

29 January, 2016
Company Announcements Office
Australian Stock Exchange
Level 6, 20 Bridge Street
Sydney NSW 2000

Anteo Diagnostics Limited (ASX: ADO)

CEO ACTIVITIES REPORT and APPENDIX 4C – QUARTER ENDED 31 DECEMBER 2015

Dear Fellow Shareholders,

HIGHLIGHTS FROM THE DECEMBER QUARTER

We are pleased to announce significant activity through the last quarter, and a strong springboard for our group businesses as we move into 2016.

Highlights are:

- **Completed acquisition of DIAsource Immunoassays**
- **Appointed Mr Rolf Sickman, Chairman of DIAsource, to the Anteo Board**
- **Commercialisation of Diagnostics products and services**
- **Medical Devices – broadened application of nanoglues and surface treatments**
- **Progress to strengthen Anteo Battery IP**

Anteo experienced an exceptional December quarter which culminated, immediately post quarter, with the close of the DIAsource ImmunoAssays SA acquisition.

On behalf of the Board, I would like to thank shareholders for their strong support during the transaction period. We will cover the acquisition in detail further in the report, but importantly, through a combination of support from shareholders and sub-underwriters in the Entitlement Issue, and vendor finance obtained from DIAsource, we believe that the transaction was completed under very favourable terms, which strongly align both businesses.

The core capabilities of DIAsource strongly complement those of Anteo Technologies in the diagnostics marketplace. Completion of the DIAsource acquisition enables us to showcase the benefits of Anteo Mix&Go technology in relevant, commercially successful, DIAsource products. DIAsource's established reputation, European location, depth of commercial experience and IVD quality accredited production facility work hand in hand with the innovation and development capabilities of Anteo Technologies, and we are working closely together to now integrate the two businesses for best benefit.

We are extremely pleased to be able to announce that our Board has been strengthened by the addition of Mr Rolf Sickman who is the current Chairman of DIAsource Immunoassays SA. Rolf is a lawyer by training and has a great depth of knowledge of European capital markets.

As discussed in previous reports, we have identified five key strategic areas, central to the growth of the Anteo business.



This report summarises the progress made across these five areas. Due to the focus during the December quarter on the DIAsource transaction, the review commences with the fifth element:

1. ACQUISITION OF SYNERGISTIC ASSETS

We are delighted to have completed the acquisition of DIAsource ImmunoAssays SA. The company was advised by Fergana Partners in relation to the acquisition. Completion was achieved with the strong support of our shareholders, through the Entitlement Issue, sub-underwriting and placement of shares in the ensuing period.

The Entitlement Issue contributed \$5.235m to the final funding package and a further \$8.013m was committed via underwriting and placement.

On 30 November, 2015, Anteo announced it was in the final stages of securing a funding package for the acquisition, under which it expected to obtain a convertible note from a Canadian investment fund which had been identified by our financial adviser. The convertible note was expected (under a heads of agreement) to provide €10m in financing to assist with the acquisition of DIAsource for €15.4m.

On 18 December, Anteo advised shareholders further on the progress of the convertible note financing, including the payment of a €400K commitment fee to the Canadian fund. Under the terms of the financing package offered, Anteo complied with all requirements of the lender, including paying total establishment costs of €700K.

As a result of different terms put forward by the proposed convertible note holder, on 6 January, 2016 Anteo announced that it had ceased negotiations with the holder and renegotiated acquisition terms with DIAsource.

Under the revised terms of the Share Purchase Agreement, the acquisition purchase price was to be payable to DIAsource via an upfront component of €7.7m in January, 2016 and via a deferred payment component of €7.7m (see the announcement dated 6 January, 2016 for full details). This represents a strong commitment by the vendors of DIAsource to Anteo, and the terms are more favourable than those offered by the convertible note financier.

We were pleased to be able to announce on 12 January, 2016 that the acquisition had completed successfully. Unaudited revenue figures for the DIAsource full year were also reported at the time, highlighting DIAsource had achieved a €14.1m revenue outcome for the 2015 calendar year, which represented 19% growth when compared with the 2014 full year, exceeding the expectations of both Anteo and DIAsource, and further cementing Anteo's view of the strength of the acquisition.

A number of our integration activities have the objective of incorporating Mix&Go into commercially successful DIAsource products which can be used in discussions with other parties to demonstrate the bona fides of the technology. We anticipate that, through this process, more widespread adoption of our novel technology will be achieved.

DIAsource's established reputation, depth of commercial experience and IVD quality accredited production facility work hand in hand with the innovation and development capabilities of Anteo Technologies. The combination of these capabilities provides a clear vision for the Anteo diagnostic division.

