



ADMEDUS LIMITED
ABN 35 088 221 078

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ANNOUNCEMENT TO THE AUSTRALIAN STOCK EXCHANGE

29 April 2016

Company Announcements Office
Australian Stock Exchange Limited
10th Floor, 20 Bond Street
SYDNEY NSW 2000

Dear Sir/Madam,

Re: Appendix 4C - Quarterly Report

Please refer to the 'Appendix 4C' attached for details of financial results for the third quarter to 31 March 2016 for the Group.

Highlights

- **Sales up 49% year to date to \$9.7M, an increase of 73% from the corresponding period last year.**
 - CardioCel® has now been implanted in over 4000 patients in over 145 centres globally
 - Forecasts record sales for Q4 FY16
- **Continued implementation of cost efficiencies and productivity improvements**
 - 16% sequential decrease in staff expenses over Q2 FY16
 - 7% sequential decrease in working capital over Q2 FY16
 - Further cost savings expected
- **Closing cash balance \$13M**
- **Initial interim analysis of unblinded data in HSV-2 Phase II trial expected in Q3 CY16**

Financial overview

Admedus had another strong quarter with sales of \$3.3M, up 73% from the corresponding period last year. Similarly, revenue for the nine months ending 31 March 2016 was \$9.7M up 49% from the previous year. In addition, Admedus anticipates recording its strongest ever revenue performance for the current (fourth) financial quarter, which bodes well for a strong finish to the Company's fiscal year. The Company's net cash position as at 31 March 2016 was \$13M.

CardioCel® has now been implanted in over 4000 patients in over 145 centres globally

CardioCel sales were \$1.4M during the quarter, up slightly from the previous period and up 83% from the corresponding period. CardioCel sales for the year to date are approximately \$3.7M, with the Company anticipating a strong fourth quarter performance. CardioCel has now been implanted in over 4000 patients and used in over 145 centres globally.

As announced in January and April 2016, Admedus has entered into exclusive distribution agreements to distribute the Coroneo extra-aortic annuloplasty ring in the UK, Germany, Australia and New Zealand and anticipates booking first sales of the product in Europe in the fourth quarter of 2016. We anticipate seeing first revenues from this in Germany with first orders received.

During the period the Company achieved first CardioCel sales in the MENA region and anticipates additional sales in this region during the fourth quarter and into the next financial year.

Admedus infusion portfolio anticipates record revenues for FY16

The Admedus infusion portfolio continues to provide strong revenue growth. Sales of infusion products brought in \$6.2M year to date and a stronger fourth quarter is anticipated. With over 800 customers, the Admedus team remains focused on providing hospital-wide infusion solutions across the Australian and New Zealand healthcare systems and will be targeting future tenders to drive additional sales.

Company continues to look at implementing efficiencies and improving productivity across its operations

During the quarter the Admedus management team continued to initiate specific cost containment programs, which resulted in a decrease in staff costs of 16% for the quarter and working capital costs falling 7%. Staff costs are expected to decrease further as a greater level of incentive-based remuneration is implemented. Executive management remuneration will also be reduced by a minimum of 10% going forward to further reduce cash expenditure. As a result of the cost containment programs external consultant costs also fell for the quarter. The Company anticipates that costs will continue to be reduced during the fourth quarter and into the next financial year.

Regenerative tissue portfolio – aortic valve reconstruction post-market study progressing well

During the quarter Admedus continued to progress several regenerative tissue portfolio programs, with approximately 43% of the entire research and development (R&D) budget dedicated to the expansion of the portfolio or expanding existing product markets. The expenditure is aimed at developing additional tissue and bio-scaffold products targeting large markets and providing additional revenue streams into the business and delivering overall sales growth, in line with the Company's overall strategy to build a portfolio of on-market products generating revenue streams.

The aortic valve reconstruction post-market study is progressing well with several centres globally recruiting patients and the Company anticipates providing an update on the study in the coming months. This study is important in showing the utility of CardioCel in the multibillion dollar heart valve market and positive outcomes will help expand the use of CardioCel in the adult heart valve market, resulting in global CardioCel sales growth.

The Company has active programmes in vascular repair and replacements, dura mater repairs and stem cell delivery. The Company anticipates launching its vascular repair range this calendar year to complement sales of CardioCel in the cardiac market.

