

Quarterly Cash Flow Report – September 2017

Perth, Australia; 31 October 2017: Orthocell Limited (ASX:OCC, “Orthocell” or the “Company”) is pleased to release its Quarterly Cash Flow Report for the quarter ended 30 September 2017.

Key highlights for the quarter:

- **Positive safety and tolerability for first 3 patients treated** in a clinical study using CelGro® for the treatment of full thickness cartilage defects within the hip joint
- **Australian divisional patent granted for CelGro®** soft tissue reconstruction platform
- **First patient treated in Ortho-ATI® clinical trial** for treatment of rotator cuff tendinopathy in collaboration with DePuy Synthes Products, Inc., part of the Johnson & Johnson Medical Devices Companies

CelGro®

On 6 September 2017, Orthocell announced that the company reported positive safety and performance for the first 3 patients treated in a clinical study using CelGro® collagen membrane for the treatment of full thickness cartilage defects within the hip joint. The study is being performed in collaboration with leading Australian orthopaedic surgeon, Dr John O'Donnell and St Vincent's Hospital, Melbourne and aims to demonstrate safety and performance of CelGro® SMRT Graft® as an augment to hip cartilage surgery. CelGro® SMRT Graft® is a novel biological device that has the potential to provide a more effective repair than currently available treatments for osteochondral defects within the hip.

On 21 September 2017, Orthocell was granted a further Australian patent for its CelGro® collagen medical device platform for soft tissue regeneration and repair applications. The patent entitled “Method for Producing a Collagen Membrane and Uses Thereof” provides additional important intellectual property to protect the CelGro® product platform. The patent covers the method of manufacture of novel bio-scaffolds and its use as an aid in the surgical repair of soft tissue injuries.

CelGro® has unique characteristics of cell compatibility, tensile strength and has been shown to actively promote and guide quality tissue ingrowth and repair. Orthocell is currently undertaking other clinical studies using CelGro® to augment repair of the rotator cuff tendon within the shoulder, as an augment to guide bone regeneration within the jaw and to assist in the rejoining of severed or damaged peripheral nerves.





Ortho-ATI®

During the quarter, the Company announced that it has recruited and treated its first patient in a clinical trial of Ortho-ATI® for the treatment of rotator cuff tendinopathy and tear in the shoulder. The trial is being undertaken in collaboration with DePuy Synthes Products, Inc., part of the Johnson & Johnson Medical Devices Companies and is being led by Clinical Professor Allan Wang, President of the Australian Elbow and Shoulder Society, Clinical associate Professor Bill Breidahl and Professor Ming Hao Zheng at the University of Western Australia (UWA). The trial aims to assess the effectiveness of Ortho-ATI® for the treatment of rotator cuff tendinopathy and tear, through a randomised, controlled clinical trial of Ortho-ATI® versus corticosteroid injection.

Corporate

Orthocell spent A\$1.8m on operating activities during the quarter, with the majority of funds spent on R&D related activities. Orthocell continues to invest significantly into clinical development, with the majority of forecast cash outflows to be on R&D related activities.

At the end of the quarter, Orthocell held A\$3.0m in cash. Subsequent to the end of the quarter, Orthocell announced that it had received A\$2.3m Research and Development (R&D) tax incentive cash refund. This will allow the Company to continue investing resources and accelerate R&D activities across the product portfolio.

For more information, please contact:

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About Orthocell Limited

Orthocell is a regenerative medicine company focused on regenerating mobility for patients by developing products for the repair of a variety of tendon, cartilage and soft tissue injuries. 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. 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.

For more information on Orthocell, please visit www.orthocell.com.au or follow us on Twitter @OrthocellLtd and LinkedIn www.linkedin.com/company/orthocell-ltd

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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 September 2017

Consolidated statement of cash flows		Current quarter	Year to date
		\$A'000	(3 months) \$A'000
1. Cash flows from operating activities			
1.1 Receipts from customers		120	120
1.2 Payments for			
(a) research & development		(644)	(644)
(b) product manufacturing & operating costs		(144)	(144)
(c) Marketing, business development & investor relations		(191)	(191)
(d) leased assets		(5)	(5)
(e) staff costs (research & development, production, administration)		(818)	(818)
(f) administration & corporate costs		(145)	(145)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		6	6
1.5 Interest & other costs of finance paid		-	-
1.6 Income taxes paid		-	-
1.7 Government grants & tax incentives		-	-
1.8 Other (collaboration contribution)		-	-
1.9 Net cash from / (used in) operating activities		(1,821)	(1,821)
2. Cash flows from investing activities			
2.1 Payments to acquire:			
(a) property, plant and equipment		(7)	(7)
(b) businesses (see item 10)		-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(c) investments	-	-
	(d) intellectual property	(122)	(122)
	(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	(129)	(129)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
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	-	-
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	-	-

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	5,046	5,046
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,821)	(1,821)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(129)	(129)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	3,096	3,096

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	3,096	5,046
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)	3,096	5,046

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 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

**Current quarter
\$A'000**

321

-

Executive remuneration and non-executive director fees and consulting fees

7. Payments to related entities of the entity and their associates

- 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

**Current quarter
\$A'000**

-

-

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	602
9.2 Product manufacturing & operating costs	161
9.3 Marketing, business development & investor relations	210
9.4 Leased assets	5
9.5 Staff costs (research & development, production, administration)	758
9.6 Administration and corporate costs	255
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	1,991

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: 

 (Company secretary)

Date: 31 October 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.