

**CONCISE
FINANCIAL
REPORT
2014**

avita medical

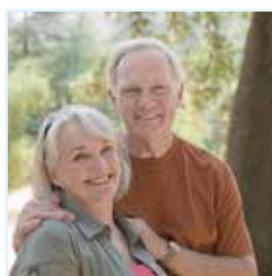
Contents

Corporate Information	2
From the Chairman.....	3
From the CEO	4
Directors' Report	7
Independent Auditors Declaration.....	27
Consolidated Statement of Comprehensive Income.....	28
Consolidated Statement of Financial Position	29
Consolidated Statement of Cash Flows	30
Consolidated Statement of Changes in Equity	31
Notes to the Concise Financial Statements.....	32
Directors' Declaration	39
Independent Auditors Report.....	40
Corporate Governance.....	42
ASX Shareholder Information	52

The Concise Financial Statements 2014 are an extract from the full financial statements of Avita Medical Limited and has been derived from Avita Medical Limited's 2014 Annual Report. The financial statements included in the Concise Report cannot be expected to provide as full an understanding of Avita Medical Limited's financial performance, financial position and operating and financing activities as that provided by the 2014 Annual Report.

2014 Concise Report

A copy of Avita Medical Limited's 2014 Annual Report, together with the Independent Auditors Report, is available to all shareholders, and will be sent to shareholders without charge upon request. The financial statements can be requested by letter to the registered office or email at investor@avitamedical.com.



Corporate Information

Corporate Information

ABN 28 058 466 523

The Concise Financial Report covers the consolidated entity comprising Avita Medical Limited and its subsidiaries. The Group's presentation currency is AUD (\$).

A description of the Group's operations and of its principal activities is included in the review of operations and activities in the directors' report on page 10.

Directors

Mr Lou Panaccio (Chairman) - appointed 01 July 2014

Mr Ian Macpherson (Deputy Chairman)

Prof Fiona Wood (Non-Executive Director)

Mr Jeremy Curnock Cook (Non-Executive Director)

Mr Matthew McNamara (Non-Executive Director)

Dr Michael Perry (Non-Executive Director)

Mr Dalton Gooding – resigned 30 June 2014

Dr William Dolphin – resigned 11 December 2013

Company Secretary

Mr Gabriel Chiappini

Registered Office

Level 9, The Quadrant

1 William Street

Perth, Western Australia, 6000

Email: investor@avitamedical.com

Principal place of business

Unit B1, Beech House

Melbourn Science Park

Cambridge Road

Royston, HERTS, SG8 6HB

United Kingdom

Share Register

Computershare Investor Services Pty Limited

Level 2, 45 St Georges Terrace

Perth, Western Australia 6000

Solicitors

Clifford Chance

Level 7, 190 St Georges Terrace

Perth, Western Australia, 6000

Auditor

Grant Thornton Audit Pty Ltd

Level 1, 10 Kings Park Road

Perth, Western Australia, 6005

Principal Bankers

National Australia Bank Limited

1238 Hay Street

West Perth, Western Australia, 6005

Stock Exchange

Avita Medical Limited

Listed on the Australian Securities Exchange Limited (ASX: Code: AVH).

Listed on the OTCQX International Marketplace in the US (Code: AVMX)

Internet Address

www.avitamedical.com

From the Chairman

Dear Shareholder,

It is a pleasure to write my first shareholder letter. As a new Avita Medical board member and Company Chairman, I am excited to have this inaugural opportunity to address our long standing shareholders as it offers a platform to convey my genuine enthusiasm for the ReCell® Spray-On Skin® technology, and our potential to be a major global player in the regenerative medicine space. Rather than summarize key activities over the past twelve months, I'd like to utilise this forum to outline the Company's plan for growth, and ultimately, the strategy to produce meaningful shareholder value generation.

To be clear, I joined Avita's board and agreed to take on the Chairman's role based solely on my firm belief in ReCell® Spray-On Skin® being a world class technology. After performing extensive diligence across all verticals of the Company, I have absolute conviction for the clinical benefit ReCell® brings to patients and the product's place in the global commercial market. While I certainly recognize the important role our revenue generating respiratory assets (Breath-A-Tech® & Funhaler®) play in providing ongoing non-dilutive funding, clearly ReCell® is the asset anchoring the "Avita opportunity." I also recognise the deep history and frustration many shareholders have experienced with our inability to realize the potential of ReCell® in a timely

manner. However, I am convinced we now have the right leadership team in place to facilitate the transition to our next stage of growth. Here is a snapshot of the plan moving forward:

Developing the chronic wounds and aesthetics business will be crucial for Avita's success. These markets are substantially larger than the burns market ReCell® was originally intended to service and therefore, provide a much greater commercial opportunity. For too long Avita has been reliant on revenue from the respiratory product line and we weren't focused enough on generating repeat business with clinicians using ReCell®. The board identified this as an area of emphasis and the management team is dedicated to ensuring proper resources are allocated to achieving substantial traction with this campaign. In the past few months our sales and marketing team has been revamped and a new marketing strategy developed to execute on this focused initiative in our targeted markets.

Securing U.S. Food and Drug Administration (FDA) approval for ReCell® is integral to our long-term growth. I am pleased to report the program, which is already in its final pivotal stage of development via a phase III trial for burns, has been granted key protocol amendments in September of 2014 which offers more accessibility to study participants

and broadens the scope of ReCell®'s use to improve market penetration post regulatory approval. These trial modifications were initiated by Avita and intended to provide a streamlined path to market with the goal of highlighting the clinical benefits of ReCell® for a greater range of patients by the inclusion of a paediatric indication as well as the ability to treat larger sized burn injuries.

On behalf of the management team and board, I look forward to the 2015 financial year with great anticipation. All of us at the company are aligned and excited to work as a collective to realize the extraordinary potential of ReCell® to provide superior outcomes for patients suffering from a variety of skin wounds and defects. We are committed to transforming Avita into a commercially successful clinical and corporate leader in the life science sector and extend our deep appreciation to longstanding shareholders for their continued patience and support as we embark on this next phase of growth.



Lou Panaccio
Chairman
Avita Medical

From the CEO

Dear Shareholder,

As a way of introduction, I was appointed interim Chief Executive Officer in December 2013 after serving as the Company's Chief Operating Officer and Chief Financial Officer. Since assuming the role, it has been a pleasure to work in concert with the rest of the management team and Board to transform Avita into a mainstream, leading regenerative medicine company. Clearly, Avita's value proposition is anchored by its platform technology, ReCell® Spray-On Skin®, which has the potential for broad applicability to treat a variety of burns, plastic, reconstructive and cosmetic procedures.

This past year was an instrumental period of progress for the company as we further refined the product, and commercial strategy in key markets while also achieving a major protocol amendment for the U.S. Phase III trial design to facilitate patient access and use extension.

The Company's corporate and clinical progress is reflected in improved year-over-year financial growth, and perhaps most important, a focused, streamlined plan to bolster Avita's business, profile and relationships in the international commercial and investor communities.

A company positioned for transformational growth

In reporting key activities and milestones for the financial year, it's important to note the fundamental shift in focus. While the respiratory product line continued to provide revenue to support ReCell®'s commercial and clinical development, the decision was made early in the year to dedicate the majority of resources to ReCell® as it represents a true, transformational asset. To this end, significant improvement was made to the product itself to further the Company's effort to enhance ease-of-use for clinicians. ReCell® no longer requires refrigeration, which now positions the product as a much more attractive solution given there are no storage constraints.

"This past year was an instrumental period of progress for the company as we further refined the product, and commercial strategy in key markets while also achieving a major protocol amendment for the U.S. Phase III trial design to facilitate patient access and use extension."

In conjunction with our on-going effort to explore product improvements, we have commenced the establishment of three separate brand identities and configurations, which specifically

address the various requirements and opportunities found across Chronic Wounds, Aesthetics, and Burns indications.

We look forward to sharing the specifics with you over the next few months. The sum of this foundational work was a prerequisite to properly targeting the 48 million potential procedures and \$43 billion market size in Avita's approved regions and indications for use with an additional future opportunity in the US with a \$7 billion potential market size.

During the year, a clinical study in Germany found ReCell® provided clinically superior results for the treatment of hypopigmented scars. The ongoing study by German-based Associate Professor Dr Matthias Aust found that areas treated with ReCell® combined with a scar treatment technique called medical needling showed statistically significant repigmentation, while the areas treated by medical needling without ReCell®, did not. In another trial, ReCell® was used successfully in place of costly permanent laboratory facilities, which require special licensure, in the treatment of patients with vitiligo or piebaldism. The pilot study was a within-subject randomized controlled trial facilitated by the Netherlands Institute for Pigment Disorders. These important results were presented at the International Pigment Cell Conference (4-7 September) in Singapore.

From the CEO Cont.

“In conjunction with our on-going effort to explore product improvements, we have commenced the establishment of three separate brand identities and configurations, which specifically address the various requirements and opportunities found across Chronic Wounds, Aesthetics, and Burns indications.”

The US FDA granted Avita an Investigational Device Exemption (IDE) for compassionate use of ReCell®, allowing the company to clinically evaluate the use of ReCell® in up to 12 patients who have insufficient healthy skin to harvest for the skin grafts needed to conventionally treat their life-threatening wounds from burn, trauma, or congenital skin defects.

However, the watershed milestone for the year was without question the FDA granting approval to modify the phase III burn trial.

The revised protocol provided the ability to expand the use of ReCell® to paediatric populations as well as larger burns, dramatically impacting the commercial potential of the product and finally addressing the patient recruitment challenge which has been an historic burden for all of us involved with Avita. The removal

of this overhang is an exciting accomplishment and speaks to the quality of our clinical and regulatory teams.

We expect to commence enrolment of a new cohort of 25 patients into the modified trial in early 2015, with enrolment completed by the end of 2015. The study design requires each participant to be followed for 12 months; however Avita may initiate a PMA application prior to all patients completing the 12 month follow-up. The change to include children five years and older in the modified IDE allows the Company to avert the time and cost associated with a separate paediatric trial for product approval in that population.

Financial Review

In reporting the financial summary, I'd like to emphasize our operational goal for the year, which was focused around positioning for major, long-term commercial traction vs. achieving incremental growth. While revenues for ReCell® were 5% higher than FY2013 and growth was realized in Australia, China, France, and Turkey; in the UK, Germany, and Italy revenue declined. This was due primarily as a result of overall strategic re-alignment, which resulted in changes to staffing and sales representation. We now have a much better understanding of the marketplace and ReCell®'s emerging role in the treatment landscape.

Our revamped sales program will largely focus on the larger markets of chronic lower limb wounds and aesthetics (including repigmentation) while continuing to drive our burns strategy forward.

While other income was 52% lower than last year; with interest received down 55% as cash deposits have steadily lowered, Avita has made a concerted effort to reduce expenses company wide.

“The watershed milestone for the year was without question the FDA granting approval to modify the phase III burn trial.”

Fiscal vigilance and the institution of a corporate program to reduce operating costs allowed the Company record a 36% financial improvement in the year with a net loss after tax of \$5.1 million, compared to \$8.1 million in June 2013.

Grant income was also 56% lower than last year as Armed Forces Institute of Regenerative Medicine (AFIRM) funding came to an end during the year. Discussions with AFIRM and other potential US funding agencies are presently underway. Operating costs were \$9.3 million compared to \$11.6 million last year as a result of savings particularly in Research & Development (down 70% compared to last year).

From the CEO Cont.

The plan moving forward

Regenerative medicine continues to gain momentum in the research, development, and business communities. According to The Alliance for Regenerative Medicine's 2014 global annual report, it is estimated that 700 companies are dedicated to the space, with 418 recognized as leaders in the field of regenerative medicine. Of the 418 leading companies, 247 of them are therapeutic and device driven with a total of 466 total unique therapeutic products between them. Of those 466 products only 28 are in the market, and ReCell® was recognized as one of these unique therapeutic products.

“Our revamped sales program will largely focus on the larger markets of chronic lower limb wounds and aesthetics (including repigmentation) while continuing to drive our burns strategy forward.”

Of the 45 companies in Primary Cell-Based Therapeutics there are 70 unique products and ReCell® is one of only 17 marketed products in the segment.

As we enter a new financial year, Avita is primed for a major uptick in value as the Company is uniquely positioned for growth. The phase III trial modification serves as the catalyst

for change as we now have definition around the breadth of ReCell®'s applicability and timeline to the Phase III trial completion.

