



ADMEDUS Ltd ABN 35 088 221 078

CONSOLIDATED HALF-YEAR FINANCIAL REPORT

31 DECEMBER 2015



CORPORATE DIRECTORY

Directors

Wayne Paterson
Lee Rodne
Michael Bennett
John Seaberg

- Non-executive Chairman
- Managing Director
- Executive Director
- Non-executive Director

Company Secretary

Stephen Mann

Company and Registered Office

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Malaga, Western Australia 6090
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Facsimile: +61 8 9266 0199
Website: www.admedus.com
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Auditors

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco, Western Australia 6008

Solicitors

Norton Rose Fulbright Australia
Level 30, 108 St Georges Terrace
Perth, Western Australia 6000

Bankers

ANZ
77 St Georges Terrace
Perth, Western Australia 6000

Stock Exchange Listing

Australian Stock Exchange codes:
AHZ (ordinary shares)



DIRECTORS' REPORT

The Directors present the half-yearly financial report on the consolidated entity (referred to hereafter as the 'Group' or "Admedus") consisting of Admedus Ltd and its controlled entities for the half-year ended 31 December 2015.

DIRECTORS

The following persons were Directors of the Company during the half-year and up to the date of this report:

Wayne Paterson*
Lee Rodne
Michael Bennett
John Seaberg
Christopher Catlow (resigned 8/2/16)
Graeme Rowley (resigned 9/2/16)
Peter Turvey (resigned 5/2/16)

* Mr Paterson was appointed as Chairman of the Board on 9 February 2016.

Stephen Mann was the Company Secretary during the half year and up to the date of this report.

PRINCIPAL ACTIVITIES

The principal activities of the Group during the half-year consisted of:

- Sales and distribution within the infusion, surgery and cardiac hospital markets;

The successful launch of CardioCel, the Group's lead regenerative tissue product, continues in key international markets.

- The ADAPT Tissue Engineering Technology;

This produces implantable tissue scaffolds for use in soft tissue repair such as the repair of congenital heart defects or repair of heart valves. The lead product in the regenerative tissue portfolio is CardioCel.

- Admedus Bio-manufacturing; and

The Group manufacturing facility is fully functional and producing CardioCel for the international market.

- Immunotherapies.

The Group is also developing immunotherapies to treat a range of infectious diseases and cancers that are led by Professor Ian Frazer and his team.

REVIEW OF OPERATIONS AND RESULTS

The consolidated operating loss for the half-year:

	31 Dec 2015 \$	31 Dec 2014 \$
Loss for the half year ending	(13,598,520)	(11,400,554)

The loss for the equity holders of Admedus Ltd was \$12.9M compared to \$10.7M for the period ending 31 December 2014. The Group had revenue for the period of \$6.6M and the closing cash for the period was \$19M. The loss for the period reflects the Company's ongoing commitment to building revenue across the Group and building future revenue streams through product development and ongoing R&D.

The half yearly results clearly illustrate that sales growth remains strong across Admedus. Group sales across the Company were up 37% and this illustrates that the Company is moving in the right direction as it executes its longer-term strategy of building revenue growth and focusing on profitability. CardioCel sales for the period were strong at \$2.3M, close to the full year result from the previous financial year and up 130% from the corresponding period.

DIRECTORS' REPORT (continued)

In addition to stronger sales for CardioCel during the period, there was also a significant increase in the number of centres using the product globally with over 135 centres using the product, compared to 90 at the end of June, 2015. The Company also released 2cm x 2cm product in the CardioCel product range to help build future sales and meet market demands for different product sizes. Furthermore the Admedus team also achieved broader label expansion in Europe, which will also have an impact on sales this financial year.

The Company continues to invest in the work of Professor Ian Frazer, with the Herpes Simplex 2 (HSV-2) clinical program closing recruitment at the end of the period ahead of results in the second half; and the progression of the Human papillomavirus (HPV) therapeutic vaccine program through formal pre-clinical testing ahead of the initial clinical study this calendar year.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There has been no significant changes in the state of affairs of the Group.

DIVIDENDS

No dividend was paid during the half-year and the Board has not recommended the payment of a dividend.

EVENTS SUBSEQUENT TO REPORTING DATE

On 27 January the Company announced the signing of an exclusive distribution agreement with CORONEO, for the Company to sell CORONEO's aortic annuloplasty ring and range of specialised surgical instruments in the German and UK markets.

