

26 April 2017

ASX Announcement

Quarterly Cash Flow Statement

Highlights

- Successful fibrosis investor briefing in Melbourne
- Extension of our collaboration agreement with The Alfred Hospital
- Positive broker reports published on AdAlta by Patersons Securities, NDF Research and independent newsletter BioShares
- Constructive institutional investor and pharmaceutical partner engagement during the JP Morgan healthcare week in January, including a Company presentation at Biotech Showcase.

Summary of key developments

Our progress for the March quarter included providing the market with a detailed update by members of our Board, Scientific Advisory Board and clinical collaborators of our promising drug discovery pipeline at an investor briefing focused on fibrosis in Melbourne.

The event was well attended by a number of leading investors and analysts, with coverage of the event detailed in the respected independent industry publication BioShares ([Issue #688](#)). A copy of the report is available on our website along with a [highlight video](#) and the [full-length videos](#) of the presentations.

The Company continued to meet its commercial and development milestones and made excellent progress towards its stated goal of initiating Phase I human clinical trials for its lead candidate AD-114 as a therapy for the unmet medical need of idiopathic pulmonary fibrosis (IPF).

Financial update

AdAlta remains in a solid cash position with \$7.47 million cash in the bank at 31 March 2017. These funds are sufficient to continue to progress development of AdAlta's lead candidate AD-114 to first human trials.

As expected, R&D expenditure for the quarter was \$1,050,000, representing an increase of 17 per cent on \$867,000 in the previous prior quarter. The Company expects this figure to increase in the next quarter as a direct reflection of AdAlta's manufacturing and pre-clinical activities and engagement with multiple suppliers who are helping build the foundations for AdAlta's human clinical programs.

Aside from the rise in R&D expenditure, all other operating expenses remain the same as in previous quarters.

Manufacturing and Operations

During the quarter, AdAlta's extended its agreement with The Alfred Hospital to further validate our lead candidate's role in the treatment of Idiopathic Pulmonary Fibrosis by an additional six months. The work will be part funded by an Innovation Connection Grant from the Australian Federal Government as well as AdAlta's research and development, and clinical budget. Lead researcher at The Alfred, Dr Glen Westall is a recognised world expert in lung fibrosis and a summary of his presentation to our investor briefing is available on [AdAlta's website](#).

The formulation and manufacture of the Company's lead i-body molecule by our partner FujiFilm Diosynth Biotechnologies in the United Kingdom is progressing to schedule to provide materials for our preclinical animal toxicology studies.

During the quarter, management continued to expand our growing global network of relationships with investors, collaborators and potential pharmaceutical partner companies. At Biotech Showcase, a core investor meeting held in San Francisco each year as part of the leading JP Morgan healthcare conference, AdAlta drew interest from a number of investors and potential partners, with whom discussion is ongoing.

Meeting our milestones

AdAlta continues to deliver on its projected development and commercial milestones.

A summary of these achievements is highlighted in the new analyst reports by leading stockbroker [Patersons Securities Limited](#), [NDF Research](#) and independent industry newsletter [BioShares](#). Copies of these positive independent reports acknowledging our significant potential future value are on our website and were released during the quarter.

International market interest in our valuable i-body technology platform continues to grow and we continue to discuss commercially beneficial partnerships that validate our technology platform and its potential to address multiple medical needs caused by fibrosis.

The team is focused on delivery of clinical data that validates the safety and efficacy of the Company's platform for Idiopathic Pulmonary Fibrosis (IPF) while simultaneously investigating its potential application in other major markets, including non-alcoholic steatohepatitis (NASH) and wet-AMD.

With the support of the Company's shareholders, employees and partners, AdAlta is creating a commercially successful and growing enterprise.

The business is well positioned to continue to make clinical and commercial progress and AdAlta is grateful for the ongoing support of our shareholders.

Sam Cobb
CEO
April 2017

Further information can be found at: www.adalta.com.au

Appendix 4C

+Rule 4.7B

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

ADALTA LIMITED

ABN

92120332925

Quarter ended ("current quarter")

31-03-17

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1.0 Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) research and development	(1,050)	(2,399)
(b) product manufacturing and operating costs		
(c) advertising and marketing		
(d) leased assets		
(e) staff costs	(89)	(336)
(f) administration and corporate costs	(174)	(509)
1.3 Dividends received (see note 3)		
1.4 Interest received	6	19
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives	0	758
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(1,307)	(2,468)
2.0 Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(1)	(3)
(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)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	(1)	(3)

3.0	Cash flows from financing activities		
3.1	Proceeds from issues of shares	0	10,000
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options	0	59
3.4	Transaction costs related to issues of shares, convertible notes or options	0	(605)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	0	9,454

4.0	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	8,777	486
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,307)	(2,468)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1)	(3)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	0	9,454
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of quarter	7,469	7,469

5.0	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	3	13
5.2	Call deposits	7,466	8,764
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)	7,469	8,777

6.0	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	113
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	

7.0	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	

8.0	Financing facilities available	Total facility amount at quarter end	Amount drawn at quarter end
	<i>Add notes as necessary for an understanding of the position</i>	\$A'000	\$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.		

9.0	Estimated cash outflows for next quarter	\$A'000
9.1	Research and development	(2,875)
9.2	Product manufacturing and operating costs	
9.3	Advertising and marketing	
9.4	Leased assets	
9.5	Staff costs	(89)
9.6	Administration and corporate costs	(224)
9.7	Other (provide details if material)	
9.8	Total estimated cash outflows	(3,188)

10.0	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:

Date: 26 April 2017

Company secretary

Print name:

Ian Hobson

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.