



**ABN 35 088 221 078**

# **OFFER DOCUMENT**

For

A non-renounceable pro rata offer of New Shares at an issue price of \$0.05 each  
on the basis of one (1) New Share for every five (5) Shares  
held on the Record Date

This Offer Document is not a prospectus.

It does not contain all of the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding, or about the rights attaching to, the New Shares offered by this Offer Document.

**This document is important and requires your immediate attention.**

It should be read in its entirety. If you do not understand its content or are in doubt as to the course you should follow, you should consult your stockbroker or professional adviser without delay.

**This Offer opens at 9.00am (Sydney Time) on 3 October 2013 and closes at 5:00pm (Sydney Time) on 18 October 2013.**

**Valid acceptances must be received before the Offer closes.**

**Please read the instructions in this document and on the accompanying Entitlement and Acceptance Form regarding the acceptance of your entitlement.**

**NOT FOR RELEASE INTO THE UNITED STATES OR TO U.S. PERSONS OR IN ANY JURISDICTION  
WHERE THIS DOCUMENTATION DOES NOT COMPLY WITH THE RELEVANT REGULATIONS**

## Important Information

This Offer Document is issued pursuant to section 708AA of the Corporations Act 2001 (Cth) for the offer of New Shares without disclosure to investors under Part 6D.2 of the Corporations Act. This Offer Document has been prepared by Allied Healthcare Group Limited ABN 35 088 221 078 and was lodged with ASX on 23 September 2013. ASX takes no responsibility for the content of this Offer Document.

This Offer Document is not a prospectus and does not contain all of the information that an investor would find in a prospectus or which may be required by an investor in order to make an informed investment decision regarding, or about the rights attaching to, New Shares. Nevertheless, this Offer Document contains important information and requires your immediate attention. It should be read in its entirety. If you are in any doubt as to how to deal with this Offer Document, you should consult your professional adviser as soon as possible.

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Offer Document. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer.

### Eligibility

Applications for New Shares by Eligible Shareholders can only be made on an **original** Entitlement and Acceptance Form, as sent with this Offer Document. The Entitlement and Acceptance Form sets out an Eligible Shareholder's entitlement to participate in the Offer.

Applications for Shortfall Shares must be made on the Entitlement and Acceptance Form enclosed with a copy of this Offer Document. The issue of Shortfall Shares will be determined by the Company acting reasonably and in consultation with the Underwriter, subject to any restrictions imposed by the Underwriting Agreement, the Corporations Act and the Listing Rules. More information on the Shortfall Offer is contained in Section 2.7.

### Overseas shareholders

No action has been taken to permit the offer of New Shares under this Offer Document in any jurisdiction other than Australia, New Zealand, Hong Kong and Singapore. The distribution of this Offer Document in jurisdictions outside Australia, New Zealand, Hong Kong and Singapore may be restricted by law and therefore persons outside of Australia, New Zealand, Hong Kong and Singapore and into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of applicable securities laws. Applications from Shareholders with a registered address in a jurisdiction other than Australia, New Zealand, Hong Kong or Singapore will not be accepted.

This Offer Document does not constitute an offer of New Shares in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Offer Document.

### Privacy

The Company collects information about each Applicant provided on an Entitlement and Acceptance Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's security holding in the Company.

By submitting an Entitlement and Acceptance Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Entitlement and Acceptance Form for the purposes set out in this Offer Document and may disclose it for those purposes to the Company's share registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process your Application. An Applicant has a right to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

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## Chairman's Letter

Dear Shareholders

On behalf of the Directors and management, I am pleased to offer you the opportunity to invest in Allied Healthcare Group Limited through this fully underwritten, non-renounceable pro rata Offer of New Shares.

The Offer will provide Shareholders with the right to subscribe for 1 New Share for every 5 Shares held on the Record Date each at an issue price of \$0.05. If fully subscribed, the Offer will raise approximately \$10.4 million before costs and expenses, which are expected to be approximately \$562,000 (including the Underwriting Fee).

The Offer is fully underwritten by RBS Morgans Corporate Limited (**Morgans**). Accordingly, any entitlement not taken up pursuant to the Offer will, after any applications made by Eligible Shareholders to take up additional New Shares under the Shortfall Offer, form part of the shortfall and be dealt with by Morgans as the underwriter. Morgans has received a commitment to sub-underwrite 50% of the underwritten amount from Forrest Family Investments Pty Ltd in its capacity as trustee for The Peepingee Trust an associate of The Metal Group Pty Ltd (**TMG**). As at the date of this Offer Document, TMG intends to take up its full entitlement as an existing Shareholder under the Offer.

The Company is undertaking the Offer to continue the growth and progress of the existing programs further along the development pathway towards commercialisation and ultimately towards profitability for the Company.

The Company is growing into an integrated healthcare company with growing revenues, with a strong franchise and product range in the infusion and cardiac area in Australia and New Zealand and launching its lead regenerative tissue product in global markets to treat and repair cardiovascular defects; an emerging pipeline of regenerative tissue products in development via its regenerative medicines subsidiary and developing prophylactic and therapeutic vaccines based on technology developed by Professor Ian Frazer. Professor Frazer is best known for his work in developing the currently approved and globally marketed HPV prophylactic vaccine Gardasil® to prevent cervical cancer.

In Section 1 you will find an overview of the Company and an update on the Company's activities. I would like to highlight several key advances the Company has made over the past 5 months as follows:

- the initiation of the Company's lead vaccine Phase 1 study targeting the herpes virus as well as an update that the first 2 cohorts in the vaccine trial were successfully dosed. No safety issues raised in the first human trial of the vaccine;
- the Company's lead regenerative tissue product CardioCel® was granted its CE Mark to allow the Company to commence marketing and selling activities of the product in Europe;
- an additional cardio thoracic surgeon in Australia has been approved for early access to use CardioCel® under the Authorised Prescriber Scheme. There are now 6 surgeons in Australia that have received early access to use CardioCel®;
- CardioCel® received a \$1.9 million grant for the Company to commercialise CardioCel® in global markets;
- a leading cardiac surgeon presented CardioCel®'s heart valve study data at the American Association for Thoracic Surgeon's Heart Valve Conclave meeting in New York City; and
- revenue growth for the financial year ending 30 June 2013 had increased to \$7.4 million.

This Offer enables the Company to, amongst other things, make a further strategic investment to further develop the vaccine programs; scale up manufacturing and launch our lead regenerative tissue product in overseas markets; begin preparing for extension studies of our regenerative tissue product and pipeline, and strengthen our sales and marketing division.

For additional information on the use of funds raised from the capital raising, please refer to Section 2.3.

The Company is looking forward to the following over the next 12 to 24 months:

- initial sales of CardioCel<sup>®</sup> in Europe;
- interim Phase I study results for the HSV vaccine;
- US FDA approval for CardioCel<sup>®</sup>;
- use of CardioCel<sup>®</sup> by cardiothoracic surgeons in adult patients;
- 2013/14 revenue results, including sales from CardioCel<sup>®</sup>;
- expanded use of CardioCel<sup>®</sup> for other cardiac and related indications;
- additional product development studies for other ADAPT<sup>®</sup> product tissue products; and
- preparation for the first HPV therapeutic clinical study.