On 3 February 2016 the Company announced it had completed its first sales in the MENA region specifically in Qatar via an early access scheme.

On 8 February 2016 the Company announced the resignation of Non-executive Director Peter Turvey.

On 9 February 2016 the Company announced the appointment of Wayne Paterson as the Chairman of the Admedus board. Also within this announcement were the resignations of Non-executive Chairman Christopher Catlow and Non-executive Director Graeme Rowley.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, BDO Audit (WA) Pty Ltd, to provide the Directors of the Company with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on page 5 and forms part of this Directors' report for the half-year ended 31 December 2015.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the Corporations Act 2001.

A handwritten signature in black ink, appearing to be 'Wayne Paterson', written over a white background.

Wayne Paterson
Non-Executive Chairman

Dated at Perth, Western Australia this 25th day of February 2016.



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DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF ADMEDUS LIMITED

As lead auditor for the review of Admedus Limited for the half-year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Admedus Limited and the entities it controlled during the period.

A handwritten signature in blue ink, appearing to read 'Dean Just', is written over a light blue circular stamp.

Dean Just
Director

BDO Audit (WA) Pty Ltd

Perth, 25 February 2016



**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

CONSOLIDATED			
	Note	31 Dec 2015	31 Dec 2014
		\$	\$
Revenue from continuing operations		6,568,181	4,795,216
Cost of sales		(4,284,164)	(2,801,658)
Gross Profit		2,284,017	1,993,558
Other income	2	2,329,736	57,647
Employee benefits		(7,601,873)	(6,071,688)
Consultancy and legal fees		(2,185,893)	(1,181,414)
Travel and conference expenses		(1,888,199)	(1,549,193)
Research and development costs		(2,858,422)	(988,832)
Share based payments	10	(754,920)	(529,501)
Asset write-down		-	(182,853)
Depreciation and amortisation expense		(740,805)	(745,048)
Financing costs		(37,252)	(62,609)
Other expenses		(2,144,911)	(2,197,294)
Loss before income tax from continuing operations		(13,598,520)	(11,457,227)
Income tax benefit		-	56,673
Loss after income tax for the half-year		(13,598,520)	(11,400,554)
Total loss is attributable to:			
Equity holders of Admedus Ltd		(12,867,723)	(10,687,869)
Non-controlling interests		(730,797)	(712,685)
		(13,598,520)	(11,400,554)
Loss per share from continuing operations attributable to ordinary equity holders of the Company (cents per share)		<u>Cents</u>	<u>Cents</u>
Basic loss per share		(6.94)	(7.41)
Diluted loss per share		N/A	N/A

The above Consolidated Statement of Profit or Loss should be read in conjunction with the accompanying notes.



CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	CONSOLIDATED	
Note	31 Dec 2015	31 Dec 2014
	\$	\$
Loss for the half-year	<u>(13,598,520)</u>	<u>(11,400,554)</u>
Other comprehensive income	-	-
Foreign currency translation reserve	<u>(334,534)</u>	<u>(10,689)</u>
Total comprehensive loss for the half-year	<u>(13,933,054)</u>	<u>(11,411,243)</u>
Total comprehensive loss for the half-year is attributable to:		
Equity holders of Admedus Ltd	<u>(13,202,257)</u>	<u>(10,698,558)</u>
Non-controlling interests	<u>(730,797)</u>	<u>(712,685)</u>
	<u>(13,933,054)</u>	<u>(11,411,243)</u>

The above Consolidated Statement of Other Comprehensive Income should be read in conjunction with the accompanying notes.



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015**

		CONSOLIDATED	
	Note	31 Dec 2015	30 June 2015
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents		19,152,186	24,025,859
Trade and other receivables		2,762,453	2,459,352
Inventories		3,041,041	3,022,405
Total current assets		24,955,680	29,507,616
Non-current assets			
Property, plant & equipment	5	2,795,174	2,957,922
Intangible assets	6	8,163,314	8,794,928
Total non-current assets		10,958,488	11,752,850
Total assets		35,914,168	41,260,466
LIABILITIES			
Current liabilities			
Trade and other payables		2,046,623	1,316,645
Employee benefit provisions		852,170	924,424
Total current liabilities		2,898,793	2,241,069
Non-current liabilities			
Lease make good provisions		463,873	460,915
Total non-current liabilities		463,873	460,915
Total liabilities		3,362,666	2,701,984
NET ASSETS		32,551,502	38,558,482
EQUITY			
Contributed equity	8	87,909,722	80,738,568
Reserves	9	(156,665)	(8,646)
Accumulated losses		(57,371,197)	(44,503,473)
Capital and reserves attributable to equity holders of Admedus Ltd		30,381,860	36,226,448
Non-controlling interest		2,169,642	2,332,034
TOTAL EQUITY		32,551,502	38,558,482

