Appendix 4D

Half-yearly report

Orthocell Limited

ABN 57 118 897 135

1. Company details

Name of entity:	Orthocell Limited
ABN:	57 118 897 135
Reporting period:	For the half-year ended 31 December 2014
Previous period:	For the half-year ended 31 December 2013

2. Results for announcement to the market

	31 Dec 2014	31 Dec 2013	% change
Revenues from ordinary activities	783,288	1,241,674	(37%)
Loss from ordinary activities after tax attributable to the owners of Orthocell Limited	(2,743,565)	(399,266)	587%
Loss for the half-year attributable to the owners of Orthocell Limited	(2,743,565)	(399,266)	587%

3. Net tangible assets per security

	31 Dec 2014 Cents	**31 Dec 2013 Cents**
Net tangible assets per ordinary security	0.05	(0.22)

4. Dividends

No dividends were paid during the current or previous financial years and no dividends have been declared subsequent to the financial year end and up to the date of this report.

5. Dividend reinvestment plans

There are no dividend or distribution reinvestment plans in operation.

5. Dividend reinvestment plans

There are no dividend or distribution reinvestment plans in operation.

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6. Foreign entities

Not applicable.

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7. Gain or loss of control over entities

There were no entities over which control was gained or lost during the half-year ended 31 December 2014.

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8. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

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9. Attachments

Details of attachments (if any):

The Interim Report of Orthocell Limited for the half-year ended 31 December 2014 is attached.

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10. Signed

Date: 26 February 2015

Paul Anderson
Director
Perth

Orthocell Limited

ABN 57 118 897 135

Interim Report - 31 December 2014

Directors	Dr Stewart Washer, Executive Chairman Mr Paul Anderson, Managing Director Professor Lars Lidgren, Non-Executive Director Mr Matthew Callahan, Non-Executive Director Mr Qi Xiao Zhou, Non-Executive Director
Company secretary	Mr Simon Robertson
Registered office	Building 191 Murdoch University South Street Murdoch WA 6150
Share register	Automic Registry Services Suite 1a, Level 1 7 Ventnor Avenue West Perth WA 6005
Auditor	PKF Mack 4th Floor 35 Havelock Street West Perth WA 6005
Solicitors	Gilbert + Tobin 1202 Hay Street West Perth WA 6005
Bankers	Westpac Banking Corporation
Securities exchange listing	Australian Securities Exchange (ASX code: OCC)
Website	www.orthocell.com.au

Orthocell Limited
Contents
31 December 2014

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Orthocell Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2014.

Directors

The following persons were directors of Orthocell Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Dr Stewart Washer
Mr Paul Anderson
Professor Lars Lidgren
Mr Matthew Callahan
Mr Qi Xiao Zhou

Principal activities

During the financial year the principal continuing activities of the consolidated entity consisted of the development and commercialisation of cell therapies and related technologies.

Summary review of operations

The loss for the consolidated entity after providing for income tax amounted to $2,743,565 (31 December 2013 loss: $339,266).

During the period the Company has progressed through a successful capital raising of $8 million, in an oversubscribed IPO. We continue to progress the commercial rollout of our lead products for tendon and cartilage regeneration and the clinical development of our collagen scaffold based medical devices.

Orthocell has continued the development and launch of a suite of cell therapy products and biological medical device products in the musculoskeletal soft tissue regenerative medicine space, which is one of the fastest growing market segments in medicine. Further to this, we have made solid progress in the ongoing development of our exciting pipeline opportunities including the 'tendon in a lab' announced late last year.

The company has achieved many exciting milestones since listing on the ASX. We released the positive results of a long-term clinical study into Ortho-ATI™ for the treatment of tennis elbow with patients on average 4.5 years following their treatment, showing that Ortho-ATI™ is a durable disease modifying treatment and is very cost effective treatment. Degenerate tennis elbow can be a debilitating injury that affects patients' ability to work, participation in sport and general quality of life.

Also released in this period were the results of study demonstrating positive results of Ortho-ATI™ for degenerate hip tendons. This 2 year data showed positive outcomes in what was a difficult patient group, who had failed all previous treatment options. Again, this represents a debilitating disease in a large market.

