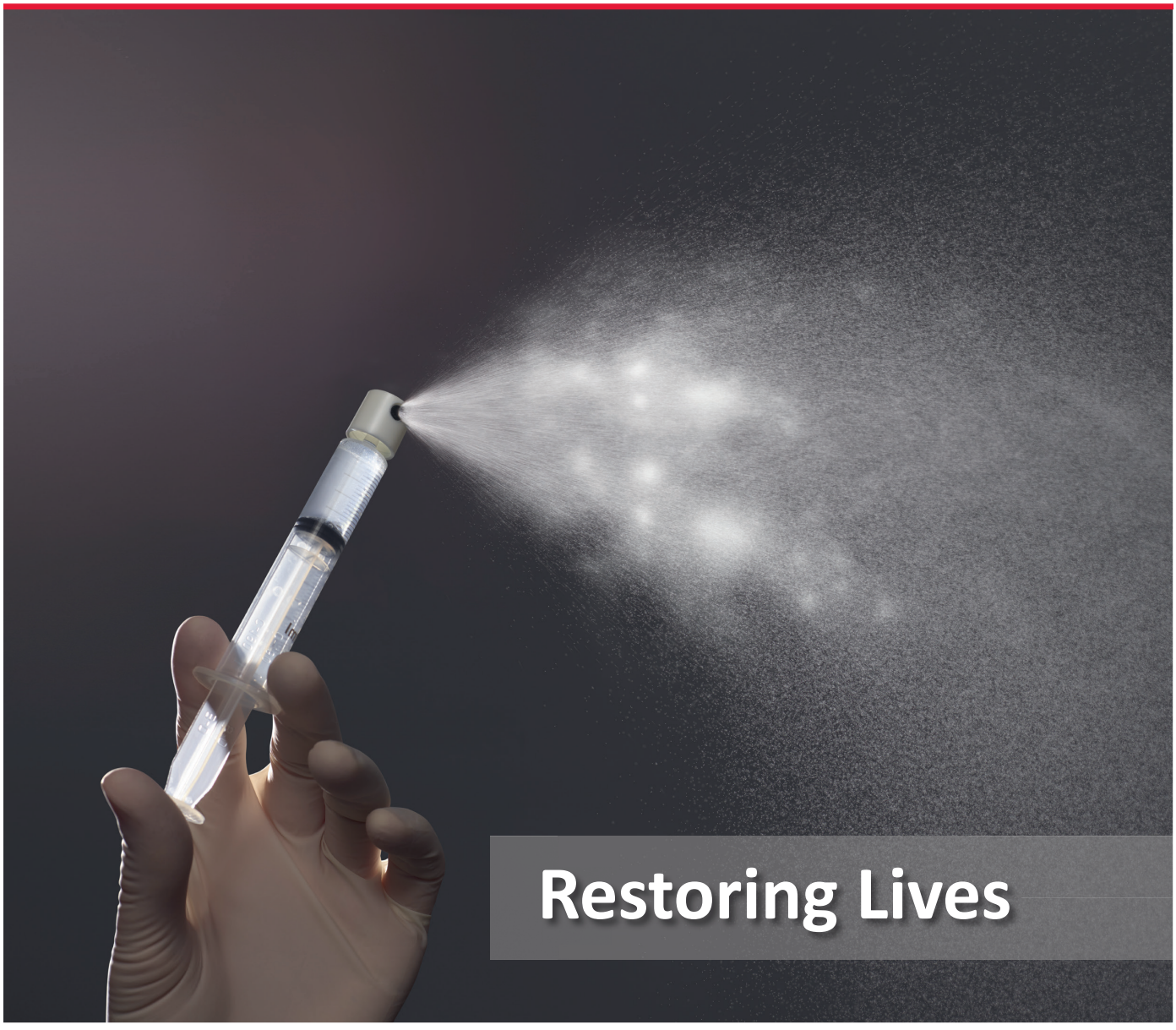
avita medical

Concise Financial Report 2017



Contents

The Concise Financial Statements 2017 are an extract from the full financial statements of Avita Medical Limited and has been derived from Avita Medical Limited's 2017 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 2017 Annual Report.

2017 Concise Report

A copy of Avita Medical Limited's 2017 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 8.

Directors
Mr Lou Panaccio (Non-Executive Chairman)
Dr Michael Perry (Executive Director)
Mr Jeremy Curnock Cook (Non-Executive Director)
Mr Louis Drapeau (Non-Executive Director)
Mr Damien McDonald (Non-Executive Director)
Professor Suzanne Crowe (Non-Executive Director)

Company Secretary
Mr Gabriel Chiappini

Registered Office
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Perth, Western Australia, 6000
Email: investor@avitamedical.com

Principal place of business
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Valencia, CA 91355
USA

Share Register
Computershare Investor Services Pty Limited
Level 11, 172 St Georges Terrace
Perth, WA 6000 Australia

Solicitors
K&L Gates
Level 25 South Tower, 525 Collins Street
Melbourne VIC 3000, Australia

Auditor
Grant Thornton Audit Pty Ltd
Level 1, 10 Kings Park Road
Perth, Western Australia, 6005

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

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

Internet Address
www.avitamedical.com

From the Chairman

Dear Shareholder

The last year has been truly transformative for Avita Medical. Over the last twelve months, we have made multiple strides across our strategic plan, with milestones realised in the clinic, on the regulatory front, and in our partnership with the US Biomedical Advanced Research Development Authority (BARDA). We've also sharpened our organisational structure in anticipation of the US commercial opportunity that we expect in 2018.

I've been with Avita for a few years now, and I'm thrilled to see the progress made thus far, as well as the burgeoning opportunities ahead. I'm proud that through my affiliation with Avita, I'm able to continue to contribute to an innovative technology that can truly revolutionise the wound care and regenerative medicine industries. We continue to believe the broader wound care space is not sufficiently serviced with the current treatment options, and we are positioning ourselves to fill this void.

This year, we saw positive results from our US burns pivotal trial which represents the result of years of effort by our world-class R&D team working alongside leading burns surgeons. The ReCell® technology has been used successfully around the globe and we are now preparing to bring this unique platform, and its potential to bring a drastically improved treatment to patients who have suffered traumatic injuries, to US patients. Towards this objective, we have submitted a Premarket Approval (PMA) application to the FDA for our ReCell® Autologous Cell Harvesting Device which has important benefits from both clinical and health economic perspectives. BARDA's funding support for this device has been instrumental in ReCell® development including execution of Avita's clinical trials and PMA preparation activities.

Further, we have continued to build upon the five-year agreement with BARDA that we signed in September 2015 and we recently announced an extension to our contract until September 2022, as well as the realisation of an option valued at USD$24.3M to fund paediatric and health economic research. This extension and new addition of non-dilutive capital further validates our technology and supports our clinical progress in a very important future market for our platform.

Looking beyond the burns market, our R&D team is continuing to further develop the platform to approach the chronic wound markets, as well as several aesthetic markets. With multiple addressable markets for our technology ahead, we have worked hard to position Avita so that patients, clinicians and regulators can better understand the utility and value of ReCell®.

I believe a crucial component to the future success of Avita is our management team. With the appointment of Dr Michael Perry as our Chief Executive Officer, we now have in place a US-based leader with a proven track record in business development, regulatory affairs and general management. Additionally, we recently added Chief Commercial Officer Erin Liberto to the team and we expect to leverage her extensive background in sales, reimbursement, and marketing as we move to commercialise ReCell® in the US. Her experience within the aesthetics arena provides us with an invaluable resource as we look to expand our platform beyond burns. We are very pleased to have Mike and Erin on board further strengthening our senior management team along with Tim Rooney, CFO, and Andy Quick SVP of Clinical Development.

With our strong team in place, paired with the recent advances in the clinic and on the regulatory front, we are poised to enter a new era of commercial growth and further develop our ReCell® technology platform. Your Board is committed to working alongside management to achieve these results and to deliver value for our Shareholders. We truly appreciate the ongoing support of all of Avita's stakeholders and employees, and look forward to our continued progress on your behalf.

Lou Panaccio
Non-Executive Chairman
Avita Medical

From the CEO

Dear Shareholder,

It is with great pleasure that I write to you in our 2017 Annual Report. As many of you are already aware, I've been working in the healthcare industry in a variety of roles for over 30 years. Since joining Avita Medical as CEO this past June, I can tell you it is a sincere honor and privilege to be working for a company where we have multiple opportunities to materially advance the medical standard of care and thus radically improve the lives of patients. I assumed the senior executive role in Avita at a time when substantial progress had been made and considerable groundwork had already been put in place, but also at a point where so much potential has yet to be unleashed in the months and years ahead. With our dossier for premarket approval (PMA) submitted to the US FDA, we are currently in front of our largest commercial opportunity to date, and I'm extremely thankful for your stalwart support as we move toward this key value-accretive milestone.