"To be a commercially successful organisation that contributes to better healthcare through the development, manufacture and sales of innovative kits and solutions."

2. EXPLOITING OUR IP

Exploiting IP, by our definition, encompasses the work we undertake with targeted companies to:

- License the use of Mix&Go
- Enter into supply agreements
- Establish research and collaboration agreements.

During the quarter:

- Our project with a large European group (PoC1) concluded for the year. The data generated has been analysed and a meeting to discuss future steps has been planned for February 2016.
- Initial paid work with Cook Medical has led to an increasing number of paid interactions being considered. Data generated in our Brisbane laboratories has now been replicated and extended by Cook scientists in the US.
- Our 3rd party in-vitro diagnostics validation program with accepted independent laboratories continued to advance the acceptance of Mix&Go in this core market sector.
- A number of bead manufacturers indicated their interest in participating in a clinical study of Anteo's soon to be released AMG Universal Binding Kit. This kit is a revolutionary product which enables end users to activate carboxylated particles of their own choice, either magnetic or non-magnetic, ranging in size of 100nm to 3,000nm. This product is useful in a variety of downstream applications, including immunoassays, bio-separation, cell isolation and in lateral flow for point of care. Anteo has received strong positive feedback from a number of companies currently trialling the product.
- Veritas, our Japanese distributor, has continued to promote Mix&Go to some of its large in-vitro diagnostic customers and encouraging validation data has been generated. They will now introduce the products to their network of sub-distributors.

3. EXPANDING CORE COMPETENCIES AND IP

Our technical team commenced working on a number of DIAsource ELISA tests to examine benefits that can be brought in the larger format of the microtiter plate. Reduced manufacturing time and increased ease of use are two benefits that appear immediately apparent.

4. DEVELOPING OUR PRODUCT PIPELINE

The diagnostics group (which now comprises Anteo Technologies and DIAsource ImmunoAssays SA) delivered on a number of key objectives to facilitate quicker commercialisation of Mix&Go. The following areas of activity stood out:

- Point of care – the core ability of Mix&Go is to deliver the greatest value propositions in nano situations, where surface areas are miniaturised and traditionally difficult to work with. The ability to provide all of device value propositions in POC is profound. The AMG200nm kit was the first commercial product delivered to the POC market and continues to be at the forefront of commercial interactions. It forms an important component in a new tropical disease assay currently going through regulatory approval.
- The ability of Mix&Go technology to address hydrophilic and hydrophobic surface conditions means the “surface you want on the surface you have” is a reality. In nano POC situations this capability is proving to be vital and is being clearly demonstrated.

In the December quarter:

- The 40nm gold particle product being developed in partnership with IMRA progressed well and has demonstrated impressive performance parameters. It will be ready for launch in the calendar Q2 2016.
- The comprehensive nature of our lateral flow offerings continued to expand. We have demonstrated an ability to improve outcomes in the three major components of lateral flow tests – capture, the membrane and detection. These aspects are all being independently tested using Mix&Go formulations.
- We continued to successfully address many issues on planar surfaces especially those posed by different engineering plastics. This work has relevance to, for instance, the sensor surface we are working on with PoC1.

5. EXPLORING NON-CORE OPPORTUNITIES

This quarter a number of opportunities to expand the application of Mix & Go were progressed:

a) Medical Devices

Applications of Anteo nanoglues and surface treatments to improve patient health outcomes in such areas as medical devices are focused on two important programs, both with clear objectives:

- The first objective involves a program to enable safer devices that can further mitigate or minimise risks associated with their use. A major part of this work is the re-formulation of our nanoglues from Generally Regarded as Safe (GRAS) materials and the key starting material is a well-known nutraceutical already used in health supplements. Testing to date has shown that by utilising Anteo nanoglues, a biological material commonly used in vivo procedures can be stably maintained on synthetic substrates and still retain their functional nature, a result that is not trivial for this particular biological material. Earlier work indicating the potential for these new applications was the basis of a provisional patent application.
- The second objective is to improve the character and behaviour of coatings to deliver more robust and reliable devices. A major part of this work is also to understand the benefits of our nanoglues in this diverse field. Sometimes the key requirement is non-sticking behaviour and another maybe immobilisation of biological materials.

b) Anteo Energy

The battery group activities have focused on broadening the depth and breadth of data for uses under the patent application we have lodged that moves into Patent Co-operation Treaty (PCT) phase in March 2016. The program data encompasses both Anode and Cathode uses of Anteo nanoglue technology with coatings which act both as nets and shields. Accompanying this work is a plan to apply for further patents scoping out the commercial strength of applications of our technology in batteries.

