

ASX
Attn: Mr David Filov
Adviser, Listings Compliance (Perth)

18th of February, 2013

Dear David,

In response to your letter dated the 14th of February, 2013 and in particular addressing the following questions:

Having regard to the Announcement, the above definitions, listing rule 3.1 and Guidance Note 8 - Continuous Disclosure, we ask that you answer the following questions in a format suitable for release to the market in accordance with listing rule 18.7A:

1. Does the Company consider the Study Results to be material to the Company pursuant to listing rule 3.1?

Allied response: No

2. When did the Company become aware of the Study Results? Please include details of the relevant time and circumstances of the Company becoming aware of the Study Results.

Allied response: Management were provided with the final Study Results on the morning of the 4th of February 2013 at around 10:30 am. Management conducted a review of the data contained in the Study Results. Following the review management prepared a draft ASX announcement. The draft press release was circulated to the Board of Directors on the afternoon of 5 February 2013 for their review and comment in accordance with the Company's policy for ASX announcements. . The Company, under its research agreement obligations, also provided a copy of the release to CSIRO on the afternoon of 5 February 2013.

Following receipt of approval from both the Board of Directors and CSIRO, the ASX announcement was lodged with the ASX on the evening of 5 February 2013 for pre-market release on 6 February 2013.

3. If the answer to question 1 is "no", please advise the basis on which the Company does not consider the Study Results to be material.

Allied response: Allied does not consider these results material for the following reasons:

- **The Study Results released on 6 February 2013 are preliminary *in vitro* data and therefore the project is at a very early stage; a considerable time before it can be commercialised.**
- **The Study Results are supportive of results seen in a previous study, with the results of this study released to the market in November, 2012. These Study Results confirm data previously seen and released to the market.**



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- **This is an ongoing early stage study with the second stage of the study scheduled to begin soon. Given the early nature of the study this is unlikely to be material. The second study will further explore the potential of Allied's CardioCel® as a bio-scaffold for the delivery of stem cells.**
- **Allied released to the market in the 1st half of 2012 that it was working with CSIRO on this project. The Company had expected these results to arrive in late 2012 and had disclosed this on several occasions; although the Company did not consider the release of the Study Results to be a major milestone for this project with CSIRO.**

4. If the answer to any part of question 1 is "yes" and the Company became aware of the Study Results (or any part of them) prior to the release of the Announcement, please advise why the Company did not make an announcement at an earlier time or request a trading halt at an earlier time? Please comment specifically on the application of listing rule 3.1.

N/A

5. Please confirm that the Company is in compliance with listing rule 3.1.

Allied response: The Company believes that it has complied with listing rule 3.1.

If you have any further questions please do not hesitate to contact me.

Yours sincerely



Stephen Mann
Company Secretary
Allied Healthcare Group





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14 February 2013

Mr Stephen Mann
Company Secretary
Allied Healthcare Group Limited
Level 1, 197 Adelaide Terrace
PERTH WA 6000

By Email

Dear Stephen

Allied Healthcare Group Limited (the “Company”)

We refer to:

- the change in the price of the Company’s securities from a closing price of \$0.023 on Monday 4 February 2013 to an intra-day high and close of \$0.026 on Tuesday 5 February 2013; and
- the Company’s announcement released to ASX on Wednesday 6 February 2013 at 8:27am (AEDST) titled “Allied’s CardioCel® a superior platform for stem cell seeding and growth” (“Announcement”).

The Announcement provided, among other things, that:

Allied Healthcare Group (ASX:AHZ) today announced the successful results of a joint study with CSIRO which found Allied’s CardioCel® tissue patches offers superiority for stem cells survival and growth compared to the gold-standard tissues now in surgical use (“Study Results”)

We wish to draw your attention to the definition of “aware” in chapter 19 of the listing rules which states that:

“an entity becomes aware of information if a director or executive officer (in the case of a trust, director or executive officer of the responsible entity or management company) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as a director or executive officer of that entity”

Further, we wish to draw your attention to listing rule 3.1 which requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity’s securities. The exceptions to this requirement are set out in listing rule 3.1A.

Paragraph 18 of Guidance Note 8 states:

“Once a director or executive officer becomes aware of information, he or she must immediately consider whether that information should be given to ASX. An entity cannot delay giving information to ASX pending formal sign-off or adoption by the board, for example.”

Please note that for disclosure not to be required under listing rule 3.1, all of the exceptions under listing rule 3.1A must apply:

- “3.1A.1 *A reasonable person would not expect the information to be disclosed.*
- 3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential.*
- 3.1A.3 *One or more of the following applies.*
- *It would be a breach of a law to disclose the information.*
 - *The information concerns an incomplete proposal or negotiation.*
 - *The information comprises matters of supposition or is insufficiently definite to warrant disclosure.*
 - *The information is generated for the internal management purposes of the entity.*
 - *The information is a trade secret.”*

Finally, we would like to draw your attention to ASX’s policy position on the concept of “confidentiality” which is detailed in paragraphs 34 to 40 of Guidance Note 8. In particular, paragraphs 34 and 35 of the Guidance Note state that:

“‘Confidential’ in this context has the sense of ‘secret’.
Loss of confidentiality may be indicated by otherwise unexplained changes to the price of the entity’s securities, or by reference to the information in the media or analysts’ reports”.

Having regard to the Announcement, the above definitions, listing rule 3.1 and Guidance Note 8 - Continuous Disclosure, we ask that you answer the following questions in a format suitable for release to the market in accordance with listing rule 18.7A:

1. Does the Company consider the Study Results to be material to the Company pursuant to listing rule 3.1?
2. When did the Company become aware of the Study Results? Please include details of the relevant time and circumstances of the Company becoming aware of the Study Results.
3. If the answer to question 1 is “no”, please advise the basis on which the Company does not consider the Study Results to be material.
4. If the answer to any part of question 1 is “yes” and the Company became aware of the Study Results (or any part of them) prior to the release of the Announcement, please advise why the Company did not make an announcement at an earlier time or request a trading halt at an earlier time? Please comment specifically on the application of listing rule 3.1.
5. Please confirm that the Company is in compliance with listing rule 3.1.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

Please note the ASX reserves its right under listing rule 18.7 to release this letter and the Company's response to the market. Accordingly the Company's response should address each question separately and be in a format suitable for release to the market.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately. Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than **5:00pm (WST) Monday 18 February 2013**.

Your response should be sent to me by email to Dave.Filov@asx.com.au or on facsimile number +61 8 9221 2020. It should not be sent to ASX Market Announcements.

If you have any queries regarding any of the above, please contact me on +61 8 9224 0014.

Yours sincerely,

[sent electronically without signature]

Dave Filov
Adviser, Listings Compliance (Perth)