With this newfound confidence in the trial's viability, and as part of our strategy to increase ReCell®'s presence in the market, we will now commence an aggressive program to secure reimbursement in our targeted commercial markets. Furthermore, we will also leverage our hybrid, unique commercial/clinical profile to cultivate international investor and business relationships. Through it all, I remain committed to Avita's team, our board and shareholders.

“As we enter a new financial year, Avita is primed for a major uptick in value as the Company is uniquely positioned for growth.”

Together, we are on the cusp of meaningful advances on multiple fronts, which will ultimately result in shareholder value generation.

I look forward to keeping everyone posted on progress.




Timothy Rooney
Interim CEO
Avita Medical

Directors' Report

Your Directors present their report with respect to the results of Avita Medical Limited (the "Company") for the year ended 30 June 2014 and the state of affairs of the Company at that date. Avita Medical Limited is a company limited by shares that is incorporated and domiciled in Australia. The Company has prepared this consolidated financial report incorporating the entities that it controlled during the financial period.

DIRECTORS

The names and details of the Company's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.



Lou Panaccio
(Chairman)

Mr Panaccio, a successful healthcare businessman with extensive experience progressing companies from concept to commercialisation, was appointed to the role of Chairman of the Board, effective from 1 July 2014. Mr Panaccio replaces Mr Ian Macpherson who has served in the interim role since December 2013. Mr Panaccio possesses more than 30 years' executive leadership experience in healthcare services and life sciences, including approximately

15 years' board-level experience. Mr Panaccio is currently a Non-Executive Director of ASX50 company and one of the world's largest medical diagnostics companies, Sonic Healthcare Limited, where he has served since 2005. In addition to his Sonic Healthcare Limited role, Mr Panaccio is the Executive Chairman of Health Networks Australia Group, Non-Executive Director Yarra Community Housing, Non-Executive Director Inner East Community Health Service and Executive Chairman of Genera Biosystems Limited. He was also the Chief Executive Officer and an Executive Director of Melbourne Pathology for 10 years to 2001. Mr Panaccio has also served in executive and board roles with CPW Group, Monash IVF Group, Primelife Corporation Limited and other private entities. During the past three years Mr Panaccio has also served as a director of the following other listed companies:

- Sonic Healthcare Limited * (appointed June 2005)
- Genera Biosystems * (appointed 25 November 2010)

* denotes current directorship



Ian Macpherson
(Vice-Chairman)

Mr Macpherson was appointed to the Board on 5 March 2008 following completion of the merger with Visiomed Group Limited. Mr Macpherson is a graduate from the University of Western Australia with a Bachelor of Commerce (B.Comm). He commenced his career in commerce in 1978 prior to entering the Chartered Accounting profession. In July 1990 he resigned from the partnership of Arthur Anderson and Co to establish the firm of Ord Partners, Chartered Accountants (subsequently Ord Nexia). In October 2010 Ord Nexia merged with MGI Perth and Mr Macpherson continued in a consulting role with the merged group until November 2011. Mr Macpherson was appointed Chairman for an interim period from 11 December 2013 to 30 June 2014.

Mr Macpherson advises on capital structuring, equity and debt raising, ASIC and Securities Exchange compliance procedures. He is a member of the Institute of Chartered Accountants in Australia and Australian Institute of Company Directors. During the past three years Mr Macpherson has also served as a director of the following other listed companies:

- Rubicon Resources Limited*

Directors' Report Cont.

(Appointed 18 October 2010)

- Navigator Resources Limited (Appointed 1 July 2003; Resigned 14 January 2013)
- Kimberley Rare Earths Limited (Appointed 2 December 2010; Resigned 29 November 2012)
- Red 5 Limited* (Appointed 5 April 2014)

* denotes current directorship



Fiona Wood
(Non-Executive Director)

Winthrop Professor Wood was re-appointed to the Board on 11 April 2006 following her earlier resignation from the Board on 31 December 2005. Professor Wood is currently Director of the Western Australian Burns Service and a Consultant Plastic Surgeon at both the Royal Perth and Princess Margaret hospitals. She is the Chairman of the Fiona Wood Foundation formerly the McComb Research Foundation established in 1999 with co-founder Marie Stoner.

Professor Wood has been involved in a number of education and disaster response programs associated with her interest in burns and has published a variety of papers over the years. In addition, she has been the recipient of the 2003 Australian Medical Association "Contribution to Medicine" award and a Member of the

Order of Australia for her work with Bali bombing victims.

Professor Wood was named West Australian of the Year in 2004 and 2005 and was named as Australian of the Year in 2005.

Professor Wood is not a director of any other listed company.



Jeremy Curnock Cook
(Non-Executive Director)

Mr Curnock Cook was appointed to the Board on 19 October 2012 and is currently on a number of boards of International Healthcare and Biotechnology companies. He is the former head of the life science private equity team at Rothschild Asset Management, was responsible for the launch of the first dedicated biotechnology fund for the Australian market and the launch of a joint venture with Johnson & Johnson Development Corporation for the creation of Healthcare Ventures, an investment vehicle dedicated to seed stage investments in Europe, as well as the conception and launch of the International Biotechnology Trust. He is currently the Managing Director of Bioscience Managers Pty Ltd, responsible for the BM Asia Pacific Healthcare Fund. During the past three years Mr Curnock Cook has also served as a director of the following other listed companies:

- Bioxyne Ltd* (Appointed 7 May 2012)
- Phylogica Ltd* (Appointed March 2012)
- AmpliPhi Bioscience Corporation Inc* (Appointed July 1995)
- Sea Dragon Marine Oils Ltd* (Appointed 15 October 2012)
- Eacom Timber Corporation (Appointed 1997 – resigned June 2013)
- Rex Bionics plc* (Appointed 27 February 2012)

* denotes current directorship



Matthew McNamara
(Non-Executive Director)

Mr McNamara was appointed to the Board on 19 October 2012 and is currently the Chief Investment Officer and director of BioScience Managers Pty Ltd. Mr McNamara has over 25 years experience in the Healthcare & Medical Sciences sector. After initially being a Molecular Biology Research Assistant, he spent 11 years in Sales & Marketing and General Management with Merck & Co. and Johnson and Johnson Medical Pty. Ltd respectively. He has served as SVP Business Development of eBioinformatics Inc. and was CEO of a Life Sciences Venture Capital Fund,

Directors' Report Cont.

SciCapital Pty. Ltd. During the past three years Mr McNamara has also served as a director of the following other listed companies:

- Sea Dragon Limited* (Appointed 5 October 2012)
- Bioxyne Limited* (Appointed an Alternative Director 22 August 2013)

* denotes current directorship



Dr Michael Perry
(Non-Executive Director)

Dr Perry was appointed to the Board on 6 February 2013 and currently serves as Vice President and Senior Global Program Head, Stem Cell Therapy at Novartis Pharmaceuticals Corp, a US affiliate of Switzerland-based Novartis AG. Dr Perry, based in the United States, has previously served as the Global Head of R&D at Baxter Healthcare, President, Cell & Gene Therapy at Novartis affiliates Systemix and GeneticTherapy, Inc., VP Regulatory Affairs at Sandoz Pharmaceuticals Corp., Director of Regulatory Affairs at Schering-Plough Corporation, and Chairman, CEO or CMO at several early stage biotech companies. During the past three years Dr Perry has also served as a director of the following other listed companies:

- Arrowhead Research Corporation* (Appointed December 2011)

- AmpliPhi Biosciences* (Appointed November 2005)

* denotes current directorship

Dalton Gooding (Non-Executive Director)

Mr Gooding was appointed to the Board on 14 November 2002. Mr Gooding, formerly a long-standing partner at Ernst & Young, is a Fellow of the Institute of Chartered Accountants in Australia. With over 35 years' experience, he is currently the Managing Partner of Gooding Partners and advises to a wide range of businesses with particular emphasis relating to taxation and accounting issues, due diligence, feasibilities and general business advice. Mr Gooding also has a number of other directorships of companies in many different segments of business. Mr Gooding resigned as Chairman on 11 December 2013 and as Non-Executive Director on 30 June 2014. During the past three years Mr Gooding has also served as a director of the following other listed companies:

- Brierty Limited* (Appointed 26 October 2007)
- Katana Capital Limited* (Appointed 11 November 2005)
- SIPA Resources Limited* (Appointed 1 May 2003)

Dr William Dolphin Ph.D (Chief Executive Officer and Managing Director – resigned 11 December 2013)

Dr Dolphin was appointed to the Board on 5 March 2008 following completion of the merger with Visiomed Group Limited. Dr Dolphin was previously CEO of Visiomed Group Limited. Dr Dolphin holds a PhD in biophysics obtained from Boston University in 1989. He held appointments as Professor in the Departments of Biomedical Engineering and Biology at Boston University and served as President and Chief Technology Officer of a US-based contract research and development company. Dr Dolphin was subsequently the President, CEO and Chairman of a US medical device company.

In 2003 Dr Dolphin relocated to New Zealand and was CEO of a technology joint venture. Dr Dolphin has served as a director of numerous companies in the US, NZ and Australia, is the author of more than 60 peer-reviewed scientific articles, holds five US and international patents and was twice recipient of the National Research Service Award from the US National Institutes of Health.

COMPANY SECRETARY

Gabriel Chiappini BBus, CA, GAICD

Gabriel is a Chartered Accountant and member of the Australian Institute of Company Directors with over 20 years experience in the Commercial Sector. Over the last 15 years Gabriel has held positions of Director, Company Secretary and Chief Financial Officer in both public and private companies with operations in Australia, the United Kingdom and the United States. He has assisted a number of companies list on the ASX and been involved with equity raisings exceeding AUD\$250m. Gabriel has a sound understanding of the Australian Securities Exchange (ASX) Listing Rules and an in depth knowledge of the Corporations Act.

Gabriel currently manages his own consulting firm specialising in providing Director, company secretarial, corporate governance and investor relation services. He currently acts as a Director and Company Secretary for several companies listed on the ASX. Gabriel is currently Chairman of ASX listed company Dromana Estate Limited and a Non Executive Director of Green Rock Energy Limited.

Interests in the Shares and Options of the Company

As at the date of this report, the interests of the directors in the shares and options of the Company were:

	Number of Ordinary Shares	Number of Options over Ordinary Shares
I Macpherson	10,799,997	-
F Wood	723,365	-
J Curnock Cook	-	-
M McNamara	-	-
M Perry	-	-
D Gooding (resigned 30 June 2014)	3,354,528	-
W Dolphin (resigned 11 December 2013)	2,003,569	9,323,750

EARNINGS PER SHARE

Earnings per share for the current year was a loss of 1.58 cents per share compared to a loss of 2.69 cents per share for the previous period. Weighted average number of ordinary shares on issue used in the calculation of basic loss and diluted loss per share is 325,308,404.

DIVIDENDS

Since the end of the previous financial period, no amount has been paid or declared by the Company by way of dividend.

EMPLOYEES

The number of full-time employees of the economic entity at 30 June 2014 was 21 (30 June 2013:21).

PRINCIPAL ACTIVITIES

The principal activities during the year of entities within the consolidated entity were:

- the commercialisation of the Company's regenerative product;
- supply of spacers to the adult and adolescent respiratory market.

OPERATING AND FINANCIAL REVIEW

Group Overview

Avita Medical Limited is a global medical device company, formed through the merger in February 2008 of Clinical Cell Culture Ltd with Visiomed Group Ltd. Following the merger, the Company is now active in the regenerative medicine and respiratory markets.

Regenerative Medicine

The Company develops and distributes tissue-engineered products for the treatment of wound and other skin defects. The lead product, ReCell® Autologous Spray-On-Skin®, enables the collection of healthy skin cells for immediate treatment of existing scars created by burns, skin grafts, acne, acute wounds or surgery, and skin discolouration including leucoderma and vitiligo. The Company is focused on obtaining regulatory approval in key markets and establishing a commercial platform to successfully penetrate these markets. ReCell® is cleared for sales in Australia (TGA) and Europe (CE marked). Clinical trials are underway worldwide to provide clinical evidence in support of marketing claims and to secure regulatory approvals.

Respiratory

The Company manufactures and sells a range of spacers for the paediatric, adolescent and adult market and is the leading provider of spacers in Australia. Products include the Funhaler® incentive asthma spacer, designed for the paediatric market, and Breath-A-Tech® addressing the adolescent and adult markets.