To apply for New Shares under the Offer, you must complete the Entitlement and Acceptance Form accompanying this Offer Document before the Closing Date.

I encourage you to read the Offer Document in its entirety before making your investment decision. Risk factors associated with the investment in the Company that you may wish to consider is set out in Section 4.

On behalf of the Board, I recommend this Offer to you and look forward to your continuing investment in the Company. I thank you for your ongoing support as a Shareholder.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'C Catlow', is positioned above the printed name of the Chairman.

**Christopher Catlow**  
Chairman

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# **1. Update on Company Activities**

## **1.1 Overview**

The Company is focused on growing an integrated healthcare company. The Company currently has 3 divisions within the group, all at various stages of potential revenue generation and profitability, as follows:

- (a) **Sales & Marketing:** Our sales, marketing and distribution teams currently generate around \$7.4 million in revenue to the Company, with the potential to grow this revenue significantly. The Company has an existing distribution network throughout Australia and New Zealand and has recently established sales teams in Europe and the US to prepare for launching the Company's lead regenerative tissue product CardioCel®.
- (b) **Regenerative Medicine:** Celxcel is the Company's regenerative tissue business. Through Celxcel, the Company is developing CardioCel® for the cardiac repair and reconstruction market. Recently the Company received CE mark for the product for European approval and is pursuing approval in the US which it anticipates in 2014. The core technology is a tissue treatment process (known as ADAPT®), which can be applied to a number of tissue types and therefore, can be used to generate a range of products for the surgical treatment and repair of soft tissue defects. With a range of products and applications being developed, this division has the potential to generate products for the Company to increase its sales revenue significantly as these products come to market; and
- (c) **Therapeutic Vaccines:** Coridon is the Company's vaccine subsidiary and is developing DNA vaccines for the prevention and treatment of viral infections and cancer. The company has a platform technology from which numerous vaccines can be generated in markets with unmet medical needs and high commercial appeal. The company has initiated its initial clinical studies for the first of its next generation vaccine programs for the prevention and treatment of the herpes virus, for which there are currently no vaccines available. The company also has an active program for a HPV vaccine for the treatment of cervical cancer.

## **1.2 Allied Medical (100% owned by the Company)**

Via its sales and marketing division Allied Medical Pty Ltd, Allied sells a range of infusion and cardiac medical devices throughout Australia and New Zealand. Over the past 10 years this division has averaged over 20% growth in sales per annum and last year the team generated \$7.4 million in sales across its product range. The Company continues to see strong demand for the products and aims for continued growth in earnings. The Company currently supplies products to over 800 hospitals, hospices and healthcare providers across Australia and New Zealand and has recently established sales teams in Europe and the US to prepare for the launch of its lead regenerative tissue product CardioCel®.

The infusion portfolio includes whole of hospital infusion delivery systems that support patients in ICU, theatre and in general wards and a range of portable medical devices that are used for patient controlled pain management both in and out of hospital. The Company has exclusive licenses for products ranging from unique drug delivery system sets to portable infusion pumps and markets these to hospitals and hospices across Australia and New Zealand. In late 2012 the Company announced it won a 5 year supply tender to the Mater Misericordiae Hospital in Townsville for a state of the art Hospital wide infusion management system.

The Company sees the continued growth in the future through the expanding trend of getting patients mobile and out of the hospital sooner, particularly given the quality of its portable infusion pumps and complementary drug delivery range. This has the added benefit of potentially reducing the overall burden on the hospital system if patients can be moved out of hospital beds due to products like those sold by the Company. The quality of the Company's products and an ability to leave hospital sooner is also a benefit to patients. The role that these products play in the treatment of patients results in a number of these products being reimbursed.

The Company's sales and marketing division continues to perform due to the quality of its sales teams across the territories. Through its experiences with this sales and management teams and registering products and selling them in Australia and New Zealand, the Company is able to leverage this experience for the launch of its internally developed regenerative tissue products in the international markets.

In addition to providing revenue of \$7.4 million to the Company, the sales and marketing division provides expertise in product registration, distribution and customer uptake which is expected to prove extremely beneficial in the future with other products, in particular internally developed products like CardioCel®.

### **1.3 Regenerative Medicine (Celxcel - 79% owned by the Company)**

The company is developing a tissue engineering and regenerative medicine franchise based on the platform technology called the ADAPT® Tissue Engineering Process (TEP). The ADAPT® technology is a process for treating biological tissue prior to being used in surgery for the repair and reconstruction of soft tissue defects and disorders, such as congenital heart defects. Some of the advantages of the technology are:

- (a) no immune response
- (b) prevents calcification post implantation, a major benefit over all existing implant tissue;
- (c) no degeneration of the tissue post-surgery.
- (d) easy to use;
  - (i) stored at room temperature
  - (ii) saline rinse for 2 minutes only prior to implantation;
  - (iii) sterilizes tissue and de-natures biological material creating a matrix material
- (e) retains tensile strength;
- (f) easily stored, ready to use product;
- (g) clear biocompatibility (NAMS certified);
- (h) potential to incorporate cell therapies including stem cells (a potential stem cell delivery matrix);
- (i) patent protected;
- (j) additional trade secret protected methods;
- (k) broad range of applications in surgical procedures (see below);



One of the major issues facing patients and surgeons alike is the build-up of calcium (calcification) in implanted tissue post-surgery. The ADAPT<sup>®</sup> technology was designed specifically to address this issue and the result is manufacturing and processing technology that produce tissue products for a broad range of surgical uses from a range of source tissues.

The lead product in the regenerative medicine business is CardioCel<sup>®</sup>, a tissue patch used by surgeons in the repair and reconstruction of congenital heart disease and other cardiac defects and disorders in both children and adults. In August 2013 the Group received the CE mark for CardioCel<sup>®</sup>, allowing the product to be marketed and sold in Europe. Earlier this year the company also submitted a 510 (K) application to the FDA to seek US marketing approval.

In the second half of 2012, the Company also announced that surgeons had received early access to CardioCel<sup>®</sup> for use in surgery in Australia via the Authorised Prescriber Scheme. Through early access Schemes, 6 surgeons have now received access to CardioCel<sup>®</sup> and around 60 patients have received the CardioCel<sup>®</sup> implant to repair their heart defect.

The strategy for Allied Healthcare Group is to use the ADAPT<sup>®</sup> process to produce a number of products for the cardiac surgical market, such as CardioCel<sup>®</sup>, and then look into expanding into other applications that could include the following:

- (a) repair and treatment of cardiovascular defects caused by congenital heart disease in children and later in adults. In Australia, approximately 8 - 10 children are born with CHD for every 1,000 live births.
- (b) replacement of existing tissue heart valves with CardioCel<sup>®</sup> tissue. This is a significant market with around 100,000 heart valve operations per annum in US alone.
- (c) repair of hernias replacing the use of synthetic material in the procedures and therefore preventing the issues associated with synthetic material such as infections and rejection. In preclinical testing Allied has shown that its ADAPT<sup>®</sup> tissue has superiority over synthetic products while maintaining the tensile strength.
- (d) surgical repair of the pelvic floor eliminating the use of synthetic material, as in the hernia repair procedure.
- (e) ADAPT<sup>®</sup> tissue could be used as a platform for the delivery of cellular therapies, such as stem cells. In 2012, Allied worked with CSIRO exploring the potential of ADAPT<sup>®</sup> tissue as a platform for stem cell delivery. The study showed that compared to industry standard tissue, the Group's tissue was far superior, with stem cells surviving for up to 28 days, while stem cells on the comparative tissue had not survived past 7 days. Furthermore, as well as surviving out to 28 days, some cells had begun to replicate. The applications for using the ADAPT<sup>®</sup> tissue are extensive if used as a delivery platform for cellular therapies and the Company will continue to explore this further in the future. Patents protecting the ADAPT<sup>®</sup> TEP technology have been filed in major global markets.

