

## AVITA MEDICAL DECEMBER 2013 HALF YEAR REPORT

### Highlights

- Total revenue of \$1.80 million
- Cash on hand \$6.80 million, with no debt
- Cash flow from receipts \$1.77 million
- Improved performance with Net loss after tax reduced to \$3.31 million

Avita Medical Limited (“Avita” or “the Company”) has reported total revenue of \$1.80 million for the half year ended 31 December 2013.

At the end of the period, Avita reported cash on hand of \$6.80 million, with no debt. The Company’s operating costs of \$4.76 million were less than the previous year by 10%, due to cost reduction initiatives including decreased research and development expenditure, resulting in a total net loss due to operating costs of \$3.31 million, which was a 13% improvement on the previous year.

Avita anticipates that following changes at the executive level, including the appointment of Ms Lesley Whitlock to Sales and Marketing Director EU, and a repositioning of the Company’s marketing strategy and sales strategies, an improvement in ReCell sales will be realised later in the June quarter of 2014.

Avita Interim Chief Executive Officer Timothy Rooney said that all aspects of the Company are aligning with a strategic goal focused on the commercialisation of ReCell.

“Our objective is to confirm the commercial potential of ReCell. The restructuring of our marketing and clinical resources has already begun to yield results,” said Mr Rooney.

The total increase in ReCell sales (see Table 1) by 11% for the half year compared to last year and increased sales revenue recorded in the United Kingdom, Australia and Germany reflects early progress toward the Company’s goal of demonstrating growth of the commercial acceptance of the product.

Unit sales in France were disappointing, as were the unit sales from the Company’s Italian joint venture, falling behind by 32% and 64% respectively compared to the previous half-year period. As previously announced, Avita’s new sales leadership in the EU is forensically evaluating the strategies in both France and Italy to increase future sales. Early efforts of this assessment have been promising in France as sales in Q3 are tracking 47% ahead of the prior corresponding period.

Half-Year FY2012 v Half-Year FY2013	Unit Sales
↑ 34%	United Kingdom
↑ 10%	Australia
↑ 17%	Germany
↓ 32%	France
↓ 64%	Italy

Table 1: ReCell unit sales

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Revenues from the Company's respiratory product line (Breath-A-Tech and Funhaler) were 2% below last year.

China continues to make progress in clinical, sales and reimbursement initiatives for ReCell in markets for burns, pigmentation and chronic wounds. The Company anticipates another stocking order from its distributor in the March 2014 quarter. Avita expects the first quarter sales uptake in the new half-year to be comparable to recent unit sales volumes until the new marketing strategies being implemented have had sufficient time to realise results.

"It is encouraging to see a 13% improvement in net loss due to operating costs compared to the same period last year, even while efforts have been increased in marketing and in specific areas of clinical development.

"By emphasising unique benefits of the use of ReCell as an adjunct treatment for augmentation of patient care, we have defined clear paths toward expansion of the use of ReCell in burns as well as the more lucrative areas of aesthetics and chronic wounds.

"Simultaneously we are progressing the U.S. FDA burns trial and other trials in the U.S. and in other parts of the world to support the commercialisation effort," said Mr Rooney.

#### **ABOUT AVITA MEDICAL LTD**

Avita Medical (<http://www.avitamedical.com/>) develops and distributes regenerative products for the treatment of a broad range of wounds, scars and skin defects. Avita's patented and proprietary tissue-culture, collection and application technology provides innovative treatment solutions derived from a patient's own skin.

The Company's lead product, ReCell® Spray-On Skin™, is used in a wide variety of burns, plastic, reconstructive and cosmetic procedures. ReCell is patented, CE-marked for Europe, TGA-registered in Australia, and SFDA-cleared in China. ReCell is not available for sale in the United States; in the U.S. ReCell is an investigational device limited by federal law to investigational use. A Phase III FDA trial is in process.

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#### **FOR FURTHER INFORMATION:**

Contact:

Avita Medical Ltd.

Ian Macpherson

Chairman

Phone: +61 (0) 8 9474 7738

Email: [imacpherson@avitamedical.com](mailto:imacpherson@avitamedical.com)

Avita Medical Ltd.

