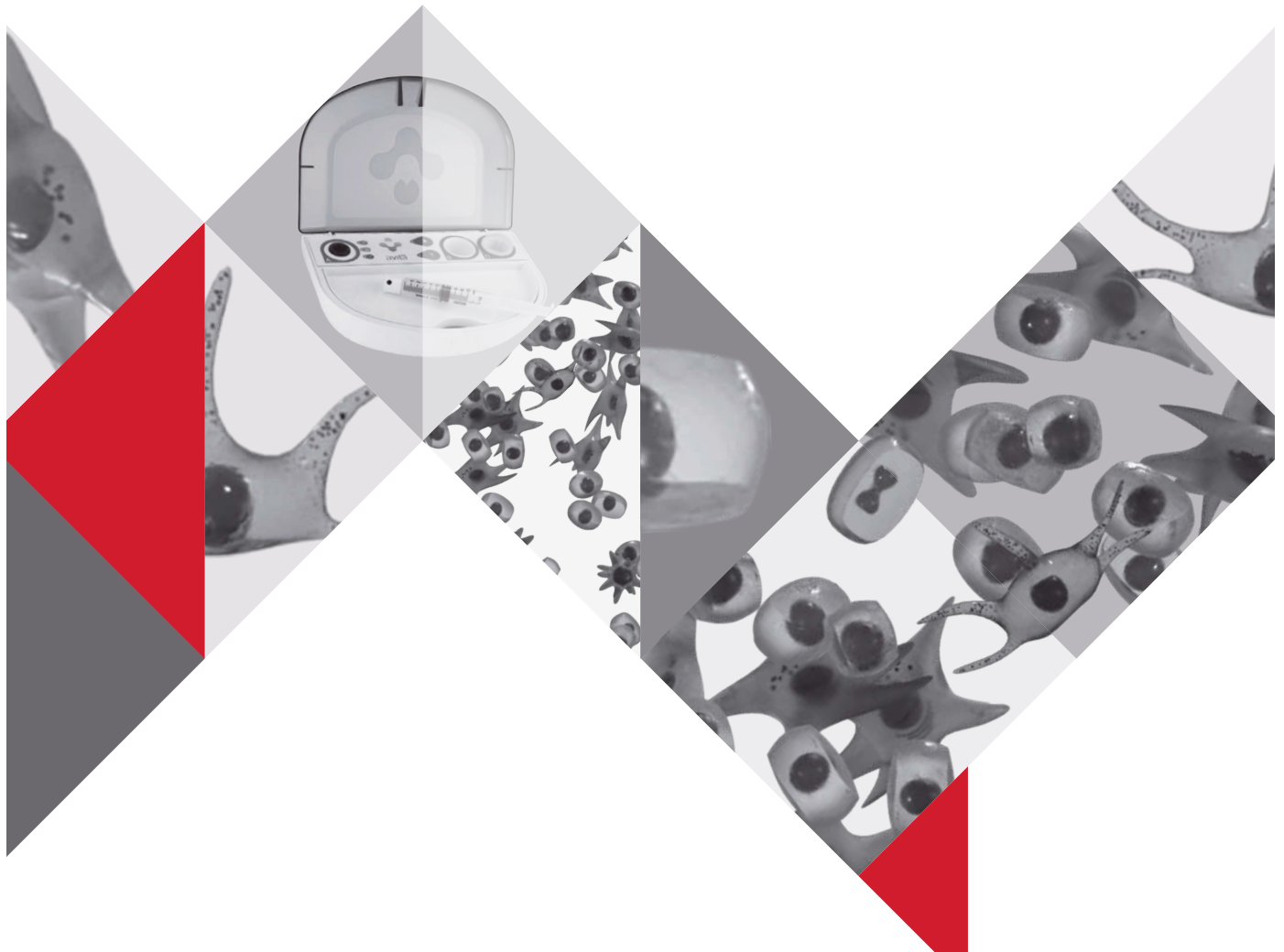




TRANSFORMING LIVES

*through the development
of regenerative medicine*

CONCISE
FINANCIAL
REPORT 2018





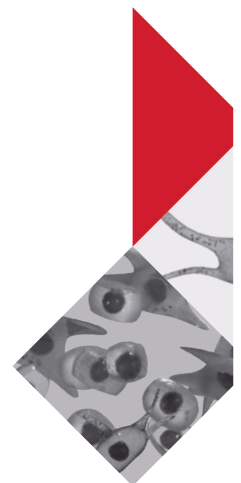
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The Concise Financial Statements 2018 are an extract from the full financial statements of Avita Medical Limited and has been derived from Avita Medical Limited's 2018 Annual Report. The financial statements included in the Concise Report cannot be 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 2018 Annual Report.

