

ASX ANNOUNCEMENT

**Allied Healthcare to Undertake Capital Raising by way of
Placement and Rights Issue**

Brisbane, Australia, 16th March 2012

Allied Healthcare Group (ASX:AHZ) (**Company**) is pleased to announce an equity raising of up to \$6.36 million (before costs) by way of a placement to institutional and professional investors and pro-rata non-renounceable rights issue (**Capital Raising**).

Placement

The Company has successfully obtained a commitment of \$2 million (before costs) via a placement that was oversubscribed. The placement will comprise of 66,666,667 new shares at an issue price of \$0.03 each to institutional and professional investors to be issued on or about 21 March 2012 (**Placement**).

The Placement will be undertaken in accordance with section 708 - "Excluded Offer" provisions of the Corporations Act and within the Company's 15% share issue capacity pursuant to ASX Listing Rule 7.1.

Rights Issue

The Company will undertake a 1 for 5 non-renounceable pro-rata offer of shares each at an issue price of \$0.03 to eligible shareholders (**Rights Issue**). The Rights Issue will raise approximately \$4.36 million (before costs) and will not be underwritten. Any shortfall under the Rights Issue will be placed by the directors at their sole discretion.

More information regarding the Rights Issue will be set out in the Offer Document, to be mailed to eligible shareholders in accordance with the timetable below.

RBS Morgans is the lead manager for the Capital Raising and will be paid a fee equal to 5% of the total amount raised under the Capital Raising.

Use of Funds

Successful completion of the Capital Raising will raise approximately \$6.36 million (before costs).

The funds raised from the Capital Raising will be used to progress Coridon's Herpes (Herpes Simplex Virus Type 2) program through Phase I trials as well as accelerate the development of its next generation HPV (Human Papillomavirus) vaccine towards clinical studies. The HPV program is a follow on from Professor Frazer's work that resulted in the successful cervical cancer preventative vaccines - Gardasil[®], marketed by Merck, and Cervarix, marketed by GlaxoSmithKline.



The Company will also use the funds to provide greater resources towards the regulatory approval and launch of CardioCel® the first product out of its tissue engineering and regenerative medicine division Celxcel using its platform ADAPT® Tissue engineering technology.

CardioCel® is a cardiovascular patch to treat heart deformities caused by congenital heart disease as well as for heart valve repair and reconstructions. CardioCel® is scheduled for initial marketing approval towards the end of 2012. In addition to cardiovascular applications, the Company 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.

"The key benefit of having additional capital onboard for the Company is that we will be able to push forward our near term and most promising projects. This will allow us to take them to the next phase of development and also help in generating shareholder returns in the immediate future" stated Lee Rodne, CEO of Allied Healthcare Group.

The directors of the Company welcome all new shareholders to the Company and look forward to reporting key developments from projects to them and existing shareholders in the future. The directors encourage all eligible existing shareholders to take up their rights under the Rights Issue.

Indicative Timetable

Key dates for the Capital Raising are set out below:

Events	Date
Announcement of the Placement and Rights Issue 708AA Cleansing Notice and Appendix 3B lodged with ASX	16 March 2012
Allotment of Placement shares	21 March 2012
708A Cleansing Notice for the Placement shares	21 March 2012
Ex Date (date from which securities commence trading without the entitlement to participate in the Rights Issue)	21 March 2012
Record Date (date for determining entitlements of eligible shareholders to participate in the Rights Issue)	27 March 2012
Offer Document Despatched to eligible shareholders (expected date of despatch of Offer Document and Entitlement and Acceptance Forms)	29 March 2012
Opening Date	29 March 2012
Closing Date (5pm Sydney time)*	19 April 2012



Rights Issue shares quoted on a deferred settlement basis	20 April 2012
Company to notify ASX of under subscriptions (if any) *	23 April 2012
Allotment of shares pursuant to the Rights Issue*	27 April 2012
Despatch holding statements *	30 April 2012
708A Cleansing Statement	30 April 2012

*All dates are indicative only. The Company reserves the right, subject to the Corporations Act 2001 (Cth) and the ASX Listing Rules, to amend the indicative timetable without prior written notice. Any extension of the Closing Date will have a consequential effect on the date of issue of the shares.

An Appendix 3B in respect to the Capital Raising accompanies this announcement.

The Company is not aware of any reason why ASX would not allow trading of the Company's securities to re-commence immediately.

NOTICE UNDER SECTION 708AA OF THE CORPORATIONS ACT 2001

The Company hereby gives notice under section 708AA(2)(f) of the Corporations Act 2001 (Cth) (**Act**) that:

- (a) the Company will issue the shares under the Rights Issue without disclosure under Part 6D.2 of the Act;
- (b) the Company is providing this notice under paragraph 2(f) of section 708AA of the Act;
- (c) at the date of this notice, the Company has complied with:
 - (i) the provisions of Chapter 2M of the Act as they apply to the Company; and
 - (ii) section 674 of the Act;
- (d) at the date of this notice, there is no information:
 - (i) that has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
 - (ii) that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
 - (A) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or
 - (B) the rights and liabilities attaching to the shares; and
- (e) the issue of the shares under the Rights Issue is not expected to have any effect on the control of the Company.



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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.



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