

ASX ANNOUNCEMENT

ALLIED ANNOUNCES PLACEMENT AND SHARE PURCHASE PLAN

Brisbane, Australia, 17 December 2012

Allied Healthcare Group (ASX: AHZ) announces it has successfully completed an oversubscribed strategic placement which raised \$1.7 million, and the launch of a share purchase plan (SPP). The placement, targeting sophisticated investors and institutions, and the SPP are priced at \$0.02.

Funds raised from the placement and SPP will be used primarily to support the preparation of the Company's CardioCel[®] heart patch prior to its imminent launch. Allied expects CardioCel[®] will receive marketing approval in the first half of 2013 in at least one global jurisdiction.

Allied has existing and growing revenue that is forecast to be over \$7m this financial year. Approval of CardioCel[®] would represent a major inflection point for Allied as it is expected to result in a significant increase in global revenue for the Company. Allied is expecting to also submit CardioCel[®]'s 510K marketing approval application with the FDA in the 1st quarter of 2013.

"CardioCel[®] is on the cusp of global approvals so we need to ensure we maximise the impact it has in the market with extensive pre-launch preparation of the product," said Allied Healthcare Group Managing Director Lee Rodne.

"The approval of CardioCel[®] will be a major step for the Company in building a sustainable, integrated global healthcare company in 2013.

"The market potential for CardioCel[®] is substantial. If the initial launch of CardioCel[®] is received well, our revenue will increase significantly over the next 12-24 months."

The Company is seeking initial approval for the use of CardioCel[®] in the repair and reconstruction of congenital heart disease (CHD) defects in infants and children. Once CardioCel[®] receives its initial approval, Allied will aim to expand the applications for the product in additional cardiovascular areas, such as adult heart valve repairs and reconstructions.

Studies have shown CardioCel[®] has unique properties which make it suitable for use by surgeons as a regenerative cardiac repair tissue patch, as well as delivering key benefits to patients compared to existing surgical approaches. News network interviews with two respected surgeons can be viewed on the Allied Healthcare Group website, as well as an animation explaining the use of CardioCel[®] in congenital heart disease surgery.

<http://www.alliedhealthcaregroup.com.au/video>



This year Allied has released data from several studies which highlight the value of CardioCel[®] in regard to improving practices in repair and reconstructive surgery to treat congenital heart disease. These results highlight the key attributes of CardioCel[®] including:

- No calcification at the site of repair compared to current conventional therapy, thereby reducing the likelihood of a patient requiring future revision and reconstructive surgical procedures;
- Improved quality of life for the patient and their family, based on this reduced likelihood of needing follow-up surgery throughout their lifespans.
- A ready-to-use, off-the-shelf product requiring no technical training before use; and
- CardioCel[®] supports endogenous tissue regeneration for stronger longer term repair without needing to add external stem cells or growth factors.

In addition, the Company's DNA vaccine interests continue to progress well. The Company anticipates the Phase I clinical study for the Herpes virus vaccine will begin in the first half of 2013. The Company also recently announced positive news from the HPV therapeutic vaccine program. This program will continue to progress through pre-clinical studies with a goal to enter into clinical studies.

Therefore Allied anticipates 2013 to be an exciting year with a number of major milestones expected in the next 12 months:

- Submission of the 510K FDA for US marketing approval of CardioCel[®];
- European marketing approval of CardioCel[®];
- Australian marketing approval of CardioCel[®];
- Initiation and initial results from the HSV-2 vaccine;
- Further progression of the HPV vaccine; and
- Increasing revenue of the Company.

Therefore the SPP provides existing shareholders the opportunity to invest in the Allied Healthcare Group at an important time in the growth of the Company and at a time when it is expecting to achieve major milestones.

Shareholders on Allied's register at 5:00 pm (WST) on the Record Date of 14 December 2012 and whose registered address on the share register is in Australia or New Zealand will be entitled to subscribe for up to A\$15,000 worth of Allied shares (subject to any scaleback). Full details of the SPP will be sent to eligible shareholders in due course.

RBS Morgans is the Lead Manager for the placement and share purchase plan.

Event	Date
Record date to determine eligibility to participate in the SPP	5pm (WST) on 14 December 2012
Opening Date	17 December 2012
Closing Date	18 January, 2013
Issue of Shares issued under the SPP	28 January 2013
Commencement of trading of Shares on ASX	30 January 2013
Despatch of holding statements	30 January 2013



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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 commercializing 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 programs target disease with significant global potential like herpes and Human papillomavirus.

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

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 (TEP). The lead program, 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.

Product development is based on the patented ADAPT[®] Tissue Engineering Process (TEP) 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



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