Both studies have been presented across the region and internationally at recognised scientific and medical symposia. These presentations have further validated not only the scientific merit of the studies but also, importantly the clinical relevance. Orthocell is continuing to present our research and clinical findings in the support of our ongoing market development.

In an exciting pipeline opportunity, Orthocell has also shown that we can grow human tendons in the laboratory, which could see the development of products to replace severely damaged or severed tendons and this will complement our existing Ortho-ATI™ tendon repair product. This news generated significant international interest from the medical community and media.

Orthocell's collagen based medical device platform technology (Celgro™) has continued to progress as planned towards regulatory submissions with the TGA and other international jurisdictions. This soft tissue reconstructive medical device product exhibits unique and desired properties that make it a platform technology for a variety of applications across a broad spectrum of surgical specialties. The orthopedic soft tissue repair market alone was valued at approximately USD7 Billion in 2013 and is expected to reach more than USD10 Billion by 2020.

This has been further validated by the Heads of Agreement that Orthocell has signed with leading bone substitute company BONESUPPORT. BONESUPPORT is based in Sweden, is a leading international company in the bone substitute field. Orthocell's agreement with BONESUPPORT is to integrate our Celgro™ collagen scaffold technology with their bone substitute product. Bone substitute companies around the world are actively seeking organic materials they can use in their products to enhance the bone inducing qualities and effectiveness. Celgro™ offers that unique opportunity through our abilities to incorporate the natural collagen based Celgro™ into the bone cement. The global bone graft and substitutes market was estimated to be worth $US2.1 billion in 2013 and is projected to grow to $US2.7 billion by 2020.

Our international footprint was firmly established with our first royalties from Chinese company Grandhope Biotech, which has licensed our Ortho-ACI™ product for the regeneration of articular cartilage of the knee.

The intellectual property portfolio has been strengthened with the granting of Australian and Chinese patents covering the use of biological materials to repair damaged tendons and our method of manufacture for Ortho-ATI™

We continue to progress partnering opportunities across the sector internationally and to communicate our story across a broad range of mediums.

We look forward to sharing our progression in 2015 across our product range in regenerative medicine.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

Paul Anderson
Director

26 February 2015
Perth

PKF MACK

Chartered Accountants & Business Advisers

AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF ORTHOCELL LIMITED

In relation to our review of the financial report of Orthocell Limited for the half year ended 31 December 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

PKF Mack

PKF MACK

SIMON FERMANIS
PARTNER

26 FEBRUARY 2015
WEST PERTH,
WESTERN AUSTRALIA

Tel: 61 8 9426 8999 | Fax: 61 8 9426 8900 | www.pkf.com.au
PKF Mack | ABN 74 254 453 660
4th Floor, 35 Havelock Street | West Perth | Western Australia 6005 | Australia
PO Box 609 | West Perth | Western Australia 6872 | Australia

Orthocell Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2014

	Note	Consolidated 31 Dec 2014 $	31 Dec 2013 $
Revenue			
Sales revenue	3	384,344	401,715
Cost of goods sold		(322,336)	(350,730)
Gross profit		62,008	50,985
Other revenue	3	398,944	839,959
Expenses			
Administrative & general expenses		(415,284)	(164,875)
Sales & marketing expenses		(244,963)	(99,651)
Orthopaedic distributor costs		(153,947)	(159,506)
Employment expenses		(1,955,570)	(624,704)
Laboratory / research & development costs		(434,753)	(181,474)
		(3,204,517)	(1,230,210)
Loss before income tax expense		(2,743,565)	(339,266)
Income tax expense		-	-
Loss after income tax expense from continuing operations		(2,743,565)	(339,266)
Loss after income tax expense for the half-year		(2,743,565)	(339,266)
Other comprehensive income			
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive loss for the half-year		(2,743,565)	(339,266)

	Cents	Cents
Loss per share for loss attributable to the owners of Orthocell Limited		
Basic loss per share	0.035	0.099
Diluted loss per share	0.035	0.099

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Orthocell Limited
Consolidated statement of financial position
As at 31 December 2014