To this end, I'm delighted to be able to state with confidence that we have compelling data from both our clinical trials and health economics model, and while the former underpins my guidance that Avita anticipates approval of our PMA in 2Q/3Q 2018, the latter has me convinced that our entry to the US market will be perceived as a strong positive by 'all' stakeholders. Additionally, the recent hiring of Erin Liberto to join Avita as our Chief Commercial Officer (Erin last served as Vice President of Marketing at Allergan) represents another key enabling factor. Erin has a notable career history of successfully driving market share and revenue growth in the US and internationally, having led 12 successful launches in her combined experience at Allergan and J&J, including products that, like ReCell®, span therapeutic and aesthetic (reimbursed and self-pay) indications. With solid, methodic progress on robust commercial preparedness for our launch of ReCell® in the US burns market, in addition to developing the pipeline for our platform technology, I have confidence that we are positioning our business to deliver strong, consistent, and sustainable results over the long-term.

I am frequently asked about the risk(s) associated with FDA approval of ReCell® and here is my response. We have leveraged the Expedited Access Pathway (EAP) designation to engage in regular, productive dialog with the US FDA regarding the clinical and non-clinical data underpinning our application to market ReCell®. The 'Data Development Plan' component of the EAP provided a framework within which the FDA has reviewed the detailed protocols and standards used in the creation of the evidence base provided in our PMA application that FDA now has under review. We continue to have approval from the FDA with both our Compassionate Use and Continued Access Programs. Our Compassionate Use protocol has been approved as an Investigational Device Exemption (IDE), affording US surgeons access to ReCell® devices for specific life-saving cases. The Continued Access provision of the FDA's Investigational Device Exemption (IDE) guidance allows doctors to access a medical device while the marketing application is under preparation and review, if "there is a public need for the device," and "there is preliminary evidence that the device is likely to be effective and no significant safety concerns have been identified for the proposed indication." The FDA's principles on granting the Continued Access further state that "it could be contrary to public health to prevent access to potentially safe and effective new devices during an evaluation period." Continued Access was initially approved as a continuation of the Company's randomized controlled trial wherein patients ages 5 and over having 5-50% TBSA (total body surface area) burn injuries requiring skin grafting had a portion of their burn injury treated using the combination of skin cell suspension with widely expanded autograft and a portion (for comparison) treated with conventional autograft.

In October, FDA approved an IDE supplement amending the Company's

From the CEO (Cont.)

protocol for Continued Access, permitting participating physicians to discontinue the controlled comparison component, thereby facilitating enrolment. Furthermore, the number of approved investigational sites has been increased from 8 to 15. Overall, in addition to the de-risking element of the aforementioned actions, I'm inspired by the fact that we have the potential to help more patients in the near-term while we await FDA approval of our PMA application.

The US Biomedical Advanced Research and Development Authority (BARDA), under the Assistant Secretary for Preparedness and Response, within the US Department of Health and Human Services, continues to be highly supportive of our company. BARDA are responsible for establishing preparedness for potential mass casualty events in the US, including those that involve thermal burn injuries. The initial contract, executed in September of 2015, allocated both financial backing as well as the support of a team of subject-matter experts focused toward achieving US market approval, facilitating familiarity and acceptance, in addition to establishing a strategic stockpile of ReCell® devices. The initial contract is valued at up to US$53.9 million. In June of 2016, a contract addendum was executed to add US$8 million, which provided further operational support to facilitate the overarching objective of BARDA for preparedness via securing effective medical countermeasures for treatment of burns in a mass casualty scenario. Moreover, a health economic model of the US burn care pathway has been a key deliverable supported by the contract addendum. Most recently, in September, we announced that Avita and BARDA had executed a contract option valued at approximately US$24.3 million in support of two randomized trials using the ReCell® device to treat pediatric patients as well as support of key initiatives aimed at ensuring commercial sustainability as we approach the US launch of ReCell®. BARDA funds supported completion of our US pivotal clinical trial and the contract includes additional as-yet-unexercised support for post-marketing surveillance research and US government procurement of both an initial 5,000 ReCell devices and potentially an additional 20,000 ReCell® devices for surge capacity. We are highly appreciative for the ongoing support from BARDA and of course, also very excited to be pursuing clinical trials in the pediatric burn population, which is in full alignment with our strategic mandate to round out the growing body of clinical evidence supporting use of the ReCell® device.

Outside the US (OUS), our business continues to grow, albeit undeniably slowly. I am convinced that the rigor applied to the US launch can be similarly deployed outside the US and we'll observe a pivot toward tangible growth in these markets. From my perspective, a primary reason for Avita's past performance has been the absence of three essential elements required as a perquisite to enable broad adoption by physicians of a new technology or product. Specifically, these include: 1. controlled clinical trials; 2. relevant health economic data, and 3. reimbursement. While case studies conducted and published over the past decade have demonstrated successful use of ReCell® and have been nothing short of remarkable, in my experience, it minimally requires incontrovertible data from controlled clinical trials to convince physicians and surgeons to deviate from practices for which they were extensively trained during their many years in residencies and fellowships. As such, following publication of the data from our US controlled clinical trials, I anticipate some degree of positive influence on OUS markets. However, for a complete turnaround in these regions I expect we will need to be additionally armed with at least a modicum of local controlled clinical trial data, relevant regional health economics and reimbursement. With the latter in hand, I sincerely believe we will be able to generate strong product sales in key OUS markets. While much attention is being focused on driving toward US commercial

From the CEO (Cont.)

success in burns, we are also excited to be moving forward with other programs in our pipeline. We've mentioned previously that positive data from a study of ReCell® in patients with depigmented skin lesions caused by vitiligo was published in the Journal of the American Academy of Dermatology and presented most recently at the International Pigment Cell Conference this past August in Denver. Here, our technology platform has the potential to address a large global unmet need. Additionally, we plan to explore the use of ReCell® in rejuvenation indications. Given the self-pay nature of various dermatological interventions, this has the potential to present a highly lucrative opportunity for the company. I will keep you posted as we make progress in these new arenas.

An important area of great potential for use of the Company's skin regeneration platform is in the treatment of chronic wounds. Pilot data suggest that twelve weeks after treatment we observe a healing rate of 23.7%, versus 7.1% in the control arm, for venous leg ulcers. A program is in development to collect a statistically powered, pivotal data set to definitively characterize the effectiveness and safety of treatment of venous leg ulcers with autologous skin cell suspension. Additionally, a feasibility program to initially evaluate the potential for benefit in the treatment of diabetic foot ulcers is ongoing.

I am cognizant that our recent capital raise was met with mixed emotions by some shareholders. Suffice it to say that the alternative would have been much less attractive. Furthermore, it is important to state explicitly that we embarked on this transaction with two specific objectives in mind; these were firstly, to ensure that we had sufficient cash runway to achieve our business objectives, and secondly to facilitate a block trade for one of our former major shareholders. The latter was Hunter Hall/Pengana, who, subsequent to a key management change in late 2016, had taken a business decision to exit our stock and that overhang plus subsequent sales of their share placed consistent downward pressure on our share price. Having accomplished both of these objectives, please rest assured that I, along with support from our board of directors, extended very best efforts to both raise capital and in parallel clear the Pengana overhang in the most efficient and effective means feasible. This is now in our rearview mirror and looking ahead, Avita has both the cash runway and some calmer waters in which to focus on achieving our near-term goals and objectives.

I truly believe that 2018 will be a pivotal and transformative year for Avita. With our successful clinical trial data and robust healthcare economic model, we are poised to not only improve, but also to transform the standard of care for patients with severe burns. I am confident that the clinical data we provided to FDA in our PMA application, bolstered by BARDA's expertise and financial support more than adequately demonstrate the clinical utility of ReCell®. While we await the FDA's decision, our team is ensuring we are well prepared for a successful launch and concurrently driving other initiatives that capitalize on our platform technology. We appreciate your continued support and look forward to sharing our future successes with you over the next year.

Dr. Michael S. Perry
Chief Executive Office
Avita Medical

Directors' Report

Your Directors present their report with respect to the results of Avita Medical Limited (the "Company") for the year ended 30 June 2017 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.

Lou Panaccio
(Non-Executive Chairman)

Mr Panaccio, a successful healthcare businessman with extensive experience progressing companies from concept to commercialisation, was appointed to the role of Chairman of the Board, effective from 1 July 2014. Mr Panaccio possesses more than 30 years' executive leadership experience in healthcare services and life sciences, including approximately 15 years' board-level experience. Mr Panaccio is currently a Non-Executive Director of ASX50 company and one of the world's largest medical diagnostics companies, Sonic Healthcare Limited, where he has served since 2005. In addition to his Sonic Healthcare Limited role, Mr Panaccio is the Executive Chairman of Health Networks Australia Group, Non-Executive Director Yarra Community Housing, Non-Executive Chairman of Urban Communities Limited and Non-Executive Chairman of Genera Biosystems Limited. Mr Panaccio has also served in executive and board roles with Melbourne Pathology Group, Monash IVF Group, Primelife Corporation Limited and other private entities. During the past three years Mr Panaccio has also served as a Director of the following other listed companies:

- Sonic Healthcare Limited * (appointed June 2005)
- Genera Biosystems * (appointed 25 November 2010)

* denotes current directorship

Dr Michael Perry
(Executive Director)

Dr Perry was appointed to the Board on 6 February 2013 and currently serves as Senior Vice President and Chief Scientific Officer of Global Business Development and Licensing for Novartis AG. From 2014 – 2016, Dr Perry served as Chief Scientific Officer of Novartis' Cell and Gene Therapy Unit. and from 2012 – 2014 he served as Vice President and Global Head of Stem Cell Therapy for 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 and CEO of Cell & Gene Therapy at Novartis affiliates Systemix Inc. and Genetic Therapy, 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. He also previously served as a Venture Partner with Bay City Capital, LLC based in San Francisco California. During the past three years Dr Perry has also served as a Director of the following other listed companies:

- Arrowhead Pharmaceuticals * (Appointed December 2011)
- AmpliPhi Biosciences* (Appointed November 2005)

* denotes current directorship

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

Directors' Report (Cont.)

