

Appendix 4C

Quarterly cash flow report to 31 March 2017

28 April 2017: Adherium Limited (ASX:ADR), a global leader in digital health technologies that address sub-optimal medication use in chronic disease, presents its Appendix 4C quarterly cash flow for the quarter ended 31 March 2017.

Receipts from customers for the quarter totalled \$543,000 with major items including:

- receipts from AstraZeneca in relation to orders for Adherium's new Turbu+ device for the Symbicort® turbuhaler, in preparation for market launches; and
- Milestone payments relating to the ongoing AstraZeneca COPD study in the US.

Cash at 31 March 2017 was \$26.6 million compared with \$29.5 million at 31 December 2016, a net use of \$2.9 million for the quarter, predominantly in ongoing development of device and software components of the Smartinhaler™ platform and research on additional potential markets for Smartinhaler™ technology.

Grant income received of \$302,000 related to the research and development reimbursement based Growth Grant from Callaghan Innovation.

Other highlights in the quarter to 31 March 2017 included:

- appointment of Scott Fleming as Senior Vice President of Business Development, Europe;
- publication of a Medtech Innovation Briefing (MIB) on Adherium's Smartinhaler™ technology platform by the UK's National Institute for Health and Care Excellence (NICE), recognising the role that it can play in improving adherence to asthma medication;
- appointment of Erin Wansbrough as Vice President of Business Development for its key markets outside of North America and Europe. Erin will lead Adherium's partnering and market expansion for the 'Rest of World' markets; and
- Adherium has been chosen as Finalist in the New Zealand Hi-Tech Awards.

****ENDS****

Appendix 4C

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

Adherium Limited

ABN

24 605 352 510

Quarter ended ("current quarter")

31 March 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	543	2,150
1.2 Payments for		
(a) research and development	(416)	(1,142)
(b) product manufacturing and operating costs	(272)	(1,145)
(c) advertising and marketing	(376)	(996)
(d) leased assets	-	-
(e) staff costs	(1,660)	(4,679)
(f) administration and corporate costs	(962)	(2,602)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	124	454
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(1)	(8)
1.7 Government grants and tax incentives	302	302
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(2,718)	(7,666)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(75)	(304)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
(d) intellectual property	-	-
(e) other non-current assets	(101)	(131)
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	(176)	(435)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	8,023
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	26	26
3.4 Transaction costs related to issues of shares, convertible notes or options	-	(511)
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)	-	-
3.10 Net cash from / (used in) financing activities	26	7,538

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	29,523	27,211
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(2,718)	(7,666)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(176)	(435)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	26	7,538

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(70)	(63)
4.6	Cash and cash equivalents at end of quarter	26,585	26,585

5.	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	113	79
5.2	Call deposits	26,472	29,444
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)	26,585	29,523

6. Payments to directors of the entity and their associates

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

Current quarter \$A'000
(35)
-

Payment of directors' fees.

7. Payments to related entities of the entity and their associates

- 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

Current quarter \$A'000
-
-

Not applicable

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$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.		


Not applicable

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	719
9.2 Product manufacturing and operating costs	272
9.3 Advertising and marketing	344
9.4 Leased assets	-
9.5 Staff costs	1,836
9.6 Administration and corporate costs	1,685
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	4,856

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	Not applicable	Not applicable
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:  Date: 28 April 2017

(Director/Company secretary)

Print name: R M Turnbull

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.