	Note	Consolidated 31 Dec 2014 $	Consolidated 30 Jun 2014 $
Assets			
Current assets			
Cash and cash equivalents		5,723,806	3,467,352
Trade and other receivables		156,162	126,716
Inventories		171,910	151,871
Other		65,249	305,335
Total current assets		6,117,127	4,051,274
Non-current assets			
Property, plant and equipment		284,774	286,893
Intangibles		903,014	799,714
Total non-current assets		1,187,788	1,086,607
Total assets		7,304,915	5,137,881
Liabilities			
Current liabilities			
Trade and other payables		538,994	3,855,443
Employee benefits		270,897	232,010
Other		191,000	218,540
Total current liabilities		1,000,891	4,305,993
Non-current liabilities			
Other		921,084	755,700
Total non-current liabilities		921,084	755,700
Total liabilities		1,921,975	5,061,693
Net assets		5,382,940	76,188
Equity			
Issued capital	5	15,302,482	8,050,570
Option reserve	6	798,405	-
Accumulated losses		(10,717,947)	(7,974,382)
Total equity		5,382,940	76,188

The above statement of financial position should be read in conjunction with the accompanying notes

Orthocell Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2014

Consolidated	**Issued capital $**	**Option reserves $**	**Accumulated losses $**	**Total equity $**
Balance at 1 July 2013	5,921,133	85,148	(5,792,197)	214,084
Loss after income tax expense for the half-year	-	-	(339,266)	(339,266)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(339,266)	(339,266)
Transactions with owners in their capacity as owners:	-	-	-	-
Balance at 31 December 2013	5,921,133	85,148	(6,131,463)	(125,182)
Balance at 1 July 2014	8,050,570	-	(7,974,382)	76,188
Loss after income tax expense for the half-year	-	-	(2,743,565)	(2,743,565)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(2,743,565)	(2,743,565)
Transactions with owners in their capacity as owners:				
Contributions of equity	8,000,000	-	-	8,000,000
Share equity costs	(748,088)	-	-	(748,088)
Share-based payments	-	798,405	-	798,405
Balance at 31 December 2014	15,302,482	798,405	(10,717,947)	5,382,940

The above statement of changes in equity should be read in conjunction with the accompanying notes

Orthocell Limited
Consolidated statement of cash flows
For the half-year ended 31 December 2014

	Consolidated	
	31 Dec 2014	**31 Dec 2013**
	$	**$**
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	549,446	585,619
Payments to suppliers and employees (inclusive of GST)	(2,910,976)	(1,434,521)
Interest received	78,381	4,813
R&D tax incentive rebate received	-	530,426
Export Market Development Grant received	-	60,000
Receipts from license fees	270,356	-
Net cash used in operating activities	(2,012,793)	(253,663)
Cash flows from investing activities		
Payments for patent and IP costs	(99,237)	(81,484)
Payments for property, plant and equipment	(25,231)	-
Net cash used in investing activities	(124,468)	(81,484)
Cash flows from financing activities		
Share subscription funds received	5,014,900	50,000
Share equity costs	(621,185)	-
Net cash from financing activities	4,393,715	50,000
Net increase/(decrease) in cash and cash equivalents	2,256,454	(285,147)
Cash and cash equivalents at the beginning of the financial half-year	3,467,352	591,144
Cash and cash equivalents at the end of the financial half-year	5,723,806	305,997

The above statement of cash flows should be read in conjunction with the accompanying notes

Corporate information

Orthocell Limited (the “Company” or “Orthocell”) is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange (“ASX”). The consolidated financial statements of the Group as at and for the half-year to 31 December 2014 comprise the Company and its subsidiaries.

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

The consolidated interim financial statements were authorised by the Directors on 25 February 2015.

Basis of preparation

The interim report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted. For the purpose of preparing the interim report, the half-year has been treated as a discrete reporting period.

Statement of compliance

These interim consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 ‘Interim Financial Reporting’, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board (‘AASB’). Compliance with AASB 134 ensures compliance with IAS 34 ‘Interim Financial Reporting’.

This condensed half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the period ended 30 June 2014 and any public announcements made by Orthocell Limited and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001* and the ASX Listing Rules.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Critical accounting estimates and significant judgements

The preparation of interim financial reports requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim report, the significant judgments made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the period ended 30 June 2014.