2018 Concise Report

A copy of Avita Medical Limited's 2018 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
ABN 28 058 466 523

This annual report covers the consolidated entity comprising Avita Medical Limited (the Parent Company) and its controlled subsidiaries (the Group). The Parent Company's functional and 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 3. The Directors' Report does not form part of the financial report.

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 Secretaries

Mr Mark Licciardo and Ms Kate Goland
of Mertons Corporate Services Pty Ltd

Registered Office

c/o Mertons Corporate Services Pty Ltd
Level 7
330 Collins Street
Melbourne VIC 3000, Australia

Principal Place of Business

28159 Avenue Stanford, Suite 220
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 43 Central Park, 152-158 St Georges Terrace
Perth, WA 6000 Australia

Principal Bankers

National Australia Bank Limited
1238 Hay Street
West Perth, WA 6000 Australia

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

**AVITA MEDICAL LIMITED
FROM THE CHAIRMAN**

Dear Shareholder,

It is my privilege to write to you after the most important year for AVITA Medical since I joined as Chairman in 2014. The September 2018 approval by the U.S. Food and Drug Administration (FDA) of the RECELL System® for the treatment of acute thermal burns in adults is truly a breakthrough event for your company.

Fiscal 2018 was a year of great success and an escalating series of milestones that culminated with the FDA approval. Although we reached a number of important finish lines in 2018, many of these successes were the result of the dedicated efforts and investments made over multiple years by our employees, medical professionals, patients and shareholders.

Fiscal 2018 started with the filing of our Premarket Approval (PMA) application with the FDA in September 2017. The PMA filing was made possible by the completion of two randomized controlled clinical trials of the RECELL System, the results of which clearly demonstrated the effectiveness and safety of the product. These strong clinical results were prominently featured at scientific conferences throughout the year, included six presentations at the most prestigious U.S. burn conference, the 50th annual meeting of the American Burn Association (ABA). Also presented at industry conferences was a health economic model demonstrating that use of the RECELL System could reduce the cost of treatment by 44 percent or greater for patients with large burns and, in a burn center with 200 patients, would reduce annual total treatment costs by USD \$13.0 million. We closed the year by acquiring a manufacturing facility to produce the RECELL System which leaves us well positioned to meet expected demand.

As AVITA prepared itself in Fiscal 2018 for the U.S. market launch of the RECELL System and other initiatives to build value at AVITA, your Board took steps to assemble a management team with the right experience and expertise to ensure success. Just before the start of Fiscal 2018 we appointed Dr. Michael Perry as our Chief Executive Officer. Mike provided AVITA with a proven track record in product development, regulatory affairs and corporate leadership. Backing Mike up have been two long time AVITA leaders, Tim Rooney who during the year assume the role of Chief Administrative Officer, and Andy Quick, our Senior Vice President of Clinical Development.

We continued to strengthen our management team throughout the year to position the Company to best capitalize on the full potential of its platform. In August 2017 we added Chief Commercial Officer Erin Liberto to the team and have leveraged her extensive background in sales, reimbursement, and marketing as we prepared to commercialize the RECELL System in the U.S. Dale A. Sander was appointed Chief Financial Officer in December 2017, bringing more than 25 years of experience as CFO of four medical device and pharmaceutical companies. In June 2018, Donna Shiroma joined as General Counsel bringing over 20 years of legal and compliance experience in the pharmaceutical and medical device industries where she has played an instrumental role in transitioning companies from clinical to commercial entities.

