



Admedus Ltd

ABN 35 088 221 078

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## ASX RELEASE

25 February 2016

ASX Market Announcements  
Australian Stock Exchange Limited  
10<sup>th</sup> Floor, 20 Bond Street  
SYDNEY NSW 2000

### Half Yearly Report (Appendix 4D) for the six months ended 31 Dec 2015

- **Revenue up 37% to \$6.6M; consistent quarter on quarter growth**
- **Over 135 centres now using CardioCel<sup>®</sup> globally to date - up from 90 centres in July 2015**
- **CardioCel European label expansion enables greater access to adult heart valve market**
- **Completed recruitment of the HSV-2 Phase II study**

The Directors of Admedus Ltd (the "Company") are pleased to announce the operating results for the Company for the six months ended 31 December 2015. The Company has had another very productive half year of activity, with consistent quarter on quarter growth in CardioCel<sup>®</sup> sales, expansion of the product into new markets, and a focus on expanding the ADAPT<sup>®</sup> tissue portfolio. It has also made significant progress in its Immunotherapies programs.

### Highlights

- CardioCel revenues up 130% to \$2.3M compared to the prior corresponding period
- The closing cash position was \$19.1M
- Initiation of the aortic valve reconstruction post-market study to further illustrate the utility and benefits of CardioCel in heart valve repairs and reconstructions versus replacing the valve with a bioprosthetic valve. This followed an extremely positive outcome in the pre-clinical study
- CardioCel's indication expansion in Europe, allowing its use in the repair and reconstruction of heart valves, expanding the paediatric market and providing greater opportunity in the adult heart valve market
- A collaboration with a leading regenerative medicine team using Admedus' ADAPT bio-scaffolds as a delivery mechanism for stem cells and other cellular therapies

### **Highlights (continued)**

- Approval and first sales of CardioCel in Malaysia, in line with market expansion into the Asian region
- Completed recruitment of the HSV-2 Phase II study ahead of the important interim results
- Completing the manufacturing of the HPV vaccine for formal pre-clinical testing ahead of the initial clinical studies as a treatment for HPV infections and cervical cancer

### **Financial performance – Revenues up 37%**

Admedus sales continued to grow strongly, with revenue up 37% for the half year to \$6.6M and total income, which includes rebates and grants, reaching \$8.8m. Admedus continues to maintain its inventories across its product lines, which are in line with the previous year. Sales for CardioCel for the six months were \$2.3M, close to the total registered for the previous full year and up 130% from the corresponding period. The infusion products portfolio in Australia and New Zealand continued to show sales growth, contributing \$4.3M to the total sales for the Company in the half year and is on track for its strongest sales year ever.

The closing cash for the period was \$19.1M, down from \$24.0M in the corresponding prior year period. The Company also successfully completed a placement of its shares, which raised \$6.8M, net of expenses.

As expected the operating loss rose 19.3% to \$13.6M. This was due to a number of factors including a planned increase in Sales and Marketing to support the ongoing rollout of the CardioCel product range, maintenance of product inventory and continued pursuit of new country approvals for CardioCel. Investment in Research and Development (R&D) also increased as we continued to refine the manufacturing process for the ADAPT tissue, and progressed our immunotherapies programs in the clinic. R&D is a central part of our long-term strategy to generate sustainable returns from the platform technologies and develop products that have multiple revenue streams.

### **Regenerative Tissue Franchise- CardioCel continues to gain traction**

During the half year, Admedus increased its sales activities with the number of centres using CardioCel rising during the reporting period to over 135, up from the 90 centres reported in July, 2015. This illustrates the success of the ongoing marketing campaign for CardioCel, which the Board believes is essential to growing sales of CardioCel and building an Admedus' regenerative tissue brand. The Company intends to build on the centres using CardioCel and continue presenting and publishing supporting data on the benefits of the product over alternative tissue scaffolds in the market in order to drive further significant sales growth.

### **Immunotherapies Programs- HSV-2 trial completes recruitment**

The Company also made considerable progress with its immunotherapies programs. The team completed the recruitment for the HSV-2 Phase II study and progressed its HPV therapeutic vaccine towards initial clinical studies having completed work on the manufacturing process for the vaccine.

**Outlook**

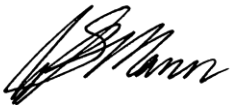
In the second half of the year Admedus will continue to drive revenue growth in our product portfolios and continue to increase the number of centres using CardioCel for repairing cardiovascular defects including reconstructing heart valves. The Company will also continue to expand its regenerative tissue platform into vascular repairs, dura mater repairs and other applications.

