avita medical

News Release

AVITA MEDICAL REPORTS STRONG HALF YEAR FINANCIAL RESULTS

- **REVENUES UP 23% COMPARED TO THE CORRESPONDING 1HY11**
- **SIGNIFICANT INCREASE IN SALES OF RECELL® SPRAY-ON SKIN®**
- **INCREASED SALES & MARKETING EFFORTS; COMMENCED R&D INITIATIVE**

Australia, 29 February 2012—**Avita Medical Ltd.** (ASX: **AVH**), the regenerative medicine company, is pleased to provide audited financial results for the fiscal Half Year ending 31 December 2011 (1HY12).

Revenues for 1HY12 were $2.62 million, an increase of 23% compared to the corresponding 1HY11; revenues for 2Q12 (per Appendix 4C) were $1.29 million, an increase of 26% compared to the corresponding 2Q11. Revenue increases during this period was primarily attributable to growth in sales of ReCell® Spray-On Skin®.

Revenues from sales of ReCell increased significantly in 1HY12 compared to the corresponding 1HY11. This strong 12-month increase reflects the growing penetration of ReCell in the core European markets as ReCell gains awareness within the medical community. Management expects this growth trend to continue, with regenerative products contributing an ever-increasing proportion of total sales revenues.

Based on the continued strong cash position and record and increasing ReCell sales we have lifted investment in R&D and Sales & Marketing (including clinical marketing trials) with the result that operating expenses for the period, excluding fair value movements in financial derivative, increased to $4.22M (2011: $3.61M) representing an increase of 17% on the previous corresponding half year.

Loss for the period of $2.1M was up 14% compared to 1HY11 losses of $1.88M (less movement of financial derivative associated with the termination of the La Jolla Cove Convertible Note).

“Sales of ReCell show robust and consistent year-over-year growth” said **William Dolphin, Ph.D.**, CEO of Avita Medical. “ReCell is being adopted by key surgeons in a wide range of indications and is becoming the preferred first-line approach for the treatment of many chronic and acute wounds, plastic and reconstructive surgeries and an expanding range of aesthetics procedures.

“We maintain our strong commitment to improved efficiencies and are extracting further gains in gross margins for our products,” added Dr Dolphin. “We are increasing our sales and marketing efforts in key countries and are investing strongly in our R&D initiatives.

“Avita has commenced development work on the ‘Next Generation’ regenerative products and made significant commitment to expanded clinical marketing studies. We currently have five studies underway throughout Europe on indications including chronic leg ulcers, acne scars & wrinkles, vitiligo and treatment of donor sites following skin grafting.

“We are pleased with the financial results for 1HY12 and are confident that we will maintain this growth trajectory, establishing Avita as a market leader in the field of regenerative medicine,” concluded Dr Dolphin.

ABOUT AVITA MEDICAL LTD.

Avita Medical (www.avitamedical.com) develops and distributes regenerative and tissue-engineered products for the treatment of a broad range of wounds, scars and skin defects. Using patented and proprietary tissue-culture, collection and application technology, the company is able to provide innovative treatment solutions derived from a patient's own skin. ReCell Spray-On Skin has been used in the treatment of over 4,500 patients for wide variety of burns, chronic ulcers, 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 US FDA trial is in process.

This news release may include forward-looking statements, identifiable by the use of words such as "anticipate", "expect", "estimate", "potential", "may", or similar expressions, that involve risks and uncertainties. These forward-looking statements speak only as at the date of this release and are based on management's expectations concerning future events and are necessarily subject to risks, uncertainties and other factors outside the control of Avita Medical that could cause actual results to differ materially from such statements. Avita Medical makes no undertaking to subsequently update or revise the forward-looking statements made in this release.

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FOR FURTHER INFORMATION PLEASE CONTACT:
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Appendix 4D

Half-year Report

31 December 2011

AVITA MEDICAL LIMITED

ABN 28 058 466 523

Results for announcement to the market

Financial Results				**December 2011 $**	**December 2010 $**
Revenue from ordinary activities	Up	23%	to	2,618,841	2,122,846
Total comprehensive loss for the period	Up	120%	to	2,120,349	965,253
Net loss for the period attributable to owners of the parent	Up	172%	to	2,139,846	786,643

Dividends	Amount per Ordinary Security	Franked amount per security
2010 interim dividend	Nil	Nil
2009 interim dividend	Nil	Nil

Record date for determining entitlements to the 2010 interim dividends	N/A

Net Tangible Asset Backing	**December 2011**	**December 2010**
Net tangible asset backing per ordinary security	$0.050	$0.015

Other explanatory notes

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.