Over the coming 12 months Allied anticipates a number of meaningful milestones from this business, in particular:

- (i) Initial sales of CardioCel<sup>®</sup> in Europe by our sales division
- (ii) US marketing approval
- (iii) Development of additional regenerative tissue products and extension studies

- (f) In May, 2013, the Company also announced that it had received a \$1.9M Commercialisation Australia grant, a program supported by the Australian Government. The peer reviewed grant is to assist in the commercialisation and preparation for the launch of CardioCel<sup>®</sup> into the global markets.

#### **1.4 Therapeutic Vaccines (Coridon) (52% owned by Allied Healthcare Group)**

Allied, in conjunction with Professor Ian Frazer, is developing a platform technology for the development of therapeutic vaccines, also known as immunotherapies. The basis for the technology is to develop a vaccine like treatment for a number of diseases. Although the technology can target a broad range of viral, bacteria and cancer related diseases, the Company is initially focused on developing a therapeutic vaccine for the treatment of genital herpes (Herpes Simplex virus - HSV) and HPV (human papillomavirus).

Over the past 12 months Professor Frazer and the team have made significant progress on the HSV-2 and HPV vaccines. These have culminated in the lead program for HSV, recently entering into a Phase I study and positive pre-clinical results for the HPV vaccine.

The core technology is a treatment that is aimed at stimulating both the cellular and humoral components of the immune system to more effectively prevent infection and as well as clearance of the virus from the body. Therefore acting as both a preventative and therapeutic treatment against a disease.

##### **Genital Herpes Program (HSV-2)**

Based on promising pre-clinical data, the team have progressed the lead program into a Phase I study. In pre-clinical studies, the therapeutic vaccine was shown to totally clear the herpes virus, even when the infection rate was 50 and 500 times the lethal amount of virus.

The Phase I study is well underway with interim results due at the end of 2013 and the full results due in 2014. The study is designed to explore the safety of the therapeutic vaccine as well as its ability to stimulate both sides of the immune system. Subjects entering the study are negative for the virus, with no prior exposure to either genital herpes or cold sores. If the subjects have had no prior exposure to the virus and therefore have neither antibodies nor t-cells against the herpes virus, once treated the subjects will have antibodies and T-cells active against the virus. This would therefore provide them with immunity and an ability to fight off the virus if ever exposed. It would also show that the therapeutic vaccine is able to arm both sides of the immune system against infection and therefore act as both a preventative and treatment against the virus.

Currently there is no cure for genital herpes. The US Centre for Disease Control estimates that around 16%, or 1 in 6 people in the US between the ages of 14 and 49 are infected with genital herpes and the numbers are higher for herpes simplex 1 (cold sores).

##### **HPV Treatment**

In addition to HSV-2, Professor Ian Frazer and the team are targeting a treatment vaccine for Human Papillomavirus (HPV). Earlier this year, the Company announced successful results from pre-clinical studies which showed that treatment in the HPV therapeutic vaccine was able to stop the progression of HPV related cancer. The Company is now doing additional studies ahead of progressing this program into clinical studies in 2014/15.

## 1.5 Future Allied Healthcare Group Milestones

Over the past 12 months the Group has hit all its anticipated milestones. The next 12 to 24 months is shaping up to be an exciting period for Allied Healthcare Group and below is a list of pending milestones for the Company.

- (a) Initial sales of CardioCel<sup>®</sup> in Europe;
- (b) Interim Phase I study results for the HSV vaccine;
- (c) US FDA approval for CardioCel<sup>®</sup>;
- (d) Use of CardioCel<sup>®</sup> by cardiothoracic surgeons in adult patients;
- (e) 2013/14 revenue results, including sales from CardioCel<sup>®</sup>;
- (f) Expanded use of CardioCel<sup>®</sup> for other cardiac and related indications;
- (g) Additional product development studies for other ADAPT<sup>®</sup> product tissue products;  
and
- (h) Initiation of the first HPV therapeutic clinical study.

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## 2. Details of the Offer

### 2.1 The Offer

The Company is making a fully underwritten, non-renounceable pro rata offer of New Shares at an issue price of \$0.05 each on the basis of one (1) New Share for every five (5) Shares held on the Record Date, in accordance with section 708AA of the Corporations Act to raise approximately \$10,431,885 (before costs) (**Offer**).

The proceeds from the Offer will be used by the Company to undertake a number of strategic business opportunities outlined in Section 2.3.

As at the Record Date, the Company expects to have on issue 1,043,188,528 Shares and 85,450,000 Options. 208,637,705 New Shares will be issued under the Offer (assuming no Options are exercised before the Record Date). If all of the existing Options are exercised before the Record Date, a total of 225,727,705 New Shares will be issued under the Offer.

Where the determination of the entitlement of any Eligible Shareholder results in a fraction of a New Share, such fraction will be rounded down to the nearest whole New Share.

This Offer Document is also for the offer of the Shortfall Shares to Eligible Shareholders. Refer to Section 2.7 for further information and details of the Shortfall Offer.

The Directors considered alternative capital raising options and underwriting arrangements with professional underwriters and consider that the Offer and the underwriting arrangements described in this Offer Document are the best alternative available to the Company and Shareholders generally.

### 2.2 Timetable

Event	Date
Ex Date	25 September 2013
Record Date (date for determining entitlements of Eligible Shareholders to participate in the Offer) (5pm Sydney Time)	1 October 2013
Offer Document Despatched to Eligible Shareholders (expected date of despatch of Offer Document and Entitlement and Acceptance Forms)	3 October 2013
Opening Date	3 October 2013
Last day to notify ASX of any extension to the Closing Date	10 October 2013
Closing Date (5pm Sydney Time)*	18 October 2013
New Shares quoted on a deferred settlement basis	21 October 2013
Company to notify ASX of under subscriptions (if any) **	23 October 2013
Anticipated date for issue of the New Shares	24 October 2013
Despatch holding statements **	25 October 2013

These dates are determined based upon the current expectations of the Directors and may be changed in accordance with the Listing Rules.

\* Subject to the Listing Rules and the Underwriting Agreement, the Directors reserve the right to extend the Closing Date for the Offer at their discretion. Should this occur, the extension will have a consequential effect on the anticipated date of issue for the New Shares.

\*\* These dates are indicative only.

## 2.3 Use of Funds

Completion of the Offer will raise approximately \$10,431,885 (before costs), assuming that no Options are exercised prior to the Record Date.

