ended (“current quarter”)
96 006 762 492	31 March 2018

Consolidated statement of cash flows	Current quarter \$A’000	Year to date (6months) \$A’000
1. Cash flows from operating activities		
1.1 Receipts from customers	634	1805
1.2 Payments for		
(a) research and development	(187)	(444)
(b) product manufacturing and operating costs		
(c) advertising and marketing	(125)	(489)
(d) leased assets		
(e) staff costs	(360)	(1222)
(f) administration and corporate costs	(89)	(309)
1.3 Dividends received (see note 3)		
1.4 Interest received	3	10
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives	452	452
1.9 Net cash from / (used in) operating activities	328	(197)

+ See chapter 19 for defined terms.

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(0)	(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)		
2.6 Net cash from / (used in) investing activities	(0)	(19)
3. Cash flows from financing activities		
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.

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6months) \$A'000
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	(0)	(0)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	1116	1685
4.2	Net cash from / (used in) operating activities (item 1.9 above)	328	(197)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(0)	(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	33	8
4.6	Cash and cash equivalents at end of quarter	1477	1477

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		Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1477	1116
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1477	1116

+ See chapter 19 for defined terms.

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6. Payments to directors of the entity and their associates	Current quarter \$A'000
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

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
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	

+ See chapter 19 for defined terms.

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
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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9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	(148)
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	(68)
9.4 Leased assets	-
9.5 Staff costs	(355)
9.6 Administration and corporate costs	(60)
Estimated cash outflows	(631)
9.7 Estimated receivables	654
9.8 Total estimated cash outflows	(23)

+ See chapter 19 for defined terms.

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: **Agha Shahzad Pervez** Date: 31 March 2018
(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.