AVITA MEDICAL LIMITED

A.B.N. 28 058 466 523

HALF-YEAR FINANCIAL REPORT

31 December 2011

Corporate Information
ABN 28 058 466 523

This half-year report covers the consolidated entity comprising Avita Medical Limited (the Parent Company) and its 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 Dalton Gooding (Chairman)
Mr Ian Macpherson (Deputy Chairman)
Mr William Dolphin
Mr Paul Watt
Prof Fiona Wood

Company Secretary
Mr Gabriel Chiappini

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Email: investor@avitamedical.com

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United Kingdom

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

Solicitors
Gilbert & Tobin
1202 Hay Street
West Perth, Western Australia, 6005

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, 6000

Stock Exchange
Avita Medical Limited
is listed on the Australian Stock Exchange
Limited (ASX : Code: AVH).

DIRECTORS' REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

Your directors submit their report for the half-year ended 31 December 2011.

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.

Dalton Gooding (Chairman)

Ian Macpherson (Deputy Chairman)

William Dolphin (Managing Director)

Paul Watt

Fiona Wood

REVIEW AND RESULTS OF OPERATIONS

In the 6 month period to 31 December 2011 the total revenue was $2,618,841 (2010: $2,122,846) representing an increase of 23% over the same period ending 31 December 2010. Revenue increases during the period was primarily attributable to growth in sales of ReCell® Spray-On-Skin®.

Operating costs increased during the period to $4,264,689 (2010: $2,511,923) representing an increase of 70% on the previous corresponding half year. Operating costs excluding fair value movements in financial derivative also increased during the period to $4,228,236 (2010: $3,608,860) representing an increase of 17% on the previous corresponding half year. Net loss after tax increased to $2,139,846 (2010: $786,643) representing an increase of 172% on the previous corresponding half year. Increased operating costs are attributable to increased expenditure on sales & marketing, research & development and expanded clinical trials.

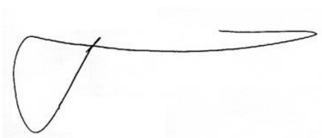
EVENTS SUBSEQUENT TO BALANCE DATE

On 1 January 2012 the Company entered into a joint venture with DS Medigroup Srl, who design, distribute and market medical devices in Italy, by the formation of new subsidiary Avita Medical Italia Srl to pursue sales and marketing of ReCell throughout Italy.

On 20 February 2012 the Company announced it had initiated the process of listing on the International OTCQX, a new premium market tier in the US for international exchange-listed companies.

Except as disclosed above, no subsequent events have occurred since the Reporting Date, which require disclosure in this report.

Signed in accordance with a resolution of the directors.



Dalton Gooding
Chairman
Dated: 29 February 2012
Perth, Western Australia

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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 2011, 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, 29 February 2012

STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Note	CONSOLIDATED	
		2011	2010
Continuing operations		$	$
Sale of goods		1,717,559	1,498,913
Other revenue	2	624,483	413,543
	2	276,799	210,390
Revenue	2	2,618,841	2,122,846
Cost of sales		(546,607)	(427,299)
Gross Profit		2,072,234	1,695,547
Other Income	2	52,954	29,733
Operating Costs			
Administrative expenses		(2,398,859)	(2,392,692)
Research and development expenses		(228,320)	(111,938)
Sales and marketing expenses		(1,294,563)	(788,173)
Finance costs		(1,994)	(11,557)
Fair value movements in financial derivative		(36,453)	1,096,937
Amortisation of intellectual property		(304,500)	(304,500)
Loss from continuing operations before income tax		**(2,139,501)**	**(786,643)**
Income tax benefit		(345)	-
Loss for the period		**(2,139,846)**	**(786,643)**
Other comprehensive income / (expense)			
Foreign currency translation		19,497	(178,610)
Income tax on items of other comprehensive income		-	-
Other comprehensive (expense) / income for the period, net of tax		19,497	(178,610)
Total comprehensive expense for the period		(2,120,349)	(965,253)
Loss for the period attributable to owners of the parent		(2,139,846)	(786,643)
Total comprehensive expense attributable to owners of the parent		**(2,120,349)**	**(965,253)**
Basic loss per share attributable to ordinary equity holders of the parent		(0.91) cents	(0.71) cents

The accompanying notes form part of the financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011

	Note	Consolidated 31/12/11 $	Consolidated 30/06/11 $
ASSETS			
Current Assets			
Cash and cash equivalents		10,832,133	12,669,020
Trade and other receivables		1,261,769	1,297,457
Financial assets at fair value through profit or loss		26,547	63,000
Prepayments		90,450	165,062
Inventories		766,457	636,971
Total Current Assets		**12,977,356**	**14,831,510**
Non-Current Assets			
Plant & equipment		85,587	70,439
Intangible assets		2,280,388	2,584,888
Total Non-Current Assets		**2,365,975**	**2,655,327**
TOTAL ASSETS		**15,343,331**	**17,486,837**
LIABILITIES			
Current Liabilities			
Trade and other payables		1,347,773	1,188,496
Provisions		72,736	247,846
Total Current Liabilities		**1,420,509**	**1,436,342**
TOTAL LIABILITIES		**1,420,509**	**1,436,342**
NET ASSETS		**13,922,822**	**16,050,495**
EQUITY			
Equity attributable to equity holders of the parent			
Contributed equity	6	101,663,499	101,758,424
Accumulated Losses		(91,226,351)	(89,086,505)
Reserves		3,485,674	3,378,576
TOTAL EQUITY		**13,922,822**	**16,050,495**

The accompanying notes form part of the financial statements.

STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Consolidated 31/12/11 $	31/12/10 $
Cash flows from operating activities		
Receipts from customers	1,753,247	1,274,296
Payments to suppliers and employees	(4,404,303)	(3,331,926)
Tax refund received	-	91,971
Interest and other income received	952,242	653,665
Net cash flows used in operating activities	(1,698,814)	(1,311,994)
Cash flows from investing activities		
Payments for plant & equipment	(42,297)	(52,179)
Net cash flows used in investing activities	(42,297)	(52,179)
Cash flows from financing activities		
Payment for term liability	-	(90,278)
Proceeds from issue of convertible notes	-	848,450
Repayment of convertible notes	-	(500,000)
Release of secured deposit	-	200,000
Capital raising expenses	(94,925)	-
Net cash flows from / (used in) financing activities	(94,925)	458,172
Net decrease in cash and cash equivalents	(1,836,036)	(906,001)
Cash and cash equivalents at beginning of period	12,669,020	3,865,802
Impact of foreign exchange	(851)	(79,364)
Cash and cash equivalents at end of period	**10,832,133**	**2,880,437**

For the purpose of the half-year cash flow statement, cash and cash equivalents are comprised of the following:

Cash at bank and in hand	463,520	417,517
Short-term deposits	10,368,613	2,462,920
	10,832,133	**2,880,437**

The accompanying notes form part of the financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

Consolidated	Contributed equity	Accumulated losses	Option premium reserve	Employee equity benefit reserve	Foreign currency translation reserve	Total
	$	$	$	$	$	$
At 1 July 2011	101,758,424	(89,086,505)	2,277,759	1,485,647	(384,830)	16,050,495
Loss for the period	-	(2,139,846)	-	-	-	(2,139,846)
Other comprehensive income	-	-	-	-	19,497	19,497
Total comprehensive income for the half year	-	(2,139,846)	-	-	19,497	(2,120,349)
Transactions with owners in their capacity as owners						
Share based payments	-	-	-	87,601	-	87,601
Capital raising costs	(94,925)	-	-	-	-	(94,925)
Balance at 31 December 2011	**101,663,499**	**(91,226,351)**	**2,277,759**	**1,573,248**	**(365,333)**	**13,922,822**

Consolidated	Contributed Equity	Accumulated Losses	Option premium reserve	Employee equity benefit reserve	Foreign currency translation reserve	Total
	$	$	$	$	$	$
At 1 July 2010	88,877,236	(87,289,585)	2,277,759	966,720	(154,076)	4,678,054
Loss for the period	-	(786,643)	-	-	-	(786,643)
Other comprehensive income	-	-	-	-	(178,611)	(178,611)
Total comprehensive income for the half year	-	(786,643)	-	-	(178,611)	(965,254)
Transactions with owners in their capacity as owners						
Share based payments	-	-	-	335,437	-	335,437
Issue of share capital net of issue cost	497,000	-	-	-	-	497,000
Balance at 31 December 2010	**89,374,236**	**(88,076,228)**	**2,277,759**	**1,302,157**	**(332,687)**	**4,545,237**

The accompanying notes form part of the financial statements.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of Preparation
This general purpose condensed financial report for the half year ended 31 December 2011 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The 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 2011 and considered together with any public announcements made by Avita Medical Limited during the half-year ended 31 December 2011 in accordance with the continuous disclosure obligations of the *ASX listing rules*.

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.

Changes in Accounting Policy

The Company 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 the 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 new and revised Standards and Interpretations has not had a material impact and not resulted in changes to the Company's presentation of, or disclosure in, its half year financial statements.

2. REVENUE

	CONSOLIDATED	
	2011	**2010**
	$	**$**
Revenue		
Sale of goods	1,717,559	1,498,913
Other revenue	624,483	413,543
Royalty income	276,799	210,390
	2,618,841	**2,122,846**
Other revenue		
Bank interest receivable	276,834	71,212
Grants received	347,649	342,331
	624,483	**413,543**
Other income	**52,954**	**29,733**

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.