Immunotherapies

Admedus' immunotherapy pipeline portfolio continues to progress. During the quarter, the Company announced that it anticipates receiving its first interim analysis of unblinded data from its HSV-2 Phase II clinical trial in the third calendar quarter of 2016.

During the quarter, the team also advanced the HPV therapeutic vaccine programme towards clinical studies, with the first Phase 1b trial now anticipated to commence in the next financial year. Additionally, the team has continued to explore other immunotherapy applications for the technology in areas such as immune-oncology.

Summary

The third quarter has seen the influence of focused management on progressing Admedus into a growing healthcare company. The sales for the quarter were stronger across both the regenerative tissue and infusion portfolios and expenditure decreased as management focused on cost containment. This focus on reducing expenses will continue into the fourth quarter and next financial year.

With the strongest year of sales to date, Admedus continues to progress its strategy of developing multiple revenue streams and building a global healthcare company that delivers returns from all of its divisions. R&D expenditure during the quarter was focused on market expansion for existing products and targeting significant market opportunities to ensure multiple revenue streams into the Company as the business grows and progresses towards profitability. CardioCel use continues to increase as the Company moves from early commercial launch to stable market expansion and growth, and this will be supported by additional products coming to market such as a vascular product and by continuing to identify partnerships with complementary companies, such as our collaboration with Coroneo.

Admedus expects to achieve a number of significant milestones in the next 12 months across each division of the business, which will have a direct impact on Company sales and/or the progression of the Company's technology, increasing the technology value and delivering returns for shareholders.

Investor webinar

Admedus will be hosting an investor webinar on the Tuesday, 3 May 2016 at 8:30am AEST to discuss the latest 4C results and company strategy. You can register to join the webinar via the following link:

<https://attendee.gotowebinar.com/register/986261204806347521>

Yours sincerely

A handwritten signature in black ink, appearing to read 'S. Mann'.

Stephen Mann
Company Secretary

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005.

Name of entity

Admedus Limited

ABN

35 088 221 078

Quarter ended ("current quarter")

31 March 2016

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (9 months) \$A'000
1.1	Receipts from customers	3,354	9,722
1.2	Payments for		
	(a) staff costs	(3,613)	(12,064)
	(b) advertising and marketing	(86)	(389)
	(c) research and development	(1,091)	(3,949)
	(d) leased assets	-	-
	(e) [other] working capital	(4,471)	(13,299)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	42	146
1.5	Interest and other costs of finance paid	(17)	(54)
1.6	Income taxes refunded	-	2,203
1.7	Other – Commercialisation Australia Grant	-	-
1.8	Other – WA Innovation Voucher Program Grant	-	-
Net operating cash flows		(5,882)	(17,684)

		Current quarter \$A'000	Year to date (9 months) \$A'000
1.8	Net operating cash flows (carried forward)	(5,882)	(17,684)
	Cash flows related to investing activities		
1.9	Payment for acquisition of:		
	(a) businesses (item 5)	-	-
	(b) equity investments	-	-
	(c) intellectual property	(7)	(58)
	(d) physical non-current assets	(29)	(170)
	(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	-	-
	Net investing cash flows	(36)	(228)
1.14	Total operating and investing cash flows	(5,918)	(17,912)
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.	-	7,076
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 / Transactions with Non-controlling interests		
	Net financing cash flows	-	7076
	Net increase (decrease) in cash held	(5,918)	(10,836)
1.21	Cash at beginning of quarter/year to date	19,152	24,026
1.22	Exchange rate adjustments to item 1.20	(247)	(203)
1.23	Cash at end of quarter	12,987	12,987

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	283
1.25 Aggregate amount of loans to the parties included in item 1.11	-
1.26 Explanation necessary for an understanding of the transactions	
Salary \$110k Consultancy services \$68k Directors fees \$105k	

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	-	-

The Group holds an overdraft facility of \$295,000 which is completely unused at the end of the current quarter. .

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	12,987	19,152
4.2	Deposits at call	-	-
4.3	Bank overdraft	-	-
4.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)		12,987	19,152

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1	Name of entity	
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 ~~does not~~* (delete one) give a true and fair view of the matters disclosed.



Sign here: Date: 29 April 2016
(Company Secretary)

Print name: Stephen Mann

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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.