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

CONSOLIDATED

	Share Capital \$	Share-based payment Reserves \$	Other Reserves \$	Foreign Currency Translation Reserve	Accumulated Losses \$	Total \$	Non controlling Interest \$	Total Equity \$
Balance at 1 July 2015	80,738,568	2,316,764	(2,245,995)	(79,415)	(44,503,474)	36,226,448	2,332,034	38,558,482
Loss for the half-year	-	-	-	-	(12,867,723)	(12,867,723)	(730,797)	(13,598,520)
Foreign currency - subsidiaries	-	-	-	(334,534)	-	(334,534)	-	(334,534)
Total comprehensive loss for the half-year	-	-	-	(334,534)	(12,867,723)	(13,202,257)	(730,797)	(13,933,054)
Transactions with owners in their capacity as owners								
Transaction with non-controlling interest	-	-	(568,405)	-	-	(568,405)	568,405	-
Options issued during the half-year	-	754,920	-	-	-	754,920	-	754,920
Share placement	7,431,600	-	-	-	-	7,431,600	-	7,431,600
Capital raising costs	(586,768)	-	-	-	-	(586,768)	-	(586,768)
Shares issued in lieu of directors fees	173,646	-	-	-	-	173,646	-	173,646
Shares issued in lieu of fees	30,000	-	-	-	-	30,000	-	30,000
Shares issued for executive bonuses	11,026	-	-	-	-	11,026	-	11,026
Exercise of options	111,650	-	-	-	-	111,650	-	111,650
Balance at 31 December 2015	87,909,722	3,071,684	(2,814,400)	(413,949)	(57,371,197)	30,381,860	2,169,642	32,551,502

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

CONSOLIDATED

	Share Capital \$	Share-based payment Reserves \$	Other Reserves \$	Foreign Currency Translation Reserve	Accumulated Losses \$	Total \$	Non controlling Interest \$	Total Equity \$
Balance at 1 July 2014	53,492,224	1,292,116	(221,607)	-	(19,249,631)	35,313,102	1,853,773	37,166,875
Loss for the half-year	-	-	-	-	(10,687,869)	(10,687,869)	(712,685)	(11,400,554)
Foreign currency - subsidiaries	-	-	-	(10,689)	-	(10,689)	-	(10,689)
Total comprehensive loss for the half-year	-	-	-	(10,689)	(10,687,869)	(10,698,558)	(712,685)	(11,411,243)
Transactions with owners in their capacity as owners								
Transaction with non-controlling interest	-	-	(1,268,451)	-	-	(1,268,451)	1,268,451	-
Options issued during the half-year	-	499,501	-	-	-	499,501	-	499,501
Recognise tax effect on capital raising costs	(57,606)	-	-	-	-	(57,606)	-	(57,606)
Capital raising costs	(3,160)	-	-	-	-	(3,160)	-	(3,160)
Shares issued in lieu of fees	30,000	-	-	-	-	30,000	-	30,000
Exercise of options	89,246	-	-	-	-	89,246	-	89,246
Balance at 31 December 2014	53,550,704	1,791,617	(1,490,058)	(10,689)	(29,937,500)	23,904,074	2,409,539	26,313,613

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying note



CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	CONSOLIDATED		
	Note	Half-year 31 Dec 2015	Half-year 31 Dec 2014
		\$	\$
Cash flows from operating activities			
Receipts from customers		6,368,234	4,593,081
Payments to suppliers and employees		(20,319,889)	(14,191,423)
Interest received		104,447	57,647
Interest paid		(37,252)	(18,890)
R&D tax incentive income received		2,202,918	-
Net cash outflow from operating activities		(11,681,542)	(9,559,585)
Cash flows from investing activities			
Payments for property, plant and equipment		(140,617)	(289,677)
Payments for intangible assets		(51,535)	(52,440)
Additional shares acquired in subsidiary		-	(165,000)
Net cash outflow from investing activities		(192,152)	(507,117)
Cash flows from financing activities			
Proceeds from share and options issues		7,543,250	89,244
Share issue transaction costs		(586,768)	(3,160)
Net cash inflow from financing activities		6,956,482	86,084
Net increase/(decrease) in cash held		(4,917,212)	(9,980,618)
Cash at the beginning of the half-year		24,025,859	19,582,972
Exchange rate adjustments		43,539	-
Cash at end of the half-year		19,152,186	9,602,354