We will also continue to progress our immunotherapies programs, where we expect to deliver key interim data from our HSV-2 study during the period and initiate Ian Frazer's next HPV vaccine as a therapeutic against HPV infections and Cervical Cancer.

The following half yearly report includes:

- Appendix 4D;
- Directors' Report;
- Financial Report;
- Directors' Declaration; and
- Audit Report and Independence Declaration.

Yours faithfully

A handwritten signature in black ink, appearing to read "S. Mann".

**Stephen Mann**  
**Company Secretary**

## Appendix 4D

### Half Yearly Report

<b>Name of Entity:</b>	Admedus Ltd
<b>ABN:</b>	35 088 221 078
<b>Reporting Period:</b>	Half year ended 31 December 2015
<b>Previous corresponding Period:</b>	Half year ended 31 December 2014

#### Results for Announcement to the Market

				\$A'000
Revenues from ordinary activities	Up	37.0%	to	6,568
Loss from ordinary activities after tax	Up	19.3%	to	(13,599)
Loss for the period attributable to members	Up	20.4%	to	(12,868)

<b>Dividends</b>	<b>Amount per security</b>	<b>Franked amount per security</b>
Interim dividend	NIL¢	NIL¢
Previous corresponding period	NIL¢	NIL¢

#### Results Commentary

Admedus had a strong sales period compared to the corresponding period in 2014. The overall sales for the group were \$6.6M, with a strong closing cash balance of \$19.1M. During this period, Admedus achieved \$2.3M in sales for CardioCel, up 130% from the previous corresponding period, as the Company continues its launch in the European and North American markets. The infusion products portfolio also had a strong first half in the financial year and is on track for another year of revenue growth.

During the period, employee benefits rose along with consultant and legal fees as the Company continues to expand the sales and marketing efforts of CardioCel globally. Base operating expenses (other expenses), such as the AGM, postage and rent, were unchanged compared to the previous period.

The sales and marketing expenditure continues to show return in the increase in the number of centres using CardioCel globally and the increasing number of countries where the product is on market. This is in line with the Company's strategy of building a foundation for longer-term use and revenue of the product as well as clinical data illustrating the benefits to patients.

The infusion products portfolio in Australia and New Zealand continued to show sales growth, contributing \$4.3M to the total sales for the Company in the half year and is on track for its strongest sales year ever. This provides leverage to continue to grow product sales in the future.

The Company continues to maintain its Malaga facility as the manufacturing site for CardioCel, as well as the location for R&D and product development for the regenerative tissue portfolio.

Admedus continues to invest in its immunotherapies programs to a point where there is positive clinical data to explore commercial partnerships for the technology. Progression of these programs through clinical studies are important value inflection points for the technology and the Company alike.

### Net Tangible Assets per security

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	<b>12.4 cents per share</b>	11.7 cents per share

The change in the Net Tangible Assets per security between the previous corresponding period and the current period can be attributed mainly to the share consolidation and the to the increase in net tangible assets during period due capital raising in December 2015.

### Control gained over entities having material effect

N/A

### Loss of control of entities having material effect

N/A

### Details of aggregate share of profits (losses) of associated and joint venture entities

N/A

### This report is based on:

The accounts have been subject to review.

Sign here:



(Company Secretary)

Date: 25 February 2016

Print name: Stephen Mann



ADMEDUS Ltd ABN 35 088 221 078

## **CONSOLIDATED HALF-YEAR FINANCIAL REPORT**

**31 DECEMBER 2015**



## **CORPORATE DIRECTORY**

### **Directors**

Wayne Paterson  
Lee Rodne  
Michael Bennett  
John Seaberg

- Non-executive Chairman
- Managing Director
- Executive Director
- Non-executive Director

### **Company Secretary**

Stephen Mann

### **Company and Registered Office**

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Email: [info.au@admedus.com](mailto:info.au@admedus.com)

### **Auditors**

BDO Audit (WA) Pty Ltd  
38 Station Street  
Subiaco, Western Australia 6008

### **Solicitors**

Norton Rose Fulbright Australia  
Level 30, 108 St Georges Terrace  
Perth, Western Australia 6000

### **Bankers**

ANZ  
77 St Georges Terrace  
Perth, Western Australia 6000

### **Stock Exchange Listing**

Australian Stock Exchange codes:  
AHZ (ordinary shares)



## DIRECTORS' REPORT

The Directors present the half-yearly financial report on the consolidated entity (referred to hereafter as the 'Group' or "Admedus") consisting of Admedus Ltd and its controlled entities for the half-year ended 31 December 2015.