New and amended standards adopted by the entity

A number of new or amended standards became applicable for the current reporting period, however, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards. There may be some changes to the disclosures in the 30 June 2015 annual report as a consequence of these amendments.

Impact of standards issued but not yet applied by the entity

There were no new standards issued since 30 June 2014 that have been applied by Orthocell Limited. The 30 June 2014 annual report disclosed that Orthocell Limited anticipated no material impacts (amounts recognised and/or disclosed) arising from initial application of those standards issued but not yet applied at that date, and this remains the assessment as at 31 December 2014.

Note 1. Significant accounting policies (continued)

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets
The consolidated entity has applied AASB 2013-3 from 1 July 2014. The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed.

AASB 2014-1 Amendments to Australian Accounting Standards (Parts A to C)
The consolidated entity has applied Parts A to C of AASB 2014-1 from 1 July 2014. These amendments affect the following standards: AASB 2 'Share-based Payment': clarifies the definition of 'vesting condition' by separately defining a 'performance condition' and a 'service condition' and amends the definition of 'market condition'; AASB 3 'Business Combinations': clarifies that contingent consideration in a business combination is subsequently measured at fair value with changes in fair value recognised in profit or loss irrespective of whether the contingent consideration is within the scope of AASB 9; AASB 8 'Operating Segments': amended to require disclosures of judgements made in applying the aggregation criteria and clarifies that a reconciliation of the total reportable segment assets to the entity's assets is required only if segment assets are reported regularly to the chief operating decision maker; AASB 13 'Fair Value Measurement': clarifies that the portfolio exemption applies to the valuation of contracts within the scope of AASB 9 and AASB 139; AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets': clarifies that on revaluation, restatement of accumulated depreciation will not necessarily be in the same proportion to the change in the gross carrying value of the asset; AASB 124 'Related Party Disclosures': extends the definition of 'related party' to include a management entity that provides KMP services to the entity or its parent and requires disclosure of the fees paid to the management entity; AASB 140 'Investment Property': clarifies that the acquisition of an investment property may constitute a business combination.

Note 2. Operating segments

The consolidated entity has identified its operating segments based on the internal reports that are reviewed and used by the chief operating decision maker to make decisions about resources to be allocated to the segments and assess their performance.

The financial information presented in the statement of profit or loss and other comprehensive income and statement of financial position is the same as that presented to the chief operating decision makers.

The consolidated entity predominately operates in the regenerative medicine industry in Australia.

Note 3. Revenue

	Consolidated	
	31 Dec 2014	**31 Dec 2013**
	$	**$**
From continuing operations		
Sales revenue		
Sale of goods	384,344	401,715
	384,344	401,715
Other revenue		
Interest	78,371	4,813
Commissions	249,339	182,366
Export Market Development Grant	-	60,000
License fee - China	70,848	53,975
R&D tax incentive rebate	-	530,426
Other	386	8,379
	398,944	839,959
Total revenue	783,288	1,241,674

Note 4. Expenses

	Consolidated	
	31 Dec 2014	**31 Dec 2013**
	$	**$**
Loss before income tax includes the following specific expenses:		
Depreciation and amortisation		
Depreciation – plant and equipment	14,969	14,929
Amortisation – patents and trademarks	12,179	4,198
Total depreciation and amortisation	27,148	19,127
Rental expense relating to operating leases		
Minimum lease payments	39,586	33,584
Net foreign exchange loss		
Net foreign exchange loss	543	1,351

Note 5. Equity - issued capital

	Consolidated			
	31 Dec 2014 Shares	**30 Jun 2014 Shares**	**31 Dec 2014 $**	**30 Jun 2014 $**
Ordinary shares – fully paid	82,500,000	2,166,026	16,237,140	3,313,427
Preference shares series A – fully paid	-	1,361,230	-	3,423,714
Preference shares series A2 – fully paid	-	338,600	-	1,500,000
	82,500,000	3,865,856	16,237,140	8,237,141
Share equity costs	-	-	(934,658)	(186,571)
	82,500,000	3,865,856	15,302,482	8,050,570

