Avita Medical Announces December 2014 Half Year Report

Australia, 27 February 2015 — Avita Medical Ltd. (ASX: AVH) (OTCQX: AVMXY), a regenerative medicine company specializing in the treatment of wounds and skin defects, today announced its financial results and provided a corporate update for the half year which ended on 31 December 2014.

"This has been an important period of growth highlighted by the commencement of the US pivotal trial for acute burns, the achievement of recertification of CFDA registration in China, enhanced sales and marketing efforts for ReCell, and the progress of on-going studies focused on larger underserved markets such as chronic wounds and aesthetics. The restructuring of Avita's foundation has been a crucial undertaking towards properly launching the company down a clear, focused clinical and commercial pathway. We head into the second half of the fiscal year with a great deal of momentum and I look forward to providing updates in the months to come," commented Tim Rooney, Chief Executive Officer of Avita Medical.

Half Year Corporate Highlights

- Commenced enrolment in the US pivotal trial for acute burns
- Expanded and differentiated regenerative product line
- Secured CFDA recertification of ReCell registration in China
- Progressed planning for new burns research initiatives in the UK, based on updated NICE guidance
- Continued to operate aggressive reimbursement strategy for EU/ROW for ReCell
- Introduced high-capacity ReCell Device at the 17th Congress of the International Society for Burn Injuries
- Bolstered management team with key commercially-focused hires

Half Year Financial Highlights:

- ReCell global sales YTD up 29% compared to same YTD period last year
- ReCell Asia Pacific sales YTD up 62% compared to same YTD period last year
- ReCell EMEA sales YTD up 15% compared to same YTD period last year
- Operating Costs decreased 8% on the corresponding half year

Expected Milestones for Second-Half of FY 2015

- CE Mark for ReCell high-capacity burns kit
- Commercial launch of ReCell high-capacity burns kit in EU
- CE Mark for ReNovaCell for private plastics and aesthetics (especially repigmentation)
- Commercial launch of ReNovaCell in EU
- CE Mark for ReGenerCell for chronic wounds
- Commercial launch of ReGenerCell in EU
- Completion of enrolment for venous leg ulcers ("VLU") pilot
- Recruitment of a Senior Global Head of Business Development and Commercialisation
- Initiation of collaborative research with NICE-appointed External Assessment Centres

Corporate Update

Avita is pleased to report that during the first half year fiscal 2015, meaningful advancements were achieved across all aspects of clinical, commercial and corporate development fronts. The anchor for this progress is based on the Company's ability to execute a strategic plan to properly leverage the broad potential of the regenerative platform via a balanced commercial and clinical program centred on indication-specific branding: ReCell® for acute wounds, ReGenerCell for chronic wounds and ReNovaCell for private plastics and aesthetics (especially repigmentation). This targeted approach has provided the necessary definition of a portfolio of regenerative products, which has enabled a dramatic increase in Avita's ability to gain commercial traction in international territories while pursuing larger market indications in clinical development. Further, the parsing of the regenerative platform into indication-specific products allows the company to more effectively pursue its strategic partnership initiative by indication as well as by geographic regions.

Product expansion

The company will look to secure CE mark across the UK and Europe in the near to mid-term for this expanded product range leading to a commercial rollout. This product expansion initiative will progress into other key target markets of Australia and China. From a pure revenue standpoint, the regenerative suite of products experienced a 29% increase in sales over the FY period of 2013-2014. To capitalize on this momentum the Company bolstered its sales and marketing teams during the fiscal half year with additions in important territories such as Australia, with recent appointments of a Sydney-based Regenerative Regional Sales Manager, a Melbourne-based Regenerative Account Manager, along with a Marketing Manager for the overall commercial program. Furthermore, in-line with Avita's indication-specific partnering initiative, the Company is in the process of hiring a Senior Global Head of Business Development and Commercialisation. During the period, the Company received CFDA recertification approval in China and continues to develop the market by undertaking targeted clinical work, testing commercial models, and looking to extend the Company's partnering platform.