### DIRECTORS

The following persons were Directors of the Company during the half-year and up to the date of this report:

Wayne Paterson\*  
Lee Rodne  
Michael Bennett  
John Seaberg  
Christopher Catlow (resigned 8/2/16)  
Graeme Rowley (resigned 9/2/16)  
Peter Turvey (resigned 5/2/16)

\* Mr Paterson was appointed as Chairman of the Board on 9 February 2016.

Stephen Mann was the Company Secretary during the half year and up to the date of this report.

### PRINCIPAL ACTIVITIES

The principal activities of the Group during the half-year consisted of:

- Sales and distribution within the infusion, surgery and cardiac hospital markets;

The successful launch of CardioCel, the Group's lead regenerative tissue product, continues in key international markets.

- The ADAPT Tissue Engineering Technology;

This produces implantable tissue scaffolds for use in soft tissue repair such as the repair of congenital heart defects or repair of heart valves. The lead product in the regenerative tissue portfolio is CardioCel.

- Admedus Bio-manufacturing; and

The Group manufacturing facility is fully functional and producing CardioCel for the international market.

- Immunotherapies.

The Group is also developing immunotherapies to treat a range of infectious diseases and cancers that are led by Professor Ian Frazer and his team.

### REVIEW OF OPERATIONS AND RESULTS

The consolidated operating loss for the half-year:

	31 Dec 2015 \$	31 Dec 2014 \$
<b>Loss for the half year ending</b>	<b>(13,598,520)</b>	(11,400,554)

The loss for the equity holders of Admedus Ltd was \$12.9M compared to \$10.7M for the period ending 31 December 2014. The Group had revenue for the period of \$6.6M and the closing cash for the period was \$19M. The loss for the period reflects the Company's ongoing commitment to building revenue across the Group and building future revenue streams through product development and ongoing R&D.

The half yearly results clearly illustrate that sales growth remains strong across Admedus. Group sales across the Company were up 37% and this illustrates that the Company is moving in the right direction as it executes its longer-term strategy of building revenue growth and focusing on profitability. CardioCel sales for the period were strong at \$2.3M, close to the full year result from the previous financial year and up 130% from the corresponding period.



## **DIRECTORS' REPORT (continued)**

In addition to stronger sales for CardioCel during the period, there was also a significant increase in the number of centres using the product globally with over 135 centres using the product, compared to 90 at the end of June, 2015. The Company also released 2cm x 2cm product in the CardioCel product range to help build future sales and meet market demands for different product sizes. Furthermore the Admedus team also achieved broader label expansion in Europe, which will also have an impact on sales this financial year.

The Company continues to invest in the work of Professor Ian Frazer, with the Herpes Simplex 2 (HSV-2) clinical program closing recruitment at the end of the period ahead of results in the second half; and the progression of the Human papillomavirus (HPV) therapeutic vaccine program through formal pre-clinical testing ahead of the initial clinical study this calendar year.

### **SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

There has been no significant changes in the state of affairs of the Group.

### **DIVIDENDS**

No dividend was paid during the half-year and the Board has not recommended the payment of a dividend.

### **EVENTS SUBSEQUENT TO REPORTING DATE**

On 27 January the Company announced the signing of an exclusive distribution agreement with CORONEO, for the Company to sell CORONEO's aortic annuloplasty ring and range of specialised surgical instruments in the German and UK markets.

On 3 February 2016 the Company announced it had completed its first sales in the MENA region specifically in Qatar via an early access scheme.

On 8 February 2016 the Company announced the resignation of Non-executive Director Peter Turvey.

On 9 February 2016 the Company announced the appointment of Wayne Paterson as the Chairman of the Admedus board. Also within this announcement were the resignations of Non-executive Chairman Christopher Catlow and Non-executive Director Graeme Rowley.

### **AUDITOR'S INDEPENDENCE DECLARATION**

Section 307C of the Corporations Act 2001 requires our auditors, BDO Audit (WA) Pty Ltd, to provide the Directors of the Company with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on page 5 and forms part of this Directors' report for the half-year ended 31 December 2015.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the Corporations Act 2001.

A handwritten signature in black ink, appearing to be 'Wayne Paterson', written in a cursive style.

**Wayne Paterson**  
Non-Executive Chairman

Dated at Perth, Western Australia this 25<sup>th</sup> day of February 2016.



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Australia

**DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF ADMEDUS LIMITED**

As lead auditor for the review of Admedus Limited for the half-year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Admedus Limited and the entities it controlled during the period.

A handwritten signature in blue ink, appearing to read 'Dean Just', written over a light blue circular stamp.