The results accomplished over the past year are something of which we can all be very proud. The FDA approval is only the start of the realization of our hard work and investment. We are enormously excited about the opportunities available to AVITA Medical to make a real difference in the lives of patients. 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 our shareholders, employees, medical professionals and patients, and we appreciate the faith you have placed in us to make continued progress on your behalf.



**Lou Panaccio
Non-Executive Chairman
Avita Medical**

AVITA MEDICAL LIMITED FROM THE CEO

Dear Shareholder,

I truly enjoyed my first year as Chief Executive Officer of AVITA Medical and am proud of the great success your company accomplished during Fiscal 2018. At the start of the year, we set out to achieve the most important milestone in the Company's history, approval to market the RECELL System® in the U.S. On September 2018, the U.S. Food and Drug Administration (FDA) approved the RECELL System for the treatment of acute thermal burns in patient 18 years or older. The magnitude of our approval cannot be overstated as the RECELL System was the first Premarket Approval (PMA) application for the treatment of burns approved by the FDA in more than 20 years. We believe that the approval will allow us to significantly advance the standard of care for the treatment of burns and radically improve outcomes for patients.

The FDA approval was supported by the strong results of two randomized, controlled clinical trials that demonstrated that treatment of acute burn wounds with the RECELL System used substantially less donor skin than required with conventional split-thickness autografts to achieve closure of burn wounds, meeting the primary endpoints of both trials. The conduct of these trials was a major area of focus and investment for AVITA over multiple years, and we are now positioned to realize the payoff.

U.S. key opinion leaders continued to gain experience with the RECELL System after the completion of the pivotal clinical trials. The RECELL System has been used in the treatment of over 90 burn patients under a Compassionate Use program, and over 65 patients under a Continued Access program. Both programs were approved by the FDA and allowed the treatment of patients with severe burns while the PMA was under review. The strong participation of major U.S. burn centers in these two programs highlights the critical unmet need among patients with life-threatening burns, and we were pleased to make the RECELL System available for the treatment of these patients.

In anticipation of FDA approval and in preparation for our U.S. market launch, during Fiscal 2018 we undertook extensive direct market research and economic analyses using prominent industry advisors such as ZS Associates and IQVIA. Among the conclusions from the market research was that robust clinical evidence was the primary driver of surgeon acceptance of new technologies for treating burns. During this year our strong body of clinical data combined with the enthusiasm of key opinion leaders to present the results at scientific conferences resulted in a great increase of awareness and credibility among burn care professionals. By the end of 2018 we expect that at least 15 abstracts reporting on the RECELL System clinical results will have been presented in burn meetings and other conferences.

In April 2018 six RECELL abstracts were presented at the 50th annual meeting of the American Burn Association (ABA), held in Chicago. The ABA meeting was the first venue in which clinical investigators presented the full effectiveness and safety data from the two pivotal trials used to support our PMA application for the treatment of burn injuries. One of the pivotal RECELL studies was chosen as a 'top five' abstract for presentation during a plenary session at the ABA conference. In addition to the pivotal trials, abstracts related to cases from the Compassionate Use program were also presented at the ABA meeting. These included presentations describing the use of the RECELL System in the treatment of patients with facial burns with excellent cosmetic outcomes and in patients with extensive injuries with up to 95% of their body burned. Subsequent presentations by KOLs included a premier U.S. military conference, the U.S. Defense Department Military Health System Research Symposium.

In June 2018 the results from our pivotal clinical trial demonstrating the benefits of the RECELL System in the treatment of deep partial-thickness (second-degree) burns were published for the first time in a major peer-reviewed journal, the Journal of Burn Care & Research. In the randomized, controlled clinical trial, burn sites treated with the RECELL System required 97.5 percent less donor skin than burn sites treated with the standard of care, resulting in a statistically significant reduction in patient-reported pain, increased patient satisfaction and improved donor scar outcomes.

In addition to robust clinical results, our extensive market research also confirmed that compelling health economic data was required to drive adoption of a new treatment for burns. Over the past year we worked with the leading healthcare data analytics firm IQVIA, in collaboration with BARDA, to develop a health economic model to calculate the extent to which the use of the RECELL System would reduce the cost of treating burn patients.

