



SHAREHOLDER UPDATE



ALLIED HEALTHCARE GROUP

PREVENT

TREAT

REPAIR

DELIVER

JUNE 2013

Company calendar

Since our last investor update in March, we have continued to actively attend road shows, conferences, investor relations and stakeholder activities in order to educate audiences about our strong pipeline and path to market. Please find an update on Allied's company calendar below:

RECENTLY ATTENDED

- **American Association for Thoracic Surgery Mitral Conclave, New York, May 2-3:** The 2013 AATS Mitral Conclave brought together the world's leading figures in mitral valve disease together for two days to discuss the latest information regarding management guidelines, imaging, pathology, minimally invasive approaches, percutaneous approaches, surgical techniques, devices, and long term results. Professor Brizzard presented study data that highlights the benefits of CardioCel® in valvular repair.
- **ChinaBio Partnering Forum, Beijing, May 29-30:** Allied recently presented at the ChinaBio Partnering Forum, a premier life science partnering event in China. The event attracts biotech and pharma leaders from around the world along with hundreds of China-based developers of novel technologies for two days of productive partnering
- **Asia Biotech Invest 2013, Hong Kong June 3-5:** Allied was recently in Hong Kong at this conference which brought together cutting-edge biotech innovators together with Asia's investment community to discover and fund the future of biotech.

For more information, please contact:

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Creating new revenue sources for the Company

Dear Investor,

Your Company has made significant progress and met some important developmental milestones in recent months and I am pleased to provide an overview of this in Allied Healthcare Group's second investor newsletter for 2013. Our management team have been working particularly hard on a number of fronts, and pleasingly we have seen a growing appreciation of the Company's maturing and high-potential technologies in medical circles and in the market as evidenced by our improving share price.

In June we announced commencement of the first human trials of a Herpes (HSV-2) vaccine being developed by your Company with Professor Ian Frazer. With this development, Professor Frazer is tackling another of the world's major sexually transmitted infections. With conventional therapy, Herpes is a troublesome infection for most but it can also have life-impacting consequences, including increasing the risk of transmission of HIV. Conventional therapy is only able to reduce, but not eliminate, the risk of Herpes transmission. If our plans unfold as we hope, we will have a breakthrough therapeutic HSV vaccine that will have global benefit.

We are also working with Professor Frazer to build on his expertise in the field and further develop a human papillomavirus (HPV) vaccine, which will benefit those infected. Further studies are continuing in this area and we expect to have more results to announce this year.

It is these exciting and high-profile developments that lead us to be confident that our immunotherapy vaccines division will have a platform technology capable of both preventing and treating a number of different diseases. This will deliver real medical benefits round the world and realise significant shareholders value.

I am also happy to report that our regenerative medicine division is on the same path. We have continued to see growing interest from leading surgeons in using CardioCel® under the Australian Prescriber Scheme. We currently have six surgeons using CardioCel® to repair congenital heart disease. We are continuing to progress our global strategy of gaining regulatory approval for CardioCel® in key markets and hope to have CE Mark approval and be selling in Europe this year. In March we lodged our Premarket Notification 510(k) Submission for CardioCel® with the FDA in the US. This is the largest global market for regenerative medicine and we hope to receive FDA approval in early 2014.

These efforts have been substantially aided by a \$1.9 million grant from Commercialisation Australia. This non-dilutive funding, which is specifically tied to preparation for production and roll-out of CardioCel® across key markets, is further validation of our technology and how close it is to reaching market approval and commercialisation.

We are very much looking forward to a very successful financial year ahead and would again like to thank you our shareholders for your continued support and hope you enjoy this newsletter.

Yours sincerely,

Christopher Catlow
Chairman



FACT:

Congenital Heart Disease is a major cause of infant death globally. In Australia, CHD prevalence has been recorded at around eight cases per 1,000 live births.

Government grant bolsters CardioCel® launch

Allied Healthcare Group was granted \$1.9 million by Commercialisation Australia to aid in the roll out of CardioCel® to key global markets. This money is provided under a matching-funding arrangement. This means for every dollar spent by the Company towards CardioCel®'s launch in new markets, the Commonwealth will provide an equal amount in matching funding, with their total potential contribution capped at \$1.9 million. This new and non-dilutive funding is being received by the Company from now until August 2013. It comes at an opportune time for the Company as applications for marketing approval have been submitted in key markets.

In April Allied announced lodgment of its Premarket Notification 510(k) Submission for CardioCel® in the US - the largest global market for regenerative medicine in world.

We have also lodged an application for CE Mark approval for CardioCel® which will provide the regulatory approval we need to enter the European market.

