Concise Financial Report 2013

avita medical

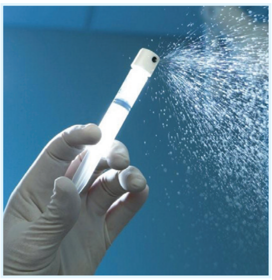
Contents

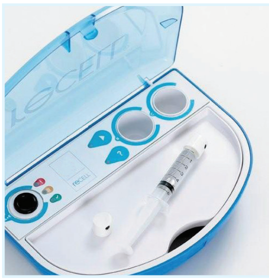
Corporate Information 2
From the Chairman and CEO..........3
Directors' Report 6
Auditor Independence Declaration..........19
Consolidated Statement of Comprehensive Income..........20
Consolidated Statement of Financial Position 21
Consolidated Statement of Cash Flows 22
Consolidated Statement of Changes in Equity 23
Notes to the Concise Financial Statements..........24
Directors' Declaration 30
Independent Audit Report..........31
Corporate Governance..........33
Shareholder Information..........44

The Concise Financial Statements 2013 are an extract from the full financial statements of Avita Medical Limited and has been derived from Avita Medical Limited's 2013 Annual Report. The financial statements included in the Concise Report cannot be expected to provide as full an understanding of Avita Medical Limited's financial performance, financial position and operating and financing activities as that provided by the 2013 Annual Report.

2013 Concise Report

A copy of Avita Medical Limited's 2013 Annual Report, together with the Independent Audit Report, is available to all shareholders, and will be sent to shareholders without charge upon request. The financial statements can be requested by letter to the registered office or email at investor@avitamedical.com.





Corporate Information

Corporate Information
ABN 28 058 466 523

The Concise Financial Report covers the consolidated entity comprising Avita Medical Limited and its subsidiaries. The Group's presentation currency is AUD ($).

A description of the Group's operations and of its principal activities is included in the review of operations and activities in the directors' report on page 9.

Directors
Mr Dalton Gooding (Chairman)
Mr Ian Macpherson (Deputy Chairman)
Dr William Dolphin (Managing Director)
Dr Paul Watt (Non-Executive Director) – resigned 19 October 2012
Prof Fiona Wood (Non-Executive Director)
Mr Jeremy Curnock Cook – appointed 19 October 2012
Mr Matthew McNamara – appointed 19 October 2012
Dr Michael Perry – appointed 6 February 2013

Company Secretary
Mr Gabriel Chiappini

Registered Office
Level 9, The Quadrant
1 William Street
Perth, Western Australia, 6000
Email: investor@avitamedical.com

Principal place of business
Unit B1, Beech House
Melbourn Science Park
Cambridge Road
Royston, HERTS, SG8 6HB
United Kingdom

Share Register
Computershare Investor Services Pty Limited
Level 2, 45 St Georges Terrace
Perth WA 6000

Solicitors
Clifford Chance
Level 12, London House
216 St Georges Terrace
West Perth, Western Australia, 6000

Auditor
Grant Thornton Audit Pty Ltd
Level, 10 Kings Park Road
Perth, Western Australia, 6000.

Principal Bankers
National Australia Bank Limited
1238 Hay Street
West Perth, Western Australia, 6005

Stock Exchange
Avita Medical Limited
Listed on the Australian Stock Exchange Limited (ASX: Code: AVH).
Listed on the OTCQX International marketplace in the US (Code: AVMXY)

Internet Address
www.avitamedical.com

From the Chairman and CEO

Dear Shareholder

For the year ended 30 June 2013 your Company continued to make steady progress toward achieving sustainable growth and positioning itself as a key player in the field of regenerative medicine.

Year-to-Date highlights and accomplishments:

- Enrolment initiated in RESTORE, a multi-centre, randomized control study on the use of ReCell® Spray-on Skin® in chronic lower limb ulcers;
- Completion of target enrolment in the Netherlands Institute for Pigment Disorders (SNIP) randomized, blinded-observer, within-patient controlled trial evaluating ReCell in patients with skin pigmentation disorders including vitiligo;
- Awarded additional $880K grant from the US Department of Defense in support of on-going pivotal US FDA trial for the use of ReCell for burns;
- Successfully raised $10.4M in capital to fund company's clinical studies, reimbursement and development of next generation regenerative products;
- Successfully completed ISO quality recertification, receiving ISO 9000, 13485, and medical device directive recertification allowing extension of CE-marking and marketing of ReCell in Europe;
- Continued product improvement including manufacturing enhancement / advances for the ReCell enzyme allowing ambient-temperature storage, improvements in product packaging and reduced cost of goods;
- Granted Japanese patent covering ReCell Spray-on Skin technology, ensuring exclusive, long-term commercial rights; claims related to "Composition of Matter", "Methods", and "Device";
- Zacks investment research (zacks.com) initiated coverage of Avita Medical with a USD $4.00 OTCQX:AVMXY price target (each share of AVMXY represents a bundle of 20 shares of AVH).

Review of Operations

- Avita has continued to advance its clinical studies in several key indications as a primary focus for the Company. We have successfully progressed our studies in the treatment of chronic wounds, vitiligo and dyspigmentation, acne scarring, burns and facial rejuvenation.
    - o The company announced commencement of enrolment in our multicentre European RESTORE study on the use of ReCell in the treatment of chronic lower limb ulcers. The RESTORE trial is based on highly encouraging results obtained in small scale open-label clinical pilot studies on the use of ReCell in the treatment of persistent, unresponsive venous leg ulcers (VLU) and diabetic foot ulcers (DFU) at centres in Italy, Germany and the UK.
    - o Enrolment in the randomized controlled clinical trial examining the use of ReCell in the treatment of vitiligo at the Netherlands Institute for Pigment Disorders (Stichting Nederlands Instituut voor Pigmentstoornissen or SNIP) was completed with the 6-month follow-up visit of the final patient scheduled during the quarter ending 30 December 2013. Results of the study are anticipated to be available for release by 2013 year end.
    - o ReCell continues to progress the FDA clinical trials for regulatory clearance in the US for the treatment of burns. Enrolment in the trial has been slower than anticipated due primarily to a complex study protocol and strict inclusion criteria. In October 2012 the Company was awarded an additional US$880K from the US

Department of Defense AFIRM program in support for the trial. The supplemental award underscores the commitment by the US Armed Forces Institute for Regenerative Medicine (AFIRM) to bringing the ReCell technology through the FDA approval process and cleared for sales in the US, thereby having it available for the military and civilian population. US FDA regulations preclude an interim analysis or release of results until the study is completed.

- o Additional studies are underway in Germany for the treatment of dyspigmented scars using ReCell with completion of enrolment anticipated in late 2013. These studies complement a US FDA Pilot study on the use of ReCell in the treatment of hypertrophic dyspigmented scars (raised and/or discoloured scars) funded by the US Department of Defense. The data from these studies will be used to support an application to the US FDA for a Phase III pivotal study under an Investigational Device Exemption (IDE).
- o Several studies on the use of ReCell in a variety of indications are underway at major hospitals in China. Studies include treatment of chronic wounds, burns, scars and vitiligo. Data resulting from these studies have been presented by prominent surgeons at medical conferences within China, submitted for publication in major international journals and are being used to support the application for reimbursement of ReCell in the major provinces.

- Reimbursement remains a critical focus for the company. In all markets successful reimbursement requires the endorsement and support of leading clinicians and hospitals and availability of supporting clinical data. Avita has made significant progress in advancing reimbursement initiatives in our core markets. In the UK, the National Institute for Health and Care Excellence (NICE) has accepted application for coding and published its Scoping Document for public comment. We anticipate a reimbursement decision in mid-2014. In Germany, 8 hospitals have submitted endorsement for reimbursement of ReCell in the treatment of burns and acute wounds, and 14 clinics have submitted for reimbursement of ReCell for aesthetic and plastic procedures. Similar efforts to achieve reimbursement are underway in France and Italy.
- Avita reinitiated its Research & Development program with key R&D projects underway including the development of a next generation regenerative product line which will expand product capabilities, address the needs of the varied users, introduce flexible business models appropriate for different customer segments and thereby ensure the ReCell technology is accessible to the broad global markets.
- ReCell has achieved early sales revenues and continued steady growth in usage and revenues in core European markets. The Company continues to focus efforts on a small cohort of influential surgeons and clinicians who, as early adopters of Avita's regenerative technology, form the core of ReCell users. The early and growing sales serve as important validation for the efficacy, market acceptability and opportunity for ReCell. The Company's direct sales efforts have been restricted to the UK, France and Germany and within these markets are focused on a limited number of key surgeons and centres. The Company will continue its focused sales and marketing efforts in these core European markets and will be participating in regional and international congresses and sponsoring targeted clinical marketing studies.
- Total Revenues for the year ending 2013 were $4.1 million compared to $5.2 million for year ending 30 June 2012. Revenue from the Sale of Goods was $2.8 million, a decrease of 16% over the prior year of $3.4 million.

The decrease was primarily attributable to factors unrelated to our core European regenerative business. The agreement covering the licensing of Avita's respiratory patents with Philips Respironics terminated naturally in May 2012, thus royalty revenues which had previously contributed approximately $175 thousand per quarter during the previous year were not included in FY2013. In preparation for commencement of clinical and marketing studies in China, Avita filled an order for ReCell kits with our Chinese distributor in December 2011 and June 2012; the studies are underway and the order was not replicated during the current year nor was it anticipated that such an order from China would occur during FY2013. The Company's Russian distributor placed a large stocking order in November 2011. The distribution agreement was terminated by Avita due to poor performance and the Company has not appointed another distributor for Russia.

