

ANNOUNCEMENT TO THE AUSTRALIAN STOCK EXCHANGE

31st of January 2017

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 31 December 2016 for the Admedus Group.

Highlights

- **Company results reflecting outcomes of Code Red**
- **Sales revenue for H1 of \$12.1M up 85% on the prior corresponding period (PCP) and on track to meet annual forecast**
- **Sales for quarter of \$6.1M up 73% PCP**
- **VascuCel® and CardioCel® Neo enter the US market**
- **Manufacturing and product margins improved during the half**
- **Cash balance of \$14.35M**

Quarter highlights

The second quarter saw the positive impacts from the Company's Code Red restructure continue to build.

Admedus launched two new products into the US market, VascuCel® and CardioCel® Neo, late in the second quarter. These products are expected to have a material impact on ADAPT® revenues in the US over the coming 12 months and beyond. Admedus intends to provide an update on the progress of sales for these products during 2017 following launch into the US market.

Another highlight of the quarter was the continued strong performance of the infusion business that benefitted from the ongoing roll-out of infusion products under the contract with the new Royal Adelaide Hospital. The capital expenditure component of the contract has proceeded as expected, however consumables offtake is expected to be behind approx. 2-3 months due to delays in the opening of the hospital which is now expected in May/June 2017.

Financial overview

The second quarter was another strong revenue quarter for the Company with sales of \$6.1M taking first half revenues to \$12.1M, up 85% PCP, placing the Company on track

for its full year revenue forecast of \$21M. In the first half, The ADAPT® business grew strongly to approximate \$3.5M, up 50% PCP, with infusion revenues coming in at \$8.6M, up 100% PCP, driven in part by the new Royal Adelaide Hospital contract, as noted above.

During the period production margins also improved and the Company anticipates these to further improve through the second half of the year. As noted previously, the Company has needed to invest in working capital to support both the general growth in the business and more specifically the Adelaide contract. However, this is expected to partially unwind during the second half of 2017.

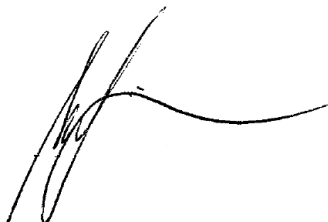
Accordingly, the overall cash position at the end of the quarter was \$14.35M. This has been impacted by the \$2M payment relating to the settlement of Federal Court proceedings as announced on 9 September 2016. In addition, the Company is yet to receive the full R&D tax rebates anticipated for this year, with approximately a further \$2.5M expected to be received early in the fourth quarter.

Forecasts for Financial Year 2017

The Company anticipates to continue its growth into the second half of the year, with sales teams now selling multiple products into the cardiovascular market. Code Red has had a very positive influence across the Company, positioning 2017 as a strong growth and expansion year for Admedus as it continues to drive sales, expand its approved product range and targets profitability.

Further details on the Company's financial progress will be provided with its half year report (released in late February) and associated webcast with the Company's Chairman & Interim CEO and CFO.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Mark Ziirsen', with a long horizontal flourish extending to the right.

Mark Ziirsen
Chief Financial Officer

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Admedus Limited

ABN

Quarter ended ("current quarter")

31 December, 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	4,169	9,027
1.2 Payments for		
(a) research and development	(294)	(792)
(b) product manufacturing and operating costs	(3,540)	(7,882)
(c) advertising and marketing	(251)	(437)
(d) leased assets	0	0
(e) staff costs	(3,627)	(7,726)
(f) administration and corporate costs	(1,435)	(2,891)
1.3 Dividends received (see note 3)	0	0
1.4 Interest received	47	92
1.5 Interest and other costs of finance paid	(13)	(29)
1.6 Income taxes paid	0	0
1.7 Government grants and tax incentives	8	1,316
1.8 Other (provide details if material)	(159)	(574)
1.9 Net cash from / (used in) operating activities	(5,095)	(9,896)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(92)	(155)
	(b) businesses (see item 10)	0	(2,000)
	(c) investments		
	(d) intellectual property	(40)	(61)
	(e) other non-current assets		
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment		
	(b) businesses (see item 10)		
	(c) investments		
	(d) intellectual property		
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	(132)	(2,216)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	0	18,307
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options		
3.4	Transaction costs related to issues of shares, convertible notes or options	0	(1,135)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	0	17,172

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	19,571	8,813
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(5,095)	(9,896)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(132)	(2,216)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	0	17,172
4.5	Effect of movement in exchange rates on cash held		470
4.6	Cash and cash equivalents at end of quarter	14,344	14,344

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	14,344	8,813
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	14,344	8,813

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

763

Salary	- \$477K
Consulting services	- \$158K
Directors fees	- \$128K

7.	Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8.	Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1	Loan facilities	0	0
8.2	Credit standby arrangements	295	0
8.3	Other (please specify)	131	0
8.4	Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

ANZ overdraft facility (undrawn) - \$295K
ANZ financial guarantees (bank) - \$131K

9.	Estimated cash outflows for next quarter	\$A'000
9.1	Research and development	(600)
9.2	Product manufacturing and operating costs	(3,760)
9.3	Advertising and marketing	(920)
9.4	Leased assets	0
9.5	Staff costs	(3,900)
9.6	Administration and corporate costs	(1,450)
9.7	Other (provide details if material)	(580)
9.8	Total estimated cash outflows	(11,210)

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

M. McGuire

Sign here:
Company secretary

Date: 30 January 2017

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.