

Quarterly Cash Flow Report – June 2017

Perth, Australia; 31 July 2017: Orthocell Limited's Quarterly Cash Flow Report for the quarter ended 30 June 2017 is attached.

Orthocell is an Australian regenerative medicine company dedicated to restoring function and mobility of patients by developing innovative regenerative therapies for the musculoskeletal system. Orthocell's portfolio of products include TGA-licensed cell therapies Autologous Tenocyte Implantation (Ortho-ATI®) and Autologous Chondrocyte Implantation (Ortho-ACI®), which aim to regenerate damaged tendon and cartilage tissue. Further to this the Company's platform technology Celgro®, a collagen medical device which facilitates tissue repair and healing in a variety of orthopaedic, reconstructive and surgical applications has been submitted for regulatory approval in the European Union.

Further to the research collaboration agreement with DePuy Synthes Products, Inc ("DPS"), a Johnson & Johnson Company for Orthocell's Ortho-ATI® stem cell approach for the regeneration of degenerate tendons and ligaments, the Company announced on 01 May 2017 ethics approval to conduct the Ortho-ATI® tendon study for the treatment of rotator cuff tendinopathy and tear. This clinical study will compare Orthocell's minimally invasive tendon regeneration therapy (Ortho-ATI®) to corticosteroid injection and aims to demonstrate the effectiveness of Ortho-ATI® for treatment of tendinopathy within the shoulder. In studies conducted by Orthocell to date, Ortho-ATI® has been shown to be a cost effective long-term and durable, non-surgical solution for difficult to treat tendon pathology. Ortho-ATI® is available in Australia, New Zealand, and Hong Kong for patients who have failed conservative treatment options such as corticosteroid injections and exercise programs and have ongoing symptoms.

On 30 May 2017, Orthocell announced it had received approval from the Therapeutic Goods Administration (TGA) that Ortho-ACI® has been included on the Australian Register of Therapeutic Goods (ARTG). This approval and inclusion represents an important milestone in the pathway to Australian reimbursement. Orthocell's Autologous Chondrocyte Implantation (Ortho-ACI®) for cartilage repair and regeneration has previously been approved for sale in Australia pursuant to a TGA issued manufacturing license.





Inclusion on the ARTG marks a significant milestone for the Company enabling the commencement of the process for reimbursement and the wider sale and distribution of Ortho-ACI® for cartilage repair and regeneration within Australia, Hong Kong, Singapore and New Zealand and other regions. This milestone also represents the first cell therapy for cartilage repair to be included on the ARTG.

Orthocell is well positioned as a leader in musculoskeletal regenerative medicine with notable near term milestones including CE Mark approval for Celgro® providing marketing authorization for Celgro® in the EU and continuation of its Johnson & Johnson collaboration for its Ortho-ATI® tendon study for the treatment of rotator cuff tendinopathy and tear.

For more information, please contact:

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About Orthocell Limited

Orthocell is a commercial-stage, regenerative medicine company focused on regenerating mobility for patients by developing products for a variety of tendon, cartilage and soft tissue injuries. Orthocell's portfolio of products include TGA-approved stem cell therapies Autologous Tenocyte Implantation (Ortho-ATI®) and Autologous Chondrocyte Implantation (Ortho-ACI®), which aim to regenerate damaged tendon and cartilage tissue. The Company's other major product is Celgro®, a collagen medical device which facilitates tissue repair and healing in a variety of orthopaedic, reconstructive and surgical applications and is being readied for first regulatory approvals.

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Appendix 4C

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

Orthocell Limited

ABN

57 118 897 135

Quarter ended ("current quarter")

30 June 2017

Consolidated statement of cash flows		Current quarter	Year to date
		\$A'000	(12 months)
			\$A'000
1. Cash flows from operating activities			
1.1 Receipts from customers		115	624
1.2 Payments for			
(a) research & development		(471)	(1,959)
(b) product manufacturing & operating costs		(203)	(542)
(c) Marketing, business development & investor relations		(74)	(582)
(d) leased assets		(5)	(21)
(e) staff costs (research & development, production, administration)		(695)	(2,714)
(f) administration & corporate costs		(182)	(709)
1.3 Dividends received (see note 3)			-
1.4 Interest received		9	36
1.5 Interest & other costs of finance paid		-	-
1.6 Income taxes paid		-	-
1.7 Government grants & tax incentives		-	1,948
1.8 Other (collaboration contribution)		-	364
1.9 Net cash from / (used in) operating activities		(1,506)	(3,555)
2. Cash flows from investing activities			
2.1 Payments to acquire:			
(a) property, plant and equipment		(18)	(108)
(b) businesses (see item 10)		-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(c) investments	-	-
	(d) intellectual property	(159)	(256)
	(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	(177)	(364)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	4,000
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(217)
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	-	3,783

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	6,729	5,182
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,506)	(3,555)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(177)	(364)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	3,783

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	5,046	5,046

5.	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	5,046	6,729
5.2	Call deposits	-	-
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)	5,046	6,729

6.	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	302
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	
Executive remuneration and non-executive director fees and consulting fees		

7.	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. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$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. Estimated cash outflows for next quarter	\$A'000
9.1 Research & development	553
9.2 Product manufacturing & operating costs	171
9.3 Marketing, business development & investor relations	183
9.4 Leased assets	5
9.5 Staff costs (research & development, production, administration)	706
9.6 Administration and corporate costs	234
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	1,853

10. 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

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- This statement gives a true and fair view of the matters disclosed.

Sign here: 

 (Director/Company secretary)

Date: 31 July 2017

Print name: Simon Robertson

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.