- Gross Margins increased by 4% from a full year average of 72% in 2012 to 76% due to a successful initiative to improve manufacturing processes and efficiencies and thereby decrease the cost of goods. The Company maintains a strong commitment to cost containment and improved efficiencies and has in place a formal continuous-improvement process.
- The cash balance at 30 June 2013 was A$10.6 million with no debt.

Outlook

Regenerative medicine and stem cell therapies are fundamentally changing the practice of medicine. Avita's core regenerative stem cell technology embodied in the Company's ReCell Spray-On-Skin has application to a wide range of indications including the treatment of acute trauma, burns, chronic wounds, plastic and reconstructive surgery and aesthetic applications. ReCell is truly a transformational and disruptive product and technology and Avita is one of the few companies that have successfully introduced a commercial regenerative product.

Over the next 12 to 18 months our clinical program will remain the top priority for the company. We believe the clinical focus provides the greatest potential to impact shareholder value and make the most efficient use of our capital. Given the platform nature of our technology, there are numerous compelling medical applications and geographies which can and will be addressed in the future. We expect to progress these opportunities as additional resources become available including grant and contract funding, organic customer demand and partnerships.

Each year brings continued growth and new challenges. Avita is advancing its long-term strategic goals with a focussed, deliberate and executable operational plan. The increased usage, acceptance and adoption of Avita's ReCell technology and expansion of indications are highly encouraging and bode well for future growth.

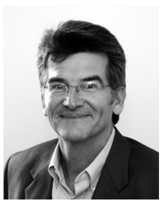
We are steadily establishing ReCell as a fundamental technology with key opinion leaders and prominent surgeons in our core European markets. Our challenge is to build upon this base of influential surgeons, expand application of the core ReCell technology with unassailable clinical data and develop the next generation of regenerative products.

I am honoured to have you, our shareholders, with us in this fascinating and exciting endeavour and I greatly appreciate the strong support shown by our shareholder base as we create a leading global regenerative medicine company in this large, nascent and transformative market. We are confident that fiscal year 2014 will be a year of major growth and successes for the Company.

On behalf of the Avita Medical Board of Directors I thank our shareholders and employees for your loyalty and dedication. We look forward to providing updates on the progress of your company in the coming months.

Yours Faithfully

Dalton Gooding
Chairman



William F Dolphin PhD
Chief Executive Officer

Directors' Report

Your Directors present their report with respect to the results of Avita Medical Limited (the "Company") for the year ended 30 June 2013 and the state of affairs of the Company at that date. Avita Medical Limited is a company limited by shares that is incorporated and domiciled in Australia. The Company has prepared this consolidated financial report incorporating the entities that it controlled during the financial period.

DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Dalton Gooding
(Chairman)

Mr Gooding was appointed to the Board on 14 November 2002. Mr Gooding, formerly a long-standing partner at Ernst & Young, is a Fellow of the Institute of Chartered Accountants in Australia. With over 35 years' experience, he is currently the Managing Partner of Gooding Partners and advises to a wide range of businesses with particular emphasis relating to taxation and accounting issues, due diligence, feasibilities and general business advice. Mr Gooding also has a number of other directorships of companies in many different segments of business. During the past three years Mr Gooding has also served as a director of the following other listed companies:

- Brierty Limited* (Appointed 26 October 2007)
- Katana Capital Limited* (Appointed 11 November 2005)
- SIPA Resources Limited* (Appointed 1 May 2003)

* denotes current directorship

Ian Macpherson
(Deputy Chairman)

Mr Macpherson was appointed to the Board on 5 March 2008 following completion of the merger with Visiomed Group Limited. Mr Macpherson is a graduate from the University of Western Australia with a Bachelor of Commerce (B.Comm). He commenced his career in commerce in 1978 prior to entering the Chartered Accounting profession. In July 1990 he resigned from the partnership of Arthur Anderson and Co to establish the firm of Ord Partners, Chartered Accountants (subsequently Ord Nexia). In October 2010 Ord Nexia merged with MGI Perth and Mr MacPherson continued in a consulting role with the merged group until November 2011.

Mr Macpherson advises on capital structuring, equity and debt raising, ASIC and Securities Exchange compliance procedures. He is a member of the Institute of Chartered Accountants in Australia. During the past three years Mr Macpherson has also served as a director of the following other listed companies:

- Rubicon Resources Limited* (Appointed 18 October 2010)
- Navigator Resources Limited (Appointed 1 July 2003; Resigned 14 January 2013)
- Nimrodel Resources Limited (Appointed 17 July 2007; Resigned 2 August 2011)
- Kimberley Rare Earths Limited (Appointed 2 December 2010; Resigned 29 November 2012)

* denotes current directorship

Dr William Dolphin Ph.D
(Chief Executive Officer and Managing Director)

Dr Dolphin was appointed to the Board on 5 March 2008 following completion of the merger with Visiomed Group Limited. Dr Dolphin was previously CEO of Visiomed Group Limited. Dr Dolphin holds a PhD in biophysics obtained from Boston University in 1989. He held appointments as Professor in the Departments of Biomedical

Directors' Report (cont)

Engineering and Biology at Boston University and served as President and Chief Technology Officer of a US-based contract research and development company. Dr Dolphin was subsequently the President, CEO and Chairman of a US medical device company.

In 2003 Dr Dolphin relocated to New Zealand and was CEO of a technology joint venture. Dr Dolphin has served as a director of numerous companies in the US, NZ and Australia, is the author of more than 60 peer-reviewed scientific articles, holds five US and international patents and was twice recipient of the National Research Service Award from the US National Institutes of Health.

Dr Paul Watt
(Non-executive Director)

Dr Watt was appointed to the Board on 5 March 2008 following completion of the merger with Visiomed Group Limited. Dr Watt is currently an Honorary Research Fellow at the Telethon Institute for Child Health Research and an adjunct Professor at the University of Western Australia. He received his doctorate from Oxford University and was a Post Doctoral Research Fellow at Harvard University and Oxford University. Dr Watt resigned as director on 19 October 2012.

Dr Watt was a recipient of a number of important research honours and awards, and has numerous scientific publications to his name for biomedical methods and inventions. He has registered 15 patent applications covering biotechnology products and drug delivery systems and is the inventor of the Funhaler incentive asthma spacer. During the past three years Dr Watt has also served as a director of the following other listed companies:

- Phylogica Limited* (Appointed 9 August 2002)

Fiona Wood
(Non-executive Director)

Winthrop Professor Wood was re-appointed to the Board on 11 April 2006 following her earlier resignation from the Board on 31 December 2005. Professor Wood is currently Director of the Western Australian Burns Service and a Consultant Plastic Surgeon at both the Royal Perth and Princess Margaret hospitals. She is the Chairman of the Fiona Wood Foundation formerly the McComb Research Foundation established in 1999 with co-founder Marie Stoner.

Professor Wood has been involved in a number of education and disaster response programs associated with her interest in burns and has published a variety of papers over the years. In addition, she has been the recipient of the 2003 Australian Medical Association "Contribution to Medicine" award and a Member of the Order of Australia for her work with Bali bombing victims.

Professor Wood was named West Australian of the Year in 2004 and 2005 and was named as Australian of the Year in 2005.

Professor Wood is not a director of any other listed company.

Jeremy Curnock Cook
(Non-executive Director)

Mr Curnock Cook was appointed to the Board on 19 October 2012 and is currently on a number of boards of International Healthcare and Biotechnology companies. He is the former head of the life science private equity team at Rothschild Asset Management, was responsible for the launch of the first dedicated biotechnology fund for the Australian market and the launch of a joint venture with Johnson & Johnson Development Corporation for the creation of Healthcare Ventures, an investment vehicle dedicated to seed stage investments in Europe, as well as the conception and launch of the International Biotechnology Trust. He is currently the Managing Director of Bioscience Managers Pty Ltd, responsible for the BM Asia Pacific

Heathcare Fund. During the past three years Mr Curnock Cook has also served as a director of the following other listed companies:

- Bioxyne Ltd* (Appointed 7 May 2012)
- Phylogica Ltd* (Appointed March 2012)
- AmpliPhi Bioscience Corporation Inc* (Appointed July 1995)
- Sea Dragon Marine Oils Ltd* (Appointed 15 October 2012)
- Eacom Timber Corporation (Appointed 1997 – resigned June 2013)
- Union MedTech PLC* (Appointed 27 February 2012)

Matthew McNamara
(Non-executive Director)

Mr McNamara was appointed to the Board on 19 October 2012 and is currently the Chief Investment Officer and director of BioScience Managers Pty Ltd. Mr McNamara has over 25 years experience in the Healthcare & Medical Sciences sector. After initially being a Molecular Biology Research Assistant, he spent 11 years in Sales & Marketing and General Management with Merck &Co. and Johnson and Johnson Medical Pty. Ltd respectively. He has served as SVP Business Development of eBioinformatics Inc. and was CEO of a Life Sciences Venture Capital Fund, SciCapital Pty. Ltd. During the past three years Mr McNamara has also served as a director of the following other listed companies:

- Sea Dragon Limited* (Appointed 5 October 2012)
- Bioxyne Limited* (Appointed an Alternative Director 22 August 2013)

* denotes current directorship

Dr Michael Perry
(Non-executive Director)

Dr Perry was appointed to the Board on 6 February 2013 and currently serves as Vice President and Senior Global Program Head, Stem Cell Therapy at Novartis Pharmaceuticals Corp, a US affiliate of Switzerland-based Novartis AG. Dr Perry, based in the United States, has previously served as the Global Head of R&D at Baxter Healthcare, President, Cell & Gene Therapy at Novartis affiliates Systemix and GeneticTherapy, Inc., VP Regulatory Affairs at Sandoz Pharmaceuticals Corp., Director of Regulatory Affairs at Schering-Plough Corporation, and Chairman, CEO or CMO at several early stage biotech companies. During the past three years Dr Perry has also served as a director of the following other listed companies:

- Arrowhead Research Corporation*
- AmpliPhi Biosciences*

* denotes current directorship

COMPANY SECRETARY

Gabriel Chiappini BBus, CA, GAICD

Mr Chiappini has been Company Secretary since 27 June 2003. Mr Chiappini has worked in Chief Financial Officer and Company Secretarial roles in local and international environments and has also held the position of Company Secretary with ASX listed and unlisted companies.