The funds raised from the Offer are proposed to be expended as follows:

Description	Approximate \$
Fund the HSV2 vaccine Phase 1 human study and HPV therapeutic vaccine development and preparation for Phase 1 human study	\$3,000,000
Launch and increased marketing efforts for CardioCel <sup>®</sup> in Europe	\$2,000,000
Continued progression of US regulatory approval for CardioCel <sup>®</sup>	\$1,000,000
Scale-up manufacturing, increase inventory and support for CardioCel <sup>®</sup>	\$1,500,000
Further product development and clinical studies for ADAPT <sup>®</sup> prepared tissue products	\$2,000,000
Provide further working capital	\$370,291
Cost of the Offer	\$561,594
<b>Total funds raised under the Offer</b>	<b>\$10,431,885</b>

The proposed use of funds table is indicative only and is subject to change.

## 2.4 Capital Structure on Completion of the Offer

	Number of Shares	Number of Options
Balance at the date of this Offer Document	1,043,188,528	85,450,000 <sup>(1)</sup>
To be issued under the Offer <sup>(2)</sup>	208,637,705	Nil
<b>Balance after the Offer</b>	<b>1,251,826,233</b>	<b>85,450,000<sup>(1)</sup></b>

- (1) The 85,450,000 Options consist of:
- (i) 15,300,000 Options with an exercise price of \$0.095 and an expiry date of 18 June 2018;
  - (ii) 2,000,000 Options with an exercise price of \$0.06 and an expiry date of 1 March 2018;
  - (iii) 2,800,000 Options with an exercise price of \$0.06 and an expiry date of 18 May 2017;
  - (iv) 7,000,000 Options with an exercise price of \$0.06 and an expiry date of 10 July 2016;
  - (v) 53,350,000 Options with an exercise price of \$0.06 and an expiry date of 10 July 2016; and
  - (vi) 5,000,000 Options with an exercise price of \$0.10 and an expiry date of 22 October 2014.
- (2) The number of New Shares to be issued under the Offer assumes that no Options are exercised before the Record Date.

## 2.5 Entitlements and acceptance

The entitlement of Eligible Shareholders to participate in the Offer is determined on the Record Date. Your entitlement is shown on the Entitlement and Acceptance form accompanying this Offer Document.

Acceptance of a completed Entitlement and Acceptance Form by the Company creates a legally binding contract between the Applicant and the Company for the number of New Shares and/or Shortfall Shares accepted by the Company. The Entitlement and Acceptance Form does not need to be signed to be a binding acceptance of New Shares or Shortfall Shares.

If the Entitlement and Acceptance Form is not completed correctly it may still be treated as valid. The Directors' decision as to whether to treat the acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

## 2.6 No rights trading

The rights to New Shares under the Offer are non-renounceable. Accordingly, there will be no trading of rights on the ASX and you may not dispose of your rights to subscribe for New Shares under the Offer to any other party. If you do not take up your entitlement to New Shares under the Offer by the Closing Date, the Offer to you will lapse.

Any New Shares not taken up by an Eligible Shareholder by the Closing Date will form part of the shortfall and will be dealt with firstly under the Shortfall Offer and then by the Underwriter.

## 2.7 Shortfall Offer

The Directors reserve the right to issue the Shortfall Shares at their discretion.

It is the current intention of the Directors that, subject to any restrictions imposed by the Underwriting Agreement, the Corporations Act and the Listing Rules, the Company acting reasonably and in conjunction with the Underwriter will determine acceptances of applications by Eligible Shareholders for Shortfall Shares (**Shortfall Offer**).

The offer of any Shortfall Shares is a separate offer made pursuant to this Offer Document. The issue price of the Shortfall Shares will be \$0.05 each, being the same price as the New Shares being offered under this Offer Document.

Applications for Shortfall Shares can be made by Eligible Shareholders by completing and returning the relevant part of the Entitlement and Acceptance Form.

The Directors intend to fully satisfy any application by an Eligible Shareholder for Shortfall Shares, subject only to the limitation that Shortfall Shares will not be allocated so as to increase an Eligible Shareholder's relevant interest in the Company above 20% or if the Shortfall Offer is oversubscribed by Shareholders, the Company intends to pro-rata scale back Shareholder applications for the Shortfall Shares.

The Company, acting reasonably in consultation with the Underwriter, reserves the right to issue to an Applicant for Shortfall Shares a lesser number of Shortfall Shares than the number applied for. If the number of Shortfall Shares issued is less than the number applied for in an Entitlement and Acceptance Form surplus Application Monies will be refunded in full. Interest will not be paid on any Application Monies refunded.

Refer to Section 3.3 for instructions as to how to apply for Shortfall Shares.

Any remaining shortfall after the issue of the Shortfall Shares applied for under the Shortfall Offer will be dealt with in accordance with the Underwriting Agreement.

## **2.8 Underwriting**

The Offer is fully underwritten by RBS Morgans Corporate Limited (**Underwriter**) pursuant to an underwriting agreement between the Underwriter and the Company dated 23 September 2013 (**Underwriting Agreement**).

Pursuant to the Underwriting Agreement, the Underwriter has agreed to fully underwrite all of the New Shares the subject of the Rights Issue offer at the issue price of \$0.05 (**Underwritten Amount**).

The Company has agreed to pay the Underwriter a fee of 5% of the amount raised under the Offer (**Underwriting Fee**).

The Underwriting Fee is not payable by the Company in the event of the following:

- (a) the Company terminates the Underwriting Agreement as a result of a material breach of the Underwriting Agreement by the Underwriter;
- (b) the Underwriter terminates the Underwriting Agreement (see below for a summary of the termination rights of the Underwriter); or
- (c) the Offer does not otherwise proceed.

The Underwriting Agreement also contains a number of indemnities, representations and warranties from the Company to the Underwriter that are considered standard for an agreement of this type.

The Underwriter may terminate its obligations under the Underwriting Agreement if any one or more of the events described in the Schedule occurs at any time prior to the Closing Date.

## **2.9 Sub-underwriting**

The Underwriter has received a commitment from Forrest Family Investments Pty Ltd in its capacity as trustee for The Peepingee Trust (**Sub-Underwriter**), an associate of TMG (a substantial shareholder of the Company), to sub-underwrite 50% of the Underwritten Amount.

In addition to the Sub-Underwriter, the Underwriter intends to procure sophisticated and professional investors to sub-underwrite up to the remaining 50% of the Underwritten Amount. The Underwriter has discretion as to the identity of these additional sub-underwriters and may, after applications under the Shortfall Offer have been considered, nominate the allottees of all or any of the shortfall under the Offer provided that the Underwriter must first consult with the Company.

It is intended that the allocation of any shortfall between the Sub-Underwriter and the Underwriter (including any other sub-underwriters procured by the Underwriter) will be on an equal basis. That is, the Sub-Underwriter and the Underwriter (including any other sub-underwriters procured by the Underwriter) will each subscribe for 50% of any remaining shortfall after the issue of the Shortfall Shares to Eligible Shareholders under the Shortfall Offer.

Any sub-underwriting fees payable will be the responsibility of the Underwriter.

A commission of 1.5% of the 50% of the Underwritten Amount will be paid to the Sub-Underwriter by the Underwriter. The sub-underwriting agreement also contains a number of indemnities, representations and warranties from the Sub-Underwriter to the Underwriter that are considered standard for an agreement of this type.