Dean Just  
Director

**BDO Audit (WA) Pty Ltd**

Perth, 25 February 2016



## CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

CONSOLIDATED			
	Note	31 Dec 2015 \$	31 Dec 2014 \$
Revenue from continuing operations		6,568,181	4,795,216
Cost of sales		(4,284,164)	(2,801,658)
Gross Profit		2,284,017	1,993,558
Other income	2	2,329,736	57,647
Employee benefits		(7,601,873)	(6,071,688)
Consultancy and legal fees		(2,185,893)	(1,181,414)
Travel and conference expenses		(1,888,199)	(1,549,193)
Research and development costs		(2,858,422)	(988,832)
Share based payments	10	(754,920)	(529,501)
Asset write-down		-	(182,853)
Depreciation and amortisation expense		(740,805)	(745,048)
Financing costs		(37,252)	(62,609)
Other expenses		(2,144,911)	(2,197,294)
<b>Loss before income tax from continuing operations</b>		<b>(13,598,520)</b>	<b>(11,457,227)</b>
Income tax benefit		-	56,673
<b>Loss after income tax for the half-year</b>		<b>(13,598,520)</b>	<b>(11,400,554)</b>
Total loss is attributable to:			
Equity holders of Admedus Ltd		(12,867,723)	(10,687,869)
Non-controlling interests		(730,797)	(712,685)
		<b>(13,598,520)</b>	<b>(11,400,554)</b>
<b>Loss per share from continuing operations attributable to ordinary equity holders of the Company (cents per share)</b>		<b><u>Cents</u></b>	<b><u>Cents</u></b>
Basic loss per share		(6.94)	(7.41)
Diluted loss per share		N/A	N/A

The above Consolidated Statement of Profit or Loss should be read in conjunction with the accompanying notes.



## CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	CONSOLIDATED	
Note	31 Dec 2015	31 Dec 2014
	\$	\$
Loss for the half-year	<u>(13,598,520)</u>	<u>(11,400,554)</u>
Other comprehensive income	-	-
Foreign currency translation reserve	<u>(334,534)</u>	<u>(10,689)</u>
<b>Total comprehensive loss for the half-year</b>	<u><b>(13,933,054)</b></u>	<u><b>(11,411,243)</b></u>
Total comprehensive loss for the half-year is attributable to:		
Equity holders of Admedus Ltd	<u>(13,202,257)</u>	<u>(10,698,558)</u>
Non-controlling interests	<u>(730,797)</u>	<u>(712,685)</u>
	<u><b>(13,933,054)</b></u>	<u><b>(11,411,243)</b></u>

The above Consolidated Statement of Other Comprehensive Income should be read in conjunction with the accompanying notes.



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2015**

		<b>CONSOLIDATED</b>	
	<b>Note</b>	<b>31 Dec 2015</b>	<b>30 June 2015</b>
		<b>\$</b>	<b>\$</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		19,152,186	24,025,859
Trade and other receivables		2,762,453	2,459,352
Inventories		3,041,041	3,022,405
<b>Total current assets</b>		<b>24,955,680</b>	<b>29,507,616</b>
<b>Non-current assets</b>			
Property, plant & equipment	5	2,795,174	2,957,922
Intangible assets	6	8,163,314	8,794,928
<b>Total non-current assets</b>		<b>10,958,488</b>	<b>11,752,850</b>
<b>Total assets</b>		<b>35,914,168</b>	<b>41,260,466</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		2,046,623	1,316,645
Employee benefit provisions		852,170	924,424
<b>Total current liabilities</b>		<b>2,898,793</b>	<b>2,241,069</b>
<b>Non-current liabilities</b>			
Lease make good provisions		463,873	460,915
<b>Total non-current liabilities</b>		<b>463,873</b>	<b>460,915</b>
<b>Total liabilities</b>		<b>3,362,666</b>	<b>2,701,984</b>
<b>NET ASSETS</b>		<b>32,551,502</b>	<b>38,558,482</b>
<b>EQUITY</b>			
Contributed equity	8	87,909,722	80,738,568
Reserves	9	(156,665)	(8,646)
Accumulated losses		(57,371,197)	(44,503,473)
<b>Capital and reserves attributable to equity holders of Admedus Ltd</b>		<b>30,381,860</b>	<b>36,226,448</b>
Non-controlling interest		2,169,642	2,332,034
<b>TOTAL EQUITY</b>		<b>32,551,502</b>	<b>38,558,482</b>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