Interests in the Shares and Options of the Company

As at the date of this report, the interests of the directors in the shares and options of the Company were:

	Number of Ordinary Shares	Number of Options over Ordinary Shares
D Gooding	3,354,528	-
I Macpherson	10,799,997	-
W Dolphin	2,003,569	9,698,750
P Watt	110,199	-
F Wood	723,365	-
J Curnock Cook	-	-
M McNamara	-	-
M Perry	-	-

EARNINGS PER SHARE

Earnings per share for the current year was a loss of 2.69 cents per share compared to a loss of 3.22 cents per share for the previous period. Weighted average number of ordinary shares on issue used in the calculation of basic loss and diluted loss per share is 300,384,964.

DIVIDENDS

Since the end of the previous financial period, no amount has been paid or declared by the Company by way of dividend.

Employees

The number of full-time employees of the economic entity at 30 June 2013 was 21 (30 June 2012:17).

PRINCIPAL ACTIVITIES

The principal activities during the year of entities within the consolidated entity were:

- the commercialisation of the Company's regenerative product;
- supply of spacers to the adult and adolescent respiratory market.

OPERATING AND FINANCIAL REVIEW

Group Overview

Avita Medical Limited is a global medical device company active in the regenerative medicine and respiratory markets.

Regenerative Medicine

The Company develops and distributes tissue-engineered products for the treatment of wound and other skin defects. The lead product, ReCell® Autologous Spray-On-Skin, enables the collection of healthy skin cells for immediate treatment of chronic and acute wounds, burn injuries, and a range of skin defects including scars. The Company is focused on obtaining regulatory approval in key markets and establishing a commercial platform to successfully penetrate these markets. ReCell is cleared for sales in Australia (TGA) and Europe (CE marked). Clinical trials are underway in the United States in support of clearance through the US FDA.

Respiratory

The Company manufactures and sells a range of spacers for the paediatric, adolescent and adult market and is the leading provider of spacers in Australia. Products include the Funhaler® incentive asthma spacer, designed for the paediatric market, and Breath-A-Tech addressing the adolescent and adult markets.

Operating Results for the Year

Revenue from the sale of goods, other revenue and other income was $4,052,478, a decrease of 22% over last year (2012: $5,180,448). Revenue from sale of goods was $2,814,990, down 16% over the previous year (2012: $3,352,268). Cost of sales were $676,502 (2012: $952,847) down 29% due to manufacturing cost gains while gross profits at $2,138,488 (2012: $2,399,421) decreased by only 11%. Normal operating costs were $11,596,766 (2012: $9,985,151 after excluding last year's impairment of intellectual property of $2,001,888) an increase of 16% compared to last year. This reflects the planned increased expenditure in Sales and

Marketing efforts (up 16%) and Research & Development (up 168%) compared to last year. The net loss before tax was $8,220,993 up 43% on last year (2012: $5,757,550 after adjusting for last year's impairment of intellectual property of $2,001,888).

Review of Financial Condition

Capital Structure

During the 2013 financial year $10,452,080 was raised in a Share Purchase Plan through the issue of 87,125,848 shares less capital raising costs of $673,649.

Cash from Operations

Net cash outflows used in operations increased by 70% compared to the previous period, from $4,266,157 in 2012 to $7,249,403 in the current year.

Risk Management

The Board is responsible for overseeing the establishment and implementation of an effective risk management system and reviewing and monitoring the Company's application of that system. Implementation of the risk management system and day-to-day management of risk is the responsibility of the Managing Director, with the assistance of senior management as required. The Managing Director is responsible for reporting directly to the Board on all matters associated with risk management.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There have been no significant changes in the state of affairs during the 2013 financial year.

SIGNIFICANT EVENTS AFTER THE REPORTING 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.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company continues to focus on achieving sales penetration in key approved markets and is also anticipating further regulatory approvals in a number of important global markets. Sales revenue is expected to increase during the 2013/2014 financial year as market penetration increases and approvals are received in new markets.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The principal activities of the Company are not subject to any particular or significant environmental regulations.

SHARE OPTIONS

Unissued Shares

As at the reporting date, there were 18,872,140 unissued ordinary shares under options represented by:

4,882,500 exercisable at $0.14 expiring 30 November 2014, issued to the chief executive officer at the Annual General Meeting held on 11 November 2008.

1,000,000 exercisable at $0.14 expiring 30 November 2015, issued to the chief executive officer at the Annual General Meeting held on 30 November 2010.

1,660,000 exercisable at $0.14 expiring 30 November 2016, issued to the chief executive officer at the Annual General Meeting held on 30 November 2010.

1,406,250 exercisable at $0.14 expiring 30 November 2017, issued to the chief executive officer at the Annual General Meeting held on 30 November 2010.

750,000 exercisable at $0.14 expiring 30 November 2018, issued to the chief executive officer at the Annual General Meeting held on 30 November 2010.

2,750,000 exercisable at $0.14 expiring 20 December 2013, issued to employees on 1 July 2010.

400,000 exercisable at $0.14 expiring 30 June 2014, issued to an employee on 1 July 2011.

3,373,390 exercisable at $0.20 expiring 31 January 2014, issued to investors.

150,000 exercisable at $0.15 expiring 30 June 2014, issued to an employee on 9 July 2012.

700,000 exercisable at $0.15 expiring 15 August 2018, issued to an employee on 15 May 2013.

1,800,000 exercisable at $0.15 expiring 15 October 2018, issued to an employee on 15 May 2013.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate.

Shares Issued as a Result of the Exercise of Options

During the financial year and up to the date of this report, no options were exercised to acquire fully paid ordinary shares in the Company.

INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Company has paid premiums in respect of Directors' and Officers' Liability Insurance and Company Reimbursement policies that cover all directors and officers of the Company to the extent permitted by law. The policy conditions preclude the Company from any detailed disclosures.

REMUNERATION REPORT (audited)

This Remuneration Report outlines the director and executive remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purposes of this report Key Management Personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

For the purposes of this report, the term 'executive' encompasses the Chief Executive and senior executives of the parent and the Group.

Details of key management personnel

(i) Directors

Dalton Gooding	Chairman (non-executive)
Ian Macpherson	Deputy Chairman (non-executive)
William Dolphin	Chief Executive Officer (executive)
Paul Watt	Director (non-executive) – resigned 19 October 2012
Fiona Wood	Director (non-executive)
Jeremy Curnock Cook	Director (non-executive) – appointed 19 October 2012
Matthew McNamara	Director (non-executive) – appointed 19 October 2012
Michael Perry	Director (non-executive) – appointed 6 February 2013

(ii) Executives

Lorraine Glover	General Manager - Asia Pacific
William Marshall	VP Operations
Andrew Quick	VP Research & Technology
Debra Leeves	General Manager – EMEA – joined 6 August 2012
Timothy Rooney	Chief Operating Officer / Chief Financial Officer – joined 8 October 2012
Gabriel Chiappini	Company Secretary

There were no other changes of the CEO or key management personnel after reporting date and before the date the financial report was authorised for issue.

Remuneration Committee

The Remuneration Committee of the Board of Directors of the Company is responsible for determining and reviewing remuneration arrangements for the Board and executives.

The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of executives on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

Remuneration Philosophy

The performance of the Company depends upon the quality of its directors and executives. To prosper, the Company must attract, motivate and retain highly skilled directors and executives.

To this end, the Company embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high calibre executives;
- Acceptability to shareholders;
- Performance linkage and alignment of executive compensation; and
- Establish appropriate, demanding performance hurdles in relation to variable executive remuneration.

Performance hurdles considered by the Board in determining short term and long term incentives for executives include earnings and earnings per share.

Financial Year	Net Loss after Tax ($)	Loss per Share (cents)	Share Price (cents)
2013	8,041,939	2.69	13.0
2012	7,671,682	3.22	18.5
2011	1,796,920	1.56	11.3
2010	5,889,363	5.46	11.5
2009	5,128,292	5.49	10.0

Remuneration Structure

In accordance with best practice corporate governance, the structure of non-executive director and senior management remuneration is separate and distinct.

Non-executive Director Remuneration

Objective

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Structure

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The latest determination was at the Annual General Meeting held on 29 November 2005 when shareholders approved an aggregate remuneration of $450,000 per year in respect of fees payable to non-executive directors. Please refer to Table 1, page 13 for the allocation of directors' fees.

The amount of aggregate remuneration sought to be approved by shareholders and the fee structure is reviewed annually. The Board considers advice from external consultants as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Each director receives a fee for being a director of the Company and includes attendance at Board and committee meetings. Any additional services provided are charged at a daily rate agreed in advance by the Chairman. The non-executive directors do not participate in any incentive programs. These additional services provided are disclosed as other short term benefits in Table 1 of the remuneration report.

The remuneration of non-executive directors for the year ended 30 June 2013 is detailed in Table 1 of this report.

Executive Remuneration (including executive directors)

Objective

The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company so as to:

- reward executives for Company and individual performance against targets set by reference to appropriate benchmarks;

- align the interests of executives with those of shareholders; and
- ensure total remuneration is competitive by market standards.

Structure

The Remuneration Committee determines the level and make-up of executive remuneration. To assist in achieving the Company's objectives the Remuneration Committee links the nature and amount of officers' emoluments to the Company's financial and operational performance. All executives and senior management are entitled to annual bonuses payable upon the achievement of individual and company performance targets and participate in the Company's employee share option plan.