Reimbursement Update

Integral to Avita's commercialisation program is the Company's implementation of a comprehensive reimbursement strategy in key international markets such as the UK, Germany, Turkey, Australia, France and Italy. To further support this initiative the company has retained the services of Emergo, a global medical device consulting group with offices in 25 countries. During the period, guidance was released from NICE (United Kingdom's National Institute for Health and Care Excellence) around the use of ReCell® for the treatment of skin loss, scarring and depigmentation after a burn injury. NICE commented favorably that ReCell® demonstrates potential to improve healing, and, in collaboration with Avita, is moving to engage external assessment centres to conduct research to further inform future NICE guidance. The Company is looking forward to the collaboration and further, is targeting the US acute burns trial as a means to generate additional data to assist in the Institute's evaluation process. In Germany, Avita has submitted its application to InEK, the German Institute for the Hospital Remuneration System, which has been supported by eight regional hospitals. The Company will provide an update on progress with InEk when possible. In Turkey, ReCell® has been granted temporary reimbursement approval and Avita is in the process of securing permanent status. The application process is underway in Australia, China, France and Italy. However; the Company is pleased to report that these key markets have increased 64% year over year despite not having reimbursement fully in place.

Long-term Value Drivers for ReCell®

In terms of key longer-term value drivers achieved during the period, FDA's approval to modify the US IDE clinical program to allow the study of a new small cohort of patients with broadened eligibility criteria and a revised modality of use for ReCell®, for the treatment of acute burns was a major achievement. The modification approved by FDA allows enrolment of patients with burns covering up to 50% of their body, enabling treatment for patients who are in even greater need. The initial study cohort was limited to the age range of 18-65 years, however, the FDA allowed the Company to adjust the age range to 5 years and older. The Company plans to seek a pre-market approval (PMA) for ReCell for this same age range, without conducting a separate paediatric trial. The study formerly positioned treatment using ReCell alone against treatment using standard mesh grafting alone, exclusively for deep partial-thickness injuries. This approach has been modified such that the new comparison is between standard grafts with and without adjunct use of ReCell rather than as a replacement for skin grafts, which allows for treatment of a range of depths of burn injury requiring grafting rather than specifically limited to deep partial-thickness injuries. The Company expects this approach to produce a softer point of entry into the clinical market, and that these study data therefore have commercial impact world-wide.

Execution Timeline Update for US Pivotal Burn Trial

Avita is pleased to report progress with the trial is in-line with expectations. The Company's strategy for execution is based on site-by-site recruitment beginning with the local ethics (Institutional Review Board or 'IRB') approval, clinical trial agreement (contract) execution, and completion of Site Initiation training on the study protocol, the product and on compliance with Good Clinical Practice requirements. Wake Forest University Baptist Medical Center was the first to complete these steps, and they have since enrolled two subjects. While the Arizona Burn Center has IRB approval and has completed Site Initiation training, their contract execution is pending final review. Once the contract is executed, this site will be able to commence enrolment. The University of Tennessee (MED Center) has local IRB approval and their contract is now executed with Site Initiation scheduled for 17-March. Contracts are pending at the remaining participating burn centers, within their affiliated institutions. Washington Hospital Center has submitted their IRB application, and review is pending. The US Army Institute for Surgical Research and the University of North Carolina have nearly completed IRB applications for submission. The scheduling of Site Initiation for the latter three burn centers is pending progress on their IRB and contracts. The Company remains on track to submit a PMA in 4Q CY 2016 with approval targeted for the latter part of CY 2017.

Pipeline Progress Report

Throughout the period, Avita advanced key programs including its chronic venous leg ulcers (VLU) Pilot randomized controlled trial (RCT) where the Company continues to bring on new sites and enrol patients. Most recently, Wythenshawe Hospital (Manchester, UK) commenced enrolment on 23-Feb, as the last site to join the effort to ensure timely completion of recruitment into the study. Positive Pilot RCT data will have implications around the world. Positive data will directly support marketing and sales efforts in CE countries (Europe and UK). Clinically and statistically significant results will be submitted to Australia's Therapeutic Good Administration (TGA) for expansion of product's approval to include lower limb ulcers. The pilot data may also be used to substantiate the design of a pivotal VLU IDE study in the US.

Avita's vitiligo clinical development program continues to advance and following on from initial research at the renowned Netherlands Institute for Pigment Disorders (SNIP), a new protocol has been

developed and is under ethics review. The new RCT will compare the technique investigated previously with even less invasive laser settings, in order to broaden the applicability of the treatment.