## 2.10 Potential effect on control

As at the date of the Offer Document, the only substantial Shareholder of the Company is TMG, which has a relevant interest in 176,571,070 Shares (constituting a voting power of 16.93%). As noted in Section 2.9, TMG is associated with the Sub-Underwriter. The Company considers that the underwriting arrangements described in this Offer Document are the best alternative available to the Company and Shareholders generally.

The following table shows the number of New Shares and approximate voting power of TMG (which includes the interest of the Sub-Underwriter as it is an associate of TMG) after completion of the Offer, assuming different levels of acceptances by Eligible Shareholders and that no Eligible Shareholders apply for additional shares under the Shortfall Offer.

<b>Event</b>	<b>Number of Shares in which TMG and its associates have a relevant interest</b>	<b>Voting power of TMG (including the interests of the Sub-Underwriter) (%)</b>
Date of Offer Document	176,571,070	16.93
Entitlement Offer is fully subscribed (no shortfall)	211,885,284	16.93
75% acceptance of non-TMG entitlements and 100% acceptance of TMG entitlement	233,550,720	18.66
50% acceptance of non-TMG entitlements and 100% acceptance of TMG entitlement	255,216,157	20.39
0% acceptance of non-TMG entitlements and 100% acceptance of TMG entitlement	298,547,030	23.85

TMG has indicated it intends to subscribe for its full entitlement of 35,314,214 New Shares under the Offer.

Pursuant to the sub-underwriting agreement, the Sub-Underwriter and TMG may acquire a relevant interest in up to 121,975,960 New Shares for a total of \$6,098,798. As highlighted in the table, TMG's voting power will not increase above 23.85% regardless of up-take by other Shareholders.

If Eligible Shareholders (other than TMG) take up additional New Shares under the Shortfall Offer, the proportion that the Underwriter, the Sub-Underwriter and any other sub-underwriter would hold as a result of the shortfall would decrease by the proportion of New Shares applied for under the Shortfall Offer.



No Shareholder other than TMG may obtain a relevant interest in over 20% of the Shares on issue as a result of the Offer and the Shortfall Offer. The Directors will not issue any Shares or Shortfall Shares to Shareholders (other than TMG as illustrated above) to the extent that it would increase their shareholding in the Company above 20%.

The Underwriter has agreed that in the event that an application for Shares includes subscriptions for Shortfall Shares, the Company will issue Shortfall Shares as determined by the Company acting reasonably and in conjunction with the Underwriter. The Company anticipates using this right to avoid the Sub-Underwriter obtaining more than 20% shareholding in the Company.

While the Sub-Underwriter can theoretically acquire a greater degree of control of the Company as a result of the Offer, the Company does not anticipate that this will occur given the structure of the Offer and the reasons set out in this Section.

It is the intention of the Directors to firstly allocate the Shortfall Shares so as not to increase TMG's (and the Sub-Underwriter's) voting power in the Company.

TMG (and the Sub-Underwriter) have severally informed the Company that, if it were to gain control of the Company by virtue of the sub-underwriting the Offer they would:

- (a) generally continue the business of the Company;
- (b) not make any major changes to the business of the Company. TMG (and the Sub-Underwriter) has no present intention to inject further capital into the Company; and
- (c) continue the employment of the Company's present employees.

The intentions and statements of future conduct set out above must also be read as being subject to the legal obligations of the Directors at the time, to act in good faith in the best interest of the Company and for proper purposes and to have regard to the interests of Shareholders.

The implementation of TMG (and the Sub-Underwriter's) current intentions will be subject to the law (including the Corporations Act), the Listing Rules and the Company's constitution. In particular, the requirements of the Corporations Act and the Listing Rules in relation to conflicts of interest and "related party" transactions will apply.

TMG (and the Sub-Underwriter) would only make a decision on its courses of action in light of material facts and circumstances at the relevant time and after it receives appropriate legal and financial advice on such matters, where required, including in relation to any requirements for Shareholder approval.

The statements above are of current intention only which may change as new information becomes available or circumstances change. The statements should be read in this context.

## **2.11 Opening and Closing Dates**

The Offer opens on the Opening Date, namely 3 October 2013. The Company will accept Entitlement and Acceptance Forms until 5:00pm (Sydney Time) on the Closing Date, namely 18 October 2013, or such other date as the Directors in their absolute discretion shall determine, subject to the Listing Rules.

## **2.12 Issue and despatch**

The expected dates for issue of New Shares offered by this Offer Document and despatch of holding statements is expected to occur on the dates specified in the timetable set out in Section 2.2.

It is the responsibility of Applicants to determine the allocation prior to trading in the New Shares. Applicants who sell New Shares before they receive their holding statements will do so at their own risk.

## **2.13 ASX listing**

Application will be made to the ASX for the official quotation of the New Shares. If the ASX does not grant quotation to the New Shares within 3 months after the date of this Offer Document (or such period as ASX allows), the Company will repay, as soon as practicable, without interest, all Application Monies received pursuant to the Offer.

## **2.14 CHESS**

The Company participates in the Clearing House Electronic Subregister System, known as CHESS. ASX Settlement Pty Ltd (a wholly owned subsidiary of ASX) operates CHESS in accordance with the Listing Rules and ASXS Operating Rules.

Under CHESS, Applicants will not receive a certificate but will receive a statement of their holding of New Shares.

If you are registered in the Issuer Sponsored subregister, your statement will be despatched by Computershare Investor Services Pty Ltd and will contain the number of New Shares issued to you under this Offer Document and your security holder reference number.

A CHESS statement or Issuer Sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their holding changes. Shareholders may request a statement at any other time, however there may be a charge associated with the provision of this service.

## **2.15 Overseas Shareholders**

No Offer will be made to Shareholders with a registered address outside Australia, New Zealand, Hong Kong or Singapore.

The Company is of the view that it is unreasonable to make the Offer to Shareholders outside Australia, New Zealand, Hong Kong or Singapore due to a small number of such Shareholders and the number and value of Shares these Shareholders would be offered, the cost of complying with applicable regulations in jurisdictions outside Australia, New Zealand, Hong Kong or Singapore and the administrative burden that will place on the Company in making the Offer available to Shareholders outside Australia, New Zealand, Hong Kong or Singapore.

**This Offer Document and accompanying Entitlement and Acceptance Form and Shortfall Form do not, nor are they intended to, constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an Offer.**

The Company has appointed a wholly owned subsidiary of the Underwriter, Berne No. 132 Nominees Pty <Company Corp Actions A/C> (registered broker nominee of RBS Morgans Limited (ABN 49 010 669 726 AFSL 235410) (**Nominee**) to act as nominee for the purposes of section 615 of the Corporations Act. The Company intends to apply to ASIC for approval of the Nominee to act as nominee for the purposes of section 615 of the Corporations Act.

