



ADMEDUS LIMITED
ABN 35 088 221 078

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ANNOUNCEMENT TO THE AUSTRALIAN STOCK EXCHANGE

28 October 2016

Company Announcements Office
Australian Stock Exchange Limited
10th Floor, 20 Bond Street
SYDNEY NSW 2000

Dear Sir/Madam,

Re: Appendix 4C - Quarterly Report

Please refer to the attached 'Appendix 4C' for details of financial results for the first quarter to 30 September 2016 for the Admedus Group.

Highlights

- **Code Red initiatives implemented and on track**
- **Financials on track and in-line with previous guidance**
- **Manufacturing pass rate consistently at 75%**
- **New marketing campaign and field force strategy in place to optimise market presence and competitive positioning**
- **New company values defined and implemented (AORTIC) Accountability, Objectivity, Responsibility, Transparency, Integrity, Courage**
- **Revenue up 50% from last quarter to \$6M, up 100% from corresponding quarter**
- **Net loss down 36% from previous quarter to \$3.5M, including one-off payments**
- **Forecast approximately 25% further net loss reductions for the next quarter and anticipated additional cost reductions in subsequent quarters**
- **Launch of VascuCel[®] on target for November 1st 2016**
- **Cash balance of \$19.5M**

Financial overview

Admedus continues to achieve its near term objectives of diligent cost management, resource optimisation, prioritisation of near-market products, optimisation of commercial operations, expansion of the product portfolio focused on increasing revenue opportunities as well as addressing internal policy, systems and processes across the globe to ensure lean and efficient operating models.

Sales growth in line with guidance - The Company commenced the financial year with quarterly sales of \$6.05M. This is in-line with previous guidance and represents 50% growth from the past quarter and 100% from the corresponding period in 2015. The Company continues to see quarter-on-quarter sales growth for CardioCel[®], closing the quarter with \$1.6M.

The Company successfully completed a capital raise of \$18.3M (before costs). Admedus also received \$1.25M in R&D rebates relating to R&D activities in the 2014/15 financial year and anticipates receiving approximately a further \$2M in R&D tax rebates this financial year. The Company closed the quarter in a strong financial position with \$19.5M in cash.

Infusion division record sales quarter – The first quarter to September was a record sales quarter for the infusion division as it begins to deliver its infusion products to the new Royal Adelaide Hospital, adding to overall ongoing growth within this division.

Continued cost management - The overall loss for the quarter was down 36% to \$3.4M. This excludes the settlement of the legal proceeding as announced on the 9th of September 2016 which resulted in the Company owning 100% of Admedus' regenerative technology. The majority of this cost was in the Company's budget and has been brought forward into this quarter following resolution of the proceedings. **The loss of \$3.4M also included \$0.7M of one-off costs in relation to the restructure and changes to the headcount.** The Company forecasts approximately 25% further net loss operational reductions for the next quarter with anticipated ongoing cost reductions for the rest of the financial year.

Forecasts for Financial Year 2017

The Company is continuing to implement numerous cost savings and has made significant improvements in its sales and marketing globally. Admedus is reshaping its presence in the cardiovascular market with a particular focus on the US, EU and emerging markets. The Company is also expanding its marketing programs to ensure increased levels of market penetration in key markets. This has placed Admedus in a strong financial position with a clear path to profitability in FY18.

Admedus has also focused on implementation of manufacturing yield and cost of good improvements, together with expansion of its on-market product range. As announced on the 14th of October 2016, the Company has received FDA clearance for its VascuCel[®] product and is on schedule to launch VascuCel[®] into the market in November 2016. Admedus believes VascuCel[®] will take significant market share in the US vascular market as it offers a next generation collagen scaffold for restorative vascular repair. In line with the Company's guidance of expanding its portfolio and focus on greater market penetration, the launch of VascuCel[®] and other new products into the market will add revenue to the Company's growing sales this financial year.

During the quarter, the Company announced a number of key appointments that will strengthen the management team, in particular the appointment of Mr Mark Ziirsen as CFO and Mr Michael Walker as EVP of Europe. Admedus is continuing to structure its sales teams around performance and regional growth to maximise returns for CardioCel[®].

The Admedus Annual General Meeting will be held at 11am at the Rydges South Bank Brisbane on the 10th of November 2016, during which Mr Wayne Paterson will provide an update on the future direction of the Company.

Yours sincerely



Mrs Maja McGuire
Company Secretary

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005.

Name of entity

Admedus Limited

ABN

35 088 221 078

Quarter ended ("current quarter")

30 September 2016

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from customers	4,859	4,859
1.2 Payments for		
(a) staff costs	(4,375)	(4,375)
(b) advertising and marketing	(19)	(19)
(c) research and development	(499)	(499)
(d) leased assets	-	-
(e) [other] working capital	(6,104)	(6,104)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	45	45
1.5 Interest and other costs of finance paid	(16)	(16)
1.6 Income taxes refunded	1,246	1,246
1.7 Other – Advance Queensland Ignite Ideas Fund Grant	62	62
1.8 Other – WA Innovation Voucher Program Grant	-	-
Net operating cash flows	(4,801)	(4,801)

	Current quarter \$A'000	Year to date (3 months) \$A'000
1.8 Net operating cash flows (carried forward)	(4,801)	(4,801)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	(2,000)	(2,000)
(b) equity investments	-	-
(c) intellectual property	(21)	(21)
(d) physical non-current assets	(63)	(63)
(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	-	-
Net investing cash flows	(2,084)	(2,084)
1.14 Total operating and investing cash flows	(6,885)	(6,885)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	17,172	17,172
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 / Transactions with Non-controlling interests		
Net financing cash flows	17,172	17,172
Net increase (decrease) in cash held	10,287	10,287
1.21 Cash at beginning of quarter/year to date	8,813	8,813
1.22 Exchange rate adjustments to item 1.20	470	470
1.23 Cash at end of quarter	19,570	19,570

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	324
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

Salary \$201k
Consultancy services \$68k
Directors fees \$55k

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	-	-
3.2	Credit standby arrangements	-	-

The Group holds an overdraft facility of \$295,000 which is completely unused at the end of the current quarter.

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	19,570	8,813
4.2 Deposits at call	-	-
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)	19,570	8,813

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity		
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 ~~does not~~ *(delete one)* give a true and fair view of the matters disclosed.



Sign here:

(Company Secretary)

Date: 28 October 2016

Print name: Maja McGuire

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: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting 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.