

Allegra Orthopaedics Limited
(Formerly known as Advanced Surgical Design & Manufacture Limited)
Appendix 4D
Half-year report



1. Company details

Name of entity:	Allegra Orthopaedics Limited
ABN:	71 066 281 132
Reporting period:	For the half-year ended 31 December 2014
Previous period:	For the half-year ended 31 December 2013

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	0.9% to	4,297,844
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	down	0.9% to	199,962
Loss from ordinary activities after tax attributable to the owners of Allegra Orthopaedics Limited	up	193.5% to	(261,601)
Loss for the half-year attributable to the owners of Allegra Orthopaedics Limited	up	193.5% to	(261,601)

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The loss for the consolidated entity after providing for income tax amounted to \$261,601 (31 December 2013: \$89,135).

Further information on the review of operations is detailed in the director's report, part of the interim report.

The earnings before interest, tax, depreciation and amortisation ('EBITDA') was \$199,962 (2013: \$201,852).

EBITDA is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents the profit under AAS adjusted for non-specific non-cash and significant items.

The following table summarises key reconciling items between statutory loss after tax attributable to the owners of Allegra Orthopaedics Limited and EBITDA.

	Consolidated	
	31/12/2014	31/12/2013
	\$	\$
EBITDA	199,962	201,852
Less: Depreciation and amortisation	(374,259)	(399,198)
Less: Finance cost	(87,304)	(122,789)
Add: Interest income	-	2,435
Loss before income tax expense and before profit from discontinued operations	(261,601)	(317,700)
Profit after income tax expense from discontinued operations	-	228,565
Loss after income tax	<u>(261,601)</u>	<u>(89,135)</u>

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	7.10	9.07

4. Control gained over entities

Name of entities (or group of entities)	Not Applicable	
Date control gained		\$
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period (where material)		-
Profit/(loss) from ordinary activities before income tax of the controlled entity (or group of entities) for the whole of the previous period (where material)		-

5. Loss of control over entities

Name of entities (or group of entities)	Not Applicable	
Date control lost		\$
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period (where material)		-
Profit/(loss) from ordinary activities before income tax of the controlled entity (or group of entities) whilst controlled during the whole of the previous period (where material)		-

6. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

11. Attachments

Details of attachments (if any):

The Interim Report of Allegra Orthopaedics Limited (formerly known as Advanced Surgical Design & Manufacture Limited) for the half-year ended 31 December 2014 is attached.

12. Signed

Signed  _____

Date: 25 February 2015

Peter Kazacos
Director
Sydney

Allegra Orthopaedics Limited

(Formerly known as Advanced Surgical Design & Manufacture Limited)

ABN 71 066 281 132

Interim Report - 31 December 2014

Allegra Orthopaedics Limited
(Formerly known as Advanced Surgical Design & Manufacture Limited)
Directors' report
31 December 2014



The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Allegra Orthopaedics Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2014.

Directors

The following persons were directors of Allegra Orthopaedics Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

- Peter Kazacos - Chairman
- Peter Welsh
- Anthony Hartnell (appointed on 26 November 2014)
- John O'Meara (resigned on 26 November 2014)

Principal activities

During the financial half-year the principal continuing activities of the consolidated entity consisted of the sale, manufacture and design of surgical implants. This remained unchanged from the previous half-year.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$261,601 (31 December 2013: \$89,135).

Revenue and margin

Total revenue for the half year ended 31 December 2014 was \$4,297,844 (31 December 2013: \$4,260,587).

During the reporting period the distribution agreement with Small Bone Innovations Inc was terminated as a result of the acquisition by Stryker Inc. which resulted in a purchase of stock for \$703,000. As a result of the cessation of the distribution agreement Allegra Orthopaedics has been actively seeking alternate products offerings to support our well established Hand & Foot and Ankle surgeon base.

Our product offering across Allegra Orthopaedics branded products along with imported products has been supported by our local design and manufacturing capabilities resulting in strong customer loyalty.