For the purposes of section 615 of the Corporations Act, the Company must, at the issue price of \$0.05, issue to the Nominee the New Shares that would otherwise be issued to Shareholders as at the Record Date who have a registered address outside of Australia, New Zealand, Hong Kong and Singapore. The Nominee must then sell such New Shares at a price and otherwise in a manner determined by the Nominee in its sole discretion. Neither the Company nor the Nominee will be held liable for the sale of any such New Shares at a particular price or the timing of such sale. The proceeds of the sale of such New Shares (after deducting costs) will be distributed to those foreign Shareholders for whose benefit the New Shares are sold in proportion to their Shareholdings as at the Record Date. The proportional interests of Shareholders with a registered address outside of Australia, New Zealand, Hong Kong and Singapore will be diluted because such Shareholders are not entitled to participate in the Offer.

The Nominee will not receive an engagement fee.

## **2.16 Taxation implications**

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for New Shares under this Offer Document. The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders.

Shareholders should consult their professional tax adviser in connection with subscribing for New Shares under this Offer Document.

## **2.17 Risk factors**

An investment in New Shares should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are specific risks associated with an investment in the Company which are described in Section 4.

## **2.18 Enquiries concerning Offer Document**

Any questions in relation to this Offer Document should be directed to the Company Secretary by telephone on +61 (08) 9266 0100.

If you have any questions regarding the Entitlement and Acceptance Form, please contact:

Computershare Investor Services Pty Limited

**Telephone:** 1300 850 505 (within Australia)  
+61 (0)3 9415 4000 (outside Australia)

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### **3. Action Required by Shareholders**

#### **3.1 Acceptance of your entitlement under this Offer Document**

If you wish to accept your entitlement to New Shares in full, you should complete the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on the form and submit your acceptance either electronically by BPAY<sup>®</sup> or together with a cheque, bank draft or money order by mail to reach the Company's share registry prior to the Offer closing date. Please read the instructions carefully.

Please complete the Entitlement and Acceptance Form by filling in the details in the spaces provided and attach a cheque for the Application Monies indicated on the Entitlement and Acceptance Form.

##### **Payment by cheque**

Completed Entitlement and Acceptance Forms must be accompanied by a cheque, bank draft or money order in Australian dollars, crossed "Not Negotiable" and made payable to "Allied Healthcare Group Ltd" and be lodged at any time after the Opening Date, and on or no later than 5:00pm (Sydney time) on the Closing Date, at the Company's share registry (by post) at:

##### **By Post:**

Computershare Investor Services Pty  
Limited  
GPO Box 505  
MELBOURNE VIC 3001

##### **Payment by BPAY<sup>®</sup>**

Alternatively, entitlements may be accepted electronically using BPAY<sup>®</sup>, in which case you are not required to return the Entitlement and Acceptance Form. You can simply make payment for the total number of shares accepted by using the Biller Code and the personalised Reference Number set out in your Entitlement and Acceptance Form. You must ensure that acceptance and payment by BPAY<sup>®</sup> is received no later than 5pm (Sydney Time) on 18 October 2013.

Instructions for making payment by BPAY<sup>®</sup> are set out in your Entitlement and Acceptance Form. You should be aware that your own financial institution may impose earlier cut-off times with regards to electronic payments and you should therefore take this into consideration when making payment.

#### **3.2 Acceptance of PART of your entitlement under this Offer Document**

Should you wish to only take up part of your entitlement, then applications for New Shares under this Offer Document must be made on the Entitlement and Acceptance Form which accompanies this Offer Document, in accordance with the instructions referred to in this Offer Document and on the Entitlement and Acceptance Form. Please read the instructions carefully.

Complete the Entitlement and Acceptance Form by filling in the details in the spaces provided, including the number of New Shares you wish to accept and the Application Monies (calculated at \$0.05 per New Share accepted), and attach a cheque, bank draft or money order for the appropriate Application Monies.

Completed Entitlement and Acceptance Forms must be accompanied by a cheque in Australian dollars, crossed "Not Negotiable" and made payable to "Allied Healthcare Group Ltd" and be lodged at any time after the Opening Date, and on or before the Closing Date at the Company's share registry (by post) at the addresses listed in Section 3.1.

If paying via BPAY<sup>®</sup>, you should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the shareholder to ensure that funds are submitted through BPAY<sup>®</sup> by the date and time mentioned above. If you elect to pay via BPAY<sup>®</sup>, you must follow the instructions for BPAY<sup>®</sup> set out in the Entitlement and Acceptance Form and you will not need to return the Entitlement and Acceptance Form.

### **3.3 Shortfall**

If you are an Eligible Shareholder and wish to apply for Shares in excess of your entitlement by applying for Shortfall Shares you may do so by completing the relevant sections of the Entitlement and Acceptance Form, in accordance with the instructions referred to in this Offer Document and on the Entitlement and Acceptance Form. Any Shares applied for in excess of your entitlement will be applied for under the Shortfall Offer and will be determined by the Company acting reasonably and in consultation with the Underwriter. Please read the instructions carefully.

Completed Entitlement and Acceptance Forms must be accompanied by a cheque in Australian dollars, crossed "Not Negotiable" and made payable to "Allied Healthcare Group Ltd" and lodged at any time after the issue of the Opening Date and no later than 5.00pm (Sydney Time) on 18 October 2013 at the Company's share registry (by post) at the addresses listed in Section 3.1.

If paying via BPAY<sup>®</sup>, you should be aware that your own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the shareholder to ensure that funds are submitted through BPAY<sup>®</sup> by the date and time mentioned above. If you elect to pay via BPAY<sup>®</sup>, you must follow the instructions for BPAY<sup>®</sup> set out in the Entitlement and Acceptance Form and you will not need to return the Entitlement and Acceptance Form.

### **3.4 Entitlement not taken up**

If you do not wish to accept any of your entitlement under the Offer, you are not obliged to do anything. You will receive no benefit or New Shares and your entitlement under the Offer will become Shortfall Shares.

The number of Shares you hold and the rights attached to those Shares will not be affected should you choose not to accept any of your entitlement.

### **3.5 Enquiries concerning your entitlement**

If you have any questions in relation to your entitlement under the Offer, please contact:

Computershare Investor Services Pty Limited

**Telephone:** 1300 850 505 (within Australia)  
+61 (0)3 9415 4000 (outside Australia)

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## 4. Risk Factors

**The New Shares offered under this Offer Document are considered speculative.** The Directors strongly recommend Eligible Shareholders examine the contents of this Offer Document and consult their professional advisers before deciding whether to apply for the New Shares pursuant to this Offer. In addition, Eligible Shareholders should be aware there are risks associated with investment in the Company. There are certain general risks and certain specific risks which relate directly to the Company's business and are largely beyond the control of the Company and its Directors because of the nature of the business of the Company.

The summary of risk factors described below ought not to be taken as exhaustive of the risks faced by the Company or by Eligible Shareholders. The risk factors described below, and others not specifically referred to below, may in the future materially affect the financial performance of the Company and the value of the New Shares offered under this Offer Document. The New Shares to be issued pursuant to this offer Document carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those New Shares.

### 4.1 Risks specific to the Company

#### (a) Commercial risk

The Group's ability to achieve profitability is dependent on a number of factors, including its ability to complete successful clinical trials, and obtain regulatory approval for ADAPT<sup>®</sup> treated medical devices. As with all new technologies, there is always a chance these technologies, such as ADAPT<sup>®</sup>, can be surpassed by newer technologies, however, the Group's continuing R&D into the use of stem cells with our ADAPT<sup>®</sup> scaffolds should provide the basis for second and third generation product development. Indications are that the commercially attractive markets already identified for the potential use of the ADAPT<sup>®</sup> technology will remain and grow substantially over the next ten to fifteen years.

