

ASX ANNOUNCEMENT

Allied's ADAPT[®]- treated tissue shows advantages for abdominal hernia and pelvic floor reconstructions

- Allied's ADAPT[®]-treated tissue demonstrates positive results of tissue repair in abdominal hernia and pelvic floor reconstructions
- ADAPT[®]-treated tissue showed no evidence of infections, erosions or resorption in the hernia repairs
- ADAPT[®]-treated tissue demonstrated reduced infections, erosions and provided evidence of resorption in the pelvic floor
- The study was undertaken by the University of Leuven in Belgium

Brisbane, Australia, 10 January 2013

Allied Healthcare Group (ASX: AHZ) today announced positive results of a comparative study which used ADAPT[®]-treated tissue as a bioprosthetic substitute for abdominal hernia repairs as well as pelvic floor reconstructions in an experimental model. In the study the ADAPT[®] tissue was superior or equal to the comparative synthetic implant.

No macroscopic evidence of calcification or visible immunological responses was found in the explanted ADAPT[®]-treated tissue in both the hernia and pelvic floor reconstructions at the end of the study period.

"These results are significant in building further revenue in areas outside of CardioCel[®] for cardiovascular applications. With combined markets of over \$750m we are excited about the future prospects of building significant revenue for our Group and bringing to market innovative regenerative tissue products developed from our Regenerative Medicine Division said Lee Rodne, Allied Healthcare Group Managing Director.

Assessment of the physical properties of the explanted ADAPT[®]-treated tissues after six months demonstrated a better outcome than the control in that the ADAPT[®]-treated tissue remained stable and intact without any significant deformation of the original shape (configuration) and size (dimensions) compared to synthetic meshes which tended to contract and shrink.

Recently Allied announced that its lead regenerative tissue product CardioCel[®], made using the ADAPT[®] process, showed significant tissue regeneration post implantation in cardiovascular repair.

These results expand the potential for ADAPT[®]-treated tissue and open up opportunities to develop additional ADAPT[®] engineered tissue products for application in different surgical areas. The independent validation of these latest results confirms the regenerative performance of the ADAPT[®] treated tissue and provides an opportunity to confirm the efficiency of the ADAPT[®]-treated tissue in surgical repairs and reconstructions. These results provide additional evidence that ADAPT[®] prepared tissue shows no signs of calcification and supports tissue regeneration, clear advantages over existing tissue products available.



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"These externally validated results for Hernia repair and Pelvic Floor reconstruction, along with the recent regenerative results for CardioCel® indicate a very positive path to significant revenue growth for Allied Healthcare Group," said Bob Atwill, Allied Executive and CEO of the Regenerative Medicine Division.

For hernia repair, the study demonstrated the outstanding performance of ADAPT®-treated tissue as a substitute for abdominal hernia repairs compared to alternative synthetic controls which tend to fail due to tissue erosion, implant exposure and infections after implantation.

For pelvic floor repairs, the macroscopic results with the ADAPT®-treated tissue in the pelvic floor reconstructions demonstrated comparable results in the vaginal area with the synthetic controls. These results compared favorably in terms of maintaining significantly low rates of implant exposure, erosion of surrounding tissue and infection when compared to synthetic materials currently in the market place.

"We have a great data package and will be pushing forward with our plans for a hernia product to follow on from CardioCel® which is already being used in Australia," said Bob Atwill.

The study was undertaken in collaboration with world known Gynecologist, Professor Jan Deprest, from The University of Leuven in Belgium.

These studies continue to demonstrate the potential for Allied's ADAPT® tissue treatment technology across a range of surgical applications, with the opportunity to have a significant impact on many global markets for soft tissue repair. The results demonstrate Allied Healthcare Group has the potential to build significant surgical tissue franchises in hernia repair, pelvic floor reconstructions, as well as other areas such as orthopaedics and as a biological scaffold to grow and deliver stem cells.

Allied is looking to present the full data at an international scientific meeting and publish the study results in a peer reviewed publication in the near future.

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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. Allied also has major interest in developing the next generation of vaccines with a Brisbane-based research group led by Professor Ian Frazer. The vaccine programs target disease with significant global potential like herpes and Human papillomavirus.

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

Allied's Regenerative Medicine Division

Allied's regenerative tissue engineering technology started as a research program in 2001 focusing on tissue engineering and regenerative medicine based around the proprietary ADAPT[®] Tissue Engineering Process (TEP). The lead program, CardioCel[®] has successfully completed a number of animal studies and a Phase II human clinical trial. 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. CardioCel[®] has been shown to allow tissue regeneration once implanted. Some researchers postulate that stem cells play an active role in tissue regeneration *, suggesting that CardioCel[®] facilitates endogenous stem cells and other cells to regenerate and repair damaged tissue.

Product development is based on the 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 unique 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.

* Körbling&Estrov, 2003. Adult Stem Cells for Tissue Repair — A New Therapeutic Concept? NEJM Volume 349:570-582, [August 7, 2003](#), , Number 6



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