Remuneration consists of the following key elements:

- Fixed Remuneration
- Variable Remuneration
  - Short Term Incentive (STI); and
  - Long Term Incentive (LTI).

The proportion of fixed remuneration and variable remuneration (potential short term and long term incentives) is established for each executive by the Remuneration Committee. Table 1 details the fixed and variable components of the executives of the Group and the Company.

Fixed Remuneration

Objective

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. During the 2013 financial year there were no benefits paid in kind (2012: nil).

Structure

Fixed remuneration is reviewed annually by the Remuneration Committee and the process consists of a review of company-wide and individual performance and relevant comparative remuneration in the market.

Variable Remuneration – Short Term Incentive (STI)

Objective

The objective of variable remuneration is to link the achievement of the Group's operational targets with the remuneration received by the executives charged with meeting those targets.

Structure

The total potential variable remuneration is set at a level so as to provide sufficient incentive to the executive to achieve the operational targets and such that the cost to the Group is reasonable in the circumstances. Actual variable remuneration payments granted to each executive depend on the extent to which specific targets set at the beginning of the financial year are met. The targets consist of a number of Key Performance Indicators (KPIs) covering both financial and non-financial, corporate and individual measures of performance. The Company has predetermined benchmarks which must be met in order to trigger variable remuneration payments. The KPIs against which executives are assessed include corporate and board communication and relations, financial performance (including revenue and profit targets), operational and strategic objectives (including development and management of products) and financial management (including investor relations).

On an annual basis, after consideration of performance against KPI's, the level of variable remuneration is approved by the Remuneration Committee. Payments made are usually delivered as a cash bonus and options.

STI bonus for 2013 financial year

For the 2013 financial year, one STI cash bonus of $103,285 (US$107,993) was paid to W Dolphin based on the performance of the group which included assessment of corporate and board relations, operational and strategic tasks, financial performance and investor relations. Other Key Management Personnel received in aggregate a total of $139,456 as a STI cash bonus based on executive performance relating to achieving individual key performance indicators ("KPI") as well as corporate and divisional hurdles. KPIs include among others maintaining board relations with regular board contact, provision of an annual budget with parameters for revenue targets and cost containment, development of a sales & marketing plan, progress of key potential partners, conduct of US FDA clinical trials, establishment of an office in the US, hire of key personnel, security of intellectual property and investor relations.

Variable Remuneration – Long Term Incentive (LTI)

Objective

The objective of the LTI plan is to reward executives in a manner that aligns remuneration with the creation of shareholder wealth.

Structure

As such, LTI grants are only made to executives who are able to influence the generation of shareholder wealth and thus have an impact on the Group's performance. LTI grants to executives are delivered in the form of share options under the Employee Share Option Plan. 2,650,000 share options were issued during the year to 3 Key Management Personnel of which 550,000 were fully vested as at 30 June 2013. The options were not linked to performance as they are considered a long term incentive to retain key employees of the Company.

Employment Contracts

Chief Executive Officer

The CEO and Managing Director, Dr William Dolphin, is employed under a two year contract which expires on 30 June 2014. Under the terms of the contract:

- Dr Dolphin receives fixed remuneration of US$340,000 per annum. The company will contribute up to 6% of salary to Dr Dolphin's US-based superannuation scheme.
- Dr Dolphin receives cash bonus of up to US$112,200 (33% of salary) per annum payable on the achievement of agreed Key Performance Indicators. These KPI's are:
    - maintaining effective working relationships with the Board, ensuring regular contact and update
    - maintaining and building good staff relationships with appropriate compensation and performance targets
    - provision of an annual budget and measurement of achievement of targeted revenues and costs
    - development of a global sales and marketing plan including clinical studies
    - successful partnering with US Department of Defense and conduct of the FDA clinical trials
    - safeguarding of secure Intellectual Property for the group's products
    - completion of capital raising and maintenance of strong investor relations
- The Company provides Dr Dolphin with other benefits including health & life insurance, schooling costs for one child, motor vehicle & home internet costs considered normal remuneration entitlements for an Executive of Dr Dolphins experience.
- Dr Dolphin may resign from his position and thus terminate this contract by giving 3 months written notice. On resignation any unvested options will be forfeited.
- The Company may terminate this employment agreement by providing 6 months written notice or provide payment in lieu of the notice period (based on the fixed component of Dr Dolphin's remuneration). On termination on notice by the Company, any LTI options that have vested, or will vest during the notice period, will be released. LTI options that have not yet vested will be forfeited.
- The Company may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs the CEO is only entitled to that portion of remuneration which is fixed, and only up to the date of termination. On termination with cause any unvested options will immediately be forfeited.

Other Executives (standard contracts)

All executives have rolling contracts. The Company may terminate the executive's employment agreement by providing, dependent on the employee, between 0 and 3 months written notice or provide payment in lieu of the notice period (based on the fixed component of the executive's remuneration). On termination on notice by the Company, any LTI options that have vested or that will vest during the notice period will be exercisable. LTI options that have not yet vested will be forfeited. The Company may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs the executive is only entitled to that portion of remuneration that is fixed, and only up to the date of termination. On termination with cause any unvested options will immediately be forfeited.

Remuneration of key management personnel

Table 1: Remuneration for the year ended 30 June 2013

	Short-term				Post Employment	Equity	Total	% remuneration consisting of options	% of remuneration performance related
	Salary & Fees	Other	Non monetary benefits	Cash bonus	Superannuation	Options			
Non-executive directors									
D Gooding – Chairman	78,750	-	-	-	7,088	-	85,838	-	-
I Macpherson – Deputy Chairman	52,500	-	-	-	4,725	-	57,225	-	-
P Watt	12,250	-	-	-	1,103	-	13,353	-	-
F Wood	39,032	-	-	-	-	-	39,032	-	-
J Curnock Cook	27,957	-	-	-	-	-	27,957	-	-
M McNamara	27,957	-	-	-	-	-	27,957	-	-
M Perry	17,939	-	-	-	-	-	17,939	-	-
Sub-total non-executive directors	**256,385**	**-**	**-**	**-**	**12,916**	**-**	**269,301**	**-**	**-**
Executive Directors									
W Dolphin – Chief Executive Officer	343,868	(6,450)*	65,674	103,285	14,405	31,581	552,363	5.7	18.7
Other key management personnel & executives									
L Glover – General Manager Asia Pacific	157,500	-	-	22,050	14,175	28	193,753	0.01	-
W Marshall – VP Operations	126,768	-	56,903	9,243	-	20	192,934	0.01	-
A Quick – VP Research & Technology	162,526	-	35,942	36,164	6,495	40	241,167	0.01	-
D Leeves - General Manager EMEA	211,506	-	5,240	32,877	14,155	9,487	273,265	6.5	-
T Rooney - Chief Operating Officer / Chief Financial Officer	154,659	-	6,341	53,577	5,894	19,513	239,984	8.1	-
G Chiappini – Company Secretary	36,000	-	-	-	-	-	36,000	-	-
Sub-total executive KMP	**848,959**	**-**	**104,426**	**153,911**	**40,719**	**29,088**	**1,177,103**		
Totals	**1,449,212**	**(6,450)**	**170,100**	**257,196**	**68,040**	**60,669**	**1,998,767**		

* Comprises a recovery of tax from IRS on behalf of W Dolphin for UK taxation in relation to the UK secondment in prior years. W Dolphin repaid this sum during the period.

** The cash bonus for W Dolphin was approved by the Remuneration Committee on 12 October 2012 and paid in December 2012. All other cash bonuses to other key management personnel are expected to be approved post the signing of this annual report and paid out in the year ending 30 June 2014. As they relate to services for the year ended 30 June 2013 they have been accrued in this remuneration report.

Table 2: Remuneration for the year ended 30 June 2012

	Short-term				Post Employment	Equity	Total	% remuneration consisting of options	% of remuneration performance related
	Salary & Fees	Other	Non monetary benefits	Cash bonus	Superannuation	Options			
Non-executive directors									
D Gooding – Chairman	78,750	-	-	-	7,088	-	85,838	-	-
I Macpherson – Deputy Chairman	52,500	-	-	-	4,725	-	57,225	-	-
P Watt	36,750	-	-	-	3,308	-	40,058	-	-
F Wood	36,750	-	-	-	-	-	36,750	-	-
Sub-total non-executive directors	**204,750**	**-**	**-**	**-**	**15,121**	**-**	**219,871**	**-**	**-**
Executive Directors									
W Dolphin – Chief Executive Officer	345,875	200,000*	67,820	95,168	13,283	118,857	841,003	14.1	11.3
Other key management personnel & executives									
L Glover – General Manager Asia Pacific	157,500	-	-	26,775	16,188	10,417	210,880	4.9	-
W Marshall – VP Operations	124,115	-	40,671	11,127	-	7,441	183,354	4.1	-
A Quick – VP Research & Technology	161,076	-	22,672	39,201	9,118	14,881	246,948	6.0	-
T Caldera – General Manager EMEA **	224,927	-	4,803	35,165	14,665	19,560	299,120	6.5	-
G Chiappini – Company Secretary	36,000	-	-	-	-	-	36,000	-	-
Sub-total executive KMP	1,049,493	200,000	135,966	207,436	53,254	171,156	1,817,305	-	-
Totals	**1,254,243**	**200,000**	**135,966**	**207,436**	**68,375**	**171,156**	**2,037,176**		

* Comprises a provision on behalf of W Dolphin for UK taxation in relation to the UK secondment in prior years

** T Caldera left 14 May 2012

Table 3: Compensation options: Granted and vested during the year

	Number of options granted during the year		Number of options vested during the year	
	2013	2012	2013	2012
Executives				
T Caldera	-	750,000	-	400,000*
D Leeves	700,000	-	100,000	-
T Rooney	1,800,000	-	300,000	-

*350,000 options valued at $17,115 were forfeited during the year due to cessation of employment.