Operating Results for the Year

Revenue from the sale of goods, other revenue and other income was \$3,277,714, a decrease of 19% over last year (2013: 4,052,275). Revenue from sale of goods was \$2,683,133, down 5% over the previous year (2013: \$2,814,990). Cost of sales were \$670,893 (2013: \$676,502) down 1% due to manufacturing cost gains while gross profits at \$2,012,240 (2013: \$2,138,488) decreased by only 6%. Normal operating costs were \$9,265,933 (2013: \$11,596,766) a decrease of 20% compared to last year. This reflects management's initiative to reduce operating costs primarily in Research & Development expenditure (down 70%) compared to last year. The net loss before tax was \$6,659,112 down 19% on last year (2013: \$8,220,993).

Investments for Future Performance

The Company continues to focus on achieving sales penetration in the regenerative medicine and respiratory markets. The Company is directing its resources to a limited number of key markets, working with a small number of select distributors and, where warranted, the addition of dedicated sales consultants or product specialists will be considered.

The Company has commenced several clinical trial programmes to further develop clinical evidence in key indications. The Company's strategy for its respiratory line of products is to continue to grow and solidify its dominant position in the Australia market and build the Company's presence in international markets.

Review of Financial Condition

Capital Structure

There was no new investment or capital raising during the 2014 financial year. During the 2013 financial year \$10,452,080 was raised in a Share Purchase Plan through the issue of 87,125,848 shares less capital raising costs of \$673,649.

Cash from Operations

Net cash outflows used in operations increased by 4% compared to the previous period, from \$7,249,403 in 2013 to \$6,924,939 in the current year.

Risk Management

The Board is responsible for overseeing the establishment and implementation of an effective risk management system and reviewing and monitoring the Company's application of that system. Implementation of the risk management system and day-to-day management of risk is the responsibility of the Managing Director, with the assistance of senior management as required. The Managing Director is responsible for reporting directly to the Board on all matters associated with risk management.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There have been no significant changes in the state of affairs during the 2014 financial year.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

No matters or circumstances have arisen since the end of the reporting period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company continues to focus on achieving sales penetration in key approved markets and is also anticipating further regulatory approvals in a number of important global markets. Sales revenue is expected to increase during the 2014/2015 financial year as market penetration increases and approvals are received in new markets.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The principal activities of the Company are not subject to any particular or significant environmental regulations.

SHARE OPTIONS

Unissued Shares

As at the reporting date, there were 15,423,750 unissued ordinary shares under options represented by:

4,882,500 exercisable at \$0.14 expiring 30 November 2014, issued to the Chief Executive Officer at the

Annual General Meeting held on 11 November 2008.

1,000,000 exercisable at \$0.14 expiring 30 November 2015, issued to the Chief Executive Officer at the Annual General Meeting held on 30 November 2010.

1,660,000 exercisable at \$0.14 expiring 30 November 2016, issued to the Chief Executive Officer at the Annual General Meeting held on 30 November 2010.

1,406,250 exercisable at \$0.14 expiring 30 November 2017, issued to the Chief Executive Officer at the Annual General Meeting held on 30 November 2010.

375,000 exercisable at \$0.14 expiring 30 November 2018, issued to the Chief Executive Officer at the Annual General Meeting held on 30 November 2010.

400,000 exercisable at \$0.14 expiring 1 July 2014, issued to an employee on 1 July 2011.

150,000 exercisable at \$0.15 expiring 9 July 2015, issued to an employee on 9 July 2012.

1,800,000 exercisable at \$0.15 expiring 15 October 2018, issued to an employee on 15 May 2013.

2,300,000 exercisable at \$0.16 expiring 28 February 2017, issued to several employees on 28 February 2014.

700,000 exercisable at \$0.175 expiring 28 February 2017, issued to an employee on 28 February 2014.

250,000 exercisable at \$0.10 expiring 30 June 2017, issued to the Chief Executive Officer on 15 December 2013.

250,000 exercisable at \$0.12 expiring 30 June 2017, issued to the Chief

Executive Officer on 15 December 2013.

250,000 exercisable at \$0.14 expiring 30 June 2017, issued to the Chief Executive Officer on 15 December 2013.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related corporate body.

Shares Issued as a Result of the Exercise of Options

During the financial year and up to the date of this report, no options were exercised to acquire fully paid ordinary shares in the Company.

INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Company has paid premiums in respect of Directors' and Officers' Liability Insurance and Company Reimbursement policies that cover all directors and officers of the Company to the extent permitted by law. The policy conditions preclude the Company from any detailed disclosures.

REMUNERATION REPORT (audited)

Letter from the Chair of the Remuneration Committee

Dear Shareholders,

During FY14 your company has undergone a number of significant changes including a change in the Chairman and Chief Executive Officer of Avita Medical. The Chairman’s report has noted Avita Medical’s focus on building shareholder value and sales growth in key ReCell® markets.

As Chairman of the Remuneration Committee my focus is on ensuring the company has an appropriate remuneration structure in place that ensures that key management have a strong link between company performance and reward, are motivated to achieve key company objectives and build long term company success. Avita Medical is committed to ensuring its remuneration structure is aligned with shareholder interests and in that sense needs to ensure that key executive staff are motivated, rewarded and retained.

Following on from the no vote against the Remuneration Report at the Company’s Annual General Meeting in 2013 and leading into FY15, the Company has invested considerable time in engaging with key stakeholders and advisors to improve the remuneration governance framework, policies and incentive structures.

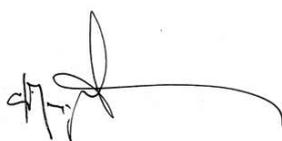
In light of the noted considerations, the board has taken the following steps:

Proposed changes for 2015	Rationale
Fixed remuneration	No increase above current CPI and contractual terms
Short term incentive plan “STIP”	STI plan is being reviewed by the Board and external consultants for appropriateness to current circumstances of the Company.
Long Term Incentive Plan “LTIP”	Changes to be made during 2015 FY, it is anticipated that best practice type LTI will replace a material portion of the STI plan.
NED fees to remain frozen	NED fees to remain frozen and in line with fees from 2013 and 2014

I would also like to acknowledge the support and contributions from the other members of the Remuneration Committee and the understanding of senior Executives. I trust that shareholders will welcome the board’s undertakings and will support our initiatives to demonstrate an improved remuneration framework and outcomes as part of the FY15 Annual Report.

If any shareholders or their representatives would like to engage with me further on remuneration matters please write to me with your feedback and comments and I will be happy to reply.

Regards



Ian Macpherson

Chair of the Remuneration Committee

REMUNERATION REPORT (continued)

This Remuneration Report outlines the Director and Executive remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purposes of this report Key Management Personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any Director (whether Executive or otherwise) of the parent company.

For the purposes of this report, the term 'executive' encompasses the Chief Executive and Senior Executives of the parent and the Group.

Details of key management personnel

(i) Directors	
Lou Panaccio	Chairman (appointed 1 July 2014)
Ian Macpherson	Deputy-Chairman (Non-Executive)
Fiona Wood	Director (Non-Executive)
Jeremy Curnock Cook	Director (Non-Executive)
Matthew McNamara	Director (Non-Executive)
Michael Perry	Director (Non-Executive)
Dalton Gooding	Director (Non-Executive) – resigned 30 June 2014
William Dolphin	Chief Executive Officer – resigned 11 December 2013
(i) Executives	
Timothy Rooney	Interim CEO
Andrew Quick	VP Research & Technology
William Marshall	VP Operations
Lorraine Glover	General Manager - Asia Pacific
Lesley Whitlock	Sales & Marketing Director – EMEA – joined 11 November 2013
Gabriel Chiappini	Company Secretary

Lou Panaccio was appointed Director and Chairman on 1 July 2014. There were no other changes of the CEO or Key Management Personnel after the reporting date and before the date the financial report was authorised for issue.

Response to vote against Adoption of 2013 Remuneration Report ('Strike')

At the 2013 Annual General Meeting (AGM) the Company recorded a "strike". Under the Corporations Act a strike occurs when more than 25% of eligible votes cast are against the resolution to adopt the Remuneration Report. Since the strike was recorded Avita Medical has been diligent in examining the issues raised, and has

sought input regarding the appropriate changes required from:

- Shareholders;
- Independent external consultants approved by the board; and
- Proxy advisors and stakeholder representative groups.

The Board became aware of the dissatisfaction by some shareholders at the lack of progress in growing sales during calendar year 2013

coupled with continued delays in the recruitment of patients required for progressing the Company's FDA Burns trial.

Management focus and strategy had to that point been on clinical outcome and data compilation to support the application of our lead product – ReCell®. As a result our sales and marketing push had been somewhat limited and focussed on a 'proof of concept' as distinct from an expansionary sales efforts, meaning that the Company was and remains in a development phase of a Corporate life cycle. In the lead into the FY13 AGM Avita Medical was increasingly aware that the Remuneration Report would not receive the approval of its shareholders due to the perceived disappointing progress as above, compounded by sub-optimal remuneration structures that were in place at the time, particularly the short term incentive. As a result of the feedback from shareholders leading into the AGM and following the AGM the Company took decisive action to address the issues which included a process for the installation of a new Chairman and Chief Executive Officer.

We identified a number of key areas for improvement which has resulted in a review of remuneration practices, policies and plans associated with KMP remuneration. So as to develop an appropriate foundation for future practices the Remuneration Committee has a formal Remuneration Governance Framework which, at the core, consists of:

- A Remuneration & Nomination Committee Charter which now mandates the development and maintenance of other Remuneration Governance Framework elements,

- A senior Executive Remuneration Policy,
- A Short Term Incentive (STI) Policy & Procedure document, and
- A Long Term Incentive (LTI) Policy & Procedure document.

The Board has addressed many of the concerns received from shareholders and an independent review process continues in this regard with a focus on restructuring of both the STI and LTI policies. It is anticipated that this review will recommend that limited or no cash based STI should be offered (outside of contractual commitments) until such time as it has assessed the recommendation of its remuneration advisors.

It is the hope of the Board that the above improvements to remuneration governance and practices, together with the significant changes at Chief Executive and Board level will be seen by shareholders as an appropriate response to the strike. Given the considerable efforts of the board to demonstrate responsiveness to shareholder concerns, Avita now seeks shareholder support for the resolution to adopt the Remuneration Report at the upcoming AGM of the company. We would be grateful if shareholders acknowledge that this process commenced in FY14 and will continue through FY15 to finalise the implementation of the changes. As a result the remuneration policies of FY14 that we are reporting do not yet fully reflect the changes the board have made in response to feedback from shareholders. Because reporting is retrospective, some of the changes will only become evident in practice as part of the FY15 Annual Report, although the key changes to anticipated are discussed herein.

Remuneration Committee

The Remuneration Committee of the Board of Directors of the Company is responsible for determining and reviewing remuneration arrangements for the Board and Executives.

The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of Executives on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

Company Performance and Links Between Performance and Reward

The following table outlines those measures of performance which are required to be displayed to shareholders under the Corporations Act, however at this stage in the Company's evolution the Board does not believe this perspective is particularly useful to shareholders. Therefore a discussion of Company performance during FY14 follows:

Financial Year	Net Loss after Tax (\$)	Loss per Share (cents)	Share Price (cents)
2014	5,147,391	1.58	10.0
2013	8,092,939	2.69	13.0
2012	7,671,682	3.22	18.5
2011	1,796,920	1.56	11.3
2010	5,889,363	5.46	11.5
2009	5,128,292	5.49	10.0

There have not been any dividends paid during the period noted in the above table.

Remuneration Framework, Philosophy and Policies

The performance of the Company depends upon the quality of its Directors and Executives. To prosper, the Company must attract, motivate and retain highly skilled Directors and Executives.

To this end, the Company embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high calibre Executives;
- Acceptability to shareholders through transparency and engagement, and ensuring that remuneration frameworks and practices are appropriate to the

circumstances of the Company as it evolves;

- Performance linkage and alignment of Executive compensation; and
- Establish appropriate, demanding performance hurdles in relation to variable Executive remuneration.

At this stage in the Company's development, the main focus of executives and of performance assessment is clinical trials, proof of concept, informing the market and establishing operations subsequent to the success of a proof of concept or clinical trials. Incentives are intended to be linked to shareholder value via milestone completion, clinical trial outcomes and total shareholder return (TSR).

