

ASX ANNOUNCEMENT

**Allied Healthcare announces successful implant of
ADAPT® CardioCel® Patch for valve reconstruction.**

Brisbane, Australia, 13th March 2012

Allied Healthcare Group (ASX:AHZ) announced today its tissue engineering and regenerative medicine division Celxcel has successfully achieved implantation of its cardiovascular patch, CardioCel®. The study, undertaken by paediatric cardiothoracic surgeons from the University of Melbourne, is designed to demonstrate CardioCel's ability to be used surgically to repair damaged or congenitally deformed heart valves.

During the study, the CardioCel® patch was successfully implanted during a double valve leaflet reconstruction. The CardioCel® patch material was successfully used to reconstruct the posterior leaflet of the mitral valve as well as one of the valve leaflets of the pulmonary valve. Normal valve function was regained after these reconstructions and all animals survived the open-heart surgical procedures without any adverse effects or immediate complications.

The animals will be monitored for 6 months for any accumulation of calcium in the implants. Control animals were subjected to the current standard of care for these procedures.

"This is another important step forward for the technology and further demonstrates its wider application" said Lee Rodne, Managing Director of Allied Healthcare Group. "This technology has the potential to change the way paediatric surgeons approach individualised reconstructions of deformed or damaged heart valves using our technology. Positive results will also open up further commercial discussions on the potential applications for CardioCel®."

This study continues to extend the potential for the technology as seen in the successful Phase II human study where the CardioCel® patch was used to repair cardiovascular deformities caused by Congenital Heart Disease and the Company's 2011 joint studies with a global tissue heart valve manufacturer that demonstrated the significant benefits of Celxcel's ADAPT® technology in the reduction of calcification on tissue heart valves. Reducing calcium formation on implanted tissue valves with ADAPT® could allow cardiologists and surgeons to treat many more patients and to intervene earlier with potential positive health economic impact.

Having our product successful in this demanding end of cardiovascular repair may also give surgeons the confidence to use the CardioCel® patch for most of the other less complicated congenital and cardiovascular repair procedures" said Bob Atwill, CEO of Celxcel. "The initial phase of this study has gone very well, with all procedures going smoothly. The animals will be monitored over the next six months with the aim of determining how much better the CardioCel® heart patch performs as a valvular substitute in both the low pressured (pulmonary valve) and high pressured area (Mitral valve) inside the heart."

The 6 month data, scheduled for release in the 3rd quarter 2012, will assess the longer term benefits of CardioCel® in valve reconstructions. The study will look at the performance of the CardioCel® patch in terms of valve function, immunological responses towards the tissue (remodelling) and for any evidence of calcification in the implants.



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The CardioCel® product is based on proprietary technology known as the ADAPT® Tissue Engineering Process. This uses animal derived tissues to produce products that are compatible with the human body. The ADAPT® process produces tissue that more closely mimics human tissue and is expected to open up the potential for medical professionals to replace synthetic products currently used in soft tissue repair because of the numerous benefits that the ADAPT® treated tissue offers surgeons, such as the ease of use, the biocompatibility and the prevention of calcification.

In addition to cardiovascular applications, Celxcel is also evaluating how the process can be applied in a number of other surgical procedures such as hernia repair, pelvic floor reconstructions, orthopaedics and as a biological scaffold to grow and deliver stem cells.

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About Allied Healthcare Group Limited

Allied Healthcare Group Limited (ASX: AHZ) is a diversified healthcare company focused on investing in and developing next generation technologies with world class partners, acquiring strategic assets to grow its product and service offerings and expanding revenues from its existing profitable medical sales and distribution business. The Company has assets from Research & Development through Clinical Development as well as Sales, Marketing and Distribution.

Allied Healthcare Group is in the process of commercializing its innovative tissue engineering technology for regenerative medicine and is a major investor in Brisbane based Coridon Pty Ltd, led by Professor Ian Frazer developing next generation vaccines for global markets.

Further information on the Company can be found on www.alliedhealthcaregroup.com.au.

About Celxcel

Celxcel, a regenerative tissue engineering technology company founded in 2001 focusing on tissue engineering and regenerative medicine based around the proprietary ADAPT® Tissue Engineering Process (TEP). Celxcel's lead program has successfully completed a number of animal studies and a Phase II human clinical trial for its lead product CardioCel®. CardioCel® is a cardiovascular patch used to repair paediatric heart deformities. These deformities range from routine "Hole in the Heart" operations to major vessel outflow tract repairs. The CardioCel® patch may also be used to repair leaking heart valves in paediatric patients.

Celxcel uses its patented ADAPT® Tissue Engineering Process (TEP) as a platform technology to produce implantable tissue patches for use in various soft tissue repair applications and for the production of replacement tissue heart valves. The ADAPT technology is used to process animal derived tissues to produce implantable tissue patches that are compatible with the human body. The technology has a number of advantages over current tissue treatment processes on the market, most notably the reduction of calcification post implantation. This technology has the potential for medical professionals to use regenerative products instead of synthetic products currently used in soft tissue repair.



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