Tim Rooney

Chief Executive Officer/Chief Financial Officer

Phone: + 1 (818) 827-1695

Email: [trooney@avitamedical.com](mailto:trooney@avitamedical.com)

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# Appendix 4D

Half-year Report  
31 December 2013

## AVITA MEDICAL LIMITED

ABN 28 058 466 523

### Results for announcement to the market

				December 2013	December 2012
				\$	\$
<b>Financial Results</b>					
Sale of goods	Up	1.3%	to	1,370,076	1,352,464
Other revenue	Down	18.5%	to	423,465	519,630
Total comprehensive loss for the period	Down	15.6%	to	3,212,913	3,804,869
Net loss for the period attributable to owners of the parent	Down	12.8%	to	3,313,863	3,798,736

Dividends	Amount per Ordinary Security	Franked amount per security
2012 interim dividend	Nil	Nil
2013 interim dividend	Nil	Nil

Record date for determining entitlements to the 2013 interim dividends	N/A
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Net Tangible Asset Backing	December 2013	December 2012
Net tangible asset backing per ordinary security	\$0.022	\$0.045

Other explanatory notes
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The information required by listing rule 4.2A is contained in both this Appendix 4D and the attached half-year report. This half-yearly reporting information should be read in conjunction with the most recent annual financial report of the company.

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**AVITA MEDICAL LIMITED**

**A.B.N. 28 058 466 523**

**HALF-YEAR FINANCIAL REPORT**

**31 December 2013**

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## Corporate Information

ABN 28 058 466 523

This half-year report covers the consolidated entity comprising Avita Medical Limited (the Parent Company) and its controlled subsidiaries (the Group). The Parent Company's functional and presentation currency is AUD (\$).

A description of the Group's operations and its principal activities is included in the review of operations and activities in the Directors' Report on page 4. The Directors' Report does not form part of the financial report.

### Directors

Mr Ian Macpherson (Chairman)  
Mr Dalton Gooding  
Dr William Dolphin (resigned 11 December 2013)  
Prof Fiona Wood  
Mr Matthew McNamara  
Mr Jeremy Curnock-Cook  
Mr Michael Perry

### Company Secretary

Mr Gabriel Chiappini

### Registered Office

Level 9, The Quadrant  
1 William Street  
Perth, Western Australia, 6000  
Email: [investor@avitamedical.com](mailto:investor@avitamedical.com)

### Principal Place of Business

B1, Beech House  
Melbourn Science Park  
Royston, HERTS SG8 6HB  
United Kingdom

### Share Registry

Computershare Investor Services Pty Limited  
Level 2, 45 St Georges Terrace  
Perth, Western Australia, 6000

### Solicitors

Clifford Chance  
Level 12, London House  
216 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  
Perth, Western Australia, 6000

### Stock Exchange

Avita Medical Limited  
Listed on the Australian Stock Exchange  
(ASX Code: AVH)  
Listed on the OTCQX International  
Marketplace in the US (Code: AVMX)

**DIRECTORS' REPORT  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

Your Directors submit their report for the half-year ended 31 December 2013.

**DIRECTORS**

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

Ian Macpherson (Chairman)

Dalton Gooding

William Dolphin (Managing Director) – resigned 11 December 2013

Fiona Wood

Matthew McNamara

Jeremy Curnock-Cook

Michael Perry

**REVIEW AND RESULTS OF OPERATIONS**

In the 6 month period to 31 December 2013 the sale of goods was \$1,370,076 (2012: \$1,352,464) representing an increase of 1.3% over the same 6 month period ending 31 December 2012. Other revenue in the 6 month period was \$423,465 (2012: \$519,630) resulting in a 18.5% decrease compared to the same period last year and was primarily attributable to the reduction in contract revenues from AFIRM (2012: \$311,080).

Operating costs decreased during the period to \$4,761,314 (2012: \$5,313,064) representing a decrease of 10% on the previous corresponding half year. Net loss after tax increased to \$3,313,863 (2012: \$3,798,736) representing a decrease of 13% on the previous corresponding half year. Decreased operating costs are attributable to reduced expenditure on research & development and expanded clinical trials.

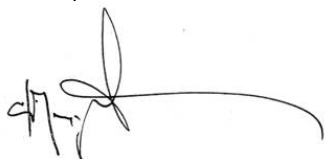
**EVENTS SUBSEQUENT TO BALANCE DATE**

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.

**AUDITOR'S INDEPENDENCE DECLARATION**

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act is set out on the following page.

This report is made in accordance with a resolution of the directors.