The objective in the application of Anteo's surface technologies for use in batteries is to utilise Anteo nanoglues to deliver readily implemented environmentally clean offerings to the battery industry that improve performance. Activities are focused on ensuring the intellectual property (IP) is well developed and commercially strong.

The level of data and strength of value propositions are such that the early data announced in 2015 has now been repeated many times, reaffirming considerable battery performance and battery life improvements beyond known industry targets.

In summary

Anteo had a high activity December quarter, culminating in completion of the DIAsource acquisition immediately post quarter. This quarter has moved the Company forward strategically and laid the foundations for a strong future for the group. Anteo continued to show a high activity level in each of its five key strategic areas during the quarter and we are particularly excited by the developments shown by our medical devices group and by Anteo Energy.

Our cash position at the end of the quarter was approximately \$6.9m. Subsequent to the end of the quarter, the company agreed revised transaction terms with the vendors of DIAsource, requiring the payment by Anteo of the Upfront Cash Component totalling €7.7m by the 31st January 2016.

This amount will be satisfied from a combination of the proceeds of the Entitlement Offer (including, partial sub – underwriting and shortfall placement received to date), a Placement and a short term subsidiary loan totalling €1m.

As at the date of this report, proceeds of the Entitlement Offer shortfall placement facilities remain due in the amount of \$1.7m. Assuming the receipt of these outstanding shortfall placement facilities and the Research and Development tax refund, the cash resources of Anteo will be approximately \$3.7m post the payment of the Upfront Cash Component to DIAsource.

Shareholders interested in keeping apprised of our progress should visit our upgraded corporate website at www.anteodx.com and are also invited to register for our Email Alerts, which notify investors as soon as a new update is released to the ASX.

Dr Geoff Cumming

CEO

Anteo Diagnostics Limited

For further information, see our website (www.anteodx.com) or contact the persons outlined below.

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Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Name of entity

Anteo Diagnostics Limited

ACN or ARBN

Quarter ended
("current quarter")

75-070-028-625

31-Dec-15

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (6 months) \$A'000
1.1	Receipts from customers and government grants	208	476
1.2	Payments for		
	(a) staff costs	(729)	(1,347)
	(b) advertising and marketing	(188)	(382)
	(c) research and development (excluding staff costs relating to R&D)	(267)	(488)
	(e) other working capital	(1,686)	(2,511)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	7	22
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
Net operating cash flows		(2,655)	(4,230)

NOTES:

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		Current quarter \$A'000	Year to date (6 months) \$A'000
1.8	Net operating cash flows (carried forward)	(2,655)	(4,230)
Cash flows related to investing activities			
1.9	Payment for acquisition of:		
	(a) Businesses	-	-
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	(15)	(159)
	(e) other non-current assets	-	-
1.10	Proceeds from disposal of:		
	(a) Businesses	-	-
	(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	Adjustment for cash remaining in subsidiary entity at disposal	-	-
Net investing cash flows		(15)	(159)
1.14	Total operating and investing cash flows	(2,670)	(4,389)
Cash flows related to financing activities			
1.15	Proceeds from issues of shares, options, etc.	6,435	6,435
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:		
	Conversion of converting notes	-	-
	Interest paid on converting notes	-	-
	Capital raising costs	(315)	(315)
Net financing cash flows		6,120	6,120
Net increase (decrease) in cash held		3,450	1,731
1.21	Cash at beginning of quarter/year to date	3,488	5,207
1.22	Exchange rate adjustments to item 1.20	-	-
1.23	Cash at end of quarter	6,938	6,938

NOTES:

1.20

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	279
1.25	Aggregate amount of loans to the parties included in item 1.11	NIL
1.26	Explanation necessary for an understanding of the transactions	

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

NIL

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

NIL

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	NIL	NIL
3.2	Credit standby arrangements	NIL	NIL

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	6,820	3,370
4.2	Deposits at call	118	118
4.3	Bank overdraft		-
4.4	Other - Funds held in trust re. Open Prospectus Offer		-
Total: cash at end of quarter (item 1.23)		6,938	3,488

Acquisitions and disposals of business entities

		Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1	Acquisition/disposal of subsidiary		
5.2	Place of incorporation or registration		
5.3	Consideration for acquisition or disposal		
5.4	Total net assets at date of acquisition/disposal		
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 2001 (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:

Date: 29 January 2016

(Director)

Print name: **Richard Martin**