The results of the model were presented at the ABA conference and at the International Society for Pharmacoeconomics and Outcomes Research (ISPOR) 23rd Annual International Meeting in May 2018. The health economic model demonstrated that use of the RECELL System could reduce the cost of treatment by 44 percent or greater for patients with large burns. In addition, the budget impact component of the model concluded that in a burn center with 200 patients, the use of the RECELL System would reduce annual total treatment costs by USD \$13.0 million.

The FDA approval allows us to commence marketing the RECELL System in the U.S., the largest market in the world for the treatment of burns. Among the major investments made by AVITA during Fiscal 2018 were substantial efforts to prepare for the U.S. market launch. These initiatives include the recruitment of sales and marketing leadership highly experienced in regenerative medicine and the treatment of burns, completion and assimilation of extensive direct market research, and establishment of pricing and reimbursement strategies and support infrastructure. We will formally launch the RECELL System in the U.S. after completion of the hiring and training of our field sales force. In general, we expect most U.S. burn centers will follow a fairly standard process of evaluating the device and then taking it through their hospital's Value Analysis Committees before they are able to purchase the product. This process can sometimes be a lengthy one taking six months to complete. However, we are in a unique position as many large burn centers already have significant experience with the product through our clinical trials and Compassionate Use program, and we expect that a number will adopt the product in advance of the formal market launch.

Outside of the U.S., during the past year we have devoted limited commercial resources to the selected markets in which the RECELL System is approved for sale. Our success in these markets has historically have been hampered by the absence of the controlled clinical results, health economic data, and reimbursement required for success. Our expectation is that in the near term, we will devote the majority of our commercial resources to ensuring a successful U.S. launch, the largest market for the treatment of burns.

Despite our limited commercial efforts, we have seen some meaningful developments in certain markets this year. In June 2018 the presentation of results from a series of clinical trials of the RECELL System were presented at the 2nd Changhai Academic Week for Burns Treatment in Shanghai, China. The presentation at Changhai Academic Week followed the commencement this year of a government funded clinical trial of RECELL for the treatment of burns in China. In Australia we commenced a randomized, controlled clinical study of the RECELL System in the treatment of significant superficial partial- and mid-thickness pediatric burns, including scald injuries. The clinical trial is being conducted by the Queensland University of Technology (QUT) in collaboration with the Pegg Leditschke Children's Burns Centre at Lady Cilento Children's Hospital in Brisbane, QLD.

During 2018 we were presented with a fortuitous opportunity and acquired a manufacturing facility to manufacture the RECELL System. The facility was previously operated by a Fortune 500 contract manufacturer that assembled the RECELL System on our behalf. Manufacturing and warehouse equipment within the facility was transferred to us at no cost and we retained key employees from the contract manufacturer. The opportunity to acquire the facility arose due to the contract manufacturer's decision to consolidate its facilities.

Having direct control over the manufacturing of the RECELL System is designed to ensure that we have the capacity to meet commercial demand, including the U.S. launch and BARDA procurement, and provide us further control over our production processes and timelines. Acquiring this facility that has a track record of producing the RECELL System will allow us to realize the benefits of in-house production while maintaining the continuity of proven manufacturing and quality processes and systems.

The successes achieved in Fiscal 2018, and the investments made to bring us to this stage, would not have been possible without the support of our shareholders. During Fiscal 2018 we raised a total of A\$29.8 million in a series of equity placements, with another A\$3.3 million received after 30 June 2018. We are highly gratified by the support of our shareholders.

We are also very grateful for our collaboration with the Biomedical Advanced Research and Development Authority (BARDA), under the Assistant Secretary for Preparedness and Response, within the U.S. Department of Health and Human Services, under ongoing USG Contract No. HHSO100201500028C. Since 2015, BARDA has committed USD \$50 million towards specific development initiatives including the two randomized, controlled clinical trials, the Compassionate Use and Continued Access programs, the PMA and related activities, and the development of the health economic model demonstrating the cost savings associated with the RECELL System.