Non-executive Director Remuneration

Objective

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Policy

The amount of aggregate remuneration sought to be approved by shareholders and the fee structure is to be commercially acceptable, competitive and subject to an annual review. The Board considers advice from external consultants as well as the fees paid to Non-Executive Directors of comparable companies when undertaking the annual review process.

Structure

In accordance with best practice corporate governance, the structure of Non-Executive Director and Senior Management remuneration is separate and distinct. The Constitution and the ASX Listing Rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting. The latest determination was at the Annual General Meeting held on 29 November 2005 when shareholders approved an aggregate remuneration of \$450,000 per year in respect of fees payable to Non-Executive Directors. Please refer to Table 2, page 20 for the allocation of Directors' fees.

Each Director receives a fee for being a Director of the Company and includes attendance at Board and committee meetings. Any additional services provided are charged at a daily rate agreed in advance by

the Chairman. The Non-Executive Directors do not participate in any incentive programs. These additional services provided are disclosed as other short term benefits in Table 1 of the remuneration report.

The remuneration of Non-Executive Directors for the year ended 30 June 2014 is detailed in Table 2 of this report.

Executive Remuneration (including Executive Directors)

Objective

The Company aims to reward Executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company so as to:

- reward Executives for Company and individual performance against targets set by reference to appropriate benchmarks;
- align the interests of Executives with those of shareholders; and
- ensure total remuneration is competitive by market standards.

Policy

As disclosed in our Remuneration Committee Charter available on our website, the company's broad framework is noted below:

The committee is to ensure that:

- executive remuneration packages involve a balance between fixed and incentive pay, reflecting short and long term performance objectives appropriate to the Company's circumstances and objectives;
- a proportion of executives' remuneration is structured in a manner designed to link reward to corporate and individual performances; and

- recommendations are made to the Board with respect to the quantum of bonuses to be paid to executives.

To the extent that the Company adopts a different remuneration structure for its non-executive directors, the committee shall document its reasons for the purpose of disclosure to stakeholders.

Structure

The Remuneration Committee determines the level and make-up of the Chief Executive remuneration. The Committee takes advice from the Chief Executive with input from Independent market remuneration advisers to set and approve all other executive remuneration. To assist in achieving the Company's objectives, the Remuneration Committee links the nature and amount of officers' emoluments to the Company's performance.

Remuneration may consist of the following key elements:

- Fixed Remuneration
- Variable Remuneration
 - Short Term Incentive (STI); and/or
 - Long Term Incentive (LTI).

The proportion of fixed remuneration and variable remuneration (potential short term and long term incentives) is established for each Executive by the Remuneration Committee annually. Table 2 details the fixed and variable components of the Executives of the Group and the Company.

Fixed Remuneration

Objective

The level of fixed remuneration is set so as to provide a base level

of remuneration which is both appropriate to the position and is competitive in the market. During the 2014 financial year there were no benefits paid in kind (2013: nil).

Structure

Fixed remuneration is reviewed annually by the Remuneration Committee and the process consists of a review of company-wide and individual performance and relevant comparative remuneration in the market.

Variable Remuneration – Short Term Incentive (STI)

Objective

The objective of variable remuneration is to link the achievement of the Group’s operational targets with the remuneration received by the Executives charged with meeting those targets. The Company’s STI objectives:

- Motivate Senior Executives to achieve the short term annual objectives linked to Company success and shareholder value creation;
- Create a strong link between performance and reward;
- Share company success with the Senior Executives that contribute to it; and
- Create a component of the employment cost that is responsive to short to medium term changes in the circumstances of the Company.

The Company will be working towards formalizing the above objectives into a STI Plan and policy.

Structure

During FY 2014 the Company did not have a formal STI plan however as noted above, we will be working with

external Remuneration Consultants to formalize a STI Plan which may or may not be utilised as part of FY15 remuneration for executives. During FY14 the Company currently had an informal plan in place that focussed on the total potential variable remuneration being set at a level so as to provide sufficient incentive to the Executive to achieve the operational targets and such that the cost to the Group is reasonable in the circumstances. Actual STI payments granted to each Executive depend on the extent to which specific targets set at the beginning of the financial year were met. The targets consisted of a number of Key Performance Indicators (KPIs) covering both financial & non-financial, corporate and individual measures of performance. The Company had predetermined benchmarks which must have been met in order to trigger STI payments. The KPIs against which Executives are assessed include corporate and Board communication and relations, financial performance (including revenue and profit targets), operational and strategic objectives (including development and management of products) and financial management (including investor relations).

On an annual basis, after consideration of performance against KPI’s, the level of variable remuneration is approved by the Remuneration Committee. Payments made are usually delivered as a cash bonus and options.

STI bonus for 2014 financial year

For the 2014 financial year, one STI cash bonus of \$63,213 (US\$56,100) was paid to W Dolphin based on the performance of the group which included assessment of corporate and board relations, operational and

strategic tasks, financial performance and investor relations. Other Key Management Personnel received in aggregate a total of \$131,632 as a STI cash bonus based on Executive performance relating to achieving individual Key Performance Indicators (“KPI”) as well as corporate and divisional hurdles. KPIs include among others, maintaining Board relations with regular Board contact, provision of an annual budget with parameters for revenue targets and cost containment, development of a sales & marketing plan, progress of key potential partners, conduct of US FDA clinical trials, establishment and effective maintenance of an office in the US, hire of key personnel, security of intellectual property and investor relations.

It is recognised that the payment of material cash bonuses may be not ideal under the circumstances that the company has limited cash reserves. However offers were made to executives at the beginning of FY14, prior to the strike having been received, which had to be honoured and which resulted in the above mentioned payments. The Board has deferred offers of STI for FY15 on the basis of feedback from external remuneration consultants and stakeholders, until the review of incentive structures has been completed. It is anticipated that any future STI would have limited impact on the cash reserves of the Company, until such time as sustainable and profitable cash generation is achieved.

Variable Remuneration – Long Term Incentive (LTI)

Objective

The objective of the LTI plan is to reward Executives in a manner that aligns remuneration with the creation

of shareholder wealth and to create an element of remuneration that supports the executive team working together to achieve this outcome over the long term. The LTI plan is also a key component of the Company's retention strategy.

Structure

In the past LTI grants were only made to Executives who are able to influence the generation of shareholder wealth and thus have an impact on the Group's performance. LTI grants to Executives are delivered in the form of share options under the Employee Share Option Plan. 3,750,000 share options were issued during the year to 6 employees of which all were fully vested as at 30 June 2014. The options were not linked to performance as they are considered a long term incentive to retain key employees of the Company.

LTI for 2014 financial year

Options were granted and fully vested during the year, however due to a lack of an increase in the share price, no benefit was realised by any executives in relation to this or any previously granted LTI.

Previously issued LTI vesting was not dependent on performance because grants were in the nature of options. While options do not have any performance based vesting conditions, the terms of the options granted were such that significant share price growth was required to be achieved for any value to be realised from the grant of options. At the time this was considered suitable by the Board and the stakeholders who were consulted as part of the process.

The Company recognises that the market does not see this as an optimal

form of long term incentive under the circumstances, and therefore the LTI plan is currently under review. No further grants will be made under the LTI plan until this review is completed and appropriate adjustments made. This may lead to the Company seeking shareholder approval for a new LTI plan of shareholder wealth and to create an element of remuneration that supports the executive team working together to achieve this outcome over the long term. The LTI plan is also a key component of the Company's retention strategy.

Structure

In the past LTI grants were only made to Executives who are able to influence the generation of shareholder wealth and thus have an impact on the Group's performance. LTI grants to Executives are delivered in the form of share options under the Employee Share Option Plan. 3,750,000 share options were issued during the year to 6 employees of which all were fully vested as at 30 June 2014. The options were not linked to performance as they are considered a long term incentive to retain key employees of the Company.

LTI for 2014 financial year

Options were granted and fully vested during the year, however due to a lack of an increase in the share price, no benefit was realised by any executives in relation to this or any previously granted LTI.

Previously issued LTI vesting was not dependent on performance because grants were in the nature of options. While options do not have any performance based vesting conditions, the terms of the options granted were such that significant share price

growth was required to be achieved for any value to be realised from the grant of options. At the time this was considered suitable by the Board and the stakeholders who were consulted as part of the process.

The Company recognises that the market does not see this as an optimal form of long term incentive under the circumstances, and therefore the LTI plan is currently under review. No further grants will be made under the LTI plan until this review is completed and appropriate adjustments made. This may lead to the Company seeking shareholder approval for a new LTI plan.

Remuneration of Key Management Personnel

Table 1: Employment Contracts

The following table outlines the specified terms of the relevant employment contracts for the Key Management Personnel of the Company:

Role	Incumbent	Contract duration	Period of notice	Termination payments provided for by contract
Interim CEO (from 15 December 2013) *	Mr Timothy Rooney	6 months with monthly continuation option	3 month notice period	3 months if notice given by either party
Former CEO (resigned 11 December 2013)	Dr William Dolphin	Not applicable - resigned	6 month notice period	3 months if notice given by executive or 6 months by company
All other executives	Mr Andrew Quick	Open ended contract	3 month notice period	Payment in lieu of notice only, no other benefits specified
	Mr William Marshall	Open ended contract	Nil month notice period	Payment in lieu of notice only, no other benefits specified
	Ms Lorraine Glover	Open ended contract	1 month notice period	Payment in lieu of notice only, no other benefits specified
	Ms Lesley Whitlock	Open ended contract	60 days notice period	Payment in lieu of notice only, no other benefits specified
Board Chairman (from 1 July 2014)	Mr Lou Panaccio	Open ended contract	Nil notice period- subject to Avita constitution	Payment in lieu of notice only, no other benefits specified
All other non-executive directors	Mr Ian Macpherson	Open ended contract	Nil notice period- subject to Avita constitution	Payment in lieu of notice only, no other benefits specified
	Ms Fiona Wood	Open ended contract	Nil notice period- subject to Avita constitution	Payment in lieu of notice only, no other benefits specified
	Mr Jeremy Curmook Cook	Open ended contract	Nil notice period- subject to Avita constitution	Payment in lieu of notice only, no other benefits specified
	Mr Matthew McNamara	Open ended contract	Nil notice period- subject to Avita constitution	Payment in lieu of notice only, no other benefits specified
	Mr Michael Perry	Open ended contract	Nil notice period- subject to Avita constitution	Payment in lieu of notice only, no other benefits specified

*Mr Timothy Rooney reverts to previous position as Chief Financial Officer and Chief Operating Officer in the event of ceasing current position.

Remuneration of Key Management Personnel

Table 2: Remuneration for the year ended 30 June 2014

	Short-term			Post-employment			Equity	Total	% remuneration consisting of options	% of remuneration performance related
	Salary & fees	Other	Non-monetary benefits	Cash bonus **	Superannuation	Long service leave				
Non-Executive Directors										
I Macpherson – Chairman	67,036	-	-	-	6,201	-	-	73,237	-	-
F Wood	40,000	-	-	-	-	-	-	40,000	-	-
J Curmook Cook	40,000	-	-	-	-	-	-	40,000	-	-
M McNamara	40,000	-	-	-	-	-	-	40,000	-	-
M Perry	47,177	-	-	-	-	-	-	47,177	-	-
D Gooding (resigned 30 June 2014)	57,292	-	-	-	5,299	-	-	62,591	-	-
Sub-total Non-Executive Directors	291,505	-	-	-	11,500	-	-	303,005	-	-
Executive Directors										
W Dolphin – CEO (resigned 11 December 2013)	174,901	(30,242)*	72,104	63,213**	45,848	-	11,430	337,254	3.3	18.7
Other Key Management Personnel & Executives										
L Glover – General Manager Asia Pacific	157,015	-	268	27,906	16,856	2,623	29,798	234,466	12.7	-
W Marshall – VP Operations	142,856	-	70,988	10,515	1,100	-	-	225,459	-	-
A Quick – VP Research & Technology	189,747	-	33,459	45,279	10,727	-	45,190	324,402	13.9	-
D Leaves (left 7 October 2013)	116,056	-	5,994	(22,102)	4,642	-	-	104,590	-	-
T Rooney – Interim CEO	266,953	-	16,588	61,952	15,014	-	56,440	416,947	13.5	-
L Whitlock (joined 11 November 2013)	130,875	-	738	8,082	10,391	-	13,241	163,327	8.1	-
G Chiappini – Company Secretary	36,000	-	-	-	-	-	-	36,000	-	-
Sub-total executive KMP & Executives	1,039,502	-	128,035	131,632	58,730	-	144,669	1,505,191	-	-
Totals	1,505,908	(30,242)	200,139	194,845	116,078	2,623	156,099	2,145,450	-	-

* Comprises a recovery of penalty tax from HMRC (UK) on behalf of W Dolphin for UK taxation in relation to the UK secondment in prior years.