Asset Management, was responsible for the launch of the first dedicated biotechnology fund for the Australian market and 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 Healthcare 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 – resigned July 2014)
- 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)
- Rex Bionics plc* (Appointed 27 February 2012)
- Adherium Ltd* (Appointed July 2015)

* denotes current directorship

Mr Damien McDonald
(Non-Executive Director)

UK-based Mr Damien McDonald was appointed to the board on 13 January 2016 and has a proven track record of achieving value in the medical device space. Mr. McDonald is currently CEO of LivaNova plc having previously served as Chief Operating Officer. Prior to that, he was Group Executive and Corporate Vice President at Danaher Corporation where he led a $1.5-billion group of dental consumables companies. Earlier in his tenure, he was Group President of Kerr where he and his team focused on building a strong research and development pipeline while improving operational performance utilizing the Danaher Business System. Additionally, Mr. McDonald previously led Zimmer's spine division where he demonstrated his leadership skills, attracting a strong executive team that created a growth trajectory for the business unit. Earlier in his career, he worked with J&J's Medical Device Franchises, including Ethicon, where he led marketing of the $2.5-billion medical device unit.

Mr. McDonald earned an MBA at the Institute for Management Development (IMD) in Lausanne, Switzerland, along with a Master of Science in International Economics from the University of Wales, U.K. He also holds a Bachelor of Economics degree and Bachelor of Pharmacy degree, both from the University of Queensland, Australia

Mr Louis Drapeau
(Non-Executive Director)

Mr Louis Drapeau was appointed to the board on 13 January 2016 and brings considerable expertise in both the biotech sector and the financial rigour required of US public companies. Mr Drapeau is an Independent Director at AmphliPhi Biosciences Corporation (NYSE). Mr Drapeau has held senior positions with Insite Vision Inc., Nektar Therapeutics and BioMarin Pharmaceutical, Inc., and has been an Audit Partner at Arthur Andersen LLP. Mr Drapeau has formally been an Independent Director at Bio-Rad Laboratories, (NYSE), InterMune, Inc. (NASDAQ), Bionovo, Inc. (NASDAQ), and Inflazyme Pharmaceuticals Ltd (TSE). He has an MBA from Stanford University.

Professor Suzanne Crowe
(Non-Executive Director)

Professor Suzanne Crowe AM was appointed to the board on 13 January 2016. Australian-based, she is a physician-scientist and company director with extensive expertise in supporting companies with their medical and scientific strategies. Prof Crowe is an Associate Director of the Burnet Institute, and is a Principal Research Fellow of the Australian National Health and Medical Research Council. She is a Principal Specialist in Infectious Diseases at The Alfred Hospital, Melbourne and Adjunct

Directors' Report (Cont.)

Professor of Medicine and Infectious Diseases at Monash University, Melbourne, and has published more than 200 peer-reviewed papers. Prof Crowe is a member of the Australian Institute of Company Directors, and is a Director of St Vincents Health Australia. Prof Crowe was appointed as a Member of the Order of Australia (AM) in 2011 to recognise her service to medical research in HIV/AIDS. She has medical and MD degrees from Monash University, an internal medicine specialist qualification in Infectious Diseases from the Royal Australasian College of Physicians, and a Diploma in Medical Laboratory Technology from the Royal Melbourne Institute of Technology.

COMPANY SECRETARY

Gabriel Chiappini BBus, CA, GAICD

Gabriel is a Chartered Accountant and member of the Australian Institute of Company Directors with over 20 years' experience in the Commercial Sector. Over the last 17 years Gabriel has held positions of Director, Company Secretary and Chief Financial Officer in both public and private companies with operations in Australia, the United Kingdom and the United States. He has assisted a number of companies list on the ASX and been involved with equity raisings exceeding AUD$350m. Gabriel has a sound understanding of the Australian Securities Exchange (ASX) Listing Rules and the Corporations Act.

Gabriel currently manages his own consulting firm specialising in providing Director, company secretarial, corporate governance and investor relation services. He currently acts as a Director and Company Secretary for several companies listed on the ASX. Gabriel is currently a Director of ASX listed company Fastbrick Robotics Ltd, Black Rock Mining Limited, Interpose Holdings Limited and Eneabba Gas Limited.

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
L Panaccio	56,540	-
J Curnock Cook[1]	-	-
M Perry	61,654	-
L Drapeau	33,938	-
D McDonald	123,307	-
S Crowe	27,589	-

[1] 41,129,032 shares held in the name of One Funds Management Limited <Asia Pac Health Fund II A/C> are managed and beneficially owned by BioScience Managers Pty Ltd of which Mr Curnock Cook is an officer.

EARNINGS PER SHARE

Earnings per share for the current year was a loss of 1.72 cents per share compared to a loss of 1.56 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 669,930,538.

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 2017 was 37 (30 June 2016: 26).

PRINCIPAL ACTIVITIES

The principal activities during the year of entities within the consolidated entity were the commercialisation of the Company's regenerative product.

OPERATING AND FINANCIAL REVIEW

Group Overview

Avita Medical Limited develops and distributes regenerative products for the treatment of a broad range of wounds, scars and skin defects. Avita's patented and proprietary collection and application technology provides innovative treatment solutions derived from a patient's own skin. The Company's lead product, ReCell®, is used in the treatment of a wide variety of burns, plastic, reconstructive and cosmetic procedures. ReCell® is patented, CE-marked for Europe, TGA-registered in Australia, and CFDA-cleared in China. In the United States, ReCell® is an investigational device limited by federal law to investigational use. The results of a U.S. pivotal randomized, controlled trial were announced in May 2017. This trial successfully achieved its co-primary endpoint outcomes, the results of which suggest the use of ReCell®, relative to conventional autografting, can result in use of over 30% less donor skin to achieve comparable near-term healing and long-term scar outcomes.

Operating Results for the Year

Revenue from the sale of goods was $1,180,632, up 18% over the previous year (2016: $1,002,007). In its key markets of focus the Company continued to expand its commercialization program through building awareness, educating medical professionals, and allowing them to experience the first-hand

benefits from using the ReCell® device. A more focused approach has also been undertaken towards the implementation of local well-controlled clinical trials intricately linked with the initiation of robust health-economic and cost-effectiveness data. The expectation is that recurrent sales will be generated once the clinicians observe the positive outcomes from robust clinical data alongside a compelling economic justification for adoption. In the US, familiarity and acceptance with surgeons is expanding organically through the Expanded Access (Compassionate Use) and Continued Access programs buoyed by the successful outcome of the U.S. pivotal trial earlier this year. The Company is targeting a US commercial launch of ReCell® by mid-2018.

Revenue from the sale of goods and other revenue was $8,132,346, an increase of 129% over last year (2016: $3,546,524) as BARDA (Biomedical Advanced Research and Development Authority) income of $6,606,980 was received during the year as compared to the previous year's BARDA income of $2,424,357 which began in the 3rd quarter of last year. The increase of BARDA revenues was due to the significant acceleration of activities surrounding Avita's near-term US PMA (Premarket Approval Application) submission to the FDA and the anticipated US commercial launch in 2018.

Gross profit was $674,996 (2016: $600,439) an increase of 12% from the previous year while cost of sales were $505,636 (2016: $401,568) up 26%. Total operating costs were $20,185,971 (2016: $14,388,799) an increase of 42%, which primarily reflects the increased administrative expenses incurred under the BARDA contract, including $2.4M towards new hires in the US to support the PMA submission and pre-commercialization efforts. These new hires were in the functional areas of clinical, regulatory, operations, and reimbursement. BARDA reimbursed the Company $2M towards funding these additional personnel throughout the fiscal year.

Upon the resignation of the former CEO in May 2017, the Company recorded share based expenses of $1,189,021. This amount represents an acceleration of the recognition of non-cash expenses related to the initial valuation of the shares awarded under the CEO LTI agreement.

The net loss after tax was $11,511,024 (2016: $7,778,015) up 50% from last year. Current year net loss included the $1,189,021 non-cash expense attributed to the shares awarded to the former CEO as mentioned above. In addition, the prior year net loss included a profit from discontinued operations (divestment of the respiratory business segment) of $2,493,947.