In September 2017, BARDA and AVITA executed a contract option valued at approximately US\$24.3 million to expand the application of RECELL System to a vulnerable population, children. Under the program, two randomized, controlled clinical trials will evaluate the RECELL System in the pediatric population. Treatment of pediatric patients under the first of these trials has already commenced. Procurement of the RECELL System by BARDA under a vendor-managed inventory system would be triggered in the future to bolster preparedness by providing availability for use in a national disaster. BARDA has been a key part of our success, and we thank this agency for their support and collaboration.

The approval of the RECELL System in the U.S. and other countries has allowed us to bring regenerative medicine out of the laboratory to healthcare providers caring for patients. Although we are placing great focus on our U.S. launch of RECELL in the U.S., we expect to advance our pipeline further in 2019, particularly in the areas of trauma injuries and vitiligo.

I believe that 2019 will be a truly game-changing year for AVITA Medical as all of the requirements for a successful U.S. launch are in place. The U.S. burn market is highly concentrated, and burn centers treating over 30% of the patients annually already have experience with the product through participating in clinical trials and our Compassionate Use program. We have randomized, controlled clinical

trials showing a clear benefit for the patients. We have compelling health economic and cost savings data. Reimbursement is place for the product. Lastly, we have an active presentation program in place to ensure that our strong clinical results continue to be prominently featured in major scientific conferences building further awareness and credibility around the RECELL System.

We greatly appreciate your continued support and look forward to sharing our future successes with you over the next year.

A handwritten signature in cursive script that reads "M Perry".

Dr Michael S. Perry
Chief Executive Officer
Avita Medical

AVITA MEDICAL LIMITED DIRECTORS' REPORT

Your Directors present their report with respect to the results of Avita Medical Limited (the "Company") for the year ended 30 June 2018 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 more than 20 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 Non-Executive Director of Unison Housing Limited, Non-Executive Chairman of Genera Biosystems Limited, and a Non-Executive Director of Rhythm Biosciences Limited. Mr Panaccio has also served in executive and board roles with Melbourne Pathology Group, Monash IVF Group, Primelife Corporation Limited, Health Networks Australia Group 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 (ASX)* (Appointed June 2005)
- Genera Biosystems Limited (ASX)* (Appointed 25 November 2010)
- Rhythm Biosciences Limited (ASX)* (Appointed 1 August 2017)

* denotes current directorship

Dr Michael Perry

(Executive Director)

Dr Perry was appointed to the Board on 6 February 2013 and currently serves as Chief Executive Officer of the Company. From 2016 – 2017, he served 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 (NASDAQ)* (Appointed December 2011)
- AmpliPhi Biosciences Corporation Inc (NYSE)* (Appointed November 2005)
- BioScience Managers Pty Ltd* (Appointed October 2017)
- Gamida Cell Ltd* (Appointed June 2017)

* 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 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, Chairman of International Bioscience Managers Ltd and Avena Therapeutics and Non-Executive Director of Rex Bionics Pty Ltd, SummatiX Ltd and Smart Matrix Ltd. During the past three years Mr Curnock Cook has also served as a director of the following other listed companies:

- Phylogica Limited (ASX) (Appointed March 2012, resigned April 2017)
- Adherium Ltd (ASX)* (Appointed July 2015)

AVITA MEDICAL LIMITED DIRECTORS' REPORT (continued)

- AmpliPhi Biosciences Corporation Inc (NYSE)* (Appointed July 1995)
- Sea Dragon Limited (NZX)* (Alternate Director) (Appointed October 2012)

* denotes current directorship

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 AmpliPhi Biosciences Corporation (NYSE) and Surface Pharmaceuticals, Inc. 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. During the past three years Mr Louis Drapeau has also served as a director of the following other listed companies:

- AmpliPhi Biosciences Corporation Inc (NYSE)* (Appointed March 2011)
- BIO-RAD Laboratories Inc (NYSE) (Appointed 2007, Resigned 2017)

* 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 a Group Executive and Corporate Vice President at NYSE-listed Danaher Corporation, a multinational science and technology innovation company that acquires and produces life science and industrial products and brands, where he led a \$1.5 billion group of dental consumable 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 utilising the Denaher Business System. He has also previously worked for Merck &Co, Johnson & Johnson and Zimmer. He has Bachelor's degrees in both pharmacy and economics from the University of Queensland, a Master's degree in International Economics from the University of Wales, and an MBA from IMD of Lausanne, Switzerland. During the past three years Mr Damien McDonald has also served as a director of the following other listed companies:

- LivaNova plc (NASDAQ GS)* (Appointed January 2017)

* denotes current directorship

Professor Suzanne Crowe (AM) (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 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 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 SECRETARIES

Mark Licciardo (Joint Company Secretary)

Mark Licciardo, (B Bus(Acc), GradDip CSP, FGIA, GAICD) was appointed as Joint Company Secretary on 19 March 2018. Mark is Managing Director of Mertons Corporate Services Pty Ltd (Mertons) which provides company secretarial and corporate governance consulting services to ASX listed and unlisted public and private companies. Prior to establishing Mertons, he was Company Secretary of the Transurban Group and Australian Foundation Investment Company Limited. He has also had an extensive commercial banking career with the Commonwealth Bank and State Bank Victoria. Mark is a former Chairman of the Governance Institute Australia (GIA) in Victoria and the Melbourne Fringe Festival, a fellow of GIA, the Institute of Chartered Secretaries (CIS), the Australian Institute of Company Directors (AICD) and former Non-Executive Director of iCar Asia Limited. Mr Licciardo is currently a Non-Executive Director of ASX listed Frontier Digital Ventures Limited and Mobilicom Limited as well as several other public and private companies.

**AVITA MEDICAL LIMITED
DIRECTORS' REPORT (continued)**

**Kate Goland
(Joint Company Secretary)**

Kate Goland, (CPA, GIA (Cert)) was appointed as Joint Company Secretary on 19 March 2018. Kate works with Mertons Corporate Services and is an experienced accounting and company secretarial professional. She has demonstrated expertise in supporting clients in meeting their corporate obligations and ASIC compliance requirements. She joined Mertons from BDO where she assisted clients within the company secretarial division. Kate is a current Company Secretary of various public and private companies. She has a strong understanding of corporate compliance matters.

Gabriel Chiappini BBus, CA, GAICD (former Company Secretary resigned on 19 March 2018)

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 18 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.

Gabriel currently manages his own consulting firm specialising in providing Director, company secretarial, corporate governance and investor relation services.

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	1,440,871	-
J Curnock Cook ¹	-	-
M Perry ¹	61,654	50,000,000 (RSU)
L Drapeau	33,938	-
D McDonald	578,402	-
S Crowe	106,910	-

1. 81,747,669 shares held in the name of One Funds Management Limited <Asia Pac Health Fund II A/C>, and 33,333,334 shares held in the name of BioScience Managers Translation Fund I at 30 June 2018 are managed and beneficially owned by BioScience Managers Pty Ltd of which Mr Curnock Cook is an officer and Mr Perry is a Director.

EARNINGS PER SHARE

Earnings per share for the current year was a loss of 1.77 cents per share compared to a loss of 1.72 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 934,312,458.

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 2018 was 55 (30 June 2017: 37).

PRINCIPAL ACTIVITIES

The principal activities during the year of entities within the consolidated entity focused on the Company's RECELL® System, the Premarket Approval (PMA) application filed with the U.S. Food and Drug Administration (FDA) to market the RECELL System in the U.S. for the treatment of severe burns, preparation for the planned U.S. launch of the RECELL System, limited commercial sales efforts in selected markets in which the RECELL System is approved for sale, and preparation for the further clinical development of the RECELL System.

**AVITA MEDICAL LIMITED
DIRECTORS' REPORT (continued)**

OPERATING AND FINANCIAL REVIEW

Group Overview

Avita Medical Limited and the Group is a regenerative medicine company with a technology platform designed to address unmet medical needs in patients with burns, chronic wounds, and aesthetics indications. The Group's patented and proprietary collection and application technology provides innovative treatment solutions derived from the regenerative properties of a patient's own skin. The Group's medical devices work by preparing a Regenerative Epidermal Suspension (RES™), an autologous suspension comprised of the patient's own skin cells and wound healing factors that are necessary to regenerate natural healthy epidermis. This autologous suspension is then sprayed onto the areas of the patient requiring treatment. Medical devices based on the RES technology are sold on a limited basis in certain regions of the world in which the products are approved for sale. In September 2017 the Group filed a PMA seeking approval to market the RECELL System in the United States. Subsequent to year end, on 20 September 2018, the FDA approved the Group's PMA application to market the RECELL System to treat patients with severe thermal burns in the U.S.