Margin was consistent year on year (excluding repurchase of stock) with a continued focus on working with suppliers to achieve process and manufacturing techniques improvements.

Net profit from ordinary activities

The consolidated entity's earnings before interest, tax and depreciation and amortisation ("EBITDA") in HY14 was a profit of \$199,962 compared to profit of \$201,852 in FH13.

EBITDA is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents the profit under AAS adjusted for non-specific non-cash and significant items.

The following table summarises key reconciling items between statutory loss after tax attributable to the owners of Allegra Orthopaedics Limited (formerly known as Advanced Surgical Design & Manufacture Limited) and EBITDA.

	Consolidated	
	31/12/2014	31/12/2013
	\$	\$
EBITDA	199,962	201,852
Less: Depreciation and amortisation	(374,259)	(399,198)
Less: Finance cost	(87,304)	(122,789)
Add: Interest income	-	2,435
Loss before income tax expense and before profit from discontinued operations	(261,601)	(317,700)
Profit after income tax expense from discontinued operations	-	228,565
Loss after income tax	<u>(261,601)</u>	<u>(89,135)</u>

Corporate and administration expenses include accounting, administration, director, legal, insurance and other public company costs. Administration expenses for the half-year were \$1,119,897 (31 December 2013: \$1,260,424). The decrease in costs related to a reduction in taxation services around the R&D tax refund \$80,000 and costs incurred in the audit.

Research & development expenses were \$683,353 (31 December 2013: \$662,570). During the period ended 31 December 2014, the consolidated entity continued to focus on the development of a new range of instruments for the Active Knee Total Knee Replacement System. This program is targeted to be completed by 30 June 2015 with a pipeline of projects to continue into FY 16 including the Bone Substitute Project for which Allegra Orthopaedics was successful in gaining a \$1,550,000 NSW Medical Device Fund Grant.

Allegra Orthopaedics continues to work with our Design Panel of Australian surgeons to develop a range of instruments that are innovative and use advanced manufacturing techniques including 3D printing technology. The aim to showcase the consolidated entity's design and manufacturing capability opening new growth opportunities.

Our primary R&D focus continues to be our orthopaedic product range. The Peripheral Access Device ("PAD") is currently undergoing a clinical trial for Isolated Organ Perfusion for cancer treatment. Our exposure to this projects is limited as the development costs have been largely completed.

Sales and marketing expenses were \$899,472 (31 December 2013: \$1,065,596). During the period ended 31 December 2014, the reduction in costs was primarily associated with the loss of the distribution for SBi as many of the initiatives undertaken in FY 14 were not replicated in FY 15 – for example no SBi cadaveric labs were held during the period.

Net loss after tax was \$261,601 (31 December 2013: \$89,135). This result is after the expensing of all research and development related expenses.

During the period, the consolidated entity also achieved a significant milestone in being awarded \$1,550,000 from the NSW Office of Health and Medical Research as part of the NSW Medical Device Fund. Payment was received on 23 February 2015 enabling the consolidated entity to accelerate the development of this exciting and innovative research.

Cash position

During the period the consolidated entity continued to pay down its borrowings with total debt as at 31 December 2014 \$540,193 (30 June 2014: \$1,799,219). Allegra Orthopaedics continues to invest in the business through research and development to ensure we are able to deliver innovative orthopaedic solutions to through a unique service offering of local design and manufacturing capabilities. The cash balance as at 31 December 2014 \$1,237,775 increased significantly compared with the cash at 30 June 2014 \$26,017.

Outlook

Allegra Orthopaedics's strategy has been to focus on the development and support a portfolio of high quality orthopaedic products. With diversification of the sales channel across a wider product range the company is now in a stronger position to grow sales and deliver profit.

We have a solid base to continue to invest in the Active Knee Total Knee System to drive sales growth and look for opportunities to bring high quality products to the Australian market. The loss of Small Bone Innovations will lead to a reduction in FY15 revenue but the company has a number of alliances underway that will go some way to supplementing the product offering to our Hand and Foot & Ankle surgeon base.