Closing Inventories were $1,037,490 (2016: $1,370,622) down 24% due to improved forecasting of components and inventory requirements to support sales as well as the testing protocols involved in the Company's activities toward its PMA submission to the US FDA.

Review of Financial Condition

Capital Structure

On 11 July 2016 the Company completed a placement of 100,164,831 fully paid ordinary shares at a price of $0.09 raising $9,048,102 of which $506,452 has been recognised as capital raising expenses.

Cash from Operations

Net cash outflows used in operations increased by 8% compared to the previous period, from $7,938,557 in 2016 to $8,557,524 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 CEO, with the assistance of senior management as required. The CEO is responsible for reporting directly to the Board on all matters associated with risk management.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

During the 2017 financial year, the Company made a number of changes to its senior management structure and sales & marketing and operations divisions in addition to the capital raising initiatives as outlined above. Otherwise there have been no significant changes in the state of affairs.

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 its anticipated product approval and commercial launch in the U.S. by mid-2018. Outside of the US the Company intends to leverage the positive outcomes from the US pivotal trial of ReCell® and working toward expanding the familiarity and acceptance of the product platform through generating market-specific clinical data and health economic studies to fully demonstrate the compelling clinical and economic proposition of the technology. We will continue to develop Key Opinion Leaders (KOL's) while also developing Centres of Excellence in these markets. Revenue is expected to increase during the next 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 24,797,286 unissued ordinary shares under options represented by:

1,406,250 exercisable at $0.14 expiring 30 November 2017, issued to the ex-Chief Executive Officer at the Annual General Meeting held on 30 November 2010.

375,000 exercisable at $0.14 expiring 30 November 2018, issued to the ex-Chief Executive Officer at the Annual General Meeting held on 30 November 2010.

2,156,039 exercisable at $0.126 expiring 31 December 2020 issued to an investor on 31 December 2015.

17,910,415 exercisable at $0.085 expiring 18 May 2027 issued to employees on 18 May 2017.

1,072,916 exercisable at $0.082 expiring 26 May 2027 issued to an employee on 26 May 2017.

1,876,666 exercisable at $0.08 expiring 27 June 2027 issued to employees on 27 June 2017.

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

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 Company and the Group.

Details of Key Management Personnel

(i) Directors	
Lou Panaccio	Chairman
Dr. Michael Perry	Director (Executive)
Jeremy Curnock Cook	Director (Non-Executive)
Louis Drapeau	Director (Non-Executive)
Damien McDonald	Director (Non-Executive)
Suzanne Crowe	Director (Non-Executive)

(ii) Executives	
Dr. Michael Perry	Chief Executive Officer
Adam Kelliher	Chief Executive Officer (resigned 1 June 2017)
Timothy Rooney	Chief Financial Officer
Troy Barring	Chief Operating Officer (resigned 16 June 2017)
Andrew Quick	SVP, Clinical Development

The Company was pleased to announce in FY17 the appointment of Dr Michael Perry as Chief Executive Officer.

There were no other changes of Key Management Personnel after the reporting date and before the date the financial report was authorised for issue.

Update from Remuneration Committee

We identified a number of key areas for improvement which has resulted in a review of remuneration practices, policies and plans associated with KMP remuneration. So as to develop an appropriate foundation for future practices the Remuneration Committee has a formal Remuneration Governance Framework which, at the core, consists of:

- A revised Remuneration & Nomination Committee Charter which now mandates the development and maintenance of other Remuneration Governance Framework elements;
- A Senior Executive Remuneration Policy;
- A Short Term Incentive (STI) Policy & Procedure document; and
- A Long Term Incentive (LTI) Policy & Procedure document.

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.

Use of Remuneration Consultants

The company did not make use of any external remuneration consultants during the financial year.

Voting and comments made at the Company's 2016 Annual General Meeting ("AGM").

At the 2016 AGM, 95.35% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2016. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Company Performance and Links Between Performance and Reward

The following table outlines those measures of performance which are required to be displayed to shareholders under the Corporations Act, however at this stage in the Company's evolution the Board does not believe this perspective is particularly useful to shareholders. Therefore, a discussion of Company performance during FY18 follows and should be considered in conjunction with the Operating and Financial review outlined on Page 6 of this report:

Financial Year	Sales Revenue ($)	EBITDA ($)	EBIT ($)	Net Loss after Tax ($)	Loss per Share (cents)	Share Price (cents)
2017	1,180,632	(12,543,267)	(12,682,970)	(11,511,024)	(1.72)	8.0
2016	1,002,007	(8,776,515)	(8,860,239)	(7,778,015)	(1.56)	9.2
2015	2,750,176	(7,743,958)	(7,806,582)	(7,107,497)	(2.01)	7.2
2014	2,683,133	(6,755,728)	(6,819,439)	(5,147,391)	(1.58)	10
2013	2,814,990	(8,511,332)	(8,633,256)	(8,092,939)	(2.69)	13

There have not been any dividends paid during the period noted in the above table.

Remuneration Framework, Philosophy and Policies

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 and retain high calibre Executives;
- Acceptability to shareholders through transparency and engagement, and ensuring that remuneration frameworks and practices are appropriate to the circumstances of the Company as it evolves;
- Performance linkage to and alignment with Executive compensation; and
- Establish appropriate, demanding performance hurdles as a prerequisite to payment of variable Executive remuneration.

At this stage in the Company's development, the main focus of executives and of performance assessment is related to appropriate and timely conduct of clinical trials, establishing proof of concept, informing the market and instituting effective operations subsequent to the success of a proof of concept or clinical trials. Incentives are intended to be linked to shareholder value via milestone completion, clinical trial outcomes and total shareholder return (TSR).

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.

Policy

The amount of aggregate remuneration sought to be approved by shareholders and the fee structure is to be commercially acceptable, competitive and subject to an annual review. 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.

Structure

In accordance with best practice corporate governance, the structure of Non-Executive Director and Senior Management remuneration is separate and distinct. 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 2 of this report for the allocation of Directors' fees.

Each Director receives a fee for being a Director of the Company and includes attendance and participation at Board and committee meetings. The Non-Executive Directors do not participate in any incentive programs.

The remuneration of Non-Executive Directors for the year ended 30 June 2017 is detailed in Table 2 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 as well as to specific short- and long-term goals of the Company;
- align the interests of Executives with those of shareholders; and
- ensure total remuneration is competitive by market standards.

Policy

As disclosed in our Remuneration Committee Charter available on our website, the company's broad framework is noted below:

The committee is to ensure that:

- executive remuneration packages may involve a balance between fixed and incentive pay, reflecting short and/or long term performance objectives appropriate to the Company's circumstances and objectives;
- a proportion of executives' remuneration is structured in a manner designed to link reward to corporate and individual performances; and
- recommendations are made to the Board with respect to the quantum of bonuses to be paid to executives.

To the extent that the Company adopts a different remuneration structure for its Non-Executive Directors, the committee shall document its reasons for the purpose of disclosure to stakeholders.

Structure

The Remuneration Committee determines the level and make-up of the Chief Executive remuneration. The Committee takes advice from the Chief Executive with input from independent market remuneration advisers to set and approve all other 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 performance.

Remuneration may consist of the following key elements:

- Fixed Remuneration
- Variable Remuneration
  - Short Term Incentive (STI); and/or
  - 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 annually. Table 2 details the fixed and variable components for 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 2017 financial year there were no benefits paid in kind (2016: 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. The Company's STI objectives:

- Motivate Senior Executives to achieve the short-term annual objectives linked to Company success and shareholder value creation;
- Create a strong link between performance and reward;
- Share company success with the Senior Executives that contribute to it; and
- Create a component of the employment cost that is responsive to short to medium term changes in the circumstances of the Company.

Structure

Variable 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 – 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 value and to create an element of remuneration that supports the executive team working together to achieve this outcome over the long term. The LTI plan is also a key component of the Company's retention strategy.

Structure

The Company has two LTI plans available for use with senior executives and staff. At the 2014 AGM, shareholders approved a Performance Rights Plan. At the General Meeting of shareholders on 24 August 2015, shareholders approved a share loan plan for senior executives.

LTI for 2017 financial year

In addition to the before mentioned CEO Long Term Incentive Plan (Operating and Financial Review), 20,859,997 share options were granted during FY17. The Company has two separate LTI plans that it can use as part of incentivising senior executives and staff for achieving targeted Key Performance Indicators (KPI's) including financial and non-financial targets, corporate metrics and individual measures of performance.