### CONSOLIDATED

	Share Capital \$	Share-based payment Reserves \$	Other Reserves \$	Foreign Currency Translation Reserve	Accumulated Losses \$	Total \$	Non controlling Interest \$	Total Equity \$
<b>Balance at 1 July 2015</b>	<b>80,738,568</b>	<b>2,316,764</b>	<b>(2,245,995)</b>	<b>(79,415)</b>	<b>(44,503,474)</b>	<b>36,226,448</b>	<b>2,332,034</b>	<b>38,558,482</b>
Loss for the half-year	-	-	-	-	(12,867,723)	(12,867,723)	(730,797)	(13,598,520)
Foreign currency - subsidiaries	-	-	-	(334,534)	-	(334,534)	-	(334,534)
Total comprehensive loss for the half-year	-	-	-	(334,534)	(12,867,723)	(13,202,257)	(730,797)	(13,933,054)
<b>Transactions with owners in their capacity as owners</b>								
Transaction with non-controlling interest	-	-	(568,405)	-	-	(568,405)	568,405	-
Options issued during the half-year	-	754,920	-	-	-	754,920	-	754,920
Share placement	7,431,600	-	-	-	-	7,431,600	-	7,431,600
Capital raising costs	(586,768)	-	-	-	-	(586,768)	-	(586,768)
Shares issued in lieu of directors fees	173,646	-	-	-	-	173,646	-	173,646
Shares issued in lieu of fees	30,000	-	-	-	-	30,000	-	30,000
Shares issued for executive bonuses	11,026	-	-	-	-	11,026	-	11,026
Exercise of options	111,650	-	-	-	-	111,650	-	111,650
<b>Balance at 31 December 2015</b>	<b>87,909,722</b>	<b>3,071,684</b>	<b>(2,814,400)</b>	<b>(413,949)</b>	<b>(57,371,197)</b>	<b>30,381,860</b>	<b>2,169,642</b>	<b>32,551,502</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

CONSOLIDATED

	Share Capital \$	Share-based payment Reserves \$	Other Reserves \$	Foreign Currency Translation Reserve	Accumulated Losses \$	Total \$	Non controlling Interest \$	Total Equity \$
<b>Balance at 1 July 2014</b>	<b>53,492,224</b>	<b>1,292,116</b>	<b>(221,607)</b>	-	<b>(19,249,631)</b>	<b>35,313,102</b>	<b>1,853,773</b>	<b>37,166,875</b>
Loss for the half-year	-	-	-	-	(10,687,869)	(10,687,869)	(712,685)	(11,400,554)
Foreign currency - subsidiaries	-	-	-	(10,689)	-	(10,689)	-	(10,689)
Total comprehensive loss for the half-year	-	-	-	(10,689)	(10,687,869)	(10,698,558)	(712,685)	(11,411,243)
<b>Transactions with owners in their capacity as owners</b>								
Transaction with non-controlling interest	-	-	(1,268,451)	-	-	(1,268,451)	1,268,451	-
Options issued during the half-year	-	499,501	-	-	-	499,501	-	499,501
Recognise tax effect on capital raising costs	(57,606)	-	-	-	-	(57,606)	-	(57,606)
Capital raising costs	(3,160)	-	-	-	-	(3,160)	-	(3,160)
Shares issued in lieu of fees	30,000	-	-	-	-	30,000	-	30,000
Exercise of options	89,246	-	-	-	-	89,246	-	89,246
<b>Balance at 31 December 2014</b>	<b>53,550,704</b>	<b>1,791,617</b>	<b>(1,490,058)</b>	<b>(10,689)</b>	<b>(29,937,500)</b>	<b>23,904,074</b>	<b>2,409,539</b>	<b>26,313,613</b>

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying note



## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	CONSOLIDATED		
	Note	Half-year 31 Dec 2015 \$	Half-year 31 Dec 2014 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		6,368,234	4,593,081
Payments to suppliers and employees		(20,319,889)	(14,191,423)
Interest received		104,447	57,647
Interest paid		(37,252)	(18,890)
R&D tax incentive income received		2,202,918	-
<b>Net cash outflow from operating activities</b>		<b>(11,681,542)</b>	<b>(9,559,585)</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(140,617)	(289,677)
Payments for intangible assets		(51,535)	(52,440)
Additional shares acquired in subsidiary		-	(165,000)
<b>Net cash outflow from investing activities</b>		<b>(192,152)</b>	<b>(507,117)</b>
<b>Cash flows from financing activities</b>			
Proceeds from share and options issues		7,543,250	89,244
Share issue transaction costs		(586,768)	(3,160)
<b>Net cash inflow from financing activities</b>		<b>6,956,482</b>	<b>86,084</b>
<b>Net increase/(decrease) in cash held</b>		<b>(4,917,212)</b>	<b>(9,980,618)</b>
<b>Cash at the beginning of the half-year</b>		<b>24,025,859</b>	<b>19,582,972</b>
Exchange rate adjustments		43,539	-
<b>Cash at end of the half-year</b>		<b>19,152,186</b>	<b>9,602,354</b>

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

### 1. SEGMENT REPORTING

#### Description of segments

Segment information is presented using a management approach, i.e. segment information is provided on the same basis as information as used for internal reporting purposes by the chief operating decision makers (board of directors that make key strategic decisions).

