

AVITA MEDICAL MARCH 2013 QUARTERLY CASHFLOW

Highlights

- **March Quarterly revenues \$1.1m**
- **Cash Reserves \$12.3m**

Summary of Quarter ending 31 March 2013:

- The cash balance at 31 March 2013 was A\$12.3 million with no debt.
- Total revenues for the Quarter (accrual basis, including sales, royalties, contracts and interest) were \$1.1 million, an 8% increase over the corresponding March 2012 Quarter.
 - ReCell usage continued to increase in the core European markets of France, Germany and the UK. Revenues from key European ReCell users and clinical centres increased 64% over the corresponding March 2012 Quarter.
 - Revenues from the sale of the company's respiratory spacer were essentially unchanged from the March 2012 Quarter and continue to represent a reliable, high-margin source of cash for the Company.
- Total cash receipts for the Quarter (including royalties, contracts and interest) were \$0.91million.
- Total revenues and cash receipts reflect growth in sales revenues despite the cessation of royalty income from Philips Respironics with expiration of the licensing agreement during 4Q12. Royalties contributed approximately \$150K during the March 2012 Quarter; discounting the royalty receipts, total revenues in the March 2013 Quarter increased by 27% compared to the March 2012 Quarter.
- Total operating cash outflows for the Quarter were \$1.9M compared to cash outflows of \$1.4M during the March 2012 Quarter, an increase of 35%.
 - Increased cash outflows were attributable to the increased expenditure and investment in Clinical Studies and Research & Development with a lesser component attributable to increased expenditure against Sales & Marketing.
 - 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.
- Overall Gross Margins were approximately 79% for the Quarter versus 73% in the corresponding March 2012 Quarter.

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 March 2013

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	764	2,694
1.2 Royalties and other income	26	37
1.3 Interest and other items of a similar nature received	120	317
1.4 Payments for		
(a) administration	(183)	(1,258)
(b) marketing & sales	(1,004)	(2,188)
(c) research & clinical	(887)	(2,721)
(d) operations	(244)	(870)
(e) corporate	(525)	(1,684)
1.5 Dividends received	-	-
1.6 Interest and other costs of finance paid	-	-
1.7 Income taxes (paid)/received	-	91
Net operating cash flows	(1,933)	(5,582)

+ 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)	(1,933)	(5,582)
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	(12)	(51)
(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	(12)	(51)
1.14 Total operating and investing cash flows	(1,945)	(5,633)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	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	(15)	(674)
Net financing cash flows	(15)	9,727
Net increase (decrease) in cash held	(1,960)	4,094
1.21 Cash at beginning of quarter/year to date	14,285	8,231
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	12,325	12,325

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+ 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	226
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	-	-

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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	1,172	880
4.2 Deposits at call	11,153	13,405
4.3 Bank overdraft	-	-
4.4 Deposits securing guarantees	-	-
Total: cash at end of quarter (item 1.22)	12,325	14,285

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
 Gabriel Chiappini
 29 April 2013

+ 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.

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