4. COMMITMENTS AND CONTINGENCIES

There have been 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 2011

5. 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 2011 is as follows:

	Continuing Operations			
	Asia Pacific $	*Europe & Middle East $*	*Americas $*	*Total $*
Half-year ended 31 December 2011				
Revenue				
Sales to external customers	1,257,581	395,522	64,456	1,717,559
Other revenue from external customers	276,799	-	347,649	624,448
Interest received	2,005	448	511	2,964
Total segment revenue	1,536,385	395,970	412,616	2,344,971
Unallocated				273,870
Total revenue per statement of comprehensive income				2,618,841
Segment net profit / (loss) before tax	615,050	(899,150)	(818,059)	(1,102,159)
Reconciliation of segment net result before tax to loss before income tax				
Corporate charges				(732,842)
Amortisation of intellectual property				(304,500)
Loss before income tax				(2,139,501)
Segment assets				
Segment operating assets	1,316,182	784,991	1,365,849	3,467,022
Unallocated assets				11,876,309
Total assets per the statement of financial position				15,343,331

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

Segment liabilities				
Segment operating liabilities	273,412	342,994	126,736	743,142
Unallocated liabilities				677,367
Total liabilities per the statement of financial position				1,420,509

	Continuing Operations			
	Asia Pacific	*Europe*	*Americas*	*Total*
	$	*$*	*$*	*$*
Half-year ended 31 December 2010				
Revenue				
Sales to external customers	1,292,340	178,940	27,633	1,498,913
Other revenue from external customers	210,390	-	342,331	552,721
Interest received	8,045	119	607	8,771
Total segment Revenue	1,570,775	179,059	370,571	2,060,405
Unallocated				62,441
Total revenue per statement of comprehensive income				2,122,846
Segment net profit / (loss) before tax	498,822	(541,250)	(547,062)	(589,490)
Reconciliation of segment net result before tax to loss before income tax				
Corporate charges				(989,590)
Amortisation of intellectual property				(304,500)
Fair value movement in financial derivative				1,096,937
Loss before income tax				(786,643)
Segment assets				
Segment operating assets	902,711	290,711	1,083,185	2,276,607
Unallocated assets				5,627,453
Total assets per the statement of financial position				7,904,060
Segment liabilities				
Segment operating liabilities	145,259	144,758	470,036	760,053
Unallocated liabilities				2,598,770
Total liabilities per the statement of financial position				3,358,823

There was no material difference between the basis of segmentation and the measurement of segment result compared to the 30 June 2011 annual report.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

6. CONTRIBUTED EQUITY

	CONSOLIDATED	
	31/12/2011	31/12/10
	$	$
Ordinary shares		
Issued and fully paid	101,663,499	89,374,236

Movement in ordinary shares on issue	Number	$
At 1 July 2011	238,182,556	101,758,424
Capital raising costs	-	(94,925)
At 31 December 2011	234,182,556	101,663,499

7. RELATED PARTY DISCLOSURES

The total amount of transactions entered into with key management personnel for the half-year ended 31 December 2011 are as follows:

a. During the period research and development fees of $155,000 (2010: $85,748) were paid to the McComb Foundation, which has one director, F Wood, in common with the Company.
b. During the period fees of $42,948 (2010: $59,379) were paid under normal terms and conditions to Gooding Partners, chartered accountants, of which D Gooding is a partner.
c. Included in receivables, as at 31 December 2011, is an amount of $103,869 being the estimated US IRS tax credit due against the UK HMRC tax payments and liability incurred during the period of the temporary residence in the UK of the CEO, Dr. W Dolphin.

8. CONTROLLED ENTITIES

During the six months to 31 December 2011, new subsidiary Avita Medical MENA Limited, a company domiciled in Kuwait has been incorporated and included in the consolidated results of Avita Medical Limited.

9. EVENTS SUBSEQUENT TO BALANCE DATE

On 1 January 2012 the Company entered into a joint venture with DS Medigroup Srl, who design, distribute and market medical devices in Italy, by the formation of new subsidiary Avita Medical Italia Srl to pursue sales and marketing of ReCell throughout Italy.

On 20 February 2012 the Company announced it had initiated the process of listing on the International OTCQX, a new premium market tier in the US for international exchange-listed companies.

Except as disclosed above, no subsequent events have occurred since the Reporting Date, which require disclosure in this report.

DIRECTORS' DECLARATION
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

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 2011 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

Signed in accordance with a resolution of the directors.

Dalton Gooding
Chairman
Dated: 29 February 2012
Perth, Western Australia

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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 ("Company"), which comprises the statement of financial position as at 31 December 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with 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 financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the financial position as at 31 December 2011 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 Avita Medical Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we 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:

c giving a true and fair view of the Company's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and

d complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

P. Warr.

P W Warr
Partner – Audit & Assurance

Perth, 29 February 2012