The total fair value of options granted during the year was $88,340 (2012: $36,675) which is allocated over the vesting period.

Details of options issued during the period:

700,000 exercisable at $0.15 expiring 15 August 2018, issued to an employee on 15 May 2013

1,800,000 exercisable at $0.15 expiring 15 October 2018, issued to an employee on 15 May 2013

There have been no alterations to the terms or conditions of the options granted as remuneration since the grant date.

End of Remuneration Report

DIRECTORS' MEETINGS

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director is as follows:

		Meetings of Committees	
	Directors' Meetings	Remuneration	Audit
Number of meetings held:	6	1	2
Number of meetings attended:			
Dalton Gooding	6	1	2
Ian Macpherson	5	1	2
William Dolphin	6	-	1
Paul Watt	2	N/A	N/A
Fiona Wood	3	N/A	N/A
Jeremy Curnock Cook	3	N/A	N/A
Matthew McNamara	5	N/A	-
Michael Perry	3	N/A	N/A

Compliance matters are dealt with under a standing agenda at regular board meetings.

Committee Membership

As at the date of this report, the Company had an Audit Committee and a Remuneration Committee.

Members acting on these committees of the Board at the date of this report are:

Audit	Remuneration
Ian Macpherson (c)	Dalton Gooding (c)
Dalton Gooding	Ian Macpherson
Matthew McNamara	Jeremy Curnock Cook

Notes: (c) Designates the Chairman of each Committee

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The directors have obtained an independence declaration from our auditors, Grant Thornton, as presented on page 19 of this report.

NON-AUDIT SERVICES

The board of directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- All non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and

- The nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board

Employment tax advice relating to the CEO period of residency in the UK from 2009 to 2010 was provided by the Company's auditor, Grant Thornton, during the year. Total fees paid to Grant Thornton for these non-audit services were $33,716.

Signed in accordance with a resolution of the directors.

Dalton Gooding
Chairman
Dated: 25 September 2013
Perth, Western Australia

10 Kings Park Road
West Perth WA 6005
PO Box 570
West Perth WA 6872
T +61 8 9480 2000
F +61 8 9322 7787
E info.wa@au.gt.com
W www.grantthornton.com.au

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 audit of Avita Medical Limited for the year ended 30 June 2013, 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 audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

P. Warr.

P W Warr
Partner - Audit & Assurance

Perth, 25 September 2013

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2013

	Notes	Consolidated 2013 $	2012 $
Continuing operations			
Sale of goods	2 (a)	2,814,990	3,352,268
Cost of sales	2 (e)	(676,502)	(952,847)
Gross Profit		**2,138,488**	**2,399,421**
Other Revenue	2 (b)	**1,237,285**	**1,828,180**
Operating Costs			
Administrative expenses		(5,449,632)	(5,337,993)
Share based payments		(82,338)	(179,340)
Research and development expenses		(2,601,046)	(969,113)
Sales and marketing expenses		(3,390,659)	(2,925,638)
Finance costs	2 (c)	(91)	(67)
Fair value movements in financial liabilities at fair value through profit or loss		-	(63,000)
Impairment of intellectual property	2 (d)	-	(2,001,888)
Amortisation of intellectual property	2 (d)	(73,000)	(510,000)
Loss from continuing operations before income tax		**(8,220,993)**	**(7,759,438)**
Income tax benefit		128,064	87,756
Loss for the period	3	**(8,092,939)**	**(7,671,682)**
Other comprehensive income / (loss)			
Items that may be subsequently reclassified to profit or loss:			
Foreign currency translation		133,503	9,196
Other comprehensive (loss) / income for the period, net of tax		133,503	9,196
Total comprehensive loss for the period		(7,959,436)	(7,662,486)
Loss for the period is attributable to:			
Non-controlling interest			(81,553)
Owners of Avita Medical Limited		(8,092,939)	(7,590,129)
		(8,092,939)	**(7,671,682)**
Total comprehensive loss for the period is attributable to:			
Non-controlling interest			(81,553)
Owners of Avita Medical Limited		(7,959,436)	(7,580,933)
		(7,959,436)	(7,662,486)
Basic loss per share	3	(2.69) cents	(3.22) cents
Diluted loss per share	3	(2.69) cents	(3.22) cents

This consolidated statement of comprehensive income should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Financial Position

As at 30 June 2013

	Consolidated	
	2013	2012
	$	$
ASSETS		
Current Assets		
Cash and cash equivalents	10,616,849	8,230,593
Trade and other receivables	1,215,382	1,461,974
Prepayments	187,586	137,840
Inventories	761,785	715,612
Total Current Assets	**12,781,602**	**10,546,019**
Non-Current Assets		
Plant & equipment	127,029	87,051
Intangible assets	-	73,000
Total Non-Current Assets	**127,029**	**160,051**
TOTAL ASSETS	**12,908,631**	**10,706,070**
LIABILITIES		
Current Liabilities		
Trade and other payables	2,243,783	1,686,577
Provisions	209,538	465,516
Total Current Liabilities	**2,453,321**	**2,152,093**
TOTAL LIABILITIES	**2,453,321**	**2,152,093**
NET ASSETS	**10,455,310**	**8,553,977**
EQUITY		
Equity attributable to equity holders of the parent		
Contributed equity	111,441,390	101,663,499
Accumulated losses	(101,706,766)	(96,676,634)
Reserves	720,146	3,567,112
TOTAL EQUITY	**10,455,310**	**8,553,977**

This consolidated statement of financial position should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2013

	Consolidated	
	2013	2012
	$	$
Cash flows from operating activities		
Receipts from customers	2,990,444	3,273,274
Payments to suppliers and employees	(11,567,164)	(9,453,067)
Government grants received	787,578	759,979
Tax refund received – R&D claim	90,123	85,523
Interest received	412,354	498,056
Interest paid	(91)	(67)
Royalties and other income received	37,353	570,145
Net cash flows used in operating activities	**(7,249,403)**	**(4,266,157)**
Cash flows from investing activities		
Purchase of plant & equipment	(83,596)	(75,631)
Net cash flows used in investing activities	**(83,596)**	**(75,631)**
Cash flows from financing activities		
Proceeds from issue of shares and options	10,401,080	-
Capital raising expenses	(673,649)	(94,925)
Net cash flows (used in) / provided by financing activities	**(9,727,431)**	**(94,925)**
Net increase/(decrease) in cash and cash equivalents	**2,394,432**	**(4,436,713)**
Cash and cash equivalents at beginning of period	**8,230,593**	**12,669,020**
Impact of foreign exchange	(8,176)	(1,714)
Cash and cash equivalents at end of period	**10,616,849**	**8,230,593**

This consolidated statement of cash flows should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2013

Consolidated	Contributed equity $	Accumulated losses $	Option premium reserve $	Employee equity benefit reserve $	Foreign currency translation reserve $	Non-controlling interest $	Total $
At 1 July 2012	**101,663,499**	**(96,676,634)**	**2,277,759**	**1,664,987**	**(375,634)**	**-**	**8,553,977**
Loss for the period	-	(8,092,939)	-	-	-	-	(8,092,939)
Other comprehensive income – foreign currency translation	-	-	-	-	133,503	-	133,503
Total comprehensive loss for the year	**-**	**(8,092,939)**	**-**	**-**	**133,503**	**-**	**(7,959,436)**
Transactions with owners in their capacity as owners							
Expired options	-	3,062,807	(2,277,759)	(785,048)	-	-	-
New shares	10,452,080						10,452,080
Share based payments	-	-	-	82,338	-	-	83,338
Recognition of non-controlling interest in consolidated entities	-	-	-	-	-	-	-
Cost of share placement	(673,649)	-	-	-	-	-	(673,649)
Balance at 30 June 2013	**111,441,930**	**(101,706,766)**	**-**	**962,277**	**(242,131)**	**-**	**10,455,310**

Consolidated	Contributed equity $	Accumulated losses $	Option premium reserve $	Employee equity benefit reserve $	Foreign currency translation reserve $	Non-controlling interest $	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	-	(7,590,129)	-	-	-	(81,553)	(7,671,682)
Other comprehensive income – foreign currency translation	-	-	-	-	9,196	-	9,196
Total comprehensive loss for the year	**-**	**(7,590,129)**	**-**	**-**	**9,196**	**(81,553)**	**(7,662,486)**
Transactions with owners in their capacity as owners							
Share based payments	-	-	-	179,340	-	-	179,340
Recognition of non-controlling interest in consolidated entities	-	-	-	-	-	81,553	81,553
Cost of share placement	(94,925)	-	-	-	-	-	(94,925)
Balance at 30 June 2012	**101,663,499**	**(96,767,634)**	**2,277,759**	**1,664,987**	**(375,634)**	**-**	**8,553,977**

This consolidated statement of changes in equity should be read in conjunction with the notes to the financial statements.

Notes to the Concise Financial Statements

For the year ended 30 June 2013

Note 1. Basis of Preparation and Accounting Policies

(a) Basis of Preparation and statement of compliance

Avita Medical Limited is the Group's ultimate parent company and is a public company incorporated and domiciled in Australia.

The consolidated general purpose financial statements of the Group have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Avita Medical Limited is a for-profit entity for the purpose of preparing the financial statements.

Except for cash flow information, the financial report has been prepared on an accrual basis and is based on historical costs, modified, where applicable, for financial liabilities and assets held at fair value through profit or loss and is presented in Australian dollars.

(b) New Accounting standards and interpretations

The AASB has issued AASB 1054 Australian Additional Disclosures and 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project, and made several minor amendments to a number of AASBs. These standards eliminate a large portion of the differences between the Australian and New Zealand accounting standards and IFRS and retain only additional disclosures considered necessary. These changes also simplify some current disclosures for Australian entities and remove others.