Remuneration of Key Management Personnel

Table 1: Employment Contracts

The following table outlines the specified terms of the relevant employment contracts for the Key Management Personnel of the Company:

Role	Incumbent	Contract duration	Period of notice	Termination payments provided for by contract
CEO Executive Director	Dr. Michael Perry	Open ended contract	12 month notice period	12 months if notice given by either party
CEO	Mr. Adam Kelliher	Resigned 1 June 2017	Resigned	Resigned
CFO	Mr Timothy Rooney	Open ended contract	12 month notice period	12 months if notice given by either party
COO	Mr. Troy Barring	Resigned 16 June 2017	Resigned	Resigned
SVP, Clinical Development	Mr. Andrew Quick	Open ended contract	3 month notice period	Payment in lieu of notice only, no other benefits specified
Board Chairman	Mr Lou Panaccio	Open ended contract	Nil notice period- subject to Avita constitution	Payment in lieu of notice only, no other benefits specified
All other non-executive directors	Mr Jeremy Curnock Cook	Open ended contract	Nil notice period- subject to Avita constitution	Payment in lieu of notice only, no other benefits specified
	Mr Louis Drapeau	Open ended contract	Nil notice period- subject to Avita constitution	Payment in lieu of notice only, no other benefits specified
	Mr Damien McDonald	Open ended contract	Nil notice period- subject to Avita constitution	Payment in lieu of notice only, no other benefits specified
	Ms Suzanne Crowe	Open ended contract	Nil notice period- subject to Avita constitution	Payment in lieu of notice only, no other benefits specified

Remuneration of Key Management Personnel

Table 2: Remuneration for the year ended 30 June 2017

	Short-term Benefits				Post-employment Benefits		Long-term benefits		Long-term benefits		Cash-settled Share-based Payments	Termination Benefits	Total	Proportion of Element of Remuneration Related to Performance (Other than Options Issued)		Proportion of Elements of Remuneration Not Related to Performance
	Salary, fees and leave	Profit share and bonuses	Non-monetary benefits	Other	Pension and superannuation	Other	Incentive plans	LSL	Shares/ Units	Options/ Rights				Non-salary Cash based Incentives	Shares/ Units	
	$	$	$	$	$	$	$	$	$	$	$	$	$	%	%	%
Non-Executive Directors																
L Panaccio – Chairman	78,750	-	-	-	7,481	-	-	-	4,998	-	-	-	91,229	0%	0%	100%
J Curnock Cook	61,040	-	-	-	-	-	-	-	-	-	-	-	61,040	0%	0%	100%
L Drapeau	57,799	-	-	-	-	-	-	-	3,000	-	-	-	60,799	0%	0%	100%
D McDonald	57,799	-	-	-	-	-	-	-	10,900	-	-	-	68,699	0%	0%	100%
S Crowe	55,744	-	-	-	5,296	-	-	-	2,440	-	-	-	63,480	0%	0%	100%
Sub-total Non-Executive Directors	**311,132**	**-**	**-**	**-**	**12,777**	**-**	**-**	**-**	**21,338**	**-**	**-**	**-**	**345,247**			
Other Key Management Personnel & Executives																
M Perry – CEO (appointed 1 June 2017)	51,494	-	2,049	-	-	-	-	-	5,450	-	-	-	58,993	0%	0%	100%
A Kelliher – CEO (resigned 1 June 2017)	479,323	87,025	25,129	-	32,346				*1,189,021	-	-	-	1,812,844	0%	0%	34%
T Rooney - CFO	419,675	-	47,847	-	21,069	-	-	-	-	145,836	-	-	634,427	0%	0%	77%
T Barring - COO (resigned 16 June 2017)	607,678	118,530	91,075	556	24,089				-	-	-	-	842,648	0%	0%	100%
A Quick - SVP, Clinical Development	342,471		56,309	-	21,033	-	-	-	-	111,381	-	-	531,194	0%	0%	79%
G Chiappini - Company Secretary	36,000												36,000	0%	0%	100%
Sub-total executive KMP & Executives	**1,936,641**	**205,555**	**222,409**	**556**	**99,257**	**-**	**-**	**-**	**1,194,471**	**257,217**	**-**	**-**	**3,916,106**			
Totals	**2,247,773**	**205,555**	**222,409**	**556**	**112,034**	**-**	**-**	**-**	**1,215,809**	**257,217**	**-**	**-**	**4,261,353**			

*$1,189,021 recognises the current year expenses related to the initial value of the 40,000,000 shares awarded to A Kelliher. Proper consideration was given to modified vesting conditions based on A Kelliher's resignation from the Company.

Remuneration of Key Management Personnel

Included in short-term benefits are payments made to A Kelliher and T Barring as bonuses at the end of the year for serving as CEO and COO, respectively.

Securities received that are not performance-related

Securities valued at $5,450 were received by M Perry as partial payment of Director fees. Otherwise, no members of KMP are entitled to receive securities that are not performance-based as part of their remuneration package.

Remuneration of Key Management Personnel

Table 3: Remuneration For the year ended 30 June 2016

	Short-term Benefits				Post-employment Benefits		Long-term benefits		Long-term benefits		Cash-settled Share-based Payments	Termination Benefits	Total	Proportion of Element of Remuneration Related to Performance (Other than Options Issued)		Proportion of Elements of Remuneration Not Related to Performance
	Salary, fees and leave	Profit share and bonuses	Non-monetary benefits	Other	Pension and superannuation	Other	Incentive plans	LSL	Shares/ Units	Options/ Rights				Non-salary Cash based Incentives	Shares/ Units	
	$	$	$	$	$	$	$	$	$	$	$	$	$	%	%	%
Non-Executive Directors																
L Panaccio – Chairman	78,750	-	-	-	7,481	-	-	-	-	-	-	-	86,231	0%	0%	100%
I Macpherson (resigned 13 January 2016)	77,462	-	-	-	2,609	-	-	-	-	-	-	-	80,071	0%	0%	100%
F Wood (resigned 13 January 2016)**	40,000	-	-	-	-	-	-	-	-	-	-	-	40,000	0%	0%	100%
J Curnock Cook	49,808	-	-	-	-	-	-	-	-	-	-	-	49,808	0%	0%	100%
M McNamara (resigned 13 January 2016)	21,398	-	-	-	-	-	-	-	-	-	-	-	21,398	0%	0%	100%
M Perry	59,980	-	-	-	-	-	-	-	-	-	-	-	59,980			
L Drapeau (appointed 13 January 2016)	27,717	-	-	-	-	-	-	-	-	-	-	-	27,717			
D MC Donald (appointed 13 January 2016)	27,649	-	-	-	-	-	-	-	-	-	-	-	27,649			
S Crowe (appointed 13 January 2016)	25,985	-	-	-	2,469	-	-	-	-	-	-	-	28,454	0%	0%	100%
Sub-total Non-Executive Directors	**408,749**	**-**	**-**	**-**	**12,559**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**421,308**			
Other Key Management Personnel & Executives																
A Kelliher – CEO	523,326	89,955	11,327	15,764	61,887	-	-	-	*902,959	-	-	-	1,605,218	0%	0%	44%
T Rooney – CFO	452,954	-	26,208	5,565	18,858	-	-	-	-	2,899	-	-	506,484	0%	0%	99%
T Barring – COO (appointed 20 June	14,063	-	3,000	636	-	-	-	-	-	-	-	-	17,699	0%	0%	100%
A Quick - Sr VP Research & Technology	324,323	-	30,950	(4,726)	15,182	-	-	-	-	-	-	-	365,729	0%	0%	100%
Sub-total executive KMP & Executives	**1,314,666**	**89,955**	**71,485**	**17,239**	**95,927**	**-**	**-**	**-**	***902,959**	**2,899**	**-**	**-**	**2,945,130**			
Totals	**1,723,415**	**89,955**	**71,239**	**17,239**	**108,486**	**-**	**-**	**-**	***902,959**	**2,899**	**-**	**-**	**2,916,438**			

*$902,959 recognizes the first year for the fair value of the 40,000,000 shares awarded to A Kelliher, which will be recorded across the various vesting periods. On 22 July 2016, the Company released from escrow the first tranche, amounting to 3,500,000 fully paid ordinary shares under his LTI agreement. Remaining tranches will be released based on the criteria set in the Plan announced

Table 4: Compensation of Key Management Personnel

	2017 $	2016 $
Short-term employee benefits	2,933,510	1,904,993
Post-employment employee benefits	112,034	108,486
Share-based payment	1,215	902,959
Total compensation	**4,261,353**	**2,916,438**

Table 5: Option holdings of Key Management Personnel

		Grant Details			Exercised		Lapsed		Vested			Unvested
30-Jun-17	**Balance at 1 July 2016**	**Issued Date**	**No.**	**Value $**	**No.**	**Value $**	**No.**	**Balance at 30 June 2017**	**Exercisable**	**Un-exercisable**	**Total at 30 June 2017**	**Total at 30 June 2017**
	No.			(Note 1)								
Directors												
All	-	-	-	-	-	-	-	-	-	-	-	-
Other KMP												
A Kelliher	40,000,000	-	40,000,000	1,189,021	-	-	-	40,000,000	7,000,000	-	7,000,000	33,000,000
T Rooney	2,250,000	18 May 2017	7,800,000	145,836	-	-	(2,250,000)	7,800,000	1,000,000	-	1,000,000	6,800,000
A Quick	1,000,000	18 May 2017	4,518,750	111,381	-	-	(1,000,000)	4,518,750	1,000,000	-	1,000,000	3,518,750
	43,250,000		**52,318,750**	**1,446,238**	**-**	**-**	**(3,250,000)**	**52,318,750**	**9,000,000**	**-**	**9,000,000**	**43,318,750**