China Update

In China, results from an RCT at the First Affiliated Hospital of Sun Yat-sen University in Guangzhou have been published in the British Journal of Surgery (DOI: 10.1002/bjs.9688). The study compared skin graft outcomes with and without the use of skin cell suspension (using ReCell technology) for treatment of chronic wounds of heterogeneous etiology (including diabetic foot ulcers, post-trauma wounds, unhealed burn injuries, vascular and pressure ulcers). The authors concluded that when compared to skin grafts alone, the use of the combination of autologous skin cell suspension and skin grafts has the advantages of improved wound healing and long-term aesthetic appearance along with fewer clinical complications. More patients who had the combination achieved complete wound closure within 28 days, and their healing rate was significantly quicker. The treatment areas displayed good elasticity and texture, similar pigmentation to the surrounding skin, reduced scarring at the wound edges and no recurrent ulceration. The investigators at First Affiliated Hospital are continuing the work in a larger study. Also in China, ongoing research in repigmentation for vitiligo patients continues with a number of collaborators.

Investment and Medical Community Awareness Program Update

Avita continues to bolster its presence in the medical community participating in key international forums during the period such as International Society of Burn Injuries' (ISBI) 17th Biennial Congress held Oct 12-16 in Sydney, Australia, the Clinical Cosmetic and Reconstructive Expo held Oct 10-11 in London and the Vascular Society Annual Scientific Meeting in Glasgow November 26-28. The Company's robust presence at ISBI centered on the multiple applications of the ReCell® system in the treatment of acute burn injuries, and included keynote addresses, faculty panel representation, five accepted free-paper presentations, and a company booth in the exhibition hall. Participation in conferences such as ISBI, provides the Company the opportunity to continue to raise awareness around the clinical impact and commercial role ReCell can play in the burn injury space.

ReGenerCell was introduced to vascular surgeons at the Vascular Society Meeting for the treatment of lower limb non healing wounds. These wounds impact greatly on patient's quality of life and are a huge burden on the public health service. A presentation on experiences with ReCell in Maxial Facial procedures to improve the appearance of scarring and pigmentation was delivered during the Clinical Cosmetic and Reconstructive Expo where Avita exhibited ReCell.

In fact, during the period, Avita launched a medical community awareness program that has thus far resulted in participation in 20 major industry conferences to foster key relationships as the regenerative product platform continues to emerge as the leading, next generation autologous skin regeneration therapy.

Financial Update

Total ReCell® sales YTD are up 29% compared to last year's first half result. Strong uptake in the Asia Pacific region (Australia, China, New Zealand) with revenues up 62% from the prior year and the EMEA region (UK, France, Germany, Italy, Turkey, Switzerland and Saudi Arabia) have outperformed the prior year by 15%. Respiratory sales have not had the same success as the Regenerative segment, declining 14% YTD compared to the previous year. As such, this is reflected in total group sales of $1,340,977 which are down 2% versus the same YTD period last year.

When comparing YTD spending, there was a reduction of 8% compared to the same YTD period as last year reflecting a cost savings of $382k. Net loss after tax decreased to $3,285,920 (2013: $3,313,863) representing a decrease of 0.8% on the previous corresponding half year. Net operating cash flows out for the quarter decreased by 52% compared to last quarter primarily due to the $1.4m receipt of the R&D tax credit. After adjusting for the R&D tax credit the net operating cash flows out decreased YTD by 12% compared to last year's first half.

ABOUT AVITA MEDICAL LIMITED

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®, 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 CFDA-cleared in China. ReCell is not available for sale in the United States; in the United States, 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:

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Appendix 4D

Half-year Report

31 December 2014

AVITA MEDICAL LIMITED

ABN 28 058 466 523

Results for announcement to the market

Financial Results				December 2014 $	December 2013 $
Sale of goods	Down	2.1%	to	1,340,977	1,370,076
Other revenue	Down	93.8%	to	26,412	423,465
Total comprehensive loss for the period	Up	5.6%	to	3,394,123	3,212,913
Net loss for the period attributable to owners of the parent	Down	0.8%	to	3,285,920	3,313,863