The Group has made the appropriate patent applications. There is a risk that these patents will not be granted or contested, which may lead to expensive and lengthy patent disputes for which there can be no guaranteed outcome.

#### (b) Clinical trial risk

The development of biomedical devices and technologies is inherently risky and subject to factors beyond the Group's control. The industry is heavily regulated, subject to intense competition and reliant on the timely availability of clinical data to reinforce product/device registration. There is no assurance that products developed using the ADAPT<sup>®</sup> technology will prove to be safe and efficacious in clinical trials or that the regulatory approval to manufacture and market products will be received. Clinical trials can also potentially expose the Group to product liability claims in the event that its products in development have unexpected effects on clinical subjects.

The Group also has an investment into Coridon. Coridon is currently undertaking research and development in the area of DNA vaccines. The nature of this is inherently risky and subject to factors beyond the Group's control and therefore has similar risks to those outlined above for the ADAPT<sup>®</sup> technology.

(c) Competition

As with most markets, there can be no assurance that other parties will not develop, or achieve commercialisation or, products or intellectual property that compete with or supersede the Group's potential products or intellectual property. Therefore it is highly likely there are most likely competing development programs in the areas being researched by the Group.

There can be no assurance that the Group's competitors will not succeed in developing technologies and products that are as good as the Allied technology or more effective than any which are being developed by the Group.

Despite the existence of a general statutory framework in Australia and international conventions which are intended to protect against certain anti-competitive practices, there can be no assurance that the applicable laws will be enforced sufficiently to protect the Group from anti-competitive practices by its competitors or that major competitors will not use their strategic positions to gain a competitive advantage in some future period, whether by means of price reductions or by other means.

(d) Financial performance

The amount, timing and payment of any dividend will depend on a range of factors, including future capital and research and development requirements and the financial position generally of the Group at the time. There will also be factors that affect the ability of the Group to pay dividends and the timing of those dividends that will be outside the control of the Group and its Directors. The Directors are, therefore, unable to give any assurance regarding the payment of dividends in the future.

(e) Intellectual property

The Group's success will depend, in part, on its ability to obtain adequate and valid patent protection, maintain trade secret protection and operate without infringing the proprietary rights of third parties or having third parties circumvent the Group's rights.

While the Group believes it has taken appropriate steps to protect its proprietary technology, the law may not adequately protect it in all places the Group does business or enable the Group's rights to be enforced with sufficient adequacy.

The enforceability of a patent is dependent on a number of factors which may vary between jurisdictions, including the validity of the patent and the scope of protection it provides. The validity of a patent depends upon factors such as the novelty of the invention, the requirement in many jurisdictions that the invention not be obvious in light of the prior art (including any prior use or documentary disclosure of the invention), the utility of the invention and the extent to which the patent specification clearly discloses the best method of working or carrying out the invention. The legal interpretation of these requirements often varies between jurisdictions. The scope of rights provided by a patent can also differ between jurisdictions. There can be no assurance even if the Group succeeded or succeeds in obtaining the grant of patents, that others will not seek to imitate the Group's products, and in doing so, attempt to design their products in such a way as to circumvent the Group patent rights. Additionally, the ability of the legal process to provide efficient and effective procedures for dealing with actual or suspected infringements can vary considerably between jurisdictions.

Regarding the Group's patent applications, no guarantee can be given that such protection will be obtained by the Group. If such patents are not granted, it may be possible for a third party to imitate and use the Group's intellectual property without its authorisation or to develop and use similar technology independently. The Group will pursue vigorously both its existing and all future patent applications for Australian and foreign patent applications. No guarantee can be given nor does the grant of a patent guarantee that the patent concerned is valid or that the patented technology does not infringe the rights of others.

The Group may wish to expand into foreign countries in the future and the laws of many foreign countries treat the protection of proprietary rights differently from the laws in Australia. Those laws may not protect the Group's proprietary rights to the same extent as do laws in Australia.

(f) Staff

The Group's future success depends on its continuing ability to retain and attract highly qualified technical, research and development, and managerial personnel. Competition for such personnel can be intense and there can be no assurance that the Group will be able to retain its key managerial, research and development, and technical employees or that it will be able to attract and retain additional highly qualified personnel in the future. The inability to attract and retain the necessary personnel could have a material and adverse effect upon the Group's business, results of operations and financial condition.

## **4.2 General Risks**

(a) Share market

There are general risks associated with any investment and the share market. The price of Shares may rise and fall depending on a range of factors beyond the Company's control and which are unrelated to the Company's financial performance. These factors may include movements on international stock markets, interest rates and exchange rates, together with domestic and international economic conditions, inflation rates, investor perceptions, changes in government policy, commodity supply and demand, government taxation and royalties, war, global hostilities and acts of terrorism.

(b) Liquidity risk

There is no guarantee that there will be an ongoing liquid market for the Shares. Accordingly, there is a risk that, should the market for the Shares become illiquid, the Shareholders will be unable to realise their investment in the Company.

(c) Global credit and investment markets

Global credit, commodity and investment markets have recently experienced a high degree of uncertainty and volatility. The factors which have lead to this situation have been outside the control of the Company and may continue for some time resulting in continued volatility and uncertainty in world stock markets (including the ASX). This may impact the price at which the Share trade regardless of operating performance, and affect the Company's ability to raise additional equity and/or debt to achieve its objectives, if required.



### **4.3 Investment Speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by prospective investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the New Shares offer under this Offer Document. The New Shares carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares. Prospective investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for New Shares pursuant to this Offer Document.

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## 5. Defined Terms

These definitions are provided to assist persons in understanding some of the expressions used in this Offer Document.

**\$** means Australian dollars.

**Announcements** means:

- (a) this Offer Document;
- (b) the Cleansing Statement; and
- (c) the Appendix 3B lodged by the Company with ASX in respect of the Offer.

**Applicant** refers to a person who submits an Entitlement and Acceptance Form and **Application** refers to the submission of an Entitlement and Acceptance Form.

**Application Monies** means application monies for New Shares received by the Company from an Applicant.

**ASX** means ASX Limited ACN 008 624 691 or, where the context permits, the Australian Securities Exchange operated by ASX Limited.

**ASXS** means ASX Settlement Pty Ltd ACN 008 504 532.

**ASXS Operating Rules** means the operating rules of ASXS, except to the extent of any relief given by ASXS.

**Celxcel** means Celxcel Pty Ltd ACN 095 710 339.

**CHESS** means ASX Clearing House Electronic Subregistry System.

**Cleansing Statement** means the notice lodged by the Company with ASX in accordance with section 708AA(2)(f) of the Corporations Act in respect of the Offer.

**Closing Date** means the closing date set out in Section 2.2.

**Company** means Allied Healthcare Group Limited ACN 1088 221 078.

**Coridon** means Coridon Pty Limited ACN 092 318 771.

**Corporations Act** means *Corporations Act 2001* (Cth).

**Directors** means the directors of the Company.

**Eligible Shareholder** means a person registered as the holder of Shares on the Record Date whose registered address is in Australia, New Zealand, Hong Kong or Singapore.