** The cash bonus for W Dolphin was approved by the Board on 6 December 2013 and paid in January 2014. All other cash bonuses to other Key Management Personnel are expected to be approved post the signing of this annual report and paid out in the year ending 30 June 2015. As they relate to services for the year ended 30 June 2014, they have been accrued in this remuneration report.

Remuneration of Key Management Personnel

Table 3: Remuneration for the year ended 30 June 2013

	Short-term			Post-employment			Equity	Total	% remuneration consisting of options	% of remuneration performance related
	Salary & fees	Other	Non-monetary benefits	Cash bonus **	Superannuation	Options				
Non-Executive Directors										
D Gooding – Chairman	78,750	-	-	-	7,088	-	-	85,838	-	-
I Macpherson – Deputy Chairman	52,500	-	-	-	4,725	-	-	57,225	-	-
P Watt	12,250	-	-	-	1,103	-	-	13,353	-	-
F Wood	39,032	-	-	-	-	-	-	39,032	-	-
J Curnock Cook	27,957	-	-	-	-	-	-	27,957	-	-
M McNamara	27,957	-	-	-	-	-	-	27,957	-	-
M Perry	17,939	-	-	-	-	-	-	17,939	-	-
Sub-total Non-Executive Directors	256,385	-	-	-	12,916	-	-	269,301	-	-
Executive Directors										
W Dolphin – Chief Executive Officer	343,868	(6,450)*	65,674	103,285	14,405	31,581	-	552,363	5.7	18.7
Other Key Management Personnel & Executives										
L Glover – General Manager Asia Pacific	157,500	-	-	22,050	14,175	28	-	193,753	0.01	-
W Marshall – VP Operations	126,768	-	56,903	9,243	-	20	-	192,934	0.01	-
A Quick – VP Research & Technology	162,526	-	35,942	36,164	6,495	40	-	241,167	0.01	-
D Leeves	211,506	-	5,240	32,877	14,155	9,487	-	273,265	3.5	-
T Rooney	154,659	-	6,341	53,577	5,894	19,513	-	239,984	8.1	-
G Chiappini – Company Secretary	36,000	-	-	-	-	-	-	36,000	-	-
Sub-total executive KMP & Executives	848,959	-	104,426	153,911	40,719	29,088	-	1,177,103	-	-
Totals	1,449,212	(6,450)	170,100	257,196	68,040	60,669	-	1,998,767	-	-

* Comprises a recovery of tax from HMRC (UK) on behalf of W Dolphin in relation to the UK secondment in prior years. W Dolphin repaid this sum during the period.

** The cash bonus for W Dolphin was approved by the Remuneration Committee on 26 November 2012 and paid in December 2012. All other cash bonuses to other key management personnel are expected to be approved post the signing of this annual report and paid out in the year ending 30 June 2014. As they relate to services for the year ended 30 June 2013 they have been accrued in this remuneration report.

Table 4: Compensation of Key Management Personnel

	2014 \$	2013 \$
Short-term employee benefits	1,989,351	1,938,887
Share-based payment	156,099	60,669
Total compensation	2,145,450	1,999,556

Table 5: Option holdings of Key Management Personnel

30 June 2014	Balance at 1 July 2013	Granted as remuneration	Options exercised	Net change other	Balance at 30 June 2014	Vested at 30 June 2014	Vested and exercisable at 30 June 2014	Vested and not exercisable at 30 June 2014
Directors								
W Dolphin	9,698,750	-	-	(375,000)ii	9,323,750	9,323,750	9,323,750	-
Other KMP								
T Rooney	1,800,000	750,000	-	-	2,550,000	1,350,000	1,350,000	-
A Quick	1,000,000	1,000,000	-	(1,000,000)	1,000,000	1,000,000	1,000,000	-
W Marshall	500,000	-	-	(500,000)	-	-	-	-
L Glover	700,000	700,000	-	(700,000)	700,000	700,000	700,000	-
L Whitlock	-	700,000	-	-	700,000	200,000	200,000	-
D Leeves	700,000	-	-	(700,000)j	-	-	-	-
	14,398,750	3,150,000	-	(3,275,000)	14,273,750	12,573,750	12,573,750	-

30 June 2013	Balance at 1 July 2012	Granted as remuneration	Options exercised	Net change other	Balance at 30 June 2013	Vested at 30 June 2013	Vested and exercisable at 30 June 2013	Vested and not exercisable at 30 June 2013
Directors								
W Dolphin	9,792,500	-	-	(97,925)ii	9,698,750	8,948,750	8,948,750	-
Other KMP								
L Glover	700,000	-	-	-	700,000	700,000	700,000	-
W Marshall	500,000	-	-	-	500,000	500,000	500,000	-
A Quick	1,000,000	-	-	-	1,000,000	1,000,000	1,000,000	-
T Rooney	-	1,800,000	-	-	1,800,000	300,000	300,000	-
D Leeves	-	700,000	-	-	700,000	100,000	100,000	-
	11,992,500	2,500,000	-	(97,925)	14,398,750	11,548,750	11,548,750	-

i Relates to options lapsed as a result of leaving employment on 7 October 2013

ii Relates to options which were cancelled

Table 6: Shareholdings of Key Management Personnel

30 June 2014	Balance at 1 July 2013	Granted as remuneration	On exercise of options	Net change other	Balance at 30 June 2014
Directors					
I Macpherson	10,799,997	-	-	-	10,799,997
F Wood	723,365	-	-	-	723,365
P Watt (resigned 19 October 2012)	110,199	-	-	(110,199)	-
D Gooding (resigned 30 June 2014)	3,354,528	-	-	-	3,354,528
W Dolphin (resigned 11 December 2013)	2,003,569	-	-	-	2,003,569
Other KMP					
All	-	-	-	-	-
	16,991,658	-	-	(110,199)	16,881,459

30 June 2013	Balance at 1 July 2012	Granted as remuneration	On exercise of options	Net change other	Balance at 30 June 2013
Directors					
D Gooding	3,062,861	-	-	291,667	3,354,528
I Macpherson	10,149,997	-	-	650,000	10,799,997
W Dolphin	1,878,569	-	-	125,000	2,003,569
P Watt	728,657	-	-	(618,458)	110,199
F Wood	723,365	-	-	-	723,365
Other KMP					
All	-	-	-	-	-
	16,543,449	-	-	448,209	16,991,658

All equity transactions with Key Management Personnel other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

Other transactions with Key Management Personnel and their related parties

- (i) During the period fees of \$43,000 (2013: \$nil) were paid, under normal terms and conditions, to the F.A.T.S Pty Ltd of which I Macpherson is a director.
- (ii) During the period fees of \$45,646 (2013: \$90,030) were paid, under normal terms and conditions, to Gooding Partners Chartered Accountants, of which D Gooding is a partner.

Table 7: Compensation options: Granted and vested during the year

	Number of options granted during the year		Number of options vested during the year	
	2014	2013	2014	2013
Executives				
T Rooney	750,000	1,800,000	1,050,000	300,000
A Quick	1,000,000	-	1,000,000	-
L Whitlock	700,000	-	200,000	-
L Glover	700,000	-	700,000	-
W Dolphin	-	-	750,000	1,406,250
D Leeves	-	700,000*	-	100,000

* 700,000 options lapsed during the year due to cessation of employment.

The total fair value of options granted during the year was \$162,319 (2013: \$88,340) which is allocated over the vesting period.

It should be noted that while options are fully vested, no value can be obtained from them until there has been a significant increase in the share price, since the exercise price of the options materially exceeded the market price at the time of granting.

Details of options issued during the period:

2,300,000 exercisable at \$0.16 expiring 28 February 2017, issued to several employees on 28 February 2014.

700,000 exercisable at \$0.175 expiring 28 February 2017, issued to an employee on 28 February 2014.

250,000 exercisable at \$0.10 expiring 30 June 2017, issued to the interim Chief Executive Officer on 15 December 2013.

250,000 exercisable at \$0.12 expiring 30 June 2017, issued to the interim Chief Executive Officer on 15 December 2013.

250,000 exercisable at \$0.14 expiring 30 June 2017, issued to the interim Chief Executive Officer on 15 December 2013.

There have been no alterations to the terms or conditions of the options granted as remuneration since the grant date.

End of Remuneration Report

DIRECTORS' MEETINGS

The number of meetings of Directors (including meetings of Committees of Directors) held during the year and the number of meetings attended by each Director is as follows:

	Meetings of Committees		
	Directors' Meetings	Remuneration	Audit
Number of meetings held:	8	2	2
Number of meetings attended:			
Ian Macpherson	8	2	2
Fiona Wood	5	N/A	N/A
Jeremy Curnock Cook	6	2	N/A
Matthew McNamara	8	N/A	2
Michael Perry	6	N/A	N/A
Dalton Gooding	6	2	2
William Dolphin – resigned 11 December 2013	4	N/A	N/A

Compliance matters are dealt with under a standing agenda at regular Board meetings.

Committee Membership

As at the date of this report, the Company had an Audit Committee and a Remuneration Committee, however on a 'as required' basis, formally constitutes a Nominations Committee dealing with appointment of Executives and Directors.

Members acting on these committees of the Board at the date of this report are:

Audit	Remuneration
Ian Macpherson (c)	Dalton Gooding (resigned from committee 21 March 2014)
Matthew McNamara	Ian Macpherson (c)
Lou Panaccio (appointed 1 July 2014)	Jeremy Curnock Cook
Dalton Gooding (resigned from committee 21 March 2014)	Mike Perry (appointed to committee 21 March 2014)

Notes: (c) Designates the Chairman of each Committee

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The directors have obtained an independence declaration from our auditors, Grant Thornton, as presented on page 27 of this report.

NON-AUDIT SERVICES

The board of directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- All non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- The nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read 'Lou Panaccio', with a long, sweeping horizontal stroke extending to the right.

Lou Panaccio

Chairman

Dated: 27 August 2014

Perth, Western Australia

Level 1
10 Kings Park Road
West Perth WA 6005

Correspondence to:
PO Box 570
West Perth WA 6872

T +61 8 9480 2000
F +61 8 9322 7787
E info.wa@au.gt.com
W www.grantthornton.com.au

**Auditor's Independence Declaration
To the Directors of Avita Medical Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Avita Medical Limited for the year ended 30 June 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 audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



P W Warr
Partner - Audit & Assurance

Perth, 26 September 2014

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

Liability limited by a scheme approved under Professional Standards Legislation. Liability is limited in those States where a current scheme applies.