Management has determined that there are five identifiable reportable segments as follows:

- Disposable medical product and medical devices distribution;
- Bio implant operations – inclusive of sales, distribution and manufacturing;
- Regenerative medicine R&D - ADAPT technology;
- Immunotherapies R&D; and
- Corporate

#### Intersegment transactions

Sales between segments are carried out at arm's length and are eliminated on consolidation. The revenue reported below represents revenue generated from external and internal customers. The Group segment includes the elimination of intersegment sales.

Performance is measured based on segment result after tax.

#### Intersegment assets and liabilities

Segment assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by the segment and consist primarily of operating cash, receivables, inventories, property, plant and equipment and other intangible assets. Segment liabilities consist primarily of creditors and employee benefits.

#### Half Year 2015

	Medical products and devices	Bio-implant operations	Regenerative medicine R&D	Immunotherapies R&D	Corporate	Total
Total Segment Revenue	4,250,616	2,317,565	-	-	-	6,568,181
Inter Segment Revenue	-	-	-	-	-	-
External Revenue	4,250,616	2,317,565	-	-	-	6,568,181
Gross Profit	2,025,311	258,706	-	-	-	2,284,017
Profit/(Loss)	165,481	(5,451,957)	(1,734,813)	(2,109,953)	(4,467,278)	(13,598,520)
Assets	3,854,291	11,899,516	6,190,405	7,248,418	6,721,538	35,914,168
Liabilities	4,846	(846,723)	(173,905)	(229,853)	(2,117,031)	(3,362,666)
Net Assets	3,859,137	11,052,793	6,016,500	7,018,565	4,604,507	32,551,502



## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

### 1. SEGMENT REPORTING CONTINUED

#### Half Year 2014

	Medical products and devices	Bio-implant operations	Regenerative medicine R&D	Immunotherapies R&D	Corporate	Total
Total Segment Revenue	3,876,461	918,755	-	-	-	4,795,216
Inter Segment Revenue	-	-	-	-	-	-
External Revenue	3,876,461	918,755	-	-	-	4,795,216
Gross Profit	1,675,399	318,159	-	-	-	1,993,558
Profit/(Loss)	15,951	(3,800,224)	(1,688,146)	(1,552,238)	(4,375,896)	(11,400,553)
Assets	4,715,911	5,074,033	7,971,411	8,562,377	4,004,643	30,328,376
Liabilities	(1,809,137)	(375,929)	(750,794)	(232,863)	(846,040)	(4,014,763)
Net Assets	2,906,774	4,698,104	7,220,617	8,329,514	3,158,604	26,313,613

### 2. PROFIT AND LOSS INFORMATION

	Half-year 2015 \$	Half-year 2014 \$
Loss for the half year includes the following items that are unusual because of their nature, size or incidence:		
<b>Other income</b>		
R&D tax incentive income	2,202,918	-
Interest income	104,447	57,647
Sundry income	22,371	-
	<b>2,329,736</b>	57,647

### 3. DIVIDENDS

No dividends have been declared or paid during the half year.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

### 4. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Due to their short term nature the carrying amounts of current cash, receivables and payables are assumed to approximate their fair value.

### 5. PROPERTY, PLANT AND EQUIPMENT

	31 December 2015 \$	30 June 2015 \$
	<u>                    </u>	<u>                    </u>
<b>Plant &amp; equipment</b>		
Cost	4,271,939	4,129,267
Accumulated depreciation	(1,476,765)	(1,171,345)
	<u>2,795,174</u>	<u>2,957,922</u>
<b>Reconciliation</b>		
Opening net book value	2,957,922	
Additions	140,617	
Depreciation charge	(304,992)	
Foreign currency translation movements	1,627	
Closing net book value	<u>2,795,174</u>	

