

27 October 2016

Company Announcements/Australian Securities Exchange

AdAlta Limited (ASX:1AD)

Quarterly Cash Flow Statement

Highlights

Summary of key announcements over the past three months:

- Closed IPO in August 2016, with oversubscribed offer, raising \$10m to advance the lead i-body candidate AD-114 to the clinic for the treatment of IPF;
- Receipt of R&D Tax Incentive and the Innovation Connections Grant;
- Agreement signed with Fuji Diosynth Biotechnologies for the manufacturing of AD-114;
- Innovation Connections Grant establishes connection with Alfred Hospital to advance understanding of AD-114 with IPF patient lung tissue; and
- Two research notes issued by NDF Research (Stuart Roberts) and Pattersons rate AdAlta as a speculative buy.

Financial update

The Company remains in a solid cash position with ~\$10 million cash in the bank as at 30 September 2016.

This is sufficient to see the development of AD-114 into the clinic.

R&D expenditure for the September quarter was \$482K, an increase of 25% from the previous quarter and will increase to \$1,605K before the end of December 2016 due to the execution of the agreement with Fuji Diosynth Biotechnologies for the manufacturing of AD-114 materials.

Operationally all other expenses remain similar to the previous quarter (excluding listing costs).

Personnel changes

We will also appoint a COO who will start in Q4 2016. This appointment will be focused on management of the key AdAlta contractors ensuring AD-114 meets the key development milestones.

Operations

I will be attending BioEurope in November and making a presentation at the international Biotech Showcase conference. These business development meetings are aimed at engaging pharma companies who are interested in potentially partnering AD-114 and the i-body platform.

The Company remains focused on executing our manufacturing, pre-clinical testing and Phase I clinical trial program of AD-114 and submitting the new data to the US FDA in early FY2017 for orphan drug designation.

AdAlta calendar for the remainder of 2016 and early 2017

- Additional AD-114 IPF fibrosis data
- Hypertrophic scarring animal results for AD-114
- Evaluation of AD-114 with IPF clinicians Alfred Hospital
- Data available from AD-114 NASH animal studies
- AD-114 materials manufactured and available for toxicology testing
- Presentation at Biotech Showcase, San Francisco
- Orphan Drug Designation (US FDA)

Follow AdAlta's progress

AdAlta is committed to maintaining consistent and transparent communications with all shareholders and the wider market. We encourage shareholders to follow our progress by registering for updates via our [website](#).

We continue to make good progress and we look forward to providing you with timely updates in coming months.

Samantha Cobb
CEO
October 2016

Further information can be found at: www.adalta.com.au

Appendix 4C

+Rule 4.7B

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

ADALTA LIMITED

ABN

92120332925

Quarter ended ("current quarter")

30/09/16

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1.0 Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) research and development	(482)	(482)
(b) product manufacturing and operating costs		
(c) advertising and marketing		
(d) leased assets		
(e) staff costs	(88)	(88)
(f) administration and corporate costs	(310)	(310)
1.3 Dividends received (see note 3)		
1.4 Interest received	5	5
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives	758	758
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(117)	(117)
2.0 Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment		
(b) businesses (see item 10)		
(c) investments		
(d) intellectual property		
(e) other non-current assets		
2.2 Proceeds from disposal of:		
(a) property, plant and equipment		
(b) businesses (see item 10)		
(c) investments		
(d) intellectual property		
(e) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)		
2.6 Net cash from / (used in) investing activities	-	-
3.0 Cash flows from financing activities		
3.1 Proceeds from issues of shares	10,000	10,000

3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options	44	44
3.4	Transaction costs related to issues of shares, convertible notes or options	(605)	(605)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.1	Net cash from / (used in) financing activities	9,440	9,440

4.0	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	486	486
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(117)	(117)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	9,440	9,440
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of quarter	9,808	9,808

5.0	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	36	9
5.2	Call deposits	9,772	477
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	9,808	486

6.0 Payments to directors of the entity and their associates

Current quarter \$A'000

6.1 Aggregate amount of payments to these parties included in item 1.2

151

6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

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7.0 Payments to related entities of the entity and their associates

Current quarter \$A'000

7.1 Aggregate amount of payments to these parties included in item 1.2

7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

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8.0 Financing facilities available
Add notes as necessary for an understanding of the position

Total facility amount at quarter end	Amount drawn at quarter end
\$A'000	\$A'000

- 8.1 Loan facilities
- 8.2 Credit standby arrangements
- 8.3 Other (please specify)

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.


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9.0	Estimated cash outflows for next quarter	\$A'000
9.1	Research and development	(1,605)
9.2	Product manufacturing and operating costs	
9.3	Advertising and marketing	
9.4	Leased assets	
9.5	Staff costs	(121)
9.6	Administration and corporate costs	(313)
9.7	Other (provide details if material)	
9.8	Total estimated cash outflows	(2,039)

10.0	Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1	Name of entity		
10.2	Place of incorporation or registration		
10.3	Consideration for acquisition or disposal		
10.4	Total net assets		
10.5	Nature of business		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:


 Company secretary

Date: 26 October 2016

Print name: Ian Hobson

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
- 2 If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
- 3 Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.