Allegra Orthopaedics will continue to focus on highlighting our unique offering of local design and manufacturing capabilities to encourage surgeon engagement and develop our pipeline of products with particular reference to the Bone Substitute material through the \$1,550,000 NSW Medical Device Fund grant which was received in full on 23 February 2015.

Significant changes in the state of affairs

On 27 November 2014, the company changed its name to Allegra Orthopaedics Limited.

There were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

Allegra Orthopaedics Limited
(Formerly known as Advanced Surgical Design & Manufacture Limited)
Directors' report
31 December 2014



Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to read "Peter Kazacos".

Peter Kazacos
Director

25 February 2015
Sydney



Auditor's Independence Declaration

As lead auditor for the review of Allegra Orthopaedics Limited (formerly known as Advanced Surgical Design & Manufacture Limited) for the half-year ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Allegra Orthopaedics Limited (formerly known as Advanced Surgical Design & Manufacture Limited) and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'S Prakash', with a horizontal line underneath.

Sumanth Prakash
Partner
PricewaterhouseCoopers

Sydney
25 February 2015

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General information

The financial statements cover Allegra Orthopaedics Limited as a consolidated entity consisting of Allegra Orthopaedics Limited and its subsidiaries. The financial statements are presented in Australian dollars, which is Allegra Orthopaedics Limited's functional and presentation currency.

Allegra Orthopaedics Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Unit 2
12 Frederick Street
St Leonards, NSW 2065

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 25 February 2015.

Allegra Orthopaedics Limited
(Formerly known as Advanced Surgical Design & Manufacture Limited)
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2014



	Note	Consolidated	
		31/12/2014	31/12/2013
		\$	\$
Revenue from continuing operations	4	4,297,844	4,260,587
Other income	5	364,208	270,000
Expenses			
Cost of sales and purchases of consumables		(2,133,627)	(1,736,908)
Corporate and administration expenses		(1,119,897)	(1,260,424)
Quality and research and development expenses		(683,353)	(662,570)
Sales and marketing expenses		(899,472)	(1,065,596)
Finance costs		(87,304)	(122,789)
Loss before income tax expense from continuing operations		(261,601)	(317,700)
Income tax expense		-	-
Loss after income tax expense from continuing operations		(261,601)	(317,700)
Profit after income tax expense from discontinued operations	6	-	228,565
Loss after income tax expense for the half-year attributable to the owners of Allegra Orthopaedics Limited		(261,601)	(89,135)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of Allegra Orthopaedics Limited		(261,601)	(89,135)
Total comprehensive income for the half-year is attributable to:			
Continuing operations		(261,601)	(317,700)
Discontinuing operations		-	228,565
		(261,601)	(89,135)
		Cents	Cents
Earnings per share for loss from continuing operations attributable to the owners of Allegra Orthopaedics Limited			
Basic earnings per share	12	(0.51)	(0.73)
Diluted earnings per share	12	(0.51)	(0.73)
Earnings per share for profit from discontinued operations attributable to the owners of Allegra Orthopaedics Limited			
Basic earnings per share	12	-	0.52
Diluted earnings per share	12	-	0.52
Earnings per share for loss attributable to the owners of Allegra Orthopaedics Limited			
Basic earnings per share	12	(0.51)	(0.20)
Diluted earnings per share	12	(0.51)	(0.20)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Allegra Orthopaedics Limited
(Formerly known as Advanced Surgical Design & Manufacture Limited)
Statement of financial position
As at 31 December 2014