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2014

	Notes	Consolidated	
		2014 \$	2013 \$
Continuing operations			
Sale of goods	2 (a)	2,683,133	2,814,990
Cost of sales	2 (e)	(670,893)	(676,502)
Gross Profit		2,012,240	2,138,488
Other Revenue	2 (b)	594,581	1,237,285
Operating Costs			
Administrative expenses		(5,639,513)	(5,449,632)
Share based payments		(183,214)	(82,338)
Research and development expenses		(784,113)	(2,601,046)
Sales and marketing expenses		(2,633,418)	(3,390,659)
Finance costs	2 (c)	(25,675)	(91)
Amortisation of intellectual property	2 (d)	-	(73,000)
Loss from continuing operations before income tax		(6,659,112)	(8,220,993)
Income tax benefit		1,511,721	128,064
Loss for the period	3	(5,147,391)	(8,092,939)
Other comprehensive income / (loss)			
Items that may be subsequently reclassified to profit or loss:			
Foreign currency translation		35,489	133,503
Other comprehensive (loss) / income for the period, net of tax		35,489	133,503
Total comprehensive loss for the period		(5,111,902)	(7,959,436)
<i>Loss for the period is attributable to:</i>			
Non-controlling interest		-	-
Owners of Avita Medical Limited		(5,147,391)	(8,092,939)
		(5,147,391)	(8,092,939)
<i>Total comprehensive loss for the period is attributable to:</i>			
Non-controlling interest		-	-
Owners of Avita Medical Limited		(5,111,902)	(7,959,436)
		(5,111,902)	(7,959,436)
Basic loss per share		(1.58) cents	(2.69) cents
Diluted loss per share		(1.58) cents	(2.69) cents

This consolidated statement of comprehensive income should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Financial Position

As at 30 June 2014

	Consolidated	
	2014	2013
	\$	\$
ASSETS		
Current Assets		
Cash and cash equivalents	3,648,390	10,616,849
Trade and other receivables	2,546,939	1,215,382
Prepayments	195,473	187,586
Inventories	782,236	761,785
Total Current Assets	7,173,038	12,781,602
Non-Current Assets		
Plant & equipment	139,801	127,029
Total Non-Current Assets	139,801	127,029
TOTAL ASSETS	7,312,839	12,908,631
LIABILITIES		
Current Liabilities		
Trade and other payables	1,689,252	2,243,783
Provisions	96,965	209,538
Total Current Liabilities	1,786,217	2,453,321
TOTAL LIABILITIES	1,786,217	2,453,321
NET ASSETS	5,526,622	10,455,310
EQUITY		
Equity attributable to equity holders of the parent		
Contributed equity	111,441,930	111,441,390
Accumulated losses	(106,602,169)	(101,706,766)
Reserves	686,861	720,146
TOTAL EQUITY	5,526,622	10,455,310

This consolidated statement of financial position should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2014

	Consolidated	
	2014	2013
	\$	\$
Cash flows from operating activities		
Receipts from customers	2,925,693	2,990,444
Payments to suppliers and employees	(10,548,853)	(11,567,164)
Government grants received	343,278	787,578
Tax refund received – R&D claim	129,315	90,123
Interest received	186,002	412,354
Interest paid	(25,675)	(91)
Royalties and other income received	65,301	37,353
	(6,924,939)	(7,249,403)
Cash flows from investing activities		
Purchase of plant & equipment	(75,541)	(83,596)
Gain on disposal of plant & equipment	5,000	-
	(70,541)	(83,596)
Cash flows from financing activities		
Proceeds from issue of shares and options	-	10,401,080
Capital raising expenses	-	(673,649)
	-	9,727,431
Net increase/(decrease) in cash and cash equivalents	(6,995,480)	2,394,432
Cash and cash equivalents at beginning of period	10,616,849	8,230,593
Impact of foreign exchange	27,021	(8,176)
Cash and cash equivalents at end of period	3,648,390	10,616,849

This consolidated statement of cash flows should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2014

Consolidated	Contributed equity	Accumulated losses	Employee equity benefit reserve	Foreign currency translation reserve	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2013	111,441,930	(101,706,766)	962,277	(242,131)	10,455,310
Loss for the period	-	(5,147,391)	-	-	(5,147,391)
Other comprehensive income – foreign currency translation	-	-	-	35,489	35,489
Total comprehensive loss for the year	-	(5,147,391)		35,489	(5,111,902)
Transactions with owners in their capacity as owners					
Expired options	-	251,988	(251,988)	-	-
New shares	-	-	-	-	-
Share based payments	-	-	183,214	-	183,214
Cost of share placement	-	-	-	-	-
Balance at 30 June 2014	111,441,930	(106,602,169)	893,503	(206,642)	5,526,622

Consolidated	Contributed equity	Accumulated losses	Option premium reserve	Employee equity benefit reserve	Foreign currency translation reserve	Total
	\$	\$	\$	\$	\$	\$
At 1 July 2012	101,663,499	(96,676,634)	2,277,759	1,664,987	(375,634)	8,553,977
Loss for the period	-	-	-	-	-	(8,092,939)
Other comprehensive income – foreign currency translation	-	-	-	-	133,503	133,503
Total comprehensive loss for the year	-	(8,092,939)	-	-	133,503	(7,959,436)
Transactions with owners in their capacity as owners						
Expired options	-	3,062,807	(2,277,759)	(785,048)	-	-
New shares	10,452,080	-	-	-	-	10,452,080
Share based payments	-	-	-	82,338	-	83,338
Cost of share placement	(673,649)	-	-	-	-	(673,649)
Balance at 30 June 2013	111,441,930	(101,706,766)	-	962,277	(242,131)	10,455,310

This consolidated statement of changes in equity should be read in conjunction with the notes to the financial statements.

Notes to the Concise Financial Statements

For the year ended 30 June 2014

Note 1. Basis of Preparation and Accounting Policies

(a) Basis of Preparation and statement of compliance

Avita Medical Limited is the Group's ultimate parent company and is a public company incorporated and domiciled in Australia.

The consolidated general purpose financial statements of the Group have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Avita Medical Limited is a for-profit entity for the purpose of preparing the financial statements.

Except for cash flow information, the financial report has been prepared on an accrual basis and is based on historical costs, modified, where applicable, for financial liabilities and assets held at fair value through profit or loss and is presented in Australian dollars.

(b) New Accounting standards and interpretations

The AASB has issued AASB 1054 Australian Additional Disclosures and 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project, and made several minor amendments to a number of AASBs. These standards eliminate a large portion of the differences between the Australian and New Zealand accounting standards and IFRS and retain only additional disclosures considered necessary. These changes also simplify some current disclosures for Australian entities and remove others.

Note 2. Revenue and Expenses

	2014	2013
	\$	\$
(a) Revenue		
Sale of goods	2,683,133	2,814,990
Other revenue	594,581	1,237,285
Total Revenue	<u>3,277,714</u>	<u>4,052,275</u>

	2014	2013
	\$	\$
(b) Other revenue		
Bank interest receivable	186,002	412,354
Contracts received	343,278	787,578
Other income	65,301	37,353
	<u>594,581</u>	<u>1,237,285</u>

	2014	2013
	\$	\$
(c) Finance costs		
Other loans	25,675	91
	<u>25,675</u>	<u>91</u>

Note 2. Revenue and Expenses (continued)

	2014	2013
	\$	\$
(d) Depreciation, impairment and amortisation included in profit or loss		
Depreciation	63,711	48,924
Loss on disposal of plant & equipment	(3,656)	2,870
Amortisation of intangible assets	-	73,000

*As a result of management's annual analysis, impairment was recorded for patents and trademarks related to inhaled medication delivery and respiratory applications.

	2014	2013
	\$	\$
(e) Cost of Sales	670,893	676,502

Inventories recognised as an expense as a result of expiration for the year ended 30 June 2014 totalled \$114,954 (2013: \$68,233). This expense has been included in the cost of sales line item as a cost of inventories.

	2014	2013
	\$	\$
(f) Lease payments and other expenses included in profit or loss		
Minimum lease payments – operating lease	179,595	179,595

	2014	2013
	\$	\$
(g) Employee benefits expense		
Wages and salaries	3,003,424	3,239,424
Defined contribution superannuation expense	241,418	163,838
Share-based payments expense	183,214	82,338
	3,428,056	3,485,600

Note 3. Loss per Share

Basic loss per share amounts are calculated by dividing the net loss for the year by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net loss for the year by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted loss per share computations:

	Consolidated	
	2014	2013
	\$	\$
Net loss for the period	(5,147,391)	(8,092,939)
Weighted average number of ordinary shares for basic and diluted loss per share	325,308,404	300,507,224

Note 4. Segment Information

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker to allocate resources to the segment and to assess its performance.

The Group's chief operating decision maker has been identified as the Chief Executive Officer.

The Chief Executive Officer reviews the financial and operating performance of the business primarily from a geographic perspective. On this basis management have identified three reportable operating segments being the Asia Pacific region, the Americas including Canada, the EMEA region (Europe, Middle East and Africa). The Chief Executive Officer monitors the performance of all these segments separately. The Group does not operate in any other geographic location.

The Chief Executive Officer assesses the performance of the operating segments based on a measure of gross margin and net profit before tax.

Unallocated

The following items of income and expense and associated assets are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Corporate revenue
- Corporate charges
- Amortisation of intellectual property

4. Segment Information (continued)

The segment information provided to the Chief Executive Officer for the reportable segments for the year ended 30 June 2014 is as follows:

	Asia Pacific	EMEA	Americas	Total
	\$	\$	\$	\$
Year ended 30 June 2014				
Revenue				
Sale of goods	2,188,489	494,644	-	2,683,133
Other revenues from external customers	53,507	1,677	353,395	408,579
Interest received	182,720	2,450	832	186,002
Total revenue and other income per consolidated statement of profit or loss and other comprehensive income	2,424,716	498,771	354,227	3,277,714
Segment net operating profit / (loss) before tax	332,909	(2,264,792)	(3,206,295)	(5,138,178)
Reconciliation of segment net result before tax to loss before income tax:				
Corporate charges				(1,520,934)
Loss before income tax				(6,659,112)

Revenue is attributed to geographic location based on the location of the customers. The percentage of external revenues from external customers that are attributable to foreign countries are as shown below:

	2014	2013
	%	%
Australia	78.2	79.6
Other	21.8	20.4
Total revenue	100	100

	Asia Pacific	EMEA	Americas	Total
	\$	\$	\$	\$
Year ended 30 June 2014				
Segment assets				
Segment operating assets	2,605,975	1,025,979	1,054,709	4,686,663
Unallocated assets				2,626,176
Total Assets per the consolidated statement of financial position				7,312,839
Segment liabilities				
Segment operating liabilities	278,381	913,564	405,194	1,597,139
Unallocated liabilities				189,078
Total liabilities per the consolidated statement of financial position				1,786,217

4. Segment Information (continued)

	<i>Continuing Operations</i>			Total
	Asia Pacific	EMEA	Americas	
	\$	\$	\$	\$
Year ended 30 June 2013				
Revenue				
Sale of goods	2,256,248	550,647	8,095	2,814,990
Other revenues from external customers	100,604	13	724,314	824,931
Interest received	410,249	1,163	942	412,354
Total revenue and other income per consolidated statement of profit or loss and other comprehensive income	2,767,101	551,823	733,351	4,052,275
Segment net profit / (loss) before tax	527,063	(2,744,469)	(4,392,849)	(6,610,225)
Reconciliation of segment net result before tax to loss before income tax:				
Corporate charges				(1,537,768)
Amortisation of intellectual property				(73,000)
Loss before income tax				(8,220,993)

	Asia Pacific	EMEA	Americas	Total
	\$	\$	\$	\$
Year ended 30 June 2013				
Segment assets				
Segment operating assets	1,145,385	1,800,391	1,313,781	4,259,557
Unallocated assets				8,649,074
Total Assets per the consolidated statement of financial position				12,908,631
Segment liabilities				
Segment operating liabilities	196,670	1,154,217	817,369	2,168,256
Unallocated liabilities				285,065
Total liabilities per the consolidated statement of financial position				2,453,321

4. Segment Information (continued)

The following table's present revenue, expenditure and certain asset information regarding the type of products for the years ended 30 June 2014 and 30 June 2013.

	Regenerative Medicine	Respiratory	Total
	\$	\$	\$
Year ended 30 June 2014			
Revenue			
Sale of goods	785,493	1,897,640	2,683,133
Other revenue	369,132	-	369,132
Total segment revenue	1,154,625	1,897,640	3,052,265
Unallocated revenue			225,449
Total revenue and other income per consolidated statement of profit or loss and other comprehensive income			3,277,714
Other segment information			
Segment operating assets	3,524,179	1,161,034	4,685,213
Unallocated assets			2,627,626
Total assets per the consolidated statement of financial position			7,312,839
Capital expenditure			75,541
	Regenerative Medicine	Respiratory	Total
	\$	\$	\$
Year ended 30 June 2013			
Revenue			
Sale of goods	748,085	2,066,905	2,814,990
Other revenue	724,314	-	724,314
Total segment revenue	1,472,399	2,066,905	3,539,304
Unallocated revenue			512,971
Total revenue and other income per consolidated statement of profit or loss and other comprehensive income			4,052,275
Other segment information			
Segment operating assets	2,925,775	1,145,386	4,071,161
Unallocated assets			8,837,470
Total assets per the consolidated statement of financial position			12,908,631
Capital expenditure			83,596

5. Commitments and Contingencies

Operating lease commitments – Group as lessee

The Group has entered into commercial leases on certain properties. These leases have an average life of between 2 and 5 years and include a renewal option in the contracts. There are no restrictions placed upon the lessee by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

	2014	2013
	\$	\$
Within one year	169,889	140,889
After one year but not more than five years	559,758	495,135
Total minimum lease payments	<u>729,647</u>	<u>636,024</u>

There are no other commitments and contingencies which require disclosure in this report.