Note 2. Revenue and Expenses

		2013 $	2012 $
(a)	**Revenue**		
	Sale of goods	2,814,990	3,352,268
	Other revenue	1,237,285	1,828,180
	Total Revenue	4,052,478	5,180,448

		2013 $	2012 $
(b)	**Other revenue**		
	Bank interest receivable	412,354	498,056
	Royalty income	-	493,378
	Contracts received	787,578	759,979
	Other income	37,353	76,767
		1,237,285	1,828,180

		2013 $	2012 $
(c)	**Finance costs**		
	Other loans	91	67
		91	67

Note 2. Revenue and Expenses (continued)

		2013 $	2012 $
(d)	**Depreciation, impairment and amortisation included in income statement**		
	Depreciation	48,924	59,232
	Loss on disposal of plant & equipment	2,870	1,501
	Impairment of intellectual property*	-	2,001,888
	Amortisation of intangible assets	73,000	510,000

*As a result of management's annual analysis, impairment was recorded for patents and trademarks related to inhaled medication delivery and respiratory applications.

		2013 $	2012 $
(e)	**Cost of Sales**	676,502	952,847

Inventories recognised as an expense as a result of expiration for the year ended 30 June 2013 totalled $68,233 (2012: $150,126). This expense has been included in the cost of sales line item as a cost of inventories.

		2013 $	2012 $
(f)	**Lease payments and other expenses included in profit or loss**		
	Minimum lease payments – operating lease	179,595	233,485

		2013 $	2012 $
(g)	**Employee benefits expense**		
	Wages and salaries	3,239,424	2,702,853
	Defined contribution superannuation expense	163,838	136,943
	Share-based payments expense	82,338	179,340
	Other benefits	-	200,000
		3,485,600	3,219,136

Note 3. Loss per Share

Basic loss per share amounts are calculated by dividing the net loss for the year by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net loss for the year by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Note 3. Loss per Share (continued)

Dliuted earnings per share amounts are calculated by dividing the net loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted loss per share computations:

	Consolidated	
	2013	2012
	$	$
Net loss for the period	(8,092,939)	(7,671,682)
Weighted average number of ordinary shares for basic and diluted loss per share	300,507,224	238,182,556

Note 4. Segment Information

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker to allocate resources to the segment and to assess its performance.

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 operating 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 location.

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

4. Segment Information (continued)

The segment information provided to the Chief Executive Officer for the reportable segments for the year ended 30 June 2013 is as follows:

	Asia Pacific $	EMEA $	Americas $	Total $
Year ended 30 June 2013				
Revenue				
Sale of goods	2,256,248	550,647	8,095	2,814,990
Other revenues from external customers	100,604	13	724,314	824,931
Interest received	410,249	1,163	942	412,354
Total revenue and other income per consolidated statement of comprehensive income	**2,767,101**	**551,823**	**733,351**	**4,052,275**
Segment net operating profit / (loss) before tax	527,063	(2,744,469)	(4,392,849)	(6,610,483)
Reconciliation of segment net result before tax to loss before income tax				
Corporate charges				(1,537,510)
Amortisation of intellectual property				(73,000)
Loss before income tax				**(8,220,993)**

Revenue is attributed to geographic location based on the location of the customers. The percentage of external revenues from external customers that are attributable to foreign countries are as shown below:

	2013 %	2012 %
Australia	79.6	72.2
Other	20.4	27.8
Total revenue	100	100

	Asia Pacific $	EMEA $	Americas $	Total $
Year ended 30 June 2013				
Segment assets				
Segment operating assets	1,145,385	1,800,391	1,313,781	4,259,557
Unallocated assets				8,649,074
Total Assets per the consolidated statement of financial position				**12,908,631**
Segment liabilities				
Segment operating liabilities	196,670	1,154,217	817,369	2,168,256
Unallocated liabilities				285,065
Total liabilities per the consolidated statement of financial position				**2,453,321**

4. Segment Information (continued)

	Continuing Operations			
	Asia Pacific	EMEA	Americas	Total
	$	$	$	$
Year ended 30 June 2012				
Revenue				
Sale of goods	2,567,334	670,129	114,805	3,352,268
Other revenues from external customers	639,945	-	690,178	1,330,123
Interest received	496,644	448	965	498,057
Total revenue per statement of comprehensive income	**3,703,923**	**670,577**	**805,948**	**5,180,448**
Segment net profit / (loss) before tax	1,142,792	(2,249,342)	(2,325,848)	(3,432,398)
Reconciliation of segment net result before tax to loss before income tax				
Corporate charges				(1,752,152)
Impairment of intellectual property				(2,001,888)
Amortisation of intellectual property				(510,000)
Fair value movement in financial derivative				(63,000)
Loss before income tax				**(7,759,438)**

	Asia Pacific	EMEA	Americas	Total
	$	$	$	$
Year ended 30 June 2012				
Segment assets				
Segment operating assets	1,359,758	966,615	1,153,742	3,480,115
Unallocated assets				7,225,955
Total Assets per the consolidated statement of financial position				**10,706,070**
Segment liabilities				
Segment operating liabilities	167,982	764,191	604,082	1,536,255
Unallocated liabilities				615,838
Total liabilities per the consolidated statement of financial position				**2,152,093**

5. Commitments and Contingencies

(a) Operating lease commitments – Group as lessee

The Group has entered into commercial leases on certain properties. These leases have an average life of between 2 and 5 years and include a renewal option in the contracts. There are no restrictions placed upon the lessee by entering into these leases.

	2013 $	2012 $
Within one year	140,889	109,073
After one year but not more than five years	495,135	188,034
Total minimum lease payments	636,024	297,107

There are no other commitments and contingencies which require disclosure in this report.

6. Events After the Reporting Date

No subsequent events have occurred since the Reporting Date which would require disclosure in this report.

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 consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

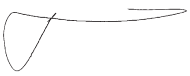
   (ii) Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2; and

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(d) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2013.

On behalf of the Board



Dalton Gooding
Chairman
Dated: 25 September 2013
Perth, Western Australia

Grant Thornton Audit Pty Ltd
ACN 130 913 594

10 Kings Park Road
West Perth WA 6005
PO Box 570
West Perth WA 6872

T +61 8 9480 2000
F +61 8 9322 7787
E info.wa@au.gt.com
W www.grantthornton.com.au

Independent Auditor's Report
To the Members of Avita Medical Limited

Report on the concise financial report

We have audited the accompanying concise financial report of Avita Medical Limited comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and related notes, derived from the audited financial report of Avita Medical Limited for the year ended 30 June 2013. The concise financial report does not contain all the disclosures required by the Australian Accounting Standards and accordingly, reading the concise financial report is not a substitute for reading the audited financial report.

Directors responsibility for the concise financial report

The Directors are responsible for the preparation of the concise financial report in accordance with Accounting Standard AASB 1039 Concise Financial Reports, and the Corporations Act 2001, and for such internal control as the Directors determine are necessary to enable the preparation of the concise financial report.

Auditor's responsibility

Our responsibility is to express an opinion on the concise financial report based on our audit procedures which were conducted in accordance with Auditing Standard ASA 810 Engagements to Report on Summary Financial Statements. We have conducted an independent audit, in accordance with Australian Auditing Standards, of the financial report of Avita Medical Limited for the year ended 30 June 2013. Our audit report on the financial report for the year was signed on 25 September 2013 and was not subject to any modification. The Australian Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report for the year is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the concise financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the concise financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the concise financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Grant Thornton

Our procedures in respect of the concise financial report included testing that the information in the concise financial report is derived from, and is consistent with, the financial report for the year, and examination on a test basis, of evidence supporting the amounts and other disclosures which were not directly derived from the financial report for the year. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report complies with Accounting Standard AASB 1039 Concise Financial Reports.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's opinion

In our opinion, the concise financial report of Avita Medical Limited for the year ended 30 June 2013 complies with Accounting Standard AASB 1039 Concise Financial Reports.

Report on the Remuneration Report

The following paragraphs are copied from our Report of the Remuneration Report for the year ended 30 June 2013.

We have audited the remuneration report included in pages 13 to 19 of the Directors' Report for the year ended 30 June 2013. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Avita Medical Limited for the year ended 30 June 2013, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

P. Warr.

P W Warr
Partner - Audit & Assurance
Perth, 25 September 2013

Corporate Governance Statement

The Board of Directors of Avita Medical Limited (Avita) is responsible for the corporate governance of the consolidated entity. The Board guides and monitors the business and affairs of Avita on behalf of the shareholders by whom they are elected and to whom they are accountable.

In accordance with the ASX Corporate Governance Council's corporate governance guidelines contained in Corporate Governance Principles and Recommendations (Second Edition Corporate Governance Guidelines), the Avita Corporate Governance Statement contains certain specific information and discloses the extent to which the Company has followed the guidelines during the period. Where a recommendation has not been followed it is disclosed together with reasons for the departure.