	Note	Consolidated	
		31/12/2014	30/06/2014
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		1,237,775	26,017
Trade and other receivables		1,411,701	2,290,146
Inventories		2,644,079	3,266,964
Total current assets		<u>5,293,555</u>	<u>5,583,127</u>
Non-current assets			
Receivables		116,981	122,797
Property, plant and equipment		1,629,887	2,115,349
Intangibles		253,830	213,137
Total non-current assets		<u>2,000,698</u>	<u>2,451,283</u>
Total assets		<u>7,294,253</u>	<u>8,034,410</u>
Liabilities			
Current liabilities			
Trade and other payables		1,640,790	1,660,598
Borrowings	7	418,879	1,566,032
Provisions		73,440	147,668
Total current liabilities		<u>2,133,109</u>	<u>3,374,298</u>
Non-current liabilities			
Borrowings		121,314	233,187
Provisions		259,401	257,307
Total non-current liabilities		<u>380,715</u>	<u>490,494</u>
Total liabilities		<u>2,513,824</u>	<u>3,864,792</u>
Net assets		<u>4,780,429</u>	<u>4,169,618</u>
Equity			
Issued capital	8	10,459,629	9,602,217
Reserves		565,780	550,780
Accumulated losses		(6,244,980)	(5,983,379)
Total equity		<u>4,780,429</u>	<u>4,169,618</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Allegra Orthopaedics Limited
(Formerly known as Advanced Surgical Design & Manufacture Limited)
Statement of changes in equity
For the half-year ended 31 December 2014



Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2013	9,602,217	520,780	(5,920,596)	4,202,401
Loss after income tax expense for the half-year	-	-	(89,135)	(89,135)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(89,135)	(89,135)
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	-	15,000	-	15,000
Balance at 31 December 2013	<u>9,602,217</u>	<u>535,780</u>	<u>(6,009,731)</u>	<u>4,128,266</u>
	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2014	9,602,217	550,780	(5,983,379)	4,169,618
Loss after income tax expense for the half-year	-	-	(261,601)	(261,601)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(261,601)	(261,601)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 8)	857,412	-	-	857,412
Share-based payments	-	15,000	-	15,000
Balance at 31 December 2014	<u>10,459,629</u>	<u>565,780</u>	<u>(6,244,980)</u>	<u>4,780,429</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Allegra Orthopaedics Limited
(Formerly known as Advanced Surgical Design & Manufacture Limited)
Statement of cash flows
For the half-year ended 31 December 2014



	Note	Consolidated	31/12/2013
		31/12/2014	31/12/2013
		\$	\$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		5,144,889	4,386,613
Payments to suppliers (inclusive of GST)		<u>(4,345,932)</u>	<u>(4,788,541)</u>
		798,957	(401,928)
Interest received		-	2,435
Other revenue		14,208	-
Interest and other finance costs paid		(87,304)	(122,790)
Gain from discontinued operation		-	228,565
Income taxes refunded		<u>817,000</u>	<u>544,003</u>
Net cash from operating activities		<u>1,542,861</u>	<u>250,285</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(56,592)	(260,961)
Payments for intangibles		(50,965)	(25,201)
Payments for security deposits		-	(2,536)
Proceeds from sale of property, plant and equipment		<u>178,068</u>	<u>-</u>
Net cash from/(used in) investing activities		<u>70,511</u>	<u>(288,698)</u>
Cash flows from financing activities			
Proceeds from issue of shares	8	1,000,000	-
Share issue transaction costs		(142,588)	-
Repayment of lease liabilities		(303,095)	(155,731)
Repayments from debtor finance facility		(685,931)	-
Repayments from borrowings - related party		<u>(270,000)</u>	<u>-</u>
Net cash used in financing activities		<u>(401,614)</u>	<u>(155,731)</u>
Net increase/(decrease) in cash and cash equivalents		1,211,758	(194,144)
Cash and cash equivalents at the beginning of the financial half-year		<u>26,017</u>	<u>287,419</u>
Cash and cash equivalents at the end of the financial half-year		<u><u>1,237,775</u></u>	<u><u>93,275</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2014 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2014.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

The carrying values of financial assets and financial liabilities presented in these financial statements represent a reasonable approximation of fair value unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity during the financial half-year ended 31 December 2014 and are not expected to have any significant impact for the full financial year ending 30 June 2015. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 2. Going concern

These financial statements have been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

This statement is made after noting the following in relation to the financial affairs of the consolidated entity:

- The consolidated entity has a cash balance of \$1,237,775 as at 31 December 2014 (June 2014: \$26,017) and net current assets of \$3,160,446 (June 2014: \$2,208,829).
- The loss before tax and discontinued operations for the financial half-year ended 31 December 2014 was \$261,601 (2013: \$317,700) with positive cash flows from operations of \$1,542,861 (2013: \$250,285).