**Ian MacPherson  
Chairman**

Dated: 28 February 2014  
Perth, Western Australia

Level 1  
10 Kings Park Road  
West Perth WA 6005

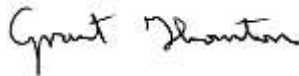
Correspondence to:  
PO Box 570  
West Perth WA 6872

T +61 8 9480 2000  
F +61 8 9322 7787  
E [info.wa@au.gt.com](mailto:info.wa@au.gt.com)  
W [www.grantthornton.com.au](http://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 review of Avita Medical Limited for the half-year ended 31 December 2013, I declare that, to the best of my knowledge and belief, there have been:

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



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



P W Warr  
Partner - Audit & Assurance

Perth, 28 February 2014

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	Note	CONSOLIDATED	
		31 DEC 2013 \$	31 DEC 2012 \$
<b>Continuing operations</b>			
Sale of goods	2	1,370,076	1,352,464
Cost of sales		(340,528)	(357,390)
<b>Gross Profit</b>		<b>1,029,548</b>	<b>995,074</b>
<b>Other Revenue</b>	2	<b>423,465</b>	<b>519,630</b>
<b>Operating Costs</b>			
Administrative expenses		(2,782,459)	(2,684,287)
Share based payment expense		(25,359)	(27,260)
Research and development expenses		(570,475)	(1,162,051)
Sales and marketing expenses		(1,382,931)	(1,366,440)
Finance costs		(90)	(26)
Amortisation of intellectual property		-	(73,000)
<b>Loss from continuing operations before income tax</b>		<b>(3,308,301)</b>	<b>(3,798,360)</b>
Income tax expense		(5,562)	(376)
<b>Loss for the period</b>		<b>(3,313,863)</b>	<b>(3,798,736)</b>
<b>Other comprehensive income</b>			
Foreign currency translation		100,950	(6,133)
<b>Other comprehensive income / (expense) for the period, net of tax</b>		<b>100,950</b>	<b>(6,133)</b>
Total comprehensive loss for the period		(3,212,913)	(3,804,869)
Loss for the period attributable to owners of the parent		(3,313,863)	(3,798,736)
<b>Total comprehensive loss attributable to owners of the parent</b>		<b>(3,212,913)</b>	<b>(3,804,869)</b>
Basic and diluted loss per share attributable to ordinary equity holders of the parent		(1.02) cents	(1.47) cents

The accompanying notes form part of the financial statements.



STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2013

	Note	Consolidated	
		31 Dec 2013	30 June 2013
		\$	\$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		6,760,349	10,616,849
Trade and other receivables		835,417	1,215,382
Prepayments		145,859	187,586
Inventories		975,352	761,785
<b>Total Current Assets</b>		<b>8,716,977</b>	<b>12,781,602</b>
<b>Non-Current Assets</b>			
Plant & equipment		144,468	127,029
<b>Total Non-Current Assets</b>		<b>144,468</b>	<b>127,029</b>
<b>TOTAL ASSETS</b>		<b>8,861,445</b>	<b>12,908,631</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		1,362,141	2,243,783
Provisions		231,548	209,538
<b>Total Current Liabilities</b>		<b>1,593,689</b>	<b>2,453,321</b>
<b>TOTAL LIABILITIES</b>		<b>1,593,689</b>	<b>2,453,321</b>
<b>NET ASSETS</b>		<b>7,267,756</b>	<b>10,455,310</b>
<b>EQUITY</b>			
Equity attributable to equity holders of the parent:			
Contributed equity	6	111,441,930	111,441,390
Accumulated Losses		(104,788,081)	(101,706,766)
Reserves		613,907	720,146
<b>TOTAL EQUITY</b>		<b>7,267,756</b>	<b>10,455,310</b>

The accompanying notes form part of the financial statements.

**STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

	Consolidated	
	31 Dec 2013	31 Dec 2012
	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from customers	1,770,983	1,644,320
Payments to suppliers and employees	(6,142,125)	(5,888,799)
Tax refund received	129,315	90,123
Interest and other income received	423,465	519,603
	<u>(3,818,362)</u>	<u>(3,634,753)</u>
<b>Cash flows from investing activities</b>		
Gain on sales of fixed assets	5,000	-
Payments for plant & equipment	(43,138)	(38,299)
	<u>(38,138)</u>	<u>(38,299)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	-	10,401,080
Capital raising expenses	-	(673,650)
	<u>-</u>	<u>9,727,430</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(3,856,500)</b>	<b>6,054,378</b>
Cash and cash equivalents at beginning of period	10,616,849	8,230,593
	<u>6,760,349</u>	<u>14,284,971</u>

For the purpose of the half-year Statement of Cash Flows, cash and cash equivalents are comprised of the following:

Cash at bank and in hand	895,497	879,850
Short-term deposits	5,864,852	13,405,121
	<u>6,760,349</u>	<u>14,284,971</u>

The accompanying notes form part of the financial statements.

STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

Consolidated	Contributed Equity	Accumulated Losses	Option premium reserve	Employee equity benefit reserve	Foreign currency translation reserve	Total
	\$	\$	\$	\$	\$	\$
<b>At 1 July 2012</b>	<b>101,663,499</b>	<b>(96,676,634)</b>	<b>2,277,759</b>	<b>1,664,987</b>	<b>(375,634)</b>	<b>8,553,977</b>
Loss for the period	-	(3,798,736)	-	-	-	(3,798,736)
Other comprehensive income	-	-	-	-	(6,133)	(6,133)
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>(3,798,736)</b>	<b>-</b>	<b>-</b>	<b>(6,133)</b>	<b>(3,804,869)</b>
Transactions with owners in their capacity as owners						
Share based payments	-	-	-	27,260	-	27,260
Issued shares	10,401,080	-	-	-	-	10,401,080
Capital raising costs	(673,649)	-	-	-	-	(673,649)
<b>Balance at 31 December 2012</b>	<b>111,390,930</b>	<b>(100,475,370)</b>	<b>2,277,759</b>	<b>1,692,247</b>	<b>(381,767)</b>	<b>14,503,799</b>

Consolidated	Contributed equity	Accumulated losses	Option premium reserve	Employee equity benefit reserve	Foreign currency translation reserve	Total
	\$	\$	\$	\$	\$	\$
<b>At 1 July 2013</b>	<b>111,441,930</b>	<b>(101,706,766)</b>	<b>-</b>	<b>962,277</b>	<b>(242,131)</b>	<b>10,455,310</b>
Loss for the period	-	(3,313,863)	-	-	-	(3,313,863)
Other comprehensive income	-	-	-	-	100,950	100,950
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>(3,313,863)</b>	<b>-</b>	<b>-</b>	<b>100,950</b>	<b>(3,212,913)</b>
Transactions with owners in their capacity as owners						
Share based payments	-	-	-	25,359	-	25,359
Transfer off expired options	-	232,548	-	(232,548)	-	-
<b>Balance at 31 December 2013</b>	<b>111,441,930</b>	<b>(104,788,081)</b>	<b>-</b>	<b>755,088</b>	<b>(141,181)</b>	<b>7,267,756</b>

The accompanying notes form part of the financial statements.

**NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

**1. BASIS OF PREPARATION AND ACCOUNTING POLICIES**

**Basis of Preparation**

This general purpose condensed financial report for the half year ended 31 December 2013 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2013 and considered together with any public announcements made by Avita Medical Limited during the half-year ended 31 December 2013 in accordance with the continuous disclosure obligations of the *ASX listing rules*.

This financial report has been prepared on the going concern basis.

Apart from the changes in accounting policy noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

**Adoption of New and Revised Accounting Standards**

In the half year ended 31 December 2013, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current reporting period.

The adoption of all these new and revised Standards and Interpretations has not resulted in any changes to the Company's accounting policies and has no effect on the amounts reported for the current or prior periods. The Directors consider that these new and revised Standards and Interpretations has not had a material impact and therefore it has not resulted in changes to the Company's presentation of, or disclosure in, its half year financial statements.

**2. REVENUE**

	CONSOLIDATED	
	2013	2012
	\$	\$
<b>Revenue</b>		
Sale of goods	1,370,076	1,352,464
Other revenue	423,465	519,630
	<b>1,793,541</b>	<b>1,872,094</b>
<b>Other revenue</b>		
Bank interest receivable	128,091	197,413
Contracts received *	221,291	311,080
Other income	74,083	11,137
	<b>423,465</b>	<b>519,630</b>

\* Relates to US Department of Defense FDA trials funding

**3. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES**

No amounts have been paid, declared or recommended by Avita Medical Limited by way of dividend since the commencement of the half-year, and up to the date of this report.

**NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

**4. OPERATING SEGMENTS**

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 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 segment.

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

The segment information provided to the Chief Executive Officer for the reportable segments for the half year ended 31 December 2013 is as follows:

	<i>Continuing Operations</i>			<i>Total</i>
	<i>Asia Pacific</i>	<i>Europe &amp; Middle East</i>	<i>Americas</i>	
	\$	\$	\$	\$
<b>Half-year ended 31 December 2013</b>				
<b>Revenue</b>				
Sales to external customers	1,105,300	264,776	-	1,370,076
Other revenue from external customers	32,503	31,463	231,408	295,374
Interest received	125,174	2,450	467	128,091
<b>Total revenue per statement of comprehensive income</b>	<b>1,262,977</b>	<b>298,689</b>	<b>231,875</b>	<b>1,793,541</b>
Segment net profit / (loss) before tax	285,739	(1,226,098)	(1,581,431)	(2,521,790)
<b>Reconciliation of segment net result before tax to loss before income tax</b>				
Corporate charges				(786,511)
Amortisation of intellectual property				-
<b>Loss before income tax</b>				<b>(3,308,301)</b>
<b>Segment assets</b>				
Segment operating assets	973,212	1,256,639	1,071,159	3,301,010
Unallocated assets				5,560,435
<b>Total assets per the statement of financial position</b>				<b>8,861,445</b>