Dividends	Amount per Ordinary Security	Franked amount per security
2013 interim dividend	Nil	Nil
2014 interim dividend	Nil	Nil

Record date for determining entitlements to the 2014 interim dividends	N/A

Net Tangible Asset Backing	December 2014	December 2013
Net tangible asset backing per ordinary security	$0.007	$0.022

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 2014

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 Lou Panaccio (Chairman)
Mr Ian Macpherson
Prof Fiona Wood
Mr Matthew McNamara
Mr Jeremy Curnock-Cook
Mr Michael Perry

Company Secretary

Mr Gabriel Chiappini

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Share Registry

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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 Securities Exchange
(ASX Code: AVH)
Listed on the OTCQX International
Marketplace in the US (Code: AVMXY)

DIRECTORS' REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

Your Directors submit their report for the half-year ended 31 December 2014.

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.

Lou Panaccio (Chairman)

Ian Macpherson

Fiona Wood

Matthew McNamara

Jeremy Curnock-Cook

Michael Perry

REVIEW AND RESULTS OF OPERATIONS

In the 6 month period to 31 December 2014 the sale of goods was $1,340,977 (2013: $1,370,076) representing a decrease of 2.1% over the same 6 month period ending 31 December 2013. Other revenue in the 6 month period was $26,412 (2013: $423,465) resulting in a 93.8% decrease compared to the same period last year and was primarily attributable to the reduction in contract revenues from AFIRM (2013: $221,291).

Operating costs decreased during the period to $4,379,534 (2013: $4,761,314) representing a decrease of 8% on the previous corresponding half year. Net loss after tax decreased to $3,285,920 (2013: $3,313,863) representing a decrease of 0.8% 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.

DIRECTORS' REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

AUDITOR'S INDEPENDENCE DECLARATION

We have obtained the following independence declaration from our auditors, Grant Thornton.

Signed in accordance with a resolution of the Directors.

Lou Panaccio
Chairman
Dated: 27 February 2015
Perth, Western Australia

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Note	Consolidated	
		31 Dec 2014	31 Dec 2013
Continuing Operations		$	$
Sale of goods	2	1,340,977	1,370,076
Cost of sales		(381,053)	(340,528)
Gross Profit		959,924	1,029,548
Other Revenue	2	26,412	423,465
Operating Costs			
Administrative expenses		(2,673,461)	(2,782,459)
Share based payment expense		(6,669)	(25,359)
Research and development expenses		(140,998)	(570,475)
Sales and marketing expenses		(1,558,393)	(1,382,931)
Finance costs		(13)	(90)
Loss from Continuing Operations Before Income Tax		(3,393,198)	(3,308,301)
Income tax expense		(925)	(5,562)
Loss for the Period		(3,394,123)	(3,313,863)
Other Comprehensive Income			
Foreign currency translation		108,203	100,950
Other Comprehensive Income for the Period, Net of Tax		108,203	100,950
Total comprehensive loss for the period		(3,285,920)	(3,212,913)
Loss for the period attributable to owners of the parent		(3,394,123)	(3,313,863)
Total Comprehensive Loss Attributable to Owners of the Parent		(3,285,920)	(3,212,913)
Basic and diluted loss per share attributable to ordinary equity holders of the parent		(1.04) cents	(1.02) cents

The accompanying notes form part of the financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	Note	Consolidated	
		31 Dec 2014	30 Jun 2014
		$	$
ASSETS			
Current Assets			
Cash and cash equivalents		1,705,065	3,648,390
Trade and other receivables		904,760	2,546,939
Prepayments		184,219	195,473
Inventories		670,361	782,236
Total Current Assets		3,464,405	7,173,038
Non-Current Assets			
Plant & equipment		141,055	139,801
Total Non-Current Assets		141,055	139,801
TOTAL ASSETS		3,605,460	7,312,839
LIABILITIES			
Current Liabilities			
Trade and other payables		1,292,985	1,689,252
Provisions		108,052	96,965
Total Current Liabilities		1,401,037	1,786,217
TOTAL LIABILITIES		1,401,037	1,786,217
NET ASSETS		2,204,423	5,526,622
EQUITY			
Contributed equity	6	111,441,930	111,441,930
Accumulated losses		(109,963,491)	(106,602,169)
Reserves		725,984	686,861
TOTAL EQUITY		2,204,423	5,526,622

The accompanying notes form part of the financial statements.

STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Consolidated	
	31 Dec 2014	31 Dec 2013
	$	$
Cash flows from operating activities		
Receipts from customers	1,538,353	1,770,983
Payments to suppliers and employees	(5,004,508)	(6,142,035)
Government grants received	5,730	221,291
R&D refund received	1,517,058	129,315
Interest received	20,593	128,091
Interest paid	(11)	(90)
Royalties and other income received	89	74,083
Net cash flows used in operating activities	(1,922,696)	(3,818,362)
Cash flows from investing activities		
Gain on sales of fixed assets	-	5,000
Payments for plant & equipment	(20,629)	(43,138)
Net cash flows used in investing activities	(20,629)	(38,138)
Cash flows from financing activities		
Proceeds from issue of shares	-	-
Capital raising expenses	-	-
Net cash flows from / (used in) financing activities	-	-
Net increase / (decrease) in cash and cash equivalents	(1,943,325)	(3,856,500)
Cash and cash equivalents at beginning of period	3,648,390	10,616,849
Cash and cash equivalents at end of period	1,705,065	6,760,349

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

	Consolidated	
	31 Dec 2014	31 Dec 2013
	$	$
Cash at bank and in hand	475,481	895,497
Short-term deposits	1,229,584	5,864,852
	1,705,065	6,760,349

The accompanying notes form part of the financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

Consolidated	Contributed Equity	Accumulated Losses	Employee Equity Benefit Reserve	Foreign Currency Translation Reserve	Total
	$	$	$	$	$
At 1 July 2013	111,441,930	(101,706,766)	962,277	(242,131)	10,455,310
Loss for the period	-	(3,313,863)	-	-	(3,313,863)
Other comprehensive income	-	-	-	100,950	100,950
Total comprehensive loss for the period	-	(3,313,863)	-	100,950	(3,212,913)
Transactions with owners in their capacity as owners					
Share based payments	-	-	25,359	-	25,359
Transfer of expired options	-	232,548	(232,548)	-	-
Balance at 31 December 2013	111,441,930	(104,788,081)	755,088	(141,181)	7,267,756

Consolidated	Contributed equity	Accumulated losses	Employee Equity Benefit Reserve	Foreign Currency Translation Reserve	Total
	$	$	$	$	$
At 1 July 2014	111,441,930	(106,602,169)	893,503	(206,642)	5,526,622
Loss for the period	-	(3,394,123)	-	-	(3,394,123)
Other comprehensive income	-	-	-	65,255	65,255
Total comprehensive loss for the period	-	(3,394,123)	-	65,255	(3,328,868)
Transactions with owners in their capacity as owners					
Share based payments	-	-	6,669	-	6,669
Transfer of expired options	-	32,801	(32,801)	-	-
Balance at 31 December 2014	111,441,930	(109,963,491)	867,371	(141,387)	2,204,423

The accompanying notes form part of the financial statements.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of Preparation

This general purpose condensed financial report for the half year ended 31 December 2014 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 2014 and considered together with any public announcements made by Avita Medical Limited during the half-year ended 31 December 2014 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 2014, 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 of these new and revised Standards and Interpretations has not resulted in any changes to the Group'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 Group's presentation of, or disclosure in, its half year financial statements.

Going Concern

These interim financial statements have been prepared on the basis of going concern, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. During the half year period ended 31 December 2014, the Group has generated a loss for the period of $3,394,123 (2013: $3,212,913) and the Group has used cash in operations of $1,922,696 (2013: $3,818,362).

The Group has prepared a detailed cashflow forecast which includes the assumption that the Group will raise funds in the next twelve months. The Directors are confident that they will be able to successfully raise these funds as required. The Group is currently in the process of raising capital and has mandated a broker for this purpose.