The directors consider that the consolidated entity is a going concern for the following reasons:

During the period ended 31 December 2014, the consolidated entity closed the fully underwritten non-renounceable pro rata rights issue which raised approximately \$857,412. The rights issue was fully underwritten by KAZ Capital Pty Ltd, a director related entity of Allegra Orthopaedics.

In October 2014, the consolidated entity has received income of \$817,000 relating to a research and development tax refund. There is no indication that the current year receivable as at 31 December 2014 will not be recovered.

During the period ended 31 December 2014, the consolidated entity has repaid the following debts:

- related party loan totalling \$270,000 to be payable by 31 October 2014
- debtor finance as at 30 June 2014 \$685,931

In addition, the consolidated entity received full payment of the NSW Medical Devices Fund grant of \$1,550,000 on 23 February 2015.

Note 3. Operating segments

Identification of reportable operating segments

The consolidated entity operates in one segment being the sale, manufacture and design of surgical implants. This is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ("CODM")) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The consolidated entity operates predominately in one geographical region being Australia.

Management reviews EBITDA to make decisions. The following table summarises key reconciling items between statutory profit after tax attributable to the shareholders of Allegra Orthopaedics Limited (formerly known as Advanced Surgical Design & Manufacture Limited) and EBITDA.

Operating segment information

Consolidated - 31/12/2014	Intersegment eliminations/ unallocated \$	Total \$
EBITDA	199,962	199,962
Depreciation and amortisation		(374,259)
Finance costs		(87,304)
Loss before income tax expense		(261,601)
Income tax expense		-
Loss after income tax expense		(261,601)

Consolidated - 31/12/2013	Intersegment eliminations/ unallocated \$	Total \$
EBITDA	201,852	201,852
Depreciation and amortisation		(399,198)
Interest revenue		2,435
Finance costs		(122,789)
Profit from discontinued operations		228,565
Loss before income tax expense		(89,135)
Income tax expense		-
Loss after income tax expense		(89,135)

Note 4. Revenue

	Consolidated	Consolidated
	31/12/2014	31/12/2013
	\$	\$
From continuing operations		
<i>Sales revenue</i>		
Sale of goods	4,297,844	4,258,152
<i>Other revenue</i>		
Interest	-	2,435
Revenue from continuing operations	<u>4,297,844</u>	<u>4,260,587</u>

Note 5. Other income

	Consolidated	Consolidated
	31/12/2014	31/12/2013
	\$	\$
Other income	14,208	-
Research and development tax offset	350,000	270,000
Other income	<u>364,208</u>	<u>270,000</u>

Note 6. Discontinued operations

Description

On 12 July 2013, the consolidated entity signed an agreement with Orthofix Australia Pty Ltd for the disposal of its spinal business. This business has therefore been treated as a discontinued operation in the 2013 year.