6. Events After the Reporting Date

No subsequent events have occurred since the Reporting Date which would require disclosure in this report.

Directors' Declaration

In accordance with a resolution of the directors of Avita Medical Limited, I state that:

In the opinion of the directors:

- (a) The financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - (ii) Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
- (b) The financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2; and
- (c) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (d) This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2014 and in accordance with a resolution of directors.

On behalf of the Board



Lou Panaccio
Chairman
Dated: 26 September 2014
Perth, Western Australia

Level 1
10 Kings Park Road
West Perth WA 6005

Correspondence to:
PO Box 570
West Perth WA 6872

T +61 8 9480 2000
F +61 8 9322 7787
E info.wa@au.gt.com
W www.grantthornton.com.au

**Independent Auditor's Report
To the Members of Avita Medical Limited**

Report on the concise financial report

We have audited the accompanying concise financial report of Avita Medical Limited comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and related notes, derived from the audited financial report of Avita Medical Limited for the year ended 30 June 2014. The concise financial report does not contain all the disclosures required by the Australian Accounting Standards and accordingly, reading the concise financial report is not a substitute for reading the audited financial report.

Directors responsibility for the concise financial report

The Directors are responsible for the preparation of the concise financial report in accordance with Accounting Standard AASB 1039 Concise Financial Reports, and the Corporations Act 2001, and for such internal control as the Directors determine are necessary to enable the preparation of the concise financial report.

Auditor's responsibility

Our responsibility is to express an opinion on the concise financial report based on our audit procedures which were conducted in accordance with Auditing Standard ASA 810 Engagements to Report on Summary Financial Statements. We have conducted an independent audit, in accordance with Australian Auditing Standards, of the financial report of Avita Medical Limited for the year ended 30 June 2014. Our audit report on the financial report for the year was signed on 26 September 2014 and was not subject to any modification apart from an Emphasis of Matter. The Australian Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report for the year is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the concise financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the concise financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the concise financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton Australia Ltd is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate one another and are not liable for one another's acts or omissions. In the Australian context only, the use of the term 'Grant Thornton' may refer to Grant Thornton Australia Limited ABN 41 127 556 389 and its Australian subsidiaries and related entities. GTIL is not an Australian related entity to Grant Thornton Australia Limited.

Liability limited by a scheme approved under Professional Standards Legislation. Liability is limited in those States where a current scheme applies.

Our procedures in respect of the concise financial report included testing that the information in the concise financial report is derived from, and is consistent with, the financial report for the year, and examination on a test basis, of evidence supporting the amounts and other disclosures which were not directly derived from the financial report for the year. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report complies with Accounting Standard AASB 1039 Concise Financial Reports.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Avita Medical Limited, would be in the same terms if given to the Directors as at the time of this auditor's report.

Auditor's opinion

In our opinion, the concise financial report of Avita Medical Limited for the year ended 30 June 2014 complies with Accounting Standard AASB 1039 Concise Financial Reports.

Report on the Remuneration Report

The following paragraphs are copied from our Report of the Remuneration Report for the year ended 30 June 2014.

We have audited the remuneration report included in pages 13 to 24 of the Directors' Report for the year ended 30 June 2014. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Avita Medical Limited for the year ended 30 June 2014, complies with section 300A of the Corporations Act 2001.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



P W Warr
Partner - Audit & Assurance

Perth, 24 October 2014

Corporate Governance Statement

The Board of Directors of Avita Medical Limited (Avita) is responsible for the corporate governance of the consolidated entity. The Board guides and monitors the business and affairs of Avita on behalf of the shareholders by whom they are elected and to whom they are accountable.

In accordance with the ASX Corporate Governance Council's corporate governance guidelines contained in Corporate Governance Principles and Recommendations (Second Edition Corporate Governance Guidelines), the Avita Corporate Governance Statement contains certain specific information and discloses the extent to which the Company has followed the guidelines during the period. Avita's corporate governance statement has been prepared in accordance with the ASX Corporate Governance Principles and Recommendations with 2010 Amendments 2nd Edition. During 2015 Avita will look to adopt the 3rd edition Corporate Governance Guidelines updated by the ASX Corporate Governance Council. Where a recommendation has not been followed it is disclosed together with reasons for the departure.

The Avita Corporate Governance Statement is structured with reference to the Second Edition Corporate Governance Guidelines, which are as follows:

- Principle 1 Lay solid foundations for management and oversight
- Principle 2 Structure the board to add value
- Principle 3 Promote ethical and responsible decision making
- Principle 4 Safeguard integrity in financial reporting
- Principle 5 Make timely and balanced disclosure
- Principle 6 Respect the rights of shareholders
- Principle 7 Recognise and manage risk
- Principle 8 Remunerate fairly and responsibly

For further information on corporate governance policies adopted by Avita, refer to our website www.avitamedical.com

Principle	Corporate Governance best practice recommendation	Compliance	How we comply
1	Lay solid foundations for management and oversight		
1.1	Establish and disclose the functions reserved to the Board and those delegated to senior executives.	✓	<p>The Board has a Corporate Governance Statement which outlines the role and duties of the Board.</p> <p>The Company considers that the primary responsibility of the Board is to oversee the Company's business activities and management for the benefit of the shareholders by :</p> <ul style="list-style-type: none"> a) Supervising the Company's framework of control and accountability systems to enable risk to be assessed and managed which includes but is not limited to the points noted below: b) Ensuring the Company is properly managed by: <ul style="list-style-type: none"> i) setting and communicating clear objectives; ii) appointing and removing the Managing Director (and/or Chief Executive Officer) of the Company; iii) ratifying the appointment and, where appropriate, the removal of the Chief Financial Officer (or equivalent) and the Company secretary; iv) input into and final approval of management's development of corporate strategy and performance objectives; v) reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct, and legal compliance; vi) monitoring senior management's performance and implementation of strategy, and ensuring appropriate resources are available; c) approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures; d) approval of the annual budget; e) monitoring the financial performance of the Company; f) approving and monitoring financial and other reporting; g) overall corporate governance of the Company, including conducting regular reviews of the balance of responsibilities within the Company to ensure division of functions remain appropriate to the needs of the Company; h) liaising with the Company's external auditors either directly or via the Audit Committee as appropriate; and i) monitoring, and ensuring compliance with, all of the Company's legal obligations, in particular those obligations relating to the environment, native title, cultural heritage and occupational health and safety. <p>The Managing Director (and/or Chief Executive Officer) is responsible for running the affairs of the Company under delegated authority from the Board and to implement the policies and strategy set by the Board. In carrying out his responsibilities the Managing Director (and/or Chief Executive Officer) must report to the Board in a timely manner and ensure all reports to the Board present a true and fair view of the Company's financial condition and operational results.</p> <p>Matters which are not covered by the delegations require Board approval. The Corporate Governance Statement is available on the Company's website in the Investor Relations Centre section.</p>

Principle	Corporate Governance best practice recommendation	Compliance	How we comply
1.2	Disclose the process for evaluating the performance of senior executives.	✓	<p>It is the role of the Remuneration Committee to evaluate the performance of the Board & individual directors and key senior executives.</p> <p>The performance of the Managing Director (and/or Chief Executive Officer) is monitored and evaluated by the Board annually (with reference from the Remuneration Committee) by reference to key performance indicators.</p> <p>The performance of other senior executives, including the Chief Financial Officer, (or equivalent) is to be reviewed on an annual basis by the board.</p> <p>Refer to the Director's Report for a summary of performance of the Managing Director (and/or Chief Executive Officer).</p>
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1.	✓	<p>As at the date of this statement, the Company is of the view that it has complied with each of the Recommendations under Principle 1; and</p> <p>Evaluations of the performance of the Managing Director (and/or Chief Executive Officer) have occurred and were in accordance with the process disclosed at 1.2 above. Refer to remuneration report.</p>
2	Structure of the Board to add value.		
2.1	A majority of the Board should be independent directors.	✓	The majority of the Board is made up of independent directors where an independent director is a non-executive director who meets the criteria for independence included in the ASX Best Practice Recommendations.
2.2	The chairperson should be an independent director.	✓	The Chairman, Mr Panaccio is an independent director.
2.3	The roles of chairperson and chief executive officer should not be exercised by the same individual.	✓	The Chairman, Mr Panaccio, facilitates the relationship between the Board and Mr Tim Rooney, Interim Chief Executive Officer.
2.4	The Board should establish a nomination committee.	✗	During the Reporting Period, the role of the Nomination Committee was carried out by the full Board in accordance with the Nomination Committee Charter. The Board considered that no efficiencies or other benefits would be gained by establishing a separate nomination committee during this time.

Principle	Corporate Governance best practice recommendation	Compliance	How we comply
2.5	The process for evaluating the performance of the Board, its committees and individual directors should be disclosed.	✓	<p>The Company does not have a documented procedure for the evaluating the performance of the Board, its committees and directors.</p> <p>An evaluation of the performance of the Board and its directors is undertaken informally each year. The Chairman of the Board is the driver of this process. This year a review of board members and performance was undertaken following the Company's AGM in November 2013 and a 1st strike against the approval of the 2013 Remuneration Report.</p> <p>The evaluation of the performance of the Board's various committees is undertaken on an exception basis. This is also an informal process which is driven by the Chairman of the Board.</p>
2.6	The 'Guide to Reporting on Principle 2' provides that certain information should be included in the corporate governance section of the Company's Annual Report or be made publicly available ideally on the Company's website.	✓	As at the date of this statement, the Company is of the view that it has complied with each of the recommendations under Principle 2, except for Recommendation 2.1, 2.2 and 2.4. An explanation for the departures from Recommendation 2.1, 2.2 and 2.4 are set out above.
3	Promote ethical and responsible decision making.		
3.1	Establish a code of conduct and disclose the code or a summary of the code as to: the practices necessary to maintain confidence in the Company's integrity; the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; the responsibility and accountability of individuals for reporting and investigating reports of unethical practices;	✓ ✓ ✓ ✓	<p>The Company has implemented a suite of policies including a Code of Business Conduct which provides guidelines aimed at maintaining high ethical standards and corporate behaviour. The principals of the policies include:</p> <ul style="list-style-type: none"> • Respect the law and act in accordance with it; • Respect confidentiality and not misuse company information, assets or resources; • Avoid real or perceived conflicts of interest; • Act in the best interest of stakeholders; and • Perform their duties in ways that minimise environmental impacts and maximise workplace safety. <p>Directors and employees are expected to comply with all Company policies and to act professionally with integrity, honesty and responsibility at all times.</p>
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	✓	The Board has adopted a policy concerning diversity and has disclosed the policy on its website.