**Entitlement and Acceptance Form** means the Entitlement and Acceptance Form accompanying this Offer Document.

**Group** means the Company and its related bodies corporate.

**Issuer Sponsored** means securities issued by an issuer that are held in uncertificated form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHESS.

**Listing Rules** means the Listing Rules of the ASX.

**Morgans** means RBS Morgans Corporate Limited ACN 010 539 607.

**New Share** means a new Share proposed to be issued pursuant to the Offer.

**Offer** means the offer described in Section 2.1.

**Offer Document** means this Offer Document dated 23 September 2013.

**Option** means an option to acquire a Share.

**Opening Date** means the opening date set out in Section 2.2.

**Record Date** means 7.00pm (Sydney Time) on the date set out in Section 2.2.

**Section** means a section of this Offer Document.

**Share** means an ordinary fully paid share in the capital of the Company.

**Shareholder** means a holder of Shares.

**Shortfall Offer** has the meaning in Section 2.7.

**Shortfall Share** means New Shares not subscribed for under the Offer.

**TMG** means The Metal Group Pty Ltd ACN 088 101 428.

**Underwriter** has the meaning given in Section 2.8.

**Underwriting Agreement** has the meaning given in Section 2.8.

### **Schedule - Underwriter Termination Events**

- (a) **(Indices fall)**: the All Ordinaries Index as published by ASX is, at any time after the date of the Underwriting Agreement, 10% or more below its respective level as at the close of business on the business day prior to the date of the Underwriting Agreement;
- (b) **(Announcements)**
  - (i) any adverse new circumstance arises or becomes known which, if known at the time of issue of the Announcements, would have been included in the Announcements;
  - (ii) any of the Announcements is or becomes false, misleading or deceptive (including by way of omission);
  - (iii) any of the Announcements does not contain all information required to comply with all applicable laws;
  - (iv) the Cleansing Statement is or becomes “defective” in any one or more of the circumstances prescribed under section 708AA(11) of the Corporations Act;
  - (v) any amendment or update to the Cleansing Statement is issued or is required under the Corporations Act to be issued; or
  - (vi) any part of the any of the Announcements or any aspect of the Offer does not or ceases to comply in any respect with the Corporations Act, the Listing Rules, or any other applicable law or regulation.
- (c) **(Certificate)** the Company fails to provide the certificate to the Underwriter as and when required by the Underwriting Agreement or the certificate given by the Company is false, misleading, deceptive or inaccurate; or
- (d) **(ASIC action)** ASIC:
  - (i) applies for an order under Part 9.5 of the Corporations Act in relation to the Offer or any of the Announcements, unless that application is not made public and is withdrawn by 8.00 am (Sydney time) on the Shortfall settlement date;
  - (ii) holds, or gives notice of intention to hold, a hearing or investigation in relation to the Offer or any of the Announcements under the Corporations Act or the *Australian Securities and Investments Commission Act 2001* (Cth), unless that hearing, or notice, is not made public and is terminated (in the case of a hearing) or withdrawn (in the case of a notice) by 8.00 am (Sydney time) on the shortfall settlement date; or
  - (iii) prosecutes or gives notice of an intention to prosecute, or commences proceedings or gives notice of an intention to commence proceedings against the Company or any of its officers, employees or agents in relation to the Offer or any of the Announcements; or
  - (iv) makes a determination under section 708AA(3) of the Corporations Act with respect to the Company; or
- (e) **(Withdrawal)**: the Company withdraws the Offer or the Offer fails to proceed; or

- (f) **(No Official Quotation)**: approval for official quotation of the New Shares has not been granted by the shortfall notice deadline date (which for the avoidance of doubt may be subject to conditions that are capable of satisfaction or fulfilment) or, having been granted, is subsequently withdrawn, withheld or qualified; or
- (g) **(Restriction on allotment)**: the Company is prevented from allotting the underwritten shares within the time required by the Underwriting Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi governmental agency or authority; or
- (h) **(Authorisation)** any authorisation which is material to anything referred to in the Announcements is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter; or
- (i) **(Indictable offence)**: a director or senior manager of the Company or any of its subsidiaries is charged with an indictable offence; or
- (j) **(Termination Events)**: any of the following events occurs after the date of the Underwriting Agreement which, in the reasonable opinion of the Underwriter, reached in good faith, has or is likely to have a material adverse effect or give rise to a liability of the Underwriter under the Corporations Act or otherwise:
  - (i) **(Default)**: default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking; or
  - (ii) **(Incorrect or untrue representation)**: any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect; or
  - (iii) **(Contravention of Constitution or Act)**: a material contravention by the Company or a subsidiary of the Company of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX; or
  - (iv) **(Significant change)**: a "new circumstance" as referred to in section 719(1) of the Corporations Act arises which is a matter that is materially adverse from the point of view of an investor; or
  - (v) **(Public statements)**: without the prior approval of the Underwriter (such approval not to be unreasonably withheld or delayed), a public statement is made by the Company in relation to the Offer or the Announcements, unless such public statement is required by law, the Listing Rules or a governmental agency; or
  - (vi) **(Misleading information)**: any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the affairs of the Company or any of its subsidiaries is or becomes misleading or deceptive or likely to mislead or deceive; or
  - (vii) **(Change in Act or policy)**: there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy that has not

been publicly disclosed or proposed as at the date of the Underwriting Agreement; or

- (viii) **(Prescribed Occurrence)**: a prescribed occurrence occurs; or
- (ix) **(Suspension of debt payments)**: the Company suspends payment of its debts generally; or
- (x) **(Event of Insolvency)**: an event of insolvency occurs in respect of the Company or any of its subsidiaries; or
- (xi) **(Judgment)**: a judgment in an amount exceeding \$50,000 is obtained against the Company or any of its subsidiaries and is not set aside or satisfied within 7 days; or
- (xii) **(Litigation)**: litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced or threatened against the Company or any of its subsidiaries, other than any claims foreshadowed in the Announcements; or
- (xiii) **(Board and senior management composition)**: there is a change in the composition of the board of Directors or a change in the senior management of the Company before completion of the Offer without the prior written consent of the Underwriter; or
- (xiv) **(Change in shareholdings)**: there is a material change in the major or controlling shareholdings of the Company or any of its subsidiaries or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to the Company or any of its subsidiaries other than in connection with the Underwriter's shareholding; or
- (xv) **(Timetable)**: there is a delay in any specified date in the timetable for the Offer for more than 3 ASX trading days without the prior consent of the Underwriter; or
- (xvi) **(Force Majeure)**: a force majeure affecting the Company's business or any obligation under the Agreement lasting in excess of 7 days occurs; or
- (xvii) **(Certain resolutions passed)**: the Company or any of its subsidiaries passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter; or
- (xviii) **(Market Conditions)**: a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, the United Kingdom, the United States of America or other international financial markets; or
- (xix) **(Suspension)**: the Company is removed from the official list of ASX or the Shares become suspended from official quotation and that suspension is not lifted within 72 hours following such suspension.