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

### 6. INTANGIBLE ASSETS

	31 December 2015 \$	30 June 2015 \$
	<u>                    </u>	<u>                    </u>
Patents	357,392	367,283
Intellectual property	2,401,793	2,526,483
Technology Licence	3,814,836	4,311,870
Goodwill	1,589,293	1,589,293
	<u>8,163,314</u>	<u>8,794,929</u>
 <b>Reconciliation - Patents</b>		
Opening net book value	367,283	
Additions	51,535	
Amortisation charge	(61,426)	
Closing net book value	<u>357,392</u>	
 <b>Reconciliation – Intellectual property</b>		
Opening net book value	2,526,483	
Amortisation charge	(124,690)	
Closing net book value	<u>2,401,793</u>	
 <b>Reconciliation – Technology Licence</b>		
Opening net book value	4,311,870	
Amortisation charge	(497,034)	
Closing net book value	<u>3,814,836</u>	
 <b>Reconciliation – Goodwill</b>		
Opening net book value	1,589,293	
Impairment	-	
Closing net book value	<u>1,589,293</u>	

There have been no indicators of impairment. The directors will perform an impairment test as at 30 June 2016 in accordance with accounting requirements.

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

### **7. CONTINGENT LIABILITIES**

On 12 November 2014 proceedings were issued against Admedus Ltd, its wholly owned subsidiary Admedus (Australia) Pty Ltd and its subsidiary Admedus Regen Pty Ltd.

The proceeding have been issued by Dr Geoffrey Lane, Dr Keith Woollard and their respective associated entities Palkingston Pty Ltd and KV Woollard Pty Ltd under sections 232 and 233 of the Corporations Act 2001 (Cth). The allegations relate to Admedus Regen Pty Ltd.

The proceedings allege that the affairs of Admedus Regen Pty Ltd are being conducted in a manner that is contrary to the interests of the members of Admedus Regen Pty Ltd as a whole and oppressive of the interests of Dr Geoffrey Lane, Dr Keith Woollard, Palkingston Pty Ltd and KV Woollard Pty Ltd.

The matter is still ongoing and the outcome at this stage is unknown and therefore an estimate of the potential contingency cannot reliably be determined.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

### 8. CONTRIBUTED EQUITY

	31 December 2015		30 June 2015	
	SHARES	\$	SHARES	\$
(a) Share Capital				
Ordinary shares				
Fully paid	<b>196,254,798</b>	<b>87,909,722</b>	1,845,399,036	80,738,568
Movements in Ordinary Share Capital				
Opening balance	<b>1,845,399,036</b>	<b>80,738,568</b>		
Share consolidation	<b>(1,662,445,028)</b>	-		
Options exercised	<b>1,644,833</b>	<b>111,650</b>		
Shares issued for executive bonuses	<b>143,196</b>	<b>11,026</b>		
Shares issued in lieu of directors fees	<b>214,643</b>	<b>173,646</b>		
Shares issued in lieu of consulting fees	<b>38,119</b>	<b>30,000</b>		
Share placement	<b>11,260,000</b>	<b>7,431,600</b>		
Transaction costs	-	<b>(586,768)</b>		
Closing balance	<b>196,254,798</b>	<b>87,909,722</b>		

During the half year ended 31 December 2015, 5,630,000 unlisted warrants were issued under the share placement agreement.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

**9. RESERVES**

	<b>31 December 2015</b>	<b>30 June 2015</b>
	<b>\$</b>	<b>\$</b>
Share based payments reserve	<b>3,071,684</b>	2,316,764
Foreign currency translation reserve	<b>(413,949)</b>	(79,415)
Other reserve	<b>(2,814,400)</b>	(2,245,995)
	<b>(156,665)</b>	1,070,508
 <b>Reconciliation – Share based payments reserve</b>		
Opening balance	<b>2,316,764</b>	
Share based payments expense (Note 10)	<b>754,920</b>	
Closing balance	<b>3,071,684</b>	
 <b>Reconciliation – Foreign currency translation reserve</b>		
Opening balance	<b>(79,415)</b>	
Translation on consolidation of foreign subsidiaries	<b>(334,534)</b>	
Closing balance	<b>(413,949)</b>	
 <b>Reconciliation – Other reserve</b>		
Opening balance	<b>(2,245,995)</b>	
Transactions with owners – gain / loss on NCI	<b>(568,405)</b>	
Closing balance	<b>(2,814,400)</b>	

During the half year ended 31 December 2015, 2,025,000 unlisted options were issued to employees under the ESOP.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

### 10. SHARE BASED PAYMENTS

#### (a) Employee Share Option Plan

The Admedus Employee Share Option Plan (ESOP) was approved by shareholders at the 2015 Annual General Meeting. Eligible Employees (as defined in the Plan and which includes Directors, employees and consultants) are able to participate in the Plan.

The terms of the ESOP include:

- Options are issued to selected Eligible Employees for free;
- The allotment of options is at the discretion of the Board of Directors;
- Shares allotted on the exercise of the options are to be issued at an exercise price determined by the Board in its absolute discretion, which price shall not be less than the minimum exercise price permitted by the Listing Rules;
- Options expire 5 years after the grant date;
- Options are unlisted and not transferable unless the Directors in their absolute discretion agree to a transfer; and
- Options carry no dividend rights or voting rights.