Financial performance information

	Consolidated	Consolidated
	31/12/2014	31/12/2013
	\$	\$
Gain on sale before income tax	-	228,565
Income tax expense	-	-
Gain on disposal after income tax expense	<u>-</u>	<u>228,565</u>
Profit after income tax expense from discontinued operations	<u>-</u>	<u>228,565</u>

Cash flow information

	Consolidated	Consolidated
	31/12/2014	31/12/2013
	\$	\$
Net cash used in operating activities	<u>-</u>	<u>(39,000)</u>

Note 7. Current liabilities - borrowings

	Consolidated	Consolidated
	31/12/2014	30/06/2014
	\$	\$
Debtor finance facility	-	685,931
Related party loans	20	270,020
Lease liability	418,859	610,081
	<u>418,879</u>	<u>1,566,032</u>

Note 8. Equity - issued capital

	31/12/2014 Shares	30/06/2014 Shares	31/12/2014 \$	30/06/2014 \$
Ordinary shares - fully paid	63,751,248	43,751,248	10,459,629	9,602,217

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2014	43,751,248		9,602,217
Shares issued	26 September 2014	1,590,060	\$0.05	80,000
Shares issued	28 October 2014	18,409,940	\$0.05	920,000
Shares issued transaction cost		-	\$0.00	(142,588)
Balance	31 December 2014	63,751,248		10,459,629

Note 9. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 10. Contingent liabilities

The consolidated entity had no contingent liabilities at 31 December 2014 and 30 June 2014.

The consolidated entity has issued a performance guarantees totalling \$118,000 at 31 December 2014 (30 June 2014: \$118,000) in relation to rental commitments.

Note 11. Events after the reporting period

No matter or circumstance has arisen since 31 December 2014 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 12. Earnings per share

	Consolidated 31/12/2014 \$	31/12/2013 \$
<i>Earnings per share for loss from continuing operations</i>		
Loss after income tax attributable to the owners of Allegra Orthopaedics Limited	(261,601)	(317,700)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	51,092,997	43,751,248
Weighted average number of ordinary shares used in calculating diluted earnings per share	51,092,997	43,751,248
	Cents	Cents
Basic earnings per share	(0.51)	(0.73)
Diluted earnings per share	(0.51)	(0.73)

Note 12. Earnings per share (continued)

	Consolidated	
	31/12/2014	31/12/2013
	\$	\$
<i>Earnings per share for profit from discontinued operations</i>		
Profit after income tax attributable to the owners of Allegra Orthopaedics Limited	-	228,565
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	51,092,997	43,751,248
Weighted average number of ordinary shares used in calculating diluted earnings per share	51,092,997	43,751,248
	Cents	Cents
Basic earnings per share	-	0.52
Diluted earnings per share	-	0.52
	Consolidated	
	31/12/2014	31/12/2013
	\$	\$
<i>Earnings per share for loss</i>		
Loss after income tax attributable to the owners of Allegra Orthopaedics Limited	(261,601)	(89,135)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	51,092,997	43,751,248
Weighted average number of ordinary shares used in calculating diluted earnings per share	51,092,997	43,751,248
	Cents	Cents
Basic earnings per share	(0.51)	(0.20)
Diluted earnings per share	(0.51)	(0.20)

Allegra Orthopaedics Limited
(Formerly known as Advanced Surgical Design & Manufacture Limited)
Directors' declaration
31 December 2014



In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to read "Peter Kazacos", written over a horizontal line.

Peter Kazacos
Director

25 February 2015
Sydney



Independent auditor's review report to the members of Allegra Orthopaedics Limited (formerly known as Advanced Surgical Design & Manufacture Limited)

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Allegra Orthopaedics Limited (the Company and formerly known as Advanced Surgical Design & Manufacture Limited), which comprises the statement of financial position as at 31 December 2014, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for Allegra Orthopaedics Group (the consolidated entity and formerly known as Advanced Surgical Design & Manufacture Group). The consolidated entity comprises the company and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Allegra Orthopaedics Limited (formerly known as Advanced Surgical Design & Manufacture Limited), ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

PricewaterhouseCoopers, ABN 52 780 433 757
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Allegra Orthopaedics Limited (formerly known as Advanced Surgical Design & Manufacture Limited) is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date;
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in black ink that reads 'PricewaterhouseCoopers' in a cursive script.

PricewaterhouseCoopers

A handwritten signature in black ink that reads 'Sumanth Prakash' in a cursive script.

Sumanth Prakash
Partner

Sydney
25 February 2015