



ADMEDUS LIMITED
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ANNOUNCEMENT TO THE AUSTRALIAN STOCK EXCHANGE

20 July 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 'Appendix 4C' attached for details of financial results for the fourth quarter to 30 June 2016 for the Group.

Highlights

- **Full year sales of \$14.1M (up 40% on FY15), quarterly sales up 41.5% on the previous corresponding period to \$4.0M**
- **Major 5-year Infusion business contract awarded to have a material impact on annual revenue starting 1st quarter FY17**
- **Forecast for FY17 total sales growth of >50% to at least \$21M**
- **Business review complete with key restructuring initiatives underway**
- **Forecast decrease in operating expenditure in FY17 of over \$12M to be delivered through:**
 - **Gross Profit Margins to rise 50% due to manufacturing and operational cost savings and improvements**
 - **Reduction in Full time employees by 30%**
- **Closing cash balance of \$8.8M (\$3.5M in R&D rebates also expected in FY17)**

Financial overview

Admedus had continued its strong growth profile in the fourth quarter with full year sales of \$14.1M. During the quarter sales rose to \$4.0M, up 13.9% from the previous quarter and 41.5% on the prior corresponding period of June 2015. The Company closed the period with a cash balance of \$8.8M, with a further cash receipts of \$3.5M from R&D grants expected in FY17. The net cash loss for the quarter was \$4.4M.

During the quarter Admedus was also awarded a major 5-year supply contract within its Infusion business which the Company anticipates will be initiated in the first quarter FY17. The Company anticipates a material and immediate revenue impact during the first quarter FY17, along with some increases in Cost of Sales due to inventory increases associated with this major contract.

During the quarter the Company has undertaken an extensive strategic review and has implemented significant cost cutting across the Company. The review has identified a number of major improvements within the Company's operations which will result in the fastest path to profitability for the Company. The Company forecasts that operating costs will decrease by \$12M during the FY17 compared to the FY16.

As part of the review the Company has reduced its full time employees by 30%. This resulted in an increased staff expense for redundancies during the quarter and will have some impact on cash flow during the first quarter of FY17.

Forecasts for Financial Year 2017

As a result of the strategic review, the Company forecasts a loss for the coming financial year of between \$6M and \$10M, not including amortisations, depreciation and exceptionals. During FY17 the Company anticipates receiving approximately \$3.5M in R&D tax rebates from its activities during the 2015 and 2016 financial years respectively. The Company will also continue to pursue cost saving measures, implementation of manufacturing yield and Cost of Good improvements and will conduct greater monitoring of sales across the Company.

As a result of improvements identified during the strategic review, the Company anticipates that the current cash balance of \$8.8M, in association with the forecast R&D tax rebates, will provide the Company with operating capital for FY17 and enable multiple cost saving initiatives, launch of new products into the market which have not been forecast into the current revenue as well as maintain sales growth.

Admedus is anticipating growing the Infusion sales business, ongoing quarter on quarter sales growth for CardioCel[®] and additional products being introduced into the market during FY17. As a result of this, the Company anticipates having a >50% increase in revenue in the coming financial year.

The Company has identified numerous cost savings as well as improvements in its sales and marketing globally, placing the Company in a much stronger financial position with a clear path to profitability. The Company currently anticipates entering profitability in FY18, however significant improvements in gross profit margins and manufacturing during FY17 together with greater sales may reduce this time line.

Yours sincerely



Mr Wayne Paterson
Chairman & interim CEO

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 June 2016

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from customers	3,740	13,462
1.2 Payments for		
(a) staff costs	(3,567)	(15,631)
(b) advertising and marketing	(107)	(496)
(c) research and development	(857)	(4,806)
(d) leased assets	-	-
(e) [other] working capital	(4,515)	(17,857)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	20	166
1.5 Interest and other costs of finance paid	(20)	(74)
1.6 Income taxes refunded	1,093	3,296
1.7 Other – Commercialisation Australia Grant	-	-
1.8 Other – WA Innovation Voucher Program Grant	-	-
Net operating cash flows	(4,213)	(21,940)

	Current quarter \$A'000	Year to date (9 months) \$A'000
1.8 Net operating cash flows (carried forward)	(4,213)	(21,940)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	(48)	(106)
(d) physical non-current assets	(110)	(280)
(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	(158)	(386)
1.14 Total operating and investing cash flows	(4,371)	(22,326)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	7,119
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	-	7,119
Net increase (decrease) in cash held	(4,371)	(15,207)
1.21 Cash at beginning of quarter/year to date	12,987	24,026
1.22 Exchange rate adjustments to item 1.20	197	(6)
1.23 Cash at end of quarter	8,813	8,813

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	251
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 \$110k
Consultancy services \$68k
Directors fees \$73k

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	8,813	12,987
4.2 Deposits at call	-	-
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)	8,813	12,987

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: Date: 20 July 2016
(Company Secretary)

Print name: Stephen Mann

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.