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

1. SEGMENT REPORTING

Description of segments

Segment information is presented using a management approach, i.e. segment information is provided on the same basis as information as used for internal reporting purposes by the chief operating decision makers (board of directors that make key strategic decisions).

Management has determined that there are five identifiable reportable segments as follows:

- Disposable medical product and medical devices distribution;
- Bio implant operations – inclusive of sales, distribution and manufacturing;
- Regenerative medicine R&D - ADAPT technology;
- Immunotherapies R&D; and
- Corporate

Intersegment transactions

Sales between segments are carried out at arm's length and are eliminated on consolidation. The revenue reported below represents revenue generated from external and internal customers. The Group segment includes the elimination of intersegment sales.

Performance is measured based on segment result after tax.

Intersegment assets and liabilities

Segment assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by the segment and consist primarily of operating cash, receivables, inventories, property, plant and equipment and other intangible assets. Segment liabilities consist primarily of creditors and employee benefits.

Half Year 2015

	Medical products and devices	Bio-implant operations	Regenerative medicine R&D	Immunotherapies R&D	Corporate	Total
Total Segment Revenue	4,250,616	2,317,565	-	-	-	6,568,181
Inter Segment Revenue	-	-	-	-	-	-
External Revenue	4,250,616	2,317,565	-	-	-	6,568,181
Gross Profit	2,025,311	258,706	-	-	-	2,284,017
Profit/(Loss)	165,481	(5,451,957)	(1,734,813)	(2,109,953)	(4,467,278)	(13,598,520)
Assets	3,854,291	11,899,516	6,190,405	7,248,418	6,721,538	35,914,168
Liabilities	4,846	(846,723)	(173,905)	(229,853)	(2,117,031)	(3,362,666)
Net Assets	3,859,137	11,052,793	6,016,500	7,018,565	4,604,507	32,551,502



NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

1. SEGMENT REPORTING CONTINUED

Half Year 2014

	Medical products and devices	Bio-implant operations	Regenerative medicine R&D	Immunotherapies R&D	Corporate	Total
Total Segment Revenue	3,876,461	918,755	-	-	-	4,795,216
Inter Segment Revenue	-	-	-	-	-	-
External Revenue	3,876,461	918,755	-	-	-	4,795,216
Gross Profit	1,675,399	318,159	-	-	-	1,993,558
Profit/(Loss)	15,951	(3,800,224)	(1,688,146)	(1,552,238)	(4,375,896)	(11,400,553)
Assets	4,715,911	5,074,033	7,971,411	8,562,377	4,004,643	30,328,376
Liabilities	(1,809,137)	(375,929)	(750,794)	(232,863)	(846,040)	(4,014,763)
Net Assets	2,906,774	4,698,104	7,220,617	8,329,514	3,158,604	26,313,613

2. PROFIT AND LOSS INFORMATION

	Half-year 2015 \$	Half-year 2014 \$
Loss for the half year includes the following items that are unusual because of their nature, size or incidence:		
Other income		
R&D tax incentive income	2,202,918	-
Interest income	104,447	57,647
Sundry income	22,371	-
	2,329,736	57,647

3. DIVIDENDS

No dividends have been declared or paid during the half year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

4. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Due to their short term nature the carrying amounts of current cash, receivables and payables are assumed to approximate their fair value.

