



ASX ANNOUNCEMENT
30 January 2015

Appendix 4C Quarterly Report

Biomedical company, Tissue Therapies Limited (**ASX: TIS**) has released the additional commentary below, in support of the following Appendix 4C Quarterly Report, for the period 1 October to 31 December 2014.

1. The operating and investing cash expenditure of the Company of \$1,745,400 for the quarter ended 31 December 2014 was as expected and consistent with expenditure forecasts.
2. The Company is well set up to commence commercial operations as soon as CE Mark is granted.
3. Strong interest in VitroGro[®] ECM continues to be generated as a clinically effective, cost effective and easy to use solution for hard to heal wounds.

The cash position of the Company is under constant review by the Board and the Board is considering its options to ensure that cash resources are in place through to the commencement of sales.

What is VitroGro® ECM

- VitroGro® ECM is a topically applied, biomimetic scaffold, comprising a synthetic extracellular matrix (ECM) protein.
- How it works: VitroGro® ECM replaces the degraded matrix of a hard to heal wound. VitroGro® ECM binds to a prepared wound bed and provides a physical structure (a scaffold) for cell attachment, which is a primary requirement for subsequent cell functions critical for healing, such as cell proliferation and migration ^[1].
- An optimal scaffold: One of the characteristics of hard to heal wounds is prolonged inflammation, which damages the native ECM that would normally guide the wound healing process ^[1,2,3,4]. Replacement of this damaged ECM is a beneficial strategy for treating hard to heal wounds ^[1]. VitroGro® ECM is ideal as an ECM replacement since its structural and functional elements mimic those present in the ECM at the early stages of normal wound healing.
- Expert health economics modelling indicates that VitroGro® ECM offers the opportunity for substantially more cost effective treatment of wounds compared to the current standard of care.

[1] Widgerow AD. Deconstructing the stalled wound. Wounds 2012

[2] Schultz GS. Extracellular Matrix: review of its roles in acute and chronic wounds. World Wide Wounds. 2005

[3] Moor AN. et al. Proteolytic activity in wound fluids and tissues derived from chronic venous leg ulcers. Wound Rep Reg. 2009

[4] International consensus, Acellular matrices for treatment of wounds. Wounds Int. 2010

About Tissue Therapies Limited

Tissue Therapies Limited is a biomedical technology company that is developing significantly more effective treatments for acute and chronic wound healing applications, including chronic skin ulcers and burns. Tissue Therapies Limited is commercialising VitroGro® ECM, a technology created by cell biology, tissue engineering and protein engineering experts at the Institute of Health and Biomedical Innovation at the Queensland University of Technology. The company is also developing treatments for psoriasis, scar prevention and various cancers including those of the breast, colon and prostate. Tissue Therapies Limited's shares are traded on the Australian, Berlin and Frankfurt stock exchanges.

More information: www.tissuetherapies.com

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001

Name of entity

TISSUE THERAPIES LIMITED

ABN

45 101 955 088

Quarter ended ("current quarter")

DECEMBER 2014

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to Date (6 months) \$A'000
1.1	Receipt of research grants	-	-
1.2	Payments for		
	(a) staff costs	(503.1)	(1,045.7)
	(b) advertising and marketing	(123.7)	(222.3)
	(c) research and development, clinical trials and regulatory	(348.6)	(756.8)
	(d) manufacturing control and compliance, including process characterisation, process validation and stability studies for global regulatory compliance	(473.4)	(1,024.4)
	(e) other working capital	(782.3)	(1,739.5)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	85.3	162.1
1.5	Interest and other costs of finance paid	(3.9)	(8.8)
1.6	Income tax (paid) / rebate received	405.0	405.0
1.6	Payment for inventory	-	-
1.7	Product sales	-	-
Net operating cash flows		(1,744.7)	(4,230.4)

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	Current quarter \$A'000	Year to Date (6 months) \$A'000
1.8 Net operating cash flows (carried forward)	(1,744.7)	(4,230.4)
1.9 Cash flows related to investing activities		
Payment for acquisition of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets	(0.7)	(4.0)
(e) other non-current assets		
1.10 Proceeds from disposal of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets		
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
Net investing cash flows	(0.7)	(4.0)
1.14 Total operating and investing cash flows	(1,745.4)	(4,234.4)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares	-	-
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other - payment of share issue costs	(1.6)	(1.6)
Net financing cash flows	(1.6)	(1.6)
Net increase (decrease) in cash held	(1,747.0)	(4,236.0)
1.21 Cash at beginning of quarter/year to date	4,567.9	7,077.4
1.22 Unrealised exchange rate adjustments	(7.2)	(27.7)
1.23 Cash at end of quarter	2,813.7	2,813.7

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'000
1.24	Aggregate amount of payments to the parties included in item 1.2	(71.8)
1.25	Aggregate amount of loans to the parties included in item 1.11	
1.26	Explanation necessary for an understanding of the transactions	
	Fees paid to Directors - (\$71.8)	

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

N/A

- 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

N/A

Financing facilities available

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

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	N/A	N/A
3.2 Credit standby arrangements		

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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'000	Previous quarter \$A'000
4.1	Cash on hand and at bank	755.9	1,015.9
4.2	Deposits at call	2,057.8	3,552.0
4.3	Bank overdraft	-	-
4.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)		2,813.7	4,567.9

Acquisitions and disposals of business entities

		Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1	Name of entity	N/A	N/A
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:


(Company Secretary)

Date: 30 January 2015

Print name: Drummond McKenzie

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 107: Cash Flow Statements* apply to this report except for the paragraphs of the Standard set out below.
 - Aus 20.1- reconciliation of cash flows arising from operating activities to operating profit or loss
 - 39 & 40- itemised disclosure relating to acquisitions and disposals
 - 48 - disclosure of restrictions on use of cash
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.