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

<b>Segment liabilities</b>				
Segment operating liabilities	188,584	904,065	118,450	1,211,099
Unallocated liabilities				382,590
<b>Total liabilities per the statement of financial position</b>				<b>1,593,689</b>

	<i>Continuing Operations</i>			
	<i>Asia Pacific</i>	<i>Europe</i>	<i>Americas</i>	<i>Total</i>
	\$	\$	\$	\$
Half-year ended 31 December 2012				
<b>Revenue</b>				
Sales to external customers	1,108,385	235,984	8,095	1,352,464
Other revenue from external customers	11,137	-	311,080	322,217
Interest received	195,343	1,163	907	197,413
<b>Total revenue per statement of comprehensive income</b>	<b>1,314,865</b>	<b>237,147</b>	<b>320,082</b>	<b>1,872,094</b>

Segment net profit / (loss) before tax	147,007	(1,034,689)	(1,920,354)	(2,808,036)
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**Reconciliation of segment net result before tax to loss before income tax**

Corporate charges				(917,324)
Amortisation of intellectual property				(73,000)
<b>Loss before income tax</b>				<b>(3,798,360)</b>

**Segment assets**

Segment operating assets	919,789	1,697,079	1,004,824	3,621,692
Unallocated assets				12,534,867
<b>Total assets per the statement of financial position</b>				<b>16,156,559</b>

**Segment liabilities**

Segment operating liabilities	140,419	766,881	516,433	1,423,733
Unallocated liabilities				299,027
<b>Total liabilities per the statement of financial position</b>				<b>1,652,760</b>

There was no material difference between the basis of segmentation and the measurement of segment result compared to the 30 June 2013 annual report.

**5. COMMITMENTS AND CONTINGENCIES**

There are no significant changes to the commitments and contingencies disclosed in the most recent annual financial report.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

6. CONTRIBUTED EQUITY

	CONSOLIDATED	
	31 Dec 2013	30 Jun 2013
	\$	\$
<i>Ordinary shares</i> Issued and fully paid	111,441,930	111,441,930
<i>Movement in ordinary shares on issue</i>		
At 1 July 2013	324,883,404	111,441,930
Issue of shares	-	-
Capital raising costs	-	-
At 31 December 2013	324,883,404	111,441,930

7. RELATED PARTY DISCLOSURES

The total amount of transactions entered into with key management personnel for the half-year ended 31 December 2013 are as follows:

- During the period research and development no fees (2012: \$126,000) were paid to the McComb Foundation, which has one director, F Wood, in common with the Company.
- During the period fees of \$13,203 (2012: \$34,728) were paid under normal terms and conditions to Gooding Partners, Chartered Accountants, of which D Gooding is a partner.
- During the period fees of \$28,000 (2012: nil) were paid under normal terms and conditions to F.A.T.S Pty Ltd of which I MacPherson is a director.

8. EVENTS SUBSEQUENT TO BALANCE 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.

**DIRECTORS' DECLARATION  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

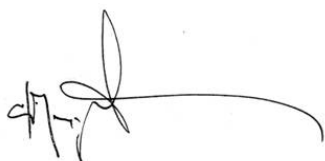
**DIRECTORS' DECLARATION**

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 financial position at 31 December 2012 and the performance for the half-year ended on that date of the consolidated entity; and
  - (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
- b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



**Ian MacPherson**  
**Chairman**  
Dated: 28 February 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](mailto:info.wa@au.gt.com)  
W [www.grantthornton.com.au](http://www.grantthornton.com.au)

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

We have reviewed the accompanying half-year financial report of Avita Medical Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2013, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

### **Directors' responsibility for the half-year financial report**

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

### **Auditor's responsibility**

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the Company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

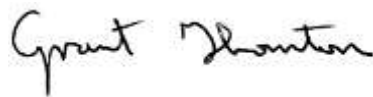
**Independence**

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

**Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Avita Medical Limited is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the Group's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



P W Warr  
Partner - Audit & Assurance

Perth, 28 February 2014