Movements in ordinary share capital

Details	**Date**	**Shares**	**Issue price**	**$**
Balance	1 January 2013	2,093,526		3,089,833
Issue of shares	7 June 2013	45,000	$1.00	45,000
Transfer from share options reserve				27,720
Balance	31 December 2013	2,138,526		3,162,553
Issue of shares on the exercise of options	23 May 2014	27,500	$2.39	65,726
				85,148
Conversion of preference shares to ordinary shares	1 August 2014	1,699,830		4,923,713
Division of shares	1 August 2014	58,634,144		-
Issue of shares at IPO	4 August 2014	20,000,000	$0.40	8,000,000
Balance	31 December 2014	82,500,000		16,237,140

Movements in preference series A share capital

Details	**Date**	**Shares**	**Issue price**	**$**
Balance	1 January 2013	960,714		1,325,000
Balance	31 December 2013	960,714		1,325,000
Issue of shares	9 February 2014	51,710	$5.24	270,968
Issue of shares	18 March 2014	347,806	$5.24	1,822,506
Issue of shares	23 May 2014	1,000	$5.24	5,240
Conversion of preference shares to ordinary shares	1 August 2014	(1,361,230)		(3,423,714)
Balance	31 December 2014	-		-

Movements in preference series A2 share capital

Details	**Date**	**Shares**	**Issue price**	**$**
Balance	1 January 2013	338,600		1,500,000
Balance	31 December 2014	338,600		1,500,000
Conversion of preference shares to ordinary shares	1 August 2014	(338,600)		(1,500,000)
Balance	31 December 2014	-		-

Note 6. Option reserve

	Consolidated			
	31 Dec 2014 Options	**30 Jun 2014 Options**	**31 Dec 2014 $**	**30 Jun 2014 $**
Share option reserve	9,432,500	-	798,405	-
	9,432,500	-	798,405	-

Movements in option reserve

Details	**Date**	**No of options**	**$**
Balance	1 January 2013	72,500	70,294
Options exercised	7 June 2013	(45,000)	(27,720)
Vested options expense		-	42,574
Balance	31 December 2013	27,500	85,148
Options exercised	23 May 2014	(27,500)	(85,148)
Options issued (1)	3 August 2014	5,912,500	532,092
Options issued (2)	24 November 2014	3,520,000	266,313
Balance	31 December 2014	9,432,500	798,405

For the options granted during the current half year, the valuation model inputs used to determine the fair value at the grant date are as follows:

	(1)	(2)
Grant date	3 August 2014	24 November 2014
Expiry date	3 August 2017	24 November 2017
Share price at grant date	$0.40	$0.427
Exercise price	$0.50	$0.62
Expected volatility	40%	40%
Dividend yield	0%	0%
Risk-free rate	3.08%	3.08%
Fair value at grant date	$0.09	$0.08

Note 7. Contingent assets

The consolidated entity has no contingent assets for the half-year ended 31 December 2014.

Note 8. Events after the reporting period

No matter or circumstance has arisen since 31 December 2014 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 9. Commitments and contingencies

There has been no change in contingent liabilities or commitments since the last annual reporting date.

Orthocell Limited
Directors' declaration
31 December 2014

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the financial half-year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

Paul Anderson
Director

26 February 2015
Perth

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF

ORTHOCELL LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Orthocell Limited (the Company) and controlled entities (consolidated entity) which comprises the condensed consolidated statement of financial position as at 31 December 2014, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at 31 December 2014, or during the half year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the Corporations Act 2001 and for such internal controls as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporation Regulations 2001. As the auditor of Orthocell Limited and the entities it controlled during the half year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Tel: 61 8 9426 8999 | Fax: 61 8 9426 8900 | www.pkf.com.au
PKF Mack | ABN 74 254 453 660
4th Floor, 35 Havelock Street | West Perth | Western Australia 6005 | Australia
PO Box 609 | West Perth | Western Australia 6872 | Australia

PKF MACK

Chartered Accountants & Business Advisers

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. In accordance with the Corporations Act 2001, we have given the directors' of the company a written Auditor's Independence Declaration.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Orthocell Limited is not in accordance with the Corporations Act 2001 including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

PKF Mack

PKF MACK

SIMON FERMANIS
PARTNER

26 FEBRUARY 2015
WEST PERTH,
WESTERN AUSTRALIA