The Avita Corporate Governance Statement is structured with reference to the Second Edition Corporate Governance Guidelines, which are as follows:

Principle 1	Lay solid foundations for management and oversight
Principle 2	Structure the board to add value
Principle 3	Promote ethical and responsible decision making
Principle 4	Safeguard integrity in financial reporting
Principle 5	Make timely and balanced disclosure
Principle 6	Respect the rights of shareholders
Principle 7	Recognise and manage risk
Principle 8	Remunerate fairly and responsibly

For further information on corporate governance policies adopted by Avita, refer to our website www.avitamedical.com

Principle	Corporate Governance best practice recommendation	Compliance	How we comply
1	**Lay solid foundations for management and oversight**		
1.1	Establish and disclose the functions reserved to the Board and those delegated to senior executives	✔	The Board has a Corporate Governance Statement which outlines the role and duties of the Board. The Company considers that the primary responsibility of the Board is to oversee the Company's business activities and management for the benefit of the shareholders by : a) Supervising the Company's framework of control and accountability systems to enable risk to be assessed and managed which includes but is not limited to the points noted below: b) Ensuring the Company is properly managed by: i) setting and communicating clear objectives; ii) appointing and removing the Managing Director of the Company; iii) ratifying the appointment and, where appropriate, the removal of the Chief Financial Officer (or equivalent) and the Company secretary; iv) input into and final approval of management's development of corporate strategy and performance objectives; v) reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct, and legal compliance; vi) monitoring senior management's performance and implementation of strategy, and ensuring appropriate resources are available; c) approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures; d) approval of the annual budget; e) monitoring the financial performance of the Company; f) approving and monitoring financial and other reporting; g) overall corporate governance of the Company, including conducting regular reviews of the balance of responsibilities within the Company to ensure division of functions remain appropriate to the needs of the Company; h) liaising with the Company's external auditors either directly or via the Audit Committee as appropriate; and i) monitoring, and ensuring compliance with, all of the Company's legal obligations, in particular those obligations relating to the environment, native title, cultural heritage and occupational health and safety. The Managing Director is responsible for running the affairs of the Company under delegated authority from the Board and to implement the policies and strategy set by the Board. In carrying out his responsibilities the Managing Director must report to the Board in a timely manner and ensure all reports to the Board present a true and fair view of the Company's financial condition and operational results. Matters which are not covered by the delegations require Board approval. The Corporate Governance Statement is available on the Company's website in the Investor Relations Centre section.

Principle	Corporate Governance best practice recommendation	Compliance	How we comply
1.2	Disclose the process for evaluating the performance of senior executives	✔	It is the role of the Remuneration Committee to evaluate the performance of the Board & individual directors and key senior executives. The performance of the Managing Director is monitored and evaluated by the Board annually (with reference from the Remuneration Committee) by reference to key performance indicators. The performance of other senior executives, including the Chief Financial Officer, (or equivalent) is to be reviewed on an annual basis by the board. Refer to the Director's Report for a summary of performance of the Managing Director.
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1.	✔	As at the date of this statement, the Company is of the view that it has complied with each of the Recommendations under Principle 1; and Evaluations of the performance of the Managing Director have occurred and were in accordance with the process disclosed at 1.2 above. Refer to remuneration report.
2	**Structure of the Board to add value.**		
2.1	A majority of the Board should be independent directors	✗	The majority of the Board is not independent directors where an independent director is a non-executive director who meets the criteria for independence included in the ASX Best Practice Recommendations. Under the guidelines Mr Gooding, Mr Dolphin, Mr Curnock-Cook, Mr McNamara and Ms Wood are not considered to be independent. Mr Gooding is a partner of Chartered Accounting firm, Gooding Partners that provides professional advice as required, However, Mr Gooding is considered to be independent by the Board. He passes all other aspects of the Independence Criteria. The Board, in the absence of Mr Gooding, considers that he is capable of, and demonstrates, that he consistently makes decisions and takes actions which are intended to be in the best interests of the Company. The Board notes that fees paid to Mr Gooding are not material to the Company and are not of a high enough level to be material to Mr Gooding. Mr Curnock-Cook and Mr McNamara are not considered to be independent as they were both nominated to join the Avita Medical board as Non-Executive Directors by significant shareholder Phillip Asset Management Limited (8.66% owner of Avita Medical). However, Mr Curnock-Cook and Mr McNamara are considered to be independent by the Board. They pass all other aspects of the Independence Criteria. The Board, in the absence of Mr Curnock-Cook and Mr McNamara, considers that they are capable of, and demonstrates, that they consistently makes decisions and takes actions which are intended to be in the best interests of the Company. Mr Dolphin is the Managing Director in the Company and as a result does not fit within the Independence Test. Ms Wood is Chairman of the Fiona Wood Foundation which receives a royalty and provides research to the Company as required, However, Ms Wood is considered to be independent by the Board. She passes all other aspects of the Independence Criteria. The Board, in the absence of Ms Wood, considers that she is capable of, and demonstrates, that he consistently makes decisions and takes actions which are intended to be in the best interests of the Company.

Principle	Corporate Governance best practice recommendation	Compliance	How we comply
2.2	The chairperson should be an independent director	✗	The Chairman, Mr Gooding as noted above in 2.1 does not meet the Governance Council's independence criteria, however the board believes that Mr Gooding will at all times act independently and discharge his duties for the benefit of all shareholders. Mr Gooding is not strictly independent as noted above due to him being a Partner of Chartered Accounting firm Gooding Partners, which from time to time provides professional advice as required on a commercial basis, for further information refer to the related party note in the accounts.
2.3	The roles of chairperson and chief executive officer should not be exercised by the same individual	✔	The Chairman, Mr Dalton Gooding, facilitates the relationship between the Board and Dr William Dolphin, the Managing Director and Chief Executive Officer.
2.4	The Board should establish a nomination committee	✗	During the Reporting Period, the role of the Nomination Committee was carried out by the full Board in accordance with the Nomination Committee Charter. The Board considered that no efficiencies or other benefits would be gained by establishing a separate nomination committee during this time.
2.5	The process for evaluating the performance of the Board, its committees and individual directors should be disclosed.	✔	The Company does not have a documented procedure for the evaluating the performance of the Board, its committees and directors. An evaluation of the performance of the Board and its directors is undertaken informally each year. The Chairman of the Board is the driver of this process. This year the Chairman conducted interviews with each director. The evaluation of the performance of the Board's various committees is undertaken on an exception basis. This is also an informal process which is driven by the Chairman of the Board.
2.6	The 'Guide to Reporting on Principle 2' provides that certain information should be included in the corporate governance section of the Company's Annual Report or be made publicly available ideally on the Company's website.	✔	As at the date of this statement, the Company is of the view that it has complied with each of the recommendations under Principle 2, except for Recommendation 2.1, 2.2 and 2.4. An explanation for the departures from Recommendation 2.1, 2.2 and 2.4 are set out above.

Principle	Corporate Governance best practice recommendation	Compliance	How we comply
3	**Promote ethical and responsible decision making.**		
3.1	Establish a code of conduct and disclose the code or a summary of the code as to: the practices necessary to maintain confidence in the Company's integrity; the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; the responsibility and accountability of individuals for reporting and investigating reports of unethical practices;	✔ ✔ ✔ ✔	The Company has implemented a suite of policies including a Code of Business Conduct which provides guidelines aimed at maintaining high ethical standards and corporate behaviour. The principles of the policies include: • Respect the law and act in accordance with it; • Respect confidentiality and not misuse company information, assets or resources; • Avoid real or perceived conflicts of interest; • Act in the best interest of stakeholders; and • Perform their duties in ways that minimise environmental impacts and maximise workplace safety. Directors and employees are expected to comply with all Company policies and to act professionally with integrity, honesty and responsibility at all times.
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	✔	The Board has adopted a policy concerning diversity and has disclosed the policy on its website
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	✗	Avita encourages diversity in its workforces and to that end has adopted an equal opportunity and anti-discrimination policy which seeks to provide equal employment opportunities to all employee's regardless of race, gender, religion, age, nationality or any other grounds while providing a workplace where everyone is treated equally and fairly and where discrimination, harassment and inequality are not tolerated. Further the Group does not positively discriminate in favour of any group of people and positions of employment are based on technical ability, qualifications and experience. Therefore although the company supports the recommendations contained in the ASX *Corporate Governance Principles and Recommendation*, it does not follow the recommendations requiring the company to establish measurable objectives for achieving gender diversity as this contradicts our position of not discriminating in favour of any group of people. While not setting specific targets for achieving gender diversity, Avita does not discriminate in favour of or against the appointment of women at any level in the organisation, nor does it discriminate based on gender in setting salary levels, training and development or in other advancement opportunities. This will always be based on technical abilities and qualifications with no consideration to gender.

Principle	Corporate Governance best practice recommendation	Compliance	How we comply
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women in the board	✔	The table below provides actual data on gender diversity that currently exists within the group. Actual: Number / % Women employed whole organisation: 18 / 64% Women in senior executive roles: 2 / 7% Women in board positions: 1 / 14%
3.5	Provide related disclosures: • An explanation of any departure from Recommendation 3 • Posting to the company's web site any applicable code of conduct or a summary and the diversity policy or a summary of its main provisions	✔	Explanation of departures from Principles and Recommendations 3.1, 3.2, 3.3 and 3.4 (if any) are set out above. The Company will also explain any departures from Principles and Recommendations 3.1, 3.2, 3.3 and 3.4 (if any) in its future annual reports. The Corporate Governance Policies which includes the Diversity Policy and Corporate Code of Conduct is posted on the Company's website.
4	**Safeguard integrity in financial reporting.**		
4.1	The Board should establish an audit committee	✔	The Audit Committee assists the Board to meet its oversight responsibilities in relation to the Company's financial reporting, internal control structure, risk management procedures and the internal and external audit function. In doing so, it is the Audit and Risk Committee's responsibility to maintain free and open communications between the Committee, the external auditors, the internal auditors and the management of the Company.
4.2	Structure the audit committee so that it consists of: a) only non-executive directors b) majority of independent directors c) independent chairperson, who is not the chairperson of the Board d) at least three members	a) ✔ b) ✗ c) ✔ d) ✔	The Board is of the view that given the size of the Company and its Board, it is not practical to have a majority of independent directors managing the Audit Committee. The Committee is made up of Mr Gooding, Mr Macpherson (Committee Chairperson) and Mr McNamara. Mr Macpherson is considered to be independent Attendance of committee members at Audit Committee meetings is contained in the Directors' Report.

