

ASX ANNOUNCEMENT

ALLIED ANNOUNCES FULLY UNDERWRITTEN RIGHTS ISSUE TO RAISE \$10M

- **Raising \$10M for launch of CardioCel® and progressing therapeutic vaccine programs**
- **Fully underwritten non-renounceable rights issue**
- **Priced to reward long-term shareholders support**

Brisbane, Australia, 23th September 2013

Allied Healthcare Group (ASX: AHZ) today announced a fully underwritten non-renounceable rights issue to raise approximately \$10M (**Rights Issue**). The funds raised will be used to launch CardioCel® in Europe, scale up manufacturing and progression of US approval for CardioCel® as well as progressing the therapeutic vaccine programs led by Professor Ian Frazer.

Pursuant to the Rights Issue, the Company will offer approximately 208,637,705 new shares to shareholders with a registered address in Australia, New Zealand, Singapore or Hong Kong who are registered holder of shares on the record date (**Eligible Shareholders**), on a 1 for 5 basis, at an issue price of \$0.05. Other key terms of the Rights Issue are included in the Offer Document available on the Company's ASX platform.

"We fully appreciate the support of existing shareholders and the pricing of this Rights Issue reflects that ongoing support. The Company has had a very productive 12 months and anticipates similar growth for the coming year" stated Allied Healthcare Group CEO, Mr Lee Rodne.

Allied Healthcare Group has delivered major milestones over the past 12 months including the initiation of the Phase I clinical study for the Herpes therapeutic vaccine program as well as obtaining its CE mark for marketing approval in Europe for the Group's lead regenerative tissue product CardioCel®.

With this capital in place, Allied will have sufficient capital over the coming 12 months to complete a number of major milestones for the Company including:

- Initial sales of CardioCel® in Europe
- Full results for the Phase I Herpes clinical study
- US marketing approval for CardioCel®
- Preparation for Ian Frazer's next HPV vaccine as a therapeutic treatment against Cervical Cancer
- Increase in revenue across the Company from our existing product portfolio including CardioCel® sales.

"This capital raising will provide us with the capital required to make a significant impact on the Company's revenue as well as progress the therapeutic vaccine programs forward. We look forward to another exciting 12 months of growth for the Company" said Mr Rodne.

RBS Morgans has fully underwritten the Rights Issue. An entity associated with the Company's major shareholder, The Metal Group Pty Ltd, has sub-underwritten 50% of the Rights Issue.



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The Company has appointed a subsidiary of RBS Morgans to act as nominee (**Nominee**) to subscribe for shares which would have been offered to non-Eligible Shareholders under the Rights Issue had they been entitled to participate in the Rights Issue. The Nominee must use its reasonable endeavours to sell such shares with a view to obtaining the best sale price possible and remit any net proceeds to the non-Eligible Shareholders.

The following is an indicative timetable for the Rights Issue:

Indicative Timetable	Date
Announcement of rights issue and lodgment of Appendix 3B and Offer Document with ASX	23 September 2013 (prior to commencement of trading)
Notice of rights issue sent to Shareholders	24 September 2013
Shares quoted on an "EX" basis	25 September 2013
Record date for determining entitlements	1 October 2013
Offer Document and Entitlement and Acceptance Form despatched to Eligible Shareholders	3 October 2013
Last day to notify ASX of any extension to the Closing Date	10 October 2013
Closing Date of rights issue	18 October 2013
New Shares quoted on a deferred settlement basis	21 October 2013
Notification of Shortfall	23 October 2013
Anticipated date for issue of the New Shares	24 October 2013
Anticipated date for mailing of holding statements	25 October 2013
Anticipated date for commencement of New Shares trading	25 October 2013

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.



The planned use of funds from the Rights Issue are 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® in Europe	\$2,000,000
Continued progression of US regulatory approval for CardioCel®	\$1,000,000
Scale-up manufacturing, increase inventory and support for CardioCel®	\$1,500,000
Further product development and clinical studies for ADAPT® prepared tissue products	\$2,000,000
Provide further working capital	\$410,291
Cost of the Offer	\$521,594
Total funds raised	\$10,431,885

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About Allied Healthcare Group Limited

Allied Healthcare Group Limited (ASX: AHZ) is a diversified healthcare company focused on investing in and developing next generation technologies with world class partners, acquiring strategic assets to grow its product and service offerings and expanding revenues from its existing profitable medical sales and distribution business. The Company has assets from Research & Development through Clinical Development as well as Sales, Marketing and Distribution.

Allied Healthcare Group is in the process of commercialising its innovative tissue engineering technology for regenerative medicine. Allied also has major interest in developing the next generation of vaccines with a Brisbane-based research group led by Professor Ian Frazer. The vaccine programmes target disease with significant global potential like Herpes and Human Papilloma virus.

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



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Allied's Regenerative Medicine Division

Allied's regenerative tissue engineering technology started as a research program in 2001 focusing on tissue engineering and regenerative medicine based around the proprietary ADAPT[®] Tissue Engineering Process. The lead programme CardioCel[®] has successfully completed a number of animal studies and a Phase II human clinical trial. CardioCel[®] is a cardiovascular patch used to repair paediatric heart deformities. These deformities range from routine "Hole in the Heart" operations to major vessel outflow tract repairs. The CardioCel[®] patch may also be used to repair leaking heart valves in paediatric patients. CardioCel[®] has been shown to allow tissue regeneration once implanted. Some researchers postulate that stem cells play an active role in tissue regeneration*, suggesting that CardioCel[®] facilitates endogenous stem cells and other cells to regenerate and repair damaged tissue.

The division is based on the patented ADAPT[®] Tissue Engineering Process as a platform technology to produce implantable tissue patches for use in various soft tissue repair applications and for the production of replacement tissue heart valves. The ADAPT[®] technology is used to process animal derived tissues to produce unique implantable tissue patches that are compatible with the human body. The technology has a number of advantages over current tissue treatment processes on the market, most notably the reduction of calcification post implantation. This technology has the potential for medical professionals to use regenerative products instead of synthetic products currently used in soft tissue repair.

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

About the vaccine technology

The technology is based on 6 granted US patents protecting its codon optimisation DNA technology, which enhances protein expression in the cell or tissue targeted and results in an improved humoral response. The second component of the technology, also patent protected, is to use a mixture of DNAs encoding ubiquitinated and non ubiquitinated proteins. This strategy enhances the degradation of the protein and optimises T cell responses, while preserving structural epitopes necessary for B cells responses, resulting in vaccines with prophylactic and therapeutic potential.

About Genital Herpes

This disease often results in recurrent painful sores in the genital area. HSV-2 is the major causative agent of genital herpes. As well as pain and discomfort to infected individuals, the virus can have serious health implications for babies born to infected women. Herpes is also believed to aid in the transmission of HIV. Current herpes treatment involves the use of antiviral drugs which can reduce, but not eliminate, outbreaks and shedding and therefore do not prevent spread of the disease. According to research reported in Biomed Central's journal BMC Infectious Diseases, the economic burden of genital HSV infection and resulting complications has been estimated to be greater than \$1 billion annually in the USA alone.