Should the Group not be successful in obtaining further funding in the next twelve months it may not be able to realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in the financial report. This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts of to the amounts and classification of liabilities that may be necessary should the Company be unable to continue as a going concern.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

2. REVENUE

	CONSOLIDATED 2014 $	CONSOLIDATED 2013 $
Revenue		
Sale of goods	1,340,977	1,370,076
Other revenue	26,412	423,465
	1,367,389	1,793,541
Other Revenue		
Bank interest receivable	20,593	128,091
Contracts received	5,730	221,291
Other income	89	74,083
	26,412	423,465

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 2014

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 and 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 2014 is as follows:

	Continuing Operations			
	Asia Pacific $	*Europe & Middle East $*	*Americas $*	*Total $*
Half-year ended 31 December 2014				
Revenue				
Sales to external customers	1,037,612	303,365	-	1,340,977
Other revenue from external customers	-	89	5,730	5,819
Interest received	19,242	1,239	112	20,593
Total revenue per statement of comprehensive income	1,056,854	304,693	5,842	1,367,389
Segment net loss before tax	(125,512)	(1,339,288)	(1,375,905)	(2,840,705)
Reconciliation of segment net result before tax to loss before income tax				
Corporate charges				(552,493)
Loss before income tax				(3,393,198)
Segment assets				
Segment operating assets	855,967	963,879	566,666	2,386,512
Unallocated assets				1,218,948
Total assets per the statement of financial position				3,605,460

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Continuing Operations			
	Asia Pacific $	*Europe & Middle East $*	*Americas $*	*Total $*
Half-year ended 31 December 2014				
Segment liabilities				
Segment operating liabilities	140,634	906,311	242,951	1,289,896
Unallocated liabilities				111,141
Total liabilities per the statement of financial position				1,401,037

	Continuing Operations			
	Asia Pacific $	*Europe $*	*Americas $*	*Total $*
Half-year ended 31 December 2013				
Revenue				
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
Total revenue per statement of comprehensive income	1,262,977	298,689	231,875	1,793,541
Segment net profit / (loss) before tax	285,739	(1,226,098)	(1,581,431)	(2,521,790)
Reconciliation of segment net result before tax to loss before income tax				
Corporate charges				(786,511)
Amortisation of intellectual property				-
Loss before income tax				(3,308,301)
Segment assets				
Segment operating assets	973,212	1,256,639	1,071,159	3,301,010
Unallocated assets				5,560,435
Total assets per the statement of financial position				8,861,445
Segment liabilities				
Segment operating liabilities	188,584	904,065	118,450	1,211,099
Unallocated liabilities				382,590
Total liabilities per the statement of financial position				1,593,689

There was no material difference between the basis of segmentation and the measurement of segment result compared to the 30 June 2014 annual report.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

5. COMMITMENTS AND CONTINGENCIES

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

6. CONTRIBUTED EQUITY

	CONSOLIDATED	
	31 Dec 2014	30 Jun 2014
	$	$
Ordinary shares		
Issued and fully paid	111,441,930	111,441,930

Movement in ordinary shares on issue	Number	$
At 1 July 2014	325,308,404	111,441,930
Issue of shares	-	-
Capital raising costs	-	-
At 31 December 2014	325,308,404	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 2014 are as follows:

a. During the period no fees (2013: $28,000) were paid to F.A.T.S Pty Ltd of which I MacPherson is a Director. In the comparative period the fees paid were under normal terms and conditions.

Details of all related party transactions have been disclosed in the annual report for the year ended 30 June 2014. There have been no new significant related party transactions during the interim period.

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 2014

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 2014 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

Lou Panaccio
Chairman
Dated: 27 February 2015
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 2014, I declare that, to the best of my knowledge and belief, there have been:

a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

b No contraventions of any applicable code of professional conduct in relation to the review.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

P W Warr
Partner - Audit & Assurance

Perth, 27 February 2015

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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 ("the Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2014, and 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 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 Avita Medical Limited 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 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the Company, 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:

a giving a true and fair view of the Group's financial position as at 31 December 2014 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.

Material uncertainty regarding Going Concern

Without qualification to the conclusion expressed above, we draw attention to Note 1 of the financial statements which states that during the half year period the Group generated a loss for the period of $3,394,123 and the Group used cash in operations of $1,922,696. These conditions, along with other matters as set forth in Note 1 indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern and therefore, the Company may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

GRANT THORNTON AUDIT PTY LTD

P W Warr
Partner - Audit & Assurance

Perth, 27 February 2015