The Company issued 2,025,000 options over ordinary shares in the Company during the half year ended 31 December 2015.

On 21 July 2015 the Company issued 1,350,000 options to employees under the ESOP (Tranche A).

On 10 December 2015 the Company issued 200,000 options to directors under the ESOP (Tranche B).

On 10 December 2015 the Company issued 475,000 options to employees under the ESOP (Tranche C).

#### (b) Expenses Arising from Share Based Payment Transactions

Total expenses arising from share based payment transactions recognised during the period were as follows:

	<b>31 December 2015</b>	<b>30 June 2015</b>
	<b>\$</b>	<b>\$</b>
	<hr/>	<hr/>
Employee bonus shares	-	-
Options issued under employee option plan	<b>754,920</b>	1,054,649
	<hr/>	<hr/>
Total expenses from share-bases transactions	<b>754,920</b>	1,054,649
	<hr/>	<hr/>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

### 10. SHARE BASED PAYMENTS (Continued)

#### (c) Fair Value of Options Granted

The assessed fair value at grant date of options granted during the half year ended 31 December 2015 was 47.5 cents per option for Tranche A, 39.7 cents per option for Tranche B and 49.1 cents per option for Tranche C. The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The model inputs for options granted during the year ended 31 December 2015 included:

	Tranche A	Tranche B	Tranche C
<i>Details:</i>	All Tranches of options are granted for no consideration and vest based on holder still being employed by Admedus Limited over a three year period. Vested options are exercisable for a period up to expiry date.		
<i>Exercise price:</i>	\$1.44	\$1.39	\$0.83
<i>Grant date:</i>	21 July 2015	10 December 2015	10 December 2015
<i>Expiry date:</i>	21 July 2020	10 December 2020	10 December 2020
<i>Share price at grant date:</i>	\$0.86	\$0.83	\$0.83
<i>Expected price volatility of the company's shares:</i>	80%	70%	70%
<i>Risk-free interest rate:</i>	2.25%	2.36%	2.36%
<i>Fair value at grant date:</i>	\$0.475	\$0.397	\$0.491

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

### **11. EVENTS OCCURRING AFTER THE REPORTING PERIOD**

On 27 January the Company announced the signing of an exclusive distribution agreement with CORONEO, for the Company to sell CORONEO's aortic annuloplasty ring and range of specialised surgical instruments in the German and UK markets.

On 3 February 2016 the Company announced it had completed its first sales in the MENA region specifically in Qatar via an early access scheme.

On 8 February 2016 the Company announced the resignation of Non-executive Director Peter Turvey.

On 9 February 2016 the Company announced the appointment of Wayne Paterson as the Chairman of the Admedus board. Also within this announcement were the resignations of Non-executive Chairman Christopher Catlow and Non-executive Director Graeme Rowley.

### **12. BASIS OF PREPARATION OF HALF YEAR FINANCIAL REPORT**

The condensed half-year financial report is a general-purpose financial report, which has been prepared in accordance with the *Corporations Act 2001* and Accounting Standard AASB 134 *Interim Financial Reporting*. The half-year financial report has been prepared in accordance with the historical cost convention.

This condensed half-year financial report does not include all the notes of the type normally included within the annual financial report. Accordingly, this report should be read in conjunction with the annual financial report for the year ended 30 June 2015 and any public announcements made by Admedus Ltd during the interim period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as set out below:

#### **New or revised accounting standards**

The group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

No new and revised Standards and amendments thereof and Interpretations effective for the current half-year have had a material impact on the half-year financial report.

## **DIRECTORS' DECLARATION**

In the Directors' opinion:

- (a) the financial statements of the consolidated entity are in accordance with the Corporations Act 2001; including:
  - (i) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001 and other mandatory professional requirements, and
  - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that Admedus Ltd will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

A handwritten signature in black ink, appearing to be 'Wayne Paterson', written in a cursive style.

**Wayne Paterson**  
Non-Executive Chairman

Perth, Western Australia

Dated this 25<sup>th</sup> day of February 2016



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## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Admedus Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Admedus Limited, which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time 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 Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that 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 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Admedus Limited, 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.

#### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Admedus Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

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### **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 Admedus 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 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001*.

**BDO Audit (WA) Pty Ltd**

A handwritten signature in blue ink, appearing to read 'Dean Just', is written over a faint, light blue BDO logo watermark.

**Dean Just**  
**Director**

Perth, 25 February 2016