5. PROPERTY, PLANT AND EQUIPMENT

	31 December 2015 \$	30 June 2015 \$
	<u> </u>	<u> </u>
Plant & equipment		
Cost	4,271,939	4,129,267
Accumulated depreciation	(1,476,765)	(1,171,345)
	<u>2,795,174</u>	<u>2,957,922</u>
Reconciliation		
Opening net book value	2,957,922	
Additions	140,617	
Depreciation charge	(304,992)	
Foreign currency translation movements	1,627	
Closing net book value	<u>2,795,174</u>	

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

6. INTANGIBLE ASSETS

	31 December 2015 \$	30 June 2015 \$
	<u> </u>	<u> </u>
Patents	357,392	367,283
Intellectual property	2,401,793	2,526,483
Technology Licence	3,814,836	4,311,870
Goodwill	1,589,293	1,589,293
	<u>8,163,314</u>	<u>8,794,929</u>
 Reconciliation - Patents		
Opening net book value	367,283	
Additions	51,535	
Amortisation charge	(61,426)	
Closing net book value	<u>357,392</u>	
 Reconciliation – Intellectual property		
Opening net book value	2,526,483	
Amortisation charge	(124,690)	
Closing net book value	<u>2,401,793</u>	
 Reconciliation – Technology Licence		
Opening net book value	4,311,870	
Amortisation charge	(497,034)	
Closing net book value	<u>3,814,836</u>	
 Reconciliation – Goodwill		
Opening net book value	1,589,293	
Impairment	-	
Closing net book value	<u>1,589,293</u>	

There have been no indicators of impairment. The directors will perform an impairment test as at 30 June 2016 in accordance with accounting requirements.



NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

7. CONTINGENT LIABILITIES

On 12 November 2014 proceedings were issued against Admedus Ltd, its wholly owned subsidiary Admedus (Australia) Pty Ltd and its subsidiary Admedus Regen Pty Ltd.

The proceeding have been issued by Dr Geoffrey Lane, Dr Keith Woollard and their respective associated entities Palkingston Pty Ltd and KV Woollard Pty Ltd under sections 232 and 233 of the Corporations Act 2001 (Cth). The allegations relate to Admedus Regen Pty Ltd.

The proceedings allege that the affairs of Admedus Regen Pty Ltd are being conducted in a manner that is contrary to the interests of the members of Admedus Regen Pty Ltd as a whole and oppressive of the interests of Dr Geoffrey Lane, Dr Keith Woollard, Palkingston Pty Ltd and KV Woollard Pty Ltd.

The matter is still ongoing and the outcome at this stage is unknown and therefore an estimate of the potential contingency cannot reliably be determined.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

8. CONTRIBUTED EQUITY

	31 December 2015		30 June 2015	
	SHARES	\$	SHARES	\$
(a) Share Capital				
Ordinary shares				
Fully paid	196,254,798	87,909,722	1,845,399,036	80,738,568
Movements in Ordinary Share Capital				
Opening balance	1,845,399,036	80,738,568		
Share consolidation	(1,662,445,028)	-		
Options exercised	1,644,833	111,650		
Shares issued for executive bonuses	143,196	11,026		
Shares issued in lieu of directors fees	214,643	173,646		
Shares issued in lieu of consulting fees	38,119	30,000		
Share placement	11,260,000	7,431,600		
Transaction costs	-	(586,768)		
Closing balance	196,254,798	87,909,722		

During the half year ended 31 December 2015, 5,630,000 unlisted warrants were issued under the share placement agreement.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

9. RESERVES

	31 December 2015	30 June 2015
	\$	\$
Share based payments reserve	3,071,684	2,316,764
Foreign currency translation reserve	(413,949)	(79,415)
Other reserve	(2,814,400)	(2,245,995)
	(156,665)	1,070,508
 Reconciliation – Share based payments reserve		
Opening balance	2,316,764	
Share based payments expense (Note 10)	754,920	
Closing balance	3,071,684	
 Reconciliation – Foreign currency translation reserve		
Opening balance	(79,415)	
Translation on consolidation of foreign subsidiaries	(334,534)	
Closing balance	(413,949)	
 Reconciliation – Other reserve		
Opening balance	(2,245,995)	
Transactions with owners – gain / loss on NCI	(568,405)	
Closing balance	(2,814,400)	

During the half year ended 31 December 2015, 2,025,000 unlisted options were issued to employees under the ESOP.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

10. SHARE BASED PAYMENTS

(a) Employee Share Option Plan

The Admedus Employee Share Option Plan (ESOP) was approved by shareholders at the 2015 Annual General Meeting. Eligible Employees (as defined in the Plan and which includes Directors, employees and consultants) are able to participate in the Plan.

