

ASX ANNOUNCEMENT

Allied Healthcare announces successful implant of ADAPT[®]-treated patch for Pelvic Floor & Hernia Reconstruction Procedures.

Brisbane, Australia, 29 March 2012

Allied Healthcare Group (ASX: AHZ) announced today its tissue engineering and regenerative medicine division Celxcel has achieved successful implantation of its ADAPT[®]-treated patch for pelvic floor and hernia reconstruction procedures. The procedures, carried out at the University of Leuven in Belgium, continue to develop applications for the Company's treated bovine tissue patches.

The growing global demand for substitutes in the pelvic floor and abdominal hernia area, as well as the controversial outcomes with the use of synthetic meshes to repair pelvic floor abnormalities or herniated soft tissues, prompted Celxcel to assess the ADAPT[®]-treated bovine tissues in these areas.

"These positive results will open up the opportunities for a supporting clinical trial and commercial discussions with potential partners in these areas" said Lee Rodne, Managing Director of Allied Healthcare Group.

During the trial, a team of leading gynaecologists from the University of Leuven successfully implanted the GyneCel[®] patch into the pelvic floor area and the surgical product in the abdominal hernia position. The implants will be monitored for 6 months to look at the benefits of the GyneCel[®] patch compared to existing synthetic implants.

The Company is expecting the 6 month follow up data to be released later this year. Over the past decade, the ADAPT[®]-treated patch has been tested in a number of *in vitro* and *in vivo* models (non-supportive and supportive areas) to assess the durability, biocompatibility and calcification potential of the implant. Previously, excellent results in an experimental hernia model (abdominal wall replacement in a small animal model) showed the potential for GyneCel[®] in the pelvic floor and another of Celxcel's surgical products for abdominal wall hernia applications.

"We will be monitoring the animals over the next six months with the aim of determining how well the GyneCel[®] and surgical patches perform as substitutes for pelvic floor and hernia repair applications. All the animals in the study recovered fully from the surgical procedures without any adverse effects during or after surgery" said Bob Atwill the CEO of Celxcel.

The GyneCel[®] patch material and the surgical product have previously been successfully used to reconstruct the posterior wall of the vagina and to repair a surgically created abdominal wall hernia respectively.

At the end of the study period, the pelvic floor reconstructions and the hernia repairs will be assessed in terms of functional support, structural changes of the implants, immunological response towards the implants (remodelling) and for any signs of calcification of the implants.



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This study is in addition to the recent successful results achieved in cardiovascular repair with CardioCel®.

The CardioCel®, GyneCel® and surgical products utilise 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.

In addition to cardiovascular, pelvic floor reconstructions and hernia repair applications, Celxcel is also evaluating how the process can be used in 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 Pty Limited

Celxcel, is a regenerative tissue engineering technology company founded in 2001 that has completed 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 GyneCel® product utilizes the ADAPT® technology in the preparation of tissue for use in pelvic floor and hernia repair.



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