

Quarterly Cash Flow Report – September 30 2015

Perth, Australia; 30 October 2015: Orthocell Limited's Quarterly Cash Flow Report for the quarter ended September 30 2015 is attached.

Orthocell is a commercial-stage, regenerative medicine company focused on regenerating mobility for people, young and old by developing products for a variety of tendon, cartilage and soft tissue injuries. Orthocell's portfolio of products include two approved cell therapies; Autologous Tenocyte Implantation (Ortho-ATI™) and Autologous Chondrocyte Implantation (Ortho-ACI™), which aim to regenerate damaged tendon and cartilage tissue respectively. The Company's other major product is Celgro™, a collagen medical device which can be used for tissue repair and healing in a variety of orthopaedic, reconstructive and surgical applications and is being tested in clinical trials and advancing to regulatory approval.

During the quarter the Company progressed with the development of its lead products and pipeline products. Orthocell also received an Australian Research Council (ARC) grant in collaboration with Griffith University, University of WA and La Trobe University for \$430,000 to further investigate tendon tissue and develop novel therapies such as the laboratory fabricated tendon project announced by Orthocell in November 2014.

In the quarter the company announced an exciting breakthrough with its innovative cell factory derived proteins product for cartilage and bone regeneration that has been validated through the publication of pre-clinical data from a collaborative research project involving centres in Sweden, Australia and India.

In August Orthocell held its inaugural user group meeting in Sydney. Attendees included 40 leading orthopaedic surgeons, sports physicians, radiologists, physiotherapists and pain clinicians from Australia and New Zealand. The meeting brought together some of Australia's leading doctors to discuss their experiences. The positive outcomes and clinical data presented further demonstrated that Ortho-ATI™ technology is a safe and effective treatment for degenerate tendons.

The Company is well positioned as a leader in musculoskeletal regenerative medicine, looks forward to the continuing development of our lead products for tendon and cartilage repair, our collagen based medical device, Celgro™, and the continued advancement of our pipeline products and opportunities.

For more 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, 24/10/2005.

Name of entity

ORTHOCELL LIMITED

ABN

57 118 897 135

Quarter ended ("current quarter")

30 SEPTEMBER 2015

Consolidated statement of cash flows

	Current quarter	Year to date (3 months)
	\$A	\$A
Cash flows related to operating activities		
1.1 Receipts from customers – inclusive of GST	419,736	419,736
1.2 Payments for suppliers and employees – inclusive of GST	(1,617,228)	(1,617,228)
1.3 R&D tax rebate	-	-
1.4 Export Market Development Grant received	-	-
1.5 License fees received	-	-
1.6 Interest received	13,983	13,983
Net operating cash flows	(1,183,510)	(1,183,510)
Cash flows related to investing activities		
1.5 Payment for acquisition of:		
(a) intellectual property	(68,006)	(68,006)
(b) property, plant & equipment	(20,336)	(20,336)
Net investing cash flows	(88,342)	(88,342)
1.6 Total operating and investing cash flows	(1,271,852)	(1,271,852)
Cash flows related to financing activities		
1.7 Proceeds from issues of shares	-	-
1.8 Payments for share equity costs	-	-
Net financing cash flows	-	-
Net increase (decrease) in cash held	(1,271,852)	(1,271,852)
1.9 Cash at beginning of quarter/year to date	4,774,108	4,774,108
1.10 Cash at end of quarter	3,502,256	3,502,256

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

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
1.11	Aggregate amount of payments to parties included in item 1.2	219,376
1.12	Aggregate amount of loans to the parties included in item 1.2	-
1.13	Explanation necessary for an understanding of the transactions	
	Executive remuneration and non-executive director fees and consulting fees	219,376

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

Not applicable

- 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

Not applicable

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

		Amount available \$A	Amount used \$A
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

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	Previous quarter \$A
4.1	Cash on hand and at bank	3,502,256	4,774,108
4.2	Deposits at call	-	-
4.3	Bank overdraft	-	-
4.4	Other (Term deposit)	-	-
Total: cash at end of quarter (item 1.23)		3,502,256	4,774,108

+ See chapter 19 for defined terms.

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	Not applicable	Not applicable
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.



Sign here:
Print name: Simon Robertson
Company Secretary

Date: 30 October 2015

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 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
 - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
 - 9.2 - itemised disclosure relating to acquisitions
 - 9.4 - itemised disclosure relating to disposals
 - 12.1(a) - policy for classification of cash items
 - 12.3 - disclosure of restrictions on use of cash
 - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting 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.

SUMMARY OF KEY ACTIVITIES DURING THE QUARTER

During the quarter the Company continued to progress the development of its lead products and pipeline opportunities. Activities included pre-clinical and clinical studies and marketing activities to support the sale of its approved cell therapies as well as development and commercialisation of related collagen based medical device technologies with the following milestones noted during the quarter:

- The Company partnered in the receipt of an Australian Research Council (ARC) grant of \$430,000 to further investigate tendon tissue and develop novel therapies such as the laboratory fabricated tendon project announced by Orthocell in November 2014. The laboratory-fabricated human tendon potentially provides a solution to these significant challenges and meets a significant unmet patient need. More than 150,000 anterior cruciate ligament ruptures occur each year in the USA alone and the laboratory fabricated tendon would be a suitable solution to many of these surgical repairs. There are many additional tendon replacements that are also suitable targets for Orthocell and represent a significant market opportunity;
- The announcement of the Company's innovative cell factory derived proteins pipeline product was further validated following the publication of data from a collaborative research project involving centres in Sweden, Australia and India. The paper was published in the leading scientific publication Journal of Tissue Engineering and Regenerative Medicine and provides peer reviewed support for a new approach to regeneration of damaged cartilage within joints which is highly complementary to Orthocell's current Ortho-ACI™ cartilage repair product;
- The Company held its inaugural user group meeting in Sydney. Attendees included 40 leading orthopaedic surgeons, sports physicians, radiologists, physiotherapists and pain clinicians from Australia and New Zealand. The meeting brought together some of Australia's leading doctors to discuss their experiences with The positive experiences and clinical outcomes presented further demonstrated that Ortho-ATI™ technology is a safe and effective treatment for degenerate tendons; and
- The presentation by Orthocell's collaborators of its successful 'cell factory' data at the European Bone and Joint Infection Society in Estoril Portugal September 2015. The data was generated as a result successful collaboration with institutes in Sweden, Australia, Denmark, India and UK and has supported the role of growth factors and extracellular matrix proteins which were derived by the researchers from bone cells cultivated in a cell factory, to be combined with scaffolds, to regenerate serious bone defects.

Release of securities from escrow

On 3 August 2015 1,662,500 options exercisable at \$0.50 on or before 3 August 2017 were released from escrow.

+ See chapter 19 for defined terms.