Principle	Corporate Governance best practice recommendation	Compliance	How we comply
4.3	The audit committee should have a formal charter	✔	The Audit Committee Charter is available on the Company's website in the Investor Centre section.
4.4	The 'Guide to Reporting on Principle 4' provides that certain information should be included in the corporate governance section of the Company's Annual Report or be made publicly available ideally on the Company's website.	✔	As at the date of this statement, the Company is of the view that it has complied with each of the recommendations under Principle 4, except as outlined above and any future departure (if any) from Recommendation 4 above will be disclosed.
5	**Make timely and balanced disclosure.**		
5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance. These policies or a summary of the policies should be disclosed.	✔	The Company's continuous disclosure policy has been adopted to ensure compliance with obligations under the continuous disclosure regime of the Corporations Law and the Listing Rules of the Australian Stock Exchange Limited and to ensure that all AVITA shareholders have access to material information about the Company and its prospects. The disclosure obligations include: • All employees, Company officers and Directors must comply with the ASX Listing Rules and Corporations Law provisions relating to a timely disclosure of price sensitive information to the ASX. The Company does this by releasing written announcements to the ASX. • The Managing Director, Chief Financial Officer (or equivalent) and Company Secretary are accountable for the establishment, communication and maintenance of this policy and ensuring that material information is disclosed to the ASX.
5.2	In accordance with the 'Guide to Reporting on Principle 5', the Company has made its Continuous Disclosure and Compliance Policy available on its website.	✔	The Company's Shareholder Communications Policy is available on the Company's website in the Investor Centre section.

Principle	Corporate Governance best practice recommendation	Compliance	How we comply
6	**Respect the rights of shareholders.**		
6.1	Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings	✔	The Company places considerable importance on effective communications with shareholders and other stakeholders. Avita's communication strategy requires communication with shareholders and other stakeholders in an open, regular and timely manner so that the market has sufficient information to make informed investment decisions on the operations and results of the company. The strategy provides for the use of systems that ensure a regular and timely release of information about the company is provided to shareholders. Mechanisms employed include: • Announcements lodged with ASX; • Half Yearly Report • Presentations at the Annual General Meeting; • Annual Report • Promote effective communication with shareholders; and • Encourage shareholder participation at AGMs.
6.2	Provide the following information in the annual report: An explanation of any departures from recommendation and reasons for the departure.	✔	The Company's Shareholder Communications Policy is available on the Company's website in the Corporate Governance section.

Principle	Corporate Governance best practice recommendation	Compliance	How we comply
7	**Recognise and manage risk.**		
7.1	The Company should establish policies on risk oversight and management.	✔	The Company is committed to the identification; monitoring and management of risks associated with its business activities and has embedded in its management and reporting systems a number of risk management controls. The Chairman is charged with implementing appropriate risk management systems within the Company. The Board monitors and receives advice on areas of operational and financial risk, and considers strategies for appropriate risk management arrangements. Specific areas of risk identified initially and which will be regularly considered at Board meetings include foreign currency, performance of activities, human resources, acceptance by regulatory authorities for the Company's products, markets, manufacturing, the environment, statutory compliance and continuous disclosure obligations. The annual report details material financial risks which arose during the reporting period (see notes to financial statements).
7.2	The Board should require management to design and implement the risk management and internal control system to manage the company's material risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	✔	As part of the reporting process the Managing Director and Chief Financial Officer (or equivalent) provide to the Board prior to the Board approving the annual and half-yearly accounts, a written statement that the integrity of the financial statements (as per ASX Recommendation 4.1) are founded on a system of risk management and internal compliance and control which implements the Board's policies and the Company's risk management and internal control system is operating efficiently and effectively in all material matters.

Principle	Corporate Governance best practice recommendation	Compliance	How we comply
7.3	The Board should disclose whether it has received assurance from the Chief Executive Officer and the Chief Financial Officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks	✔	The Board has received assurance from the Chief Executive Officer and Chief Financial Officer (or equivalent) that the s295A declaration is founded on a sound system of risk management and internal control and the system is operating effectively in all material respects in relation to financial risks.
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7.	 ✔ ✔ ✔	In accordance with the 'Guide to Reporting on Principle 7', the Company provides the following information: (a) The Company has not departed from Recommendations 7.1 to 7.4. (b) The Board has received the report from management under Recommendation 7.2. (c) The Board has received assurance from Mr William Dolphin, as the Company's Chief Executive Officer and Mr Timothy Rooney as Chief Financial Officer, under Recommendation 7.3.
8	**Remunerate fairly and responsibly.**		
8.1	The Board should establish a remuneration committee	✔	It is the company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and executive team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, the Remuneration Committee links the nature and amount of executive directors' and officers' emoluments to the Company's financial and operational performance. The Remuneration Committee deals with remuneration-related issues on an as-required basis. For further information on the remuneration received by directors and executives in the current period, please refer to the Remuneration Report, which is contained within the Directors' Report along with the attendance of committee members at Remuneration Committee meetings. There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive directors.

Principle	Corporate Governance best practice recommendation	Compliance	How we comply
8.2	The remuneration committee should be structured so that it: • Consists of a majority of independent directors • Is chaired by the independent chair • Has at least 3 members	 ✗ ✔ ✔	 The remuneration committee has Mr Macpherson, Mr Gooding and Mr Curnock-Cook as its members. Mr Gooding and Mr Curnock-Cook are not considered to be independent directors (refer 2.1) The remuneration Committee is chaired by Mr Macpherson who is independent. The Committee currently has 3 committee members.
8.3	Companies should clearly distinguish the structure of non-executive director's remuneration from that of executive directors and senior executives	✔	Refer Director's Report
8.4	Companies should provide the information indicated in the Guide to reporting on Principle 8.	✔	In accordance with the 'Guide to Reporting on Principle 8', the Company provides the following information: (a) there are no schemes for retirement benefits, other than statutory superannuation, in existence for the Non-Executive Directors; (b) as at the date of this statement, the Company is of the view that it has complied with each of the Recommendations under Principle 8, except for Recommendation 8.2. An explanation for the departure from Recommendation 8.2 is set out above.

ASX Shareholder Information

Ordinary Fully Paid Shares (Total) as of 30 September 2013

Range	Total holders	Ordinary Shares	% of Issued Capital
1 - 1,000	408	177,317	0.05
1,001 - 5,000	594	1,876,563	0.58
5,001 - 10,000	811	6,521,541	2.00
10,001 - 100,000	1,383	48,031,720	14.76
100,001 - 9,999,999,999	365	268,701,263	82.60
Total	**3,561**	**325,308,404**	**100.00**

Unmarketable Parcels	Minimum Parcel Size	Holders	Shares
Minimum $ 500.00 parcel at $0.12 per share	4,167	835	1,246,680

Substantial Shareholder	Shares	%
National Nominees Limited ACF Australian Ethical Smaller Companies Trust	66,993,751	20.59

ASX Shareholder Information

Ordinary Fully Paid Shares (Total) as of of 30 September 2013

AVITA MEDICAL LIMITED

Top 20 Holders

Rank	Name	Shares	% of Shares
1.	NATIONAL NOMINEES LIMITED	66,993,751	20.59
2.	PHILLIP ASSET MANAGEMENT LIMITED	25,000,000	7.69
3.	CITICORP NOMINEES PTY LIMITED	12,693,390	3.90
4.	MOORE FAMILY NOMINEE PTY LTD <MOORE FAMILY SUPER FUND A/C>	7,780,000	2.39
5.	JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	6,514,618	2.00
6.	FATS PTY LTD <MACIB SUPER FUND A/C>	4,750,000	1.46
7.	SCOTT DIBBEN PTY LTD	4,559,617	1.40
8.	TALICO OVERSEAS LIMITED	4,000,000	1.23
9.	FATS PTY LTD <MACIB SUPER FAMILY A/C>	3,764,926	1.16
10.	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	3,393,640	1.04
11.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,246,544	1.00
12.	ATEQ INVESTMENTS PTY LTD	3,242,334	1.00
13.	BLUEFLAG HOLDINGS PTY LTD <THE BLUEFLAG A/C>	3,000,000	0.92
14.	MR PETER MURRAY JACKSON	3,000,000	0.92
15.	MS SUSAN COLDICUTT	2,995,898	0.92
16.	DR RUSSELL KAY HANCOCK	2,525,000	0.78
17.	PERTH INVESTMENT CORPORATION LTD	2,014,288	0.62
18.	SULAIMAN MISHARI AL ANJARI	1,750,000	0.54
19.	MR GERALD ROCHE	1,683,501	0.52
20.	FATS PTY LTD <MACIB SUPER FUND A/C>	1,667,857	0.51
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (TOTAL)		**164,575,364**	**50.59**
Total Remaining Holders Balance		**160,733,040**	**49.41**

ASIA PACIFIC
Avita Medical Asia Pacific
(trading as Visiomed Group Ltd)
Suite G.01, 68 South Terrace
South Perth WA 6151
Australia
Tel: +61 8 9474 7738
Fax: +61 8 9474 7742
sales.ap@avitamedical.com

EUROPE, MIDDLE EAST AND AFRICA
Avita Medical Europe Ltd
Unit B1, Beech House
Melbourn Science Park
Cambridge Road
Melbourn
Royston HERTS
SG8 6HB
United Kingdom
Tel: +44 (0) 1763 269770
Fax: +44 (0) 1763 269780
sales.eu@avitamedical.com

AMERICA
Avita Medical Americas LLC
9221 Corbin Ave
Suite 220
Northridge CA 91324
United States of America
Tel: +1 818 356 9400
Fax: +1 818 356 9416
sales.am@avitamedical.com

www.avitamedical.com

ABN 28 058 466 523