Note 1 The fair value of options granted as remuneration and as shown in the above table has been determined in accordance with Australian Accounting Standards and will be recognised as an expense over the relevant vesting period to the extent that conditions necessary for vesting are satisfied

Table 6: Shareholdings of Key Management Personnel

30-Jun-16	Balance at 1 July 2015	Granted as remuneration during the year	Issued on Exercise of Options during the Year	Other Changes During the Year	Balance at 30 June 2016	Granted as remuneration during the year	Issued on Exercise of Options during the Year	Other Changes During the Year	Balance at 30 June 2017
Directors									
L Panaccio – Chairman	-	-	-	-	-	4,998	-	-	4,998
I Macpherson (resigned 13 January 2016)	10,799,997	-	-	(10,799,997)	-	-	-	-	-
F Wood (resigned 13 January 2016)	723,365	-	-	(723,365)	-	-	-	-	-
J Curnock Cook	-	-	-	-	-	-	-	-	-
M Perry	-	-	-	-	-	5,450	-	-	5,450
L Drapeau (appointed 13 January 2016)	-	-	-	-	-	3,000	-	-	3,000
D McDonald (appointed 13 January 2016)	-	-	-	-	-	10,900	-	-	10,900
S Crowe (appointed 13 January 2016)	-	-	-	-	-	2,440	-	-	2,440
	11,523,362	**-**	**-**	**(11,523,362)**	**-**	**26,788**			**26,788**

Included in other changes during the year are the shareholdings at resignation date of the two directors who resigned on 13 January 2016. This is to reflect the changes in key management personnel, as these former directors are not considered key management personnel of the Company as at 30 June 2017.

Other Equity-related KMP Transactions

There have been no other transactions involving equity instruments apart from those described in the tables above relating to options and shareholdings.

Other Transactions with KMP and/or their Related Parties

There were no other transactions conducted between the Company and KMP or their parties, apart from those disclosed above relating to equity and compensation, that were conducted other than in accordance with normal employees, customer or supplier relationships on terms no more favourable than those reasonably expected under arm's length dealings with unrelated persons.

End of Remuneration Report

The table below assembles the various acronyms in use throughout this report.

BARDA	Biomedical Advanced Research and Development Authority
EMEA	Europe, Middle East and Africa
APAC	Asia and Pacific
PMA	Pre Market Application
US FDA	United States Food and Drug Administration
LTI	Long Term Incentives
STI	Short Term Incentives
ISBI	International Society of Burn Injuries
RES	Regenerative Epithelial Suspension
CE	Conformity Européenne, meaning European Conformity
TGA	Therapeutic Goods Administration
CFDA	China Food and Drug Administration
MVP	Medical Developments International Limited

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:	9	4	5
Number of meetings attended:			
Lou Panaccio	9	N/A	5
Jeremy Curnock Cook	9	4	N/A
Michael Perry	8	4	N/A
Louis Drapeau	8	N/A	5
Damien McDonald	7	N/A	3
Suzanne Crowe	6	3	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, however on an 'as required' basis, formally constitutes a Nominations Committee dealing with appointment of Executives and Directors.
Members acting on these committees of the Board at the date of this report are:

Audit	Remuneration
Louis Drapeau (c)	Jeremy Curnock Cook (c)
Lou Panaccio	Louis Drapeau
Damien McDonald	Suzanne Crowe

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 35 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

Signed in accordance with a resolution of the directors.

Lou Panaccio
Dated: 29 September 2017
Melbourne Australia

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Auditor's Independence Declaration
To the Directors of Avita Medical Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Avita Medical Limited for the year ended 30 June 2017, 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

M P Hingeley
Partner - Audit & Assurance

Perth, 27 October 2017

Consolidated Statement of Comprehensive Income

As at 30 June 2017

	Notes	Consolidated	
		2017 $	2016 $
Continuing operations			
Sale of goods	2(a)	1,180,632	1,002,007
Cost of sales	2(e)	(505,636)	(401,568)
Gross profit		**674,996**	**600,439**
Other income	2(b)	**6,951,714**	**2,544,517**
Operating costs			
Administrative expenses		(10,497,936)	(6,512,197)
Share based payments		(1,587,243)	(13,338)
Clinical and research & development expenses		(4,692,359)	(3,767,788)
Sales and marketing expenses		(3,395,679)	(3,211,920)
Finance costs	2(c)	(12,754)	(13)
Total operating costs		**20,185,971**	**14,388,799**
Loss from continuing operations before income tax		**(12,559,261)**	**(11,243,843)**
Profit for the period from discontinued operations		-	2,493,947
Income tax benefit / (expense)		1,048,237	971,881
Loss for the period	3	**(11,511,024)**	**(7,778,015)**
Other comprehensive income / (loss)			
Items that may be reclassified subsequently to profit and loss:			
Foreign currency translation		(83,293)	(169,100)
Fair value gain on available for sale financial assets		(265,261)	265,261
Other comprehensive income for the period, net of tax		**(348,554)**	**96,161**
Total other comprehensive loss for the period		**(11,859,578)**	**(7,681,854)**
Loss for the period is attributable to:			
Owners of Avita Medical Limited		(11,511,024)	(7,778,015)
		(11,511,024)	**(7,778,015)**
Other comprehensive expense for the period is attributable to:			
Owners of Avita Medical Limited		(11,859,578)	(7,681,854)
		(11,859,578)	**(7,681,854)**
Basic loss per share attributable to ordinary equity holders of the parent		(1.72) cents	(1.56) cents
Diluted loss per share attributable to ordinary equity holders of the parent		(1.72) cents	(1.56) cents

This consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the notes to these financial statements.

Consolidated Statement of Financial Position

As at 30 June 2017

	Consolidated	
	2017 $	2016 $
ASSETS		
Current Assets		
Cash and cash equivalents	3,790,491	4,171,879
Trade and other receivables	2,070,534	2,021,494
Prepayments	382,026	225,270
Inventories	1,037,490	1,370,622
Investments	-	719,153
Total Current Assets	7,280,541	8,508,418
Non-Current Assets		
Plant & equipment	387,380	94,491
Total Non-Current Assets	387,380	94,491
TOTAL ASSETS	7,667,921	8,602,909
LIABILITIES		
Current Liabilities		
Trade and other payables	2,363,734	1,542,139
Provisions	182,355	208,253
Total Current Liabilities	2,546,089	1,750,392
TOTAL LIABILITIES	2,546,089	1,750,392
NET ASSETS	5,121,832	6,852,517
EQUITY		
Equity attributable to equity holders of the parent		
Contributed equity	134,806,022	126,264,372
Accumulated losses	(132,218,352)	(121,108,408)
Reserves	2,534,162	1,696,553
TOTAL EQUITY	5,121,832	6,852,517

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

Consolidated Statement of Cash Flow

For the year ended 30 June 2017

	Consolidated	
	2017 $	2016 $
Cash flows from operating activities		
Receipts from customers	1,207,546	1,709,549
Payments to suppliers and employees	(17,676,313)	(14,894,221)
Government grants received	13,200	6,965
R&D Tax refund received	972,283	654,060
Interest received	123,709	110,364
Interest paid	(12,754)	(21)
BARDA income and other income received	6,814,805	2,427,188
Net cash from discontinued operations	-	648,081
Proceeds from disposal of discontinued operations	-	2,029,478
Net cash flows used in operating activities	**(8,557,524)**	**(7,938,557)**
Cash flows from investing activities		
Proceeds from sale of financial assets	627,837	-
Purchase of plant & equipment	(432,592)	(48,289)
Proceeds on disposal of plant & equipment	-	440
Net cash flows used in investing activities	**(195,245)**	**(47,849)**
Cash flows from financing activities		
Purchase of finance leased asset	(303,521)	-
Proceeds from issue of shares and options	9,048,102	10,025,584
Capital raising expenses	(506,452)	(664,754)
Net cash flows provided by financing activities	**8,238,129**	**9,360,830**
Net increase/(decrease) in cash and cash equivalents	**(124,150)**	**1,374,424**
Cash and cash equivalents at beginning of period	**4,171,879**	**2,966,555**
Impact of foreign exchange	(257,238)	(169,100)
Cash and cash equivalents at end of period	**3,790,491**	**4,171,879**

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2017

Consolidated	Contributed equity	Accumulated losses	Employee equity benefit reserve	Available for sale reserve	Foreign currency translation reserve	Total
	$	$	$	$	$	$
At 1 July 2016	126,264,372	(121,108,408)	1,625,016	265,261	(193,724)	6,852,517
Loss for the period	-	(11,511,024)	-	-	-	(11,511,024)
Other comprehensive income						
- Foreign currency translation	-	-	-	-	(83,293)	(83,293)
-MVP Shares				(265,261)		(265,261)
Total comprehensive income / (loss) for the year	-	(11,511,024)	-	(265,261)	(83,293)	(11,859,578)
Transactions with owners in their capacity as owners:						
Expired options	-	401,080	(401,080)	-	-	-
Share based payments	-	-	1,587,243	-	-	1,587,243
New shares	9,048,102	-	-	-	-	9,048,102
Cost of share placement	(506,452)	-	-	-	-	(506,452)
Balance at 30 June 2017	134,806,022	(132,218,352)	2,811,179	-	(277,017)	5,121,832