The terms of the ESOP include:

- Options are issued to selected Eligible Employees for free;
- The allotment of options is at the discretion of the Board of Directors;
- Shares allotted on the exercise of the options are to be issued at an exercise price determined by the Board in its absolute discretion, which price shall not be less than the minimum exercise price permitted by the Listing Rules;
- Options expire 5 years after the grant date;
- Options are unlisted and not transferable unless the Directors in their absolute discretion agree to a transfer; and
- Options carry no dividend rights or voting rights.

The Company issued 2,025,000 options over ordinary shares in the Company during the half year ended 31 December 2015.

On 21 July 2015 the Company issued 1,350,000 options to employees under the ESOP (Tranche A).

On 10 December 2015 the Company issued 200,000 options to directors under the ESOP (Tranche B).

On 10 December 2015 the Company issued 475,000 options to employees under the ESOP (Tranche C).

(b) Expenses Arising from Share Based Payment Transactions

Total expenses arising from share based payment transactions recognised during the period were as follows:

	31 December 2015	30 June 2015
	\$	\$
	<hr/>	<hr/>
Employee bonus shares	-	-
Options issued under employee option plan	754,920	1,054,649
	<hr/>	<hr/>
Total expenses from share-bases transactions	754,920	1,054,649
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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

10. SHARE BASED PAYMENTS (Continued)

(c) Fair Value of Options Granted

The assessed fair value at grant date of options granted during the half year ended 31 December 2015 was 47.5 cents per option for Tranche A, 39.7 cents per option for Tranche B and 49.1 cents per option for Tranche C. The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The model inputs for options granted during the year ended 31 December 2015 included:

	Tranche A	Tranche B	Tranche C
<i>Details:</i>	All Tranches of options are granted for no consideration and vest based on holder still being employed by Admedus Limited over a three year period. Vested options are exercisable for a period up to expiry date.		
<i>Exercise price:</i>	\$1.44	\$1.39	\$0.83
<i>Grant date:</i>	21 July 2015	10 December 2015	10 December 2015
<i>Expiry date:</i>	21 July 2020	10 December 2020	10 December 2020
<i>Share price at grant date:</i>	\$0.86	\$0.83	\$0.83
<i>Expected price volatility of the company's shares:</i>	80%	70%	70%
<i>Risk-free interest rate:</i>	2.25%	2.36%	2.36%
<i>Fair value at grant date:</i>	\$0.475	\$0.397	\$0.491

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

11. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 27 January the Company announced the signing of an exclusive distribution agreement with CORONEO, for the Company to sell CORONEO's aortic annuloplasty ring and range of specialised surgical instruments in the German and UK markets.

On 3 February 2016 the Company announced it had completed its first sales in the MENA region specifically in Qatar via an early access scheme.

On 8 February 2016 the Company announced the resignation of Non-executive Director Peter Turvey.

On 9 February 2016 the Company announced the appointment of Wayne Paterson as the Chairman of the Admedus board. Also within this announcement were the resignations of Non-executive Chairman Christopher Catlow and Non-executive Director Graeme Rowley.

12. BASIS OF PREPARATION OF HALF YEAR FINANCIAL REPORT

The condensed half-year financial report is a general-purpose financial report, which has been prepared in accordance with the *Corporations Act 2001* and Accounting Standard AASB 134 *Interim Financial Reporting*. The half-year financial report has been prepared in accordance with the historical cost convention.

This condensed half-year financial report does not include all the notes of the type normally included within the annual financial report. Accordingly, this report should be read in conjunction with the annual financial report for the year ended 30 June 2015 and any public announcements made by Admedus Ltd during the interim period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as set out below:

New or revised accounting standards

The group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

No new and revised Standards and amendments thereof and Interpretations effective for the current half-year have had a material impact on the half-year financial report.

DIRECTORS' DECLARATION

In the Directors' opinion:

- (a) the financial statements of the consolidated entity are in accordance with the Corporations Act 2001; including:
 - (i) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001 and other mandatory professional requirements, and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that Admedus Ltd will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

A handwritten signature in black ink, appearing to be 'Wayne Paterson', written in a cursive style.

Wayne Paterson
Non-Executive Chairman

Perth, Western Australia

Dated this 25th day of February 2016



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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Admedus Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Admedus Limited, which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Admedus Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Admedus Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Admedus Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO Audit (WA) Pty Ltd

A handwritten signature in blue ink, appearing to read 'Dean Just', with the 'BDO' logo written above it.

Dean Just
Director

Perth, 25 February 2016