Principle	Corporate Governance best practice recommendation	Compliance	How we comply														
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	X	<p>Avita encourages diversity in its workforces and to that end has adopted an equal opportunity and anti-discrimination policy which seeks to provide equal employment opportunities to all employee's regardless of race, gender, religion, age, nationality or any other grounds while providing a workplace where everyone is treated equally and fairly and where discrimination, harassment and inequality are not tolerated. Further the Group does not positively discriminate in favour of any group of people and positions of employment are based on technical ability, qualifications and experience. Therefore although the company supports the recommendations contained in the ASX Corporate Governance Principles and Recommendation, it does not follow the recommendations requiring the company to establish measurable objectives for achieving gender diversity as this contradicts our position of not discriminating in favour of any group of people. While not setting specific targets for achieving gender diversity, Avita does not discriminate in favour of or against the appointment of women at any level in the organisation, nor does it discriminate based on gender in setting salary levels, training and development or in other advancement opportunities. This will always be based on technical abilities and qualifications with no consideration to gender.</p>														
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women in the board.	✓	<p>The table below provides actual data on gender diversity that currently exists within the group.</p> <table border="1" data-bbox="790 1086 1436 1265" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th rowspan="2"></th> <th colspan="2" style="text-align: center;">Actual</th> </tr> <tr> <th style="text-align: center;">Number</th> <th style="text-align: center;">%</th> </tr> </thead> <tbody> <tr> <td>Women employed whole organisation</td> <td style="text-align: center;">17</td> <td style="text-align: center;">63%</td> </tr> <tr> <td>Women in senior executive roles</td> <td style="text-align: center;">2</td> <td style="text-align: center;">7%</td> </tr> <tr> <td>Women in board positions</td> <td style="text-align: center;">1</td> <td style="text-align: center;">17%</td> </tr> </tbody> </table>		Actual		Number	%	Women employed whole organisation	17	63%	Women in senior executive roles	2	7%	Women in board positions	1	17%
	Actual																
	Number	%															
Women employed whole organisation	17	63%															
Women in senior executive roles	2	7%															
Women in board positions	1	17%															
3.5	<p>Provide related disclosures:</p> <ul style="list-style-type: none"> • An explanation of any departure from Recommendation 3. • Posting to the company's web site any applicable code of conduct or a summary and the diversity policy or a summary of its main provisions. 	✓	<p>Explanation of departures from Principles and Recommendations 3.1, 3.2, 3.3 and 3.4 (if any) are set out above. The Company will also explain any departures from Principles and Recommendations 3.1, 3.2, 3.3 and 3.4 (if any) in its future annual reports.</p> <p>The Corporate Governance Policies which includes the Diversity Policy and Corporate Code of Conduct is posted on the Company's website.</p>														

Principle	Corporate Governance best practice recommendation	Compliance	How we comply
4	Safeguard integrity in financial reporting.		
4.1	The Board should establish an audit committee.	✓	The Audit Committee assists the Board to meet its oversight responsibilities in relation to the Company's financial reporting, internal control structure, risk management procedures and the internal and external audit function. In doing so, it is the Audit and Risk Committee's responsibility to maintain free and open communications between the Committee, the external auditors, the internal auditors and the management of the Company.
4.2	Structure the audit committee so that it consists of: a) only non-executive directors b) majority of independent directors c) independent chairperson, who is not the chairperson of the Board d) at least three members	✓ X ✓ ✓	The Board is of the view that given the size of the Company and its Board, it is not practical to have a majority of independent directors managing the Audit Committee. The Committee is made up of Mr Macpherson (Committee Chairperson), Mr Panaccio and Mr McNamara. Mr Macpherson is considered to be independent. Attendance of committee members at Audit Committee meetings is contained in the Directors' Report.
4.3	The audit committee should have a formal charter.	✓	The Audit Committee Charter is available on the Company's website in the Investor Centre section.
4.4	The 'Guide to Reporting on Principle 4' provides that certain information should be included in the corporate governance section of the Company's Annual Report or be made publicly available ideally on the Company's website.	✓	As at the date of this statement, the Company is of the view that it has complied with each of the recommendations under Principle 4, except as outlined above and any future departure (if any) from Recommendation 4 above will be disclosed.

Principle	Corporate Governance best practice recommendation	Compliance	How we comply
5	Make timely and balanced disclosure.		
5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance. These policies or a summary of the policies should be disclosed.	✓	<p>The Company's continuous disclosure policy has been adopted to ensure compliance with obligations under the continuous disclosure regime of the Corporations Law and the Listing Rules of the Australian Stock Exchange Limited and to ensure that all AVITA shareholders have access to material information about the Company and its prospects.</p> <p>The disclosure obligations include:</p> <ul style="list-style-type: none"> • All employees, Company officers and Directors must comply with the ASX Listing Rules and Corporations Law provisions relating to a timely disclosure of price sensitive information to the ASX. The Company does this by releasing written announcements to the ASX. • The Managing Director (and/or Chief Executive Officer), Chief Financial Officer (or equivalent) and Company Secretary are accountable for the establishment, communication and maintenance of this policy and ensuring that material information is disclosed to the ASX.
5.2	In accordance with the 'Guide to Reporting on Principle 5', the Company has made its Continuous Disclosure and Compliance Policy available on its website.	✓	The Company's Shareholder Communications Policy is available on the Company's website in the Investor Centre section.
6	Respect the rights of shareholders.		
6.1	Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.	✓	<p>The Company places considerable importance on effective communications with shareholders and other stakeholders. Avita's communication strategy requires communication with shareholders and other stakeholders in an open, regular and timely manner so that the market has sufficient information to make informed investment decisions on the operations and results of the company. The strategy provides for the use of systems that ensure a regular and timely release of information about the company is provided to shareholders. Mechanisms employed include:</p> <ul style="list-style-type: none"> • Announcements lodged with ASX; • Half Yearly Report • Full Yearly Report Presentations at the Annual General Meeting; • Annual Report promote effective communication with shareholders; and • Encourage shareholder participation at AGMs.
6.2	Provide the following information in the annual report: An explanation of any departures from recommendation and reasons for the departure.	✓	The Company's Shareholder Communications Policy is available on the Company's website in the Corporate Governance section.

Principle	Corporate Governance best practice recommendation	Compliance	How we comply
7	Recognise and manage risk		
7.1	The Company should establish policies on risk oversight and management.	✓	<p>The Company is committed to the identification; monitoring and management of risks associated with its business activities and has embedded in its management and reporting systems a number of risk management controls. The Chairman is charged with implementing appropriate risk management systems within the Company.</p> <p>The Board monitors and receives advice on areas of operational and financial risk, and considers strategies for appropriate risk management arrangements.</p> <p>Specific areas of risk identified initially and which will be regularly considered at Board meetings include foreign currency, performance of activities, human resources, acceptance by regulatory authorities for the Company's products, markets, manufacturing, the environment, statutory compliance and continuous disclosure obligations.</p> <p>The annual report details material financial risks which arose during the reporting period (see notes to financial statements).</p>
7.2	The Board should require management to design and implement the risk management and internal control system to manage the company's material risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	✓	<p>As part of the reporting process the Managing Director and Chief Financial Officer (or equivalent) provide to the Board prior to the Board approving the annual and half-yearly accounts, a written statement that the integrity of the financial statements (as per ASX Recommendation 4.1) are founded on a system of risk management and internal compliance and control which implements the Board's policies and the Company's risk management and internal control system is operating efficiently and effectively in all material matters.</p>
7.3	The Board should disclose whether it has received assurance from the Chief Executive Officer and the Chief Financial Officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	✓	<p>The Board has received assurance from the Chief Executive Officer and Chief Financial Officer (or equivalent) that the s295A declaration is founded on a sound system of risk management and internal control and the system is operating effectively in all material respects in relation to financial risks.</p>

Principle	Corporate Governance best practice recommendation	Compliance	How we comply
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7.	<p>✓</p> <p>✓</p> <p>✓</p>	<p>In accordance with the 'Guide to Reporting on Principle 7', the Company provides the following information:</p> <p>(a) The Company has not departed from Recommendations 7.1 to 7.4.</p> <p>(b) The Board has received the report from management under Recommendation 7.2.</p> <p>(c) The Board has received assurance from Mr Timothy Rooney, as the Company's Chief Executive Officer and Mr Justin McCann as Group Finance Manager, under Recommendation 7.3.</p>
8	Remunerate fairly and responsibly.		
8.1	The Board should establish a remuneration committee.	✓	<p>It is the company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and executive team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, the Remuneration Committee links the nature and amount of executive directors' and officers' emoluments to the Company's financial and operational performance.</p> <p>The Remuneration Committee deals with remuneration-related issues on an as-required basis.</p> <p>For further information on the remuneration received by directors and executives in the current period, please refer to the Remuneration Report, which is contained within the Directors' Report along with the attendance of committee members at Remuneration Committee meetings.</p> <p>There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive directors.</p>
8.2	<p>The remuneration committee should be structured so that it:</p> <ul style="list-style-type: none"> • Consists of a majority of independent directors • Is chaired by the independent chair • Has at least 3 members 	<p>✓</p> <p>✓</p> <p>✓</p>	<p>The remuneration committee has Mr Macpherson, Mr Perry and Mr Curnock-Cook as its members.</p> <p>The remuneration Committee is chaired by Mr Macpherson who is independent.</p> <p>The Committee currently has 3 committee members.</p>
8.3	Companies should clearly distinguish the structure of non-executive director's remuneration from that of executive directors and senior executives.	✓	Refer Director's Report.

Principle	Corporate Governance best practice recommendation	Compliance	How we comply
8.4	Companies should provide the information indicated in the Guide to reporting on Principle 8.	✓	<p>In accordance with the 'Guide to Reporting on Principle 8', the Company provides the following information:</p> <p>(a) there are no schemes for retirement benefits, other than statutory superannuation, in existence for the Non-Executive Directors;</p> <p>(b) as at the date of this statement, the Company is of the view that it has complied with each of the Recommendations under Principle 8, except for Recommendation 8.2. An explanation for the departure from Recommendation 8.2 is set out above.</p>

ASX Shareholder Information

Ordinary Fully Paid Shares (Total) as of 3 October 2014

Range	Total holders	Ordinary Shares	% of Issued Capital
1 - 1,000	409	176,042	0.06
1,001 - 5,000	569	1,794,230	0.55
5,001 - 10,000	781	6,281,881	1.93
10,001 - 100,000	1,233	41,833,770	12.86
100,001 - 9,999,999,999	332	275,222,481	84.60
Total	3,324	325,308,404	100.00

Unmarketable Parcels	Minimum Parcel Size	Holders	Shares
Minimum \$ 500.00 parcel at \$0.12 per share	5,000	867	1,415,272

Substantial Shareholder		Shares	%
Australian Ethical Investments	Canberra	42,252,445	12.99
BioScience Managers	Melbourne	25,000,000	7.69

ASX Shareholder Information

Ordinary Fully Paid Shares (Total) as of 3 October 2014

AVITA MEDICAL LIMITED

Top 20 Holders

Rank	Name	Shares	% of Shares
1.	NATIONAL NOMINEES LIMITED	86,157,865	26.48
2.	ONE FUNDS MANAGEMENT LIMITED <ASIA PAC HEALTH FUND II A/C>	25,000,000	7.69
3.	CITICORP NOMINEES PTY LIMITED	21,419,248	6.58
4.	FATS PTY LTD	10,614,283	3.26
5.	JP MORGAN NOMINEES AUSTRALIA LIMITED	4,720,180	1.45
6.	SCOTT DIBBEN PTY LTD	4,559,617	1.40
7.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	4,348,825	1.34
8.	MOORE FAMILY NOMINEE PTY LTD <MOORE FAMILY SUPER FUND A/C>	4,000,000	1.23
9.	TALICO OVERSEAS LIMITED	4,000,000	1.23
10.	ATEQ INVESTMENTS PTY LTD	3,392,334	1.04
11.	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	3,288,147	1.01
12.	DR RUSSELL KAY HANCOCK	3,025,000	0.93
13.	MS SUSAN COLDICUTT	2,995,898	0.92
14.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,811,015	0.86
15.	MR GERALD ROCHE	1,683,501	0.52
16.	DASI INVESTMENTS PTY LTD	1,666,667	0.51
17.	RANA A H AL ESSA	1,500,000	0.46
18.	MR TERENCE GEORGE FENNESSY + MRS MARGARET JOSEPHINE FENNESSY <TG FENNESSY FAMILY S/F A/C>	1,500,000	0.46
19.	ROSSBEL PTY LIMITED <THE ROSSBEL A/C>	1,500,000	0.46
20.	WELLNESS AUSTRALIA PT LTD <DONOVAN SUPER FUND A/C>	1,500,000	0.46
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (TOTAL)		189,682,580	58.31
Total Remaining Holders Balance		135,625,824	41.69

ASIA PACIFIC

Avita Medical Asia Pacific
(trading as Visiomed Group Ltd)
Suite G.01, 68 South Terrace
South Perth WA 6151
Australia
Tel: +61 8 9474 7738
Fax: +61 8 9474 7742
sales.ap@avitamedical.com

EUROPE, MIDDLE EAST AND AFRICA

Avita Medical Europe Ltd
Unit B1, Beech House
Melbourn Science Park
Cambridge Road
Melbourn
Royston HERTS
SG8 6HB
United Kingdom
Tel: +44 (0) 1763 269770
Fax: +44 (0) 1763 269780
sales.eu@avitamedical.com

AMERICA

Avita Medical Americas LLC
9221 Corbin Ave
Suite 220
Northridge CA 91324
United States of America
Tel: +1 818 356 9400
Fax: +1 818 356 9416
sales.am@avitamedical.com