Consolidated	Contributed equity	Accumulated losses	Employee equity benefit reserve	Available for Sale reserve	Foreign currency translation reserve	Total
	$	$	$	$	$	$
At 1 July 2015	117,044,332	(113,457,640)	654,816	-	(24,624)	4,216,884
Loss for the period	-	(7,778,015)	-	-	-	(7,778,015)
Other comprehensive income	-	-	-	-		
- Foreign currency translation	-	-	-		(169,100)	(169,100)
Total comprehensive income / (loss) for the year	-	(7,778,015)	-	-	(169,100)	(7,947,115)
Transactions with owners in their capacity as owners:						
Expired options	-	127,247	(127,247)		-	-
Share based expenses	-	-	956,658	-	-	956,658
MVP Shares	-	-	-	265,261	-	265,261
New Options	-	-	140,789	-	-	140,789
New shares	10,025,584	-	-	-	-	10,025,584
Cost of share placement	(805,554)	-	-	-	-	(805,544)
Balance at 30 June 2016	126,264,372	(121,108,408)	1,625,016	265,261	(193,724)	6,852,517

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

Notes to the Concise Financial Statements

For the year ended 30 June 2017

Note 1. Basis of Preparation and Accounting Policies

Basis of Preparation and statement of compliance

This concise report covers that of Avita Medical Limited ("the Company") and its controlled entities ("the Group") for the year ended 30 June 2017. This concise report has been derived from the full 2017 Financial Report as presented in the Group's Annual Report, which complies with the Corporations Act 2001 and Accounting Standard AASB 1039 Concise Financial Reports. The financial statements and specific disclosures required by AASB 1039 have been derived from the Consolidated Group's full financial report. The concise financial report does not, and cannot be expected to provide as full an understanding of the financial performance, financial position and financing activities of the Group as the full financial report. Further information can be obtained from the Consolidated Group's full financial report which is available on the ASX website.

This concise financial report is presented in Australian Dollars and has been prepared on a historical cost basis, except for financial assets which have been measured as their fair value at the balance date. A full description of the accounting policies adopted by the Group is provided in the full 2017 Financial Report.

Note 2. Revenue and Expenses

		2017 $	2016 $
(a)	**Revenue**		
	Sale of goods	1,180,632	1,002,007
	Other revenue (b)	6,951,714	2,544,517
		8,132,346	**3,546,524**

		2017 $	2016 $
(b)	**Other income**		
	Bank interest receivable	123,709	110,364
	Contracts received	13,200	6,965
	BARDA income	6,606,980	2,424,357
	Other income	207,825	2,831
		6,951,714	**2,544,517**

		2017 $	2016 $
(c)	**Finance costs**		
	Other loans	12,754	21
		12,754	**21**

Note 2. Revenue and Expenses (continued)

		2017 $	2016 $
(d)	Depreciation, impairment and amortisation included in profit or loss		
	Depreciation	139,703	73,724
	Loss on disposal of plant & equipment	(1,347)	440

		2017 $	2016 $
(e)	Cost of Sales	505,636	401,568

Inventories recognised as an expense as a result of expiration for the year ended 30 June 2017 totalled $408,052 (2016: $182,150).

		2017 $	2016 $
(f)	Lease payments and other expenses included in profit or loss	418,193	283,412

		2017 $	2016 $
(g)	Employee benefits expense		
	Wages and salaries	6,143,458	4,669,718
	Defined contribution superannuation expense	341,586	311,435
	Share-based payments expense	1,587,243	956,658
		8,072,287	5,937,811

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.

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

	2017 $	2016 $
Net loss for the period	(11,511,024)	(7,778,015)
Weighted average number of ordinary shares for basic and diluted loss per share	669,930,538	498,786,987

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 Asia Pacific operating segment derives its revenues from the sale of Recell Devices.

The America operating segment derives its revenues from the sale of Recell Devices to Compassionate use cases at various hospitals that is paid by BARDA. The EMEA operating segment derives its revenues from the sale of Recell Devices.

The Chief Executive Officer assesses the performance of the operating segments based on a measure of gross margin and net profit before tax.

The Group does not report its revenue and non-current assets by individual country as the operating segment is based on a group of countries and it would be inefficient to report at a country level.

Unallocated

The following items of income and expense and associated assets are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Corporate revenue
- Corporate charges
- Amortisation of intellectual property

The segment information provided to the Chief Executive Officer for the reportable segments for the year ended 30 June 2017 is as follows:

	Asia Pacific $	EMEA $	Americas $	Total $
Year ended 30 June 2017				
Revenue				
Sale of goods	452,662	448,714	279,256	1,180,632
Other revenues from external customers	197,488	23,537	6,606,980	6,828,005
Interest received	116,559	1,218	5,932	123,709
Total revenue and other income per consolidated statement of profit or loss and other comprehensive income	**766,709**	**473,469**	**6,892,168**	**8,132,346**
Segment net operating profit / (loss) before tax	(1,559,592)	(2,836,165)	(2,373,062)	(6,768,819)
Reconciliation of segment net result before tax to loss before income tax:				
Corporate charges				(5,790,442)
Loss before income tax				(12,559,261)

The Group's revenue in its Americas including Canada operating segment includes $6,606,980 from BARDA, representing 97%.

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

	2017 %	2016 %
Australia	9.4	15.4
Other	90.6	84.6
Total revenue	100	100

SEGMENT INFORMATION (continued)

	Asia Pacific $	EMEA $	Americas $	Total $
Year ended 30 June 2017				
Segment assets				
Segment operating assets	240,608	1,207,696	3,063,606	4,511,910
Unallocated assets				3,156,011
Total assets per the consolidated statement of financial position				7,667,921
Segment liabilities				
Segment operating liabilities	153,502	468,996	1,743,657	2,366,155
Unallocated liabilities				179,934
Total liabilities per the consolidated statement of financial position				2,546,089

	Asia Pacific $	EMEA $	Americas $	Total $
Year ended 30 June 2016				
Revenue				
Sale of goods	436,101	565,906	-	1,002,007
Other revenues from external customers	2,358	474	2,431,321	2,434,153
Interest received	109,789	492	83	110,364
Total revenue and other income per consolidated statement of profit or loss and other comprehensive income	548,248	566,872	2,431,405	3,546,524
Segment net operating profit / (loss) before tax	(1,553,744)	(3,222,858)	(1,461,569)	(6,238,171)
Reconciliation of segment net result before tax to loss before income tax:				
Corporate charges				(5,005,672)
Loss before income tax				(11,243,843)

SEGMENT INFORMATION (continued)

	Continuing Operations			
	Asia Pacific $	EMEA $	Americas $	Total $
Year ended 30 June 2016				
Segment assets				
Segment operating assets	254,672	1,649,931	2,746,915	4,651,518
Unallocated assets				3,951,391
Total assets per the consolidated statement of financial position				8,602,909
Segment liabilities				
Segment operating liabilities	163,992	622,146	727,167	1,513,305
Unallocated liabilities				237,087
Total liabilities per the consolidated statement of financial position				1,750,392

Note 5. Commitments and Contingencies

Finance Leases as Lessee

The Group's furniture and IT equipment are held under lease arrangements. As of 30 June 2017, the net carrying amount of furniture and IT equipment held under lease arrangements is $66,408.

The Group's finance lease liabilities, which are secured by the related assets held under finance leases are classified as under:

Finance lease liabilities	2017 $
Current	110,417
Non-current	192,894
	303,311

	Within 1 year $	1-5 years $	Minimun Lease After 5 years $	Payment Due Total $
Current	194,111	346,103	-	540,214
Non-current	(83,694)	(153,209)	-	(236,903)
Net present values	110,417	192,894	-	303,311

Note 5. Commitments and Contingencies

Operating Leases as Lessee

The Group leases space under operating leases. Future mimimum lease payments as of 30 June 2017 are as follows:

	Within 1 year $	1-5 years $	Minimun Lease After 5 years $	Payment Due Total $
30 June 2017	344,431	879,079	-	1,223,509
30 June 2016	190,706	438,554	-	629,260

Note 6. Corporate Governance

The Board is committed to achieving the highest standards of corporate governance. The Board reviews and improves its policies and procedures to ensure they are effective for the Group and fulfil the expectations of stakeholders.
The Company's Corporate Governance Statement has been approved by the Board and can be located on the Company's website at: **www.avitamedical.com**

Note 7. Going Concern

These financial statements have been prepared on the basis of going concern, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. During the financial year ended 30 June 2017, the Group has generated a loss for the period of $11,511,024 (2016: $7,778,015) and the Group has used cash in operations of $8,557,524 (2016: $7,938,557).

