31 JULY 2012

avita medical

AVITA MEDICAL JUNE 2012 QUARTERLY CASHFLOW

Summary of Quarter ending 30 June 2012:

- Total revenues for the Quarter (including royalties) were $1.49 million. Cash receipts for the Quarter were $1.23 million, a 28% increase over cash receipts for the Quarter ending 31 March 2012.
- Total revenues for the Full Year ending 30 June 2012 were $5.2 million, a 13% increase over the corresponding FY 2011.
- ReCell revenues continue to drive company growth with FY12 revenues up 88% over the corresponding FY11 period. This increase reflects the continued increase in usage and growing acceptance of ReCell in the core European markets among key ReCell users and clinical centres.
- Revenues from the Company's respiratory product line (Breath-A-Tech and Funhaler) were unchanged from the previous June 2011 Quarter and down approximately 12% for the full year; this decrease was primarily due to the Company's decision to cease sales and marketing efforts for the respiratory line outside of Australia and cessation of royalty revenues from Philips Respironics with expiration of the licensing agreement during FY12. Revenues from the sale of the company's adult spacer, Breath-A-Tech, in Australia remain strong and represent a reliable, high-margin source of cash for the Company.
- Overall Gross Margins were approximately 76% for the Quarter and 72% for the full year.
- Losses due to Operating cash flows for the Quarter were $1.1M compared to losses of $1.4M during the March 2012 Quarter. Losses reflect the increased expenditure on Sales & Marketing efforts (up 25%) and Research and Development (up 700%) compared with the same quarter last year.
- Cash-at-bank at end of Quarter: $8.2 million; no debt.

# # #

FOR FURTHER INFORMATION CONTACT:

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Rule 4.7B

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	30 June 2012

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter A$000's	Year to date A$000's
1.1	Receipts from customers	776	2,931
1.2	Royalties and other income received	354	1,324
1.3	Interest and other items of a similar nature received	100	498
1.4	Payments for (a) administration	(410)	(1,333)
	(b) marketing & sales	(540)	(2,515)
	(c) research & clinical	(652)	(1,880)
	(d) production	(198)	(605)
	(e) corporate	(272)	(1,713)
	(f) cost of sales	(272)	(967)
1.5	Dividends received	-	-
1.6	Interest and other costs of finance paid	-	-
1.7	Income taxes (paid)/received	-	-
	Net operating cash flows	**(1,114)**	**(4,260)**

+ See chapter 19 for defined terms.

		Current quarter A$000's	Year to date A$000's
1.8	Net operating cash flows (carried forward)	**(1,114)**	**(4,260)**
	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	(64)	(110)
	(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	**(64)**	**(110)**
1.14	**Total operating and investing cash flows**	**(1,178)**	**(4,370)**
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.	-	-
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	-	(95)
	Net financing cash flows	**-**	**(95)**
	Net increase (decrease) in cash held	**(1,178)**	**(4,465)**
1.21	Cash at beginning of quarter/year to date	9,382	12,669
1.22	Exchange rate adjustments to item 1.20	-	-
1.23	**Cash at end of quarter**	**8,204**	**8,204**

+ 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	449
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.

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	1,143	635
4.2	Deposits at call	7,061	8,747
4.3	Bank overdraft	-	-
4.4	Deposits securing guarantees	-	-
	Total: cash at end of quarter (item 1.22)	**8,204**	**9,382**

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.

Print name: Gabriel Chiappini
Company Secretary

Date: 31 July 2012

+ 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.