



31 January 2011

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

Resonance Health Limited today released its second quarter cash flow report for the period ending 31 December 2010.

Cash at 31 December 2010 was \$1,674,000 representing a decrease of \$129,000 for the December 2010 quarter, compared with a decrease of \$331,000 in the previous quarter.

Cash receipts from customers decreased 11% compared to the prior quarter primarily due to the timing of receipt of payments from customers. Sales revenue grew by 32% in the quarter compared to the prior quarter and grew by 17% compared to the same quarter in the preceding year. The strong Australian dollar continues to have a negative impact on revenue.

Cash payments decreased 35% compared to the previous quarter due mainly to the timing of payments to creditors. However, there was an overall reduction in expenses in the quarter and the company continues to manage costs very closely.

Investment continues into the development of pipeline diagnostic products which include non-invasive imaging solutions for the measurement of liver fat and liver fibrosis. The Company hopes to gain regulatory approval in the USA for products that measure liver fat and cardiac iron by the end of this financial year.

Recently the company also secured the worldwide exclusive rights to a new imaging technology for the measurement of diffuse fibrosis and amyloid deposits present in a range of diseases targeted by pharmaceutical companies.

For further information please contact:

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# 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 2010

### 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	817
1.2 Payments for		
(a) staff costs	(301)	(661)
(b) advertising and marketing	(73)	(161)
(c) research and development	(63)	(258)
(d) leased assets	-	-
(e) other working capital	(54)	(117)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	11	49
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes (paid)/received	-	-
1.7 Other Payments		
(a) consulting & professional services	-	(28)
(b) statutory & compliance	(31)	(91)
(c) travel	-	(4)
<b>Net operating cash flows</b>	<b>(127)</b>	<b>(454)</b>

+ See chapter 19 for defined terms.

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

		Current quarter	Year to date
		\$A'000	\$A'000
1.8	Net operating cash flows (carried forward)	<b>(127)</b>	<b>(454)</b>
<b>Cash flows related to investing activities</b>			
1.9	Payment for acquisition of:		
	(a) businesses (item 5)	-	-
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	(2)	(6)
	(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)	-	-
	<b>Net investing cash flows</b>	<b>(2)</b>	<b>(6)</b>
<b>1.14</b>	<b>Total operating and investing cash flows</b>	<b>(129)</b>	<b>(460)</b>
<b>Cash flows related to financing activities</b>			
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)	-	-
	<b>Net financing cash flows</b>	<b>-</b>	<b>-</b>
	<b>Net increase (decrease) in cash held</b>	<b>(129)</b>	<b>(460)</b>
1.21	Cash at beginning of quarter/year to date	1,803	2,134
1.22	Exchange rate adjustments to item 1.20		
1.23	<b>Cash at end of quarter</b>	<b>1,674</b>	<b>1,674</b>

+ 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	58
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

\$58k – Directors fees
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**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.
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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
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**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	-	-

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+ 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	575	220
4.2 Deposits at call	95	83
4.3 Bank overdraft		
4.4 Other (provide details)		
- Term deposits	1,000	1,500
<b>Total: cash at end of quarter</b> (item 1.22)	<b>1,674</b>	<b>1,803</b>

## Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
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.

Colin McDonald  
Company Secretary