Allied anticipates launching CardioCel® in a number of new major markets in 2013/14 and we have already established key centres in the US in anticipation of gaining marketing approval. The \$1.9 million in funding will also assist in ongoing studies that we are conducting under the Authorised Prescriber Scheme in Australia and which continue to demonstrate CardioCel®'s superiority over gold-standard products currently available on the market. With the growth and interest in the use of CardioCel® from Australian surgeons currently using the product, and the pending market approval in Europe, we expect to be generating revenues from our lead regenerative medicine product later this year.

Sign up to continue to receive Allied's newsletter

Our next newsletter will change to an e-news format in an effort to cut down on unnecessary production costs, as well as to provide real-time information to interested parties.

This newsletter is the **final** paper version to be released. If you're interested in continuing to receive Allied's company newsletter please update your Computershare profile by filling in the enclosed "Go Online" form and posting or following the online instructions as detailed on the form.

The first investor e-newsletter will be sent out fourth quarter 2013. We will continue to upload the e-newsletter to the Company website and lodge with the ASX.



Michael Douglas sheds light on taboo, highlighting need for Allied's new vaccine

Hollywood actor Michael Douglas' reported comments which linked his throat cancer to oral sex and human papillomavirus (HPV) infection placed a rare media spotlight on the taboo topic this month.

It also underscored the need for a next-generation HPV vaccine which can also treat the condition, such as the vaccine in development by Allied Healthcare Group with Professor Ian Fraser and his team.

This public discussion has highlighted not only an important public health message, but the need for a vaccine which can also stop those with existing HPV infections from progressing to cancer.

Currently available HPV vaccines (Gardasil® and Cervarix®) prevent HPV transmission and so only benefit those who are yet to contract the infection.

Professor Ian Fraser, who's research led to the existing HPV vaccines, is working with Allied Healthcare Group in leading the development of the next generation of vaccines that would

provide a treatment benefit to those who already have HPV. Recent pre-clinical studies have shown the vaccine clears the virus and stops the progress of HPV related cancer.

HPV is one of the most common sexually transmitted diseases in the world and is known to cause 5% of all cancers, with cervical cancer in women being one of these.

Of the 50% of people infected with HPV it is known that this occurs within three years of becoming sexually active. It resolves in almost all cases but in approximately 2% of those people the virus causes a persistent infection that results in an increased life-time risk of HPV-related genital or oral cancers.

Unlike cervical cancer in women there are no screening programs to provide early detection of HPV-related cancer in men and so a HPV vaccine treatment would be of particular benefit to many.

The commercial market for such a vaccine is assessed at over \$1.3 billion per annum.

Growing support for CardioCel®

Due to its lack of toxicity and calcification at the site of repair, CardioCel® has the ability to greatly improve patient outcomes by reducing the need for repeat surgeries later in life.

We are seeing a growing appreciation of this among the medical community with surgeons also noting a further benefit in terms of ease of use compared to alternative tissue products. This is something that we have fostered locally and in overseas markets.

CardioCel® is currently available in Australia for use under the Authorised Prescriber Scheme (APS) and Investigator initiated study scheme (IIS). Since our last newsletter the number of surgeons approved to use CardioCel® under early access schemes has increased from one to six. The additional surgeons to gain early access to CardioCel® include Dr Nelson Alphonso, Director of Paediatric Cardiac Surgery at the Mater Hospital in Brisbane and Dr Homayoun Jalaji, Brisbane-based paediatric and adult heart surgeon. They join Dr Tom Karl also based at the Mater and the first surgeon to be APS approved to use CardioCel®.

Leading cardiac surgeon Professor Christian Brizard has undertaken a trial at a Melbourne based hospital under the early access clinical trial scheme to use CardioCel®. The early access clinical trial scheme will enroll up to 40 patients with CHD.

In the coming months we anticipate further approvals under the APS and hope to see CardioCel® widely used by 2014.

The APS grants surgeons early access to use CardioCel® for the treatment and repair of congenital heart defects.



Allied's first-in-class HSV-2 vaccine enters Phase I trials

Allied's herpes virus (HSV-2) vaccine, which aims to both prevent transmission and treat the infection, has progressed to its first human trial. The Company recently announced that ethical approval has been granted to conduct a Phase 1 clinical trial to be done in Queensland, to test safety and dose-ranging factors.

The move into the clinic represents a major milestone for us and will offer hope to many people affected by this highly-prevalent infection for which there currently is no cure.

The aim of the study is to explore the safety of the vaccine on people as well as exploring its potential to stimulate the immune system against the virus.

HSV-2 is the major cause of genital herpes. Current therapy involves antiviral drugs which can reduce, but not eliminate, outbreaks and viral shedding and so do not prevent spread of the disease.

Genital herpes can cause discomfort and have serious health implications for babies born to infected women.

HSV-2 is the major cause of genital herpes.