On 11 July 2016 the Company completed a placement of 100,164,831 fully paid ordinary shares at a price of $0.09 per share raising $9,048,102, of which $506,452 has been recognized as capital raising expenses. The Group also benefits from monthly cash inflows from the BARDA (Biomedical Advanced Research and Development Authority) contract that was awarded to the Company on 29 September 2015. These monthly payments from BARDA offset the costs from various activities towards the FDA regulatory approval process in the US. Another anticipated source of capital for the Company is the potential triggering of the BARDA contract line item covering the initial purchase, storage, and delivery of ReCell devices in the amount of US$7,594,620 (~A$10m).

The Group is a development stage biotechnology company and as such expects to be utilizing cash reserves until its research activities are globally commercialized. The Group has historically funded its research activities through raising capital by issuing securities in the Company, it is expected that similar funding will be obtained to provide working capital as and when required. If the Group is unable to raise capital in the future, the Group may need to curtail expenditures by scaling back certain research and development programs.

As a result of the above, the directors are satisfied that there is sufficient working capital to support the committed research and commercialization activities over the next 12 months and the Group has the ability to realize its assets and pay its liabilities and commitments in the normal course of business. Accordingly, the directors have prepared the financial report on a going concern basis.

Note 8. Events after the reporting date

As announced on 11 October 2017, Avita is raising $16.9M in new capital, comprised of a private placement of $4.5M and a fully underwritten Rights Issue (Entitlement Offer) of $12.4M. Avita completed the private placement portion of its capital raise and received net proceeds of $4.28M on 16 October 2017. The Entitlement Offer closes on 2 November 2017.

No other subsequent events have occurred since the Balance Sheet Date which require disclosure in this report.

Directors' Declaration

The Directors of Avita Medical Limited declare that the accompanying Concise Financial Report is presented fairly in accordance with Accounting Standards 1039 Concise Financial Report and is consistent with the consolidated entity's 30 June 2017 Financial Report.

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 2017 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) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(c) 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 2017 and in accordance with a resolution of directors.

On behalf of the Board

Lou Panaccio
Non-Executive Chairman
Dated: 27 October 2017
Melbourne, Victoria

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

Report of the Independent Auditor on the Concise Financial Report

Opinion

We have audited the concise financial report of Avita Medical Limited, which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, statement of changes in equity and 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 2017.

In our opinion, the accompanying concise financial report of Avita Medical Limited complies with Accounting Standard AASB 1039 *Concise Financial Reports*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Concise Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the concise financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Grant Thornton

Concise Financial Report

The concise financial report does not contain all the disclosures required by the Australian Accounting Standards in the preparation of the financial report. Reading the concise financial report and the auditor's report thereon, therefore, is not a substitute for reading the financial report and the auditor's report thereon. The concise financial report and the financial report do not reflect the effects of events that occurred subsequent to the date of our report on the financial report.

The Financial Report and Our Report Thereon

We expressed an unmodified audit opinion on the financial report in our report dated 29 September 2017. That report also includes:

- A *Material Uncertainty Related to Going Concern* section that draws attention to Note 2 in the financial report. Note 2 of the financial report indicates that Avita Medical Limited incurred a net loss of $11,511,024 during the year ended 30 June 2017 and cash used in operations of $8,557,524. These events or conditions, along with other matters as set forth in Note 2 of the financial report, indicate that a material uncertainty exists that may cast significant doubt on Avita Medical Limited's ability to continue as a going concern. These matters are addressed in Note 7 of the concise financial report.

- The communication of other key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period.

Key audit matter	How our audit addressed the key audit matter
Revenues – BARDA Income: Note 2	
Avita has an ongoing contract with the US Government to receive a grant for expenses incurred in undertaking clinical trials and in obtaining approval of their product by the Federal Drug Authority. The contract is worth approximately $54M USD over the next 5 years. The process to measure the amount of revenue to recognise in the financial statements, including the determination of the appropriate timing of recognition, involves significant management judgement. Pressure to perform against market expectation provides incentive to distort revenue recognition. This area is a key audit matter due to the degree of management judgement required to determine the appropriate timing and amount of revenue to be recognised.	Our procedures included, amongst others: • understanding controls over the process to enter into, record and process revenue from the specific long-term contract; • challenging management's judgements regarding timing and recoverability of revenue; • confirming the terms of these contracts directly with the grantor; • testing all related expenditure invoices to ensure criteria met in line with AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance,* which includes sighting third party contractor invoices, and agreeing terms to contact; • testing related journal entries recorded by management; and • determining the appropriateness of the related disclosures within the financial statements.

Revenues – Product Sales: Note 2	
The Group recognises revenue on the sale of products when the risk and rewards have transferred from Avita Medical Limited to the customer in accordance with AASB 118 *Revenue*. The process to measure the amount of revenue to recognise in the financial statements, including the determination of the appropriate timing of recognition, involves management judgement. There is pressure to perform against market expectation provides incentive to distort revenue recognition. This area is a key audit matter due to Revenue from Product sales is the largest item in the Statement of Profit or Loss and is a key audit matter given the fraud risk due to pressure and incentive to misstate revenues.	Our procedures included, amongst others: • understanding controls over the process to enter into, record and process revenue from product sales; • performing a sample of invoices and agreeing to supporting documentation to ensure transactions were recorded in the appropriate period; • sampling the product sales revenue for the period and agreeing to invoices, shipping documents, and cash payments or accounts receivable; • testing manual journal entries recorded by management to product sales accounts to determine if transactions meet the revenue recognition criteria under AASB 118 *Revenue*; • analysing product sales by month to identify trends and corroborating management's explanations of any outliers; and • determining the appropriateness of the related disclosures within the financial statements.

Responsibilities of the Directors 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 Responsibilities for the Audit of the Concise Financial Report

Our responsibility is to express an opinion on whether the concise financial report, complies in all material respects, with AASB 1039 *Concise Financial Reports* based on our procedures, which were conducted in accordance with Auditing Standard ASA 810 *Engagements to Report on Summary Financial Statements*.

Information Other than the Concise Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the concise financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the concise financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Report on the Remuneration Report

The following paragraphs are copies from our Report on the Remuneration Report of Avita Medical Limited for the year ended 30 June 2017.

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 19 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Avita Medical Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M P Hingeley
Partner - Audit & Assurance

Perth, 27 October 2017

ASX Shareholder Information

Ordinary Fully Paid Shares (Total) as of 30 September 2017

Range	Total holders	Ordinary Shares	% of Issued Capital
1 - 1,000	435	157,297	0.02
1,001 - 5,000	499	1,590,449	0.24
5,001 - 10,000	746	5,979,762	0.89
10,001 - 100,000	1,548	58,382,333	8.67
100,001 - 9,999,999,999	594	607,110,013	90.18
Total	**3,822**	**673,219,854**	**100.00**

Unmarketable Parcels	Minimum Parcel Size	Holders	Shares
Minimum $ 500.00 parcel at $ 0.0660 per share	7,576	1,249	3,766,782

Substantial Shareholder	Shares	%
HSBC Custody Nominees (Australia) Limited	105,056,161	16.41
JP Morgan Nominees Australia Limited	81,586,592	12.74

ASX Shareholder Information

Ordinary Fully Paid Shares (Total) as of 30 September 2017

AVITA MEDICAL LIMITED

Top 20 Holders

Rank	Name	Shares	% of Shares
1.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	105,036,161	16.41
2.	JP MORGAN NOMINEES AUSTRALIA LIMITED	81,586,592	12.74
3.	ONE FUNDS MANAGEMENT LIMITED <ASIA PAC HEALTH FUND II A/C>	56,125,447	8.77
4.	CITICORP NOMINEES PTY LIMITED	35,449,367	5.54
5.	MR PAUL COZZI	21,098,891	3.30
6.	FATS PTY LTD	10,609,816	1.66
7.	ATEQ INVESTMENTS PTY LTD	9,574,386	1.50
8.	MR ADAN KELLIHER	7,000.000	1.09
9.	MOORE FAMILY NOMINEE PTY LTD <MOORE FAMILY SUPER FUND A/C>	7,000.000	1.09
10.	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	6,530,331	1.02
11.	USB NOMINEES PTY LTD	5,668,547	0.89
12.	BNP PARIBAS NOMINEES PTY LTD <DIB AU NOMS RETAILCLIENT DRP>	5,166,996	0.81
13.	DIBBENS DEVELOPMENTS PTY LTD <DIBBENS SUPER B FUND A/C)	5,059,617	0.79
14.	DR RUSSELL KAY HANCOCK	4,500,000	0.70
15.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	4,098,825	0.64
16.	TALICO OVERSEAS LIMITED	4,000,000	0.62
17.	MR NORMAN COLBURN MAYNE<N C MAYNE SUPER FUND A/C>	3,666,667	0.57
18.	MR PETER JOHN CARR	3,513,300	0.55
19.	MS SUSAN COLDICUTT	3,356,098	0.52
20.	ROSSBEL PTY LIMITED <ROSSBEL A/C>	2,500,000	0.39
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (TOTAL)		**381,541,041**	**59.60**
Total Remaining Holders Balance		**258,678,813**	**40.40**

Notes

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