

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

31 October 2016: Adherium Limited (ASX:ADR), a global leader in digital health technologies that address sub-optimal medication use in chronic disease, today reported its appendix 4C quarterly report for the period ended 30 September 2016.

An update by the Company was provided on 26 October 2016 and is available on our company website. It has been a very busy quarter for Adherium, but more importantly it's been a time of investment as we position ourselves for the real opportunities going forward.

Commentary on Q1 activities:

- In the quarter to 30 September 2016, COPD and asthma programmes using Adherium technology commenced in both the US and Australia with our partner AstraZeneca.
- The US COPD study covers nine sites with supporting services to be provided by Adherium for the next year.
- The US COPD study is a precursor to progressive roll-out of Smartinhalers™ in the US (FDA 510k application now filed, targeting FDA approval by end 2016).
- The Australian supply is a commercial pilot programme which involves over 130 respiratory clinicians, both GPs and hospital specialists in Australia, and includes several channels to distribute the Adherium asthma management solution to patients.
- Revenue in the quarter also included the supply of additional Smartinhalers™ in support of multi-country clinical studies being undertaken by AstraZeneca, and a study by the Medical Research Institute of New Zealand
- Research and development continued on next generation miniaturised devices for new inhalers and embedded devices, with enhanced features and sensor functionality to increase data collection.
- In the quarter Adherium continued to build its team with the appointment of senior executives to the Chief Operating Officer and Head of Corporate Development roles, and expects to make further appointments in the next quarter in support of its North American and European business activities
- Financing in the quarter represented the placement of 8m shares to Fidelity International in July.

Adherium's Group CEO, Garth Sutherland said, "Our future is looking great. Adherium is a good company, with world-class products and people, and great opportunities ahead. It's exciting to be part of Adherium's past, present and future."

ENDS

ABOUT ADHERIUM

Adherium (ASX:ADR) is an Australian Securities Exchange listed company which develops, manufactures and supplies digital health technologies which address sub-optimal medication use and improve health outcomes in chronic disease.

Adherium operates globally from bases in the USA, Europe and Australasia.

Adherium is a provider of digital health solutions to patients, pharmaceutical companies, healthcare providers and contract research organizations. The Company's proprietary Smartinhaler™ platform has been independently proven to improve medication adherence and health outcomes for patients with chronic respiratory disease. Adherium has the broadest range of "smart" medication sensors for respiratory medications globally.

The Smartinhaler™ platform has so far been used in more than 65 projects (clinical, device validation or other) and has been referenced in 56 peer reviewed journal articles. Clinical outcomes data has proven that the Smartinhaler™ platform can improve adherence by up to 59% in adults and 180% in children and reduce severe episodes by 60% in adults, leading to improved quality-of-life and demonstrating a substantial gain over current best practice treatment. The Company has received FDA 510(k) notifications for clearance to market and CE Marks for its devices and software, which allows it to sell these devices into international markets.

www.adherium.com www.smartinhaler.com

Enquiries:

At Adherium:		
Corporate Julia Chambers Head of Corporate Development M: +64 27 807 8153 E: juliac@adherium.com	North America James Hattersley Senior Vice President, Business Development, North America M: +1 610 955 5886 E: jamesh@adherium.com	
Media enquiries:		
Australia and New Zealand Rudi Michelson Monsoon Communications D: +61 3 9620 3333 E: rudim@monsoon.com.au	North America Erich Sandoval Lazar Partners D: +1 213-908-6226 E: esandoval@lazarpartners.com	Europe Sue Charles/Rozi Morris Instinctif Partners D: +44 (0)20 7866 7860 E: adherium@instinctif.com

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")

30 September 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	324	324
1.2 Payments for		
(a) research and development	(327)	(327)
(b) product manufacturing and operating costs	(450)	(450)
(c) advertising and marketing	(241)	(241)
(d) leased assets	-	-
(e) staff costs	(1,343)	(1,343)
(f) administration and corporate costs	(822)	(822)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	82	82
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(6)	(6)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(2,783)	(2,783)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(85)	(85)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
(d) intellectual property	-	-
(e) other non-current assets	(3)	(3)
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	(88)	(88)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	8,023	8,023
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(511)	(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	7,512	7,512

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	27,211	27,211
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(2,783)	(2,783)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(88)	(88)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	7,512	7,512

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(28)	(28)
4.6	Cash and cash equivalents at end of quarter	31,824	31,824

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	100	111
5.2	Call deposits	31,724	27,100
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)	31,824	27,211

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
(79)
-

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	532
9.2 Product manufacturing and operating costs	352
9.3 Advertising and marketing	470
9.4 Leased assets	-
9.5 Staff costs	2,300
9.6 Administration and corporate costs	987
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	4,641

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:
(Company secretary)

Date: 31 October 2016
.....

Print name: Rob 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.