

AVITA MEDICAL DECEMBER 2012 QUARTERLY CASHFLOW

Summary of Quarter ending 31 December 2012:

- The cash balance at 31 December 2012 was A\$14.3 million with no debt.
- Total cash receipts for the Quarter (including contracts and interest) were \$1.1 million, a 6% increase over cash receipts for the Quarter ending 30 September 2012.
- Net operating cash outflows for the Quarter were \$2.3M compared to net operating cash outflows of \$1.3M during the Sept 2012 Quarter, an increase of 75%. The cash burn for the quarter is favourable to budget.
- Increased cash outflows are attributable almost entirely to the increased expenditure and investment in Clinical Studies and Research & Development with a lesser component attributable to corporate costs associated with the capital raising completed in October 2012. Expenditures on clinical studies included initiation of a European multi-centre trial on the use of ReCell in the treatment of chronic leg ulcers and the on-going Phase III FDA study on the use of ReCell in the treatment of burn injuries; expenditures for Research & Development were primarily directed toward development of the next-generation ReCell device.
- ReCell usage continued to increase in the core European markets among key ReCell users and clinical centres. Revenues from the sale of the company's adult spacer, Breath-A-Tech, in Australia were down from the previous Quarter, consistent with seasonal trends and historical performance during the austral summer, but remain strong and represent a reliable, high-margin source of cash for the Company.

###

ABOUT AVITA MEDICAL LTD.

Avita Medical (<http://www.avitamedical.com/>) develops and distributes regenerative and tissue-engineered 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 US ReCell is an investigational device limited by federal law to investigational use. An FDA trial on the safety and efficacy of ReCell is in process.

Contact:

Avita Medical Ltd
Dr William Dolphin
Chief Executive Officer
wdolphin@avitamedical.com

Avita Medical Ltd
Tim Rooney
Chief Financial & Operating Officer
trooney@avitamedical.com

Avita Medical Ltd
Gabriel Chiappini
Company Secretary
gabriel@laurus.net.au

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001

Name of entity	
Avita Medical Limited	
ABN	Quarter ended ("current quarter")
28 058 466 523	31 December 2012

Consolidated statement of cash flows

	Current quarter A\$000's	Year to date A\$000's
Cash flows related to operating activities		
1.1 Receipts from customers	700	1,619
1.2 Contracts and other income received	286	322
1.3 Interest and other items of a similar nature received	115	197
1.4 Payments for		
(a) administration	(585)	(1,077)
(b) marketing & sales	(717)	(1,183)
(c) research & clinical	(1,223)	(1,834)
(d) production	(128)	(269)
(e) corporate	(628)	(1,160)
(f) cost of sales	(146)	(357)
1.5 Dividends received	-	-
1.6 Interest and other costs of finance paid	-	-
1.7 Income taxes (paid)/received	-	91
Net operating cash flows	(2,326)	(3,651)

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

	Current quarter A\$000's	Year to date A\$000's
1.8 Net operating cash flows (carried forward)	(2,326)	(3,651)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) Net cash acquired on acquisition(item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(35)	(38)
(e) other non-current assets	-	-
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
Net investing cash flows	(35)	(38)
1.14 Total operating and investing cash flows	(2,361)	(3,689)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	6,617	10,401
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Other	-	-
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Share issue expenses	(356)	(658)
Net financing cash flows	6,261	9,743
Net increase (decrease) in cash held	3,900	6,054
1.21 Cash at beginning of quarter/year to date	10,385	8,231
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	14,285	14,285

--

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter A\$000's
1.24	Aggregate amount of payments to the parties included in item 1.2	608
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

Nil

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

		Amount available A\$000's	Amount used A\$000's
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter A\$000's	Previous quarter A\$000's
4.1 Cash on hand and at bank	880	890
4.2 Deposits at call	13,405	9,495
4.3 Bank overdraft	-	-
4.4 Deposits securing guarantees	-	-
Total: cash at end of quarter (item 1.22)	14,285	10,385

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	Nil	Nil
5.2 Place of incorporation or registration		
5.3 Consideration for acquisition or disposal		
5.4 Total net assets		
5.5 Nature of business		

Compliance statement

- 1 This statement has been prepared under accounting policies, which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



Company Secretary

Date: 29 January 2013

Print name: ***Gabriel Chiappini***

+ See chapter 19 for defined terms.

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
 - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
 - 9.2 - itemised disclosure relating to acquisitions
 - 9.4 - itemised disclosure relating to disposals
 - 12.1(a) - policy for classification of cash items
 - 12.3 - disclosure of restrictions on use of cash
 - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

+ See chapter 19 for defined terms.