Operating Results for the Year

Sale of goods totaled \$1,652,161 for the year ended 30 June 2018, an increase of \$471,529 or 40% over the \$1,180,632 recognized during fiscal 2017. The largest increase in sale of goods occurred in Asia Pacific. Gross margins for the years ended 30 June 2018 and 2017 were consistent at 57%.

Other revenue totaled \$9,719,400 for the year ended 30 June 2018, an increase of \$2,767,686 or 40% over the \$6,951,714 recognized during fiscal 2017. As in prior periods, the majority of other revenue consisted of funding from the Biomedical Advanced Research and Development Authority (BARDA), under the Assistant Secretary for Preparedness and Response, within the U.S. Department of Health and Human Services, under ongoing USG Contract No. HHSO100201500028C. Under the BARDA contract, income of \$9,650,783 was recognized during the year ended 30 June 2018 compared to income of \$6,606,980 for fiscal 2017. Funding provided by BARDA during the year ended 30 June 2018 focused primarily on support of the U.S. PMA application for the RECELL System, the Continued Access and Compassionate Use programs which provide access to the RECELL System for U.S. patients while the PMA is under review, and development of a health economic model by a major health care information and technology provider to quantify the economic value of the RECELL System versus standard of care for the treatment of severe burns.

As the result of investments in commercial, manufacturing, leadership and system capabilities in preparation for the planned U.S. launch of the RECELL System and related research and development and corporate initiatives, operating expenses increased during the year ended 30 June 2018. Operating and administrative expenses totaled \$9,119,527 for the year ended 30 June 2018, an increase of \$2,006,508 or 28% over the \$7,113,019 recognized during fiscal 2017. Sales and marketing expenses totaled \$8,936,440, an increase of \$3,734,679 or 72% over the \$5,201,761 recognized during fiscal 2017. Clinical and research and development expenses totaled \$8,653,448 an increase of \$2,382,254 or 38% over the \$6,271,194 recognized during fiscal 2017. Total operating costs totaled \$28,571,158, an increase of \$8,385,187 or 42% over the \$20,185,971 recognized during fiscal 2017 and were in line with management expectations.

The net loss after tax benefit for the year ended 30 June 2018 was \$16,519,155, an increase of \$5,008,131 or 44% over \$11,511,024 recognized during fiscal 2017. The increase in net loss was driven by the higher operating costs described above, partially offset by the higher sale of goods and other revenue recognized during the year ended 30 June 2018. As the Company continues its preparations for the planned launch of the RECELL System in the U.S., operating expenses are expected to rise in future periods and will be offset in part by revenues under the BARDA contract as well as from sale of goods.

Review of Financial Condition

Capital Structure

During the year ended 30 June 2018, the Group completed a series of equity transactions. On 11 October 2017 the Company completed a placement of 100,982,978 fully paid ordinary shares at a price of \$0.045 per share raising gross proceeds of \$4,544,234 and incurring \$248,720 in capital raising expenses. On 7 November 2017 the Company completed a rights offering of 276,502,853 fully paid ordinary shares at a price of \$0.045 per share raising gross proceeds of \$12,442,628 and incurring capital raising costs of \$636,067. On 6 June 2018 the Company completed the first tranche of an institutional placement in which it issued 255,475,665 fully paid ordinary shares at a price of \$0.050 per share raising gross proceeds of \$12,773,783 and incurring \$777,285 in capital raising expenses.

Cash from Operations

Net cash outflows used in operations in the current year were \$16,372,024, an increase of \$7,814,500 or 91% compared to the \$8,557,524 used in operations in fiscal 2017.

**AVITA MEDICAL LIMITED
DIRECTORS' REPORT (continued)**

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

There have been no significant changes in the state of affairs during the fiscal 2018 financial year.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

On 20 September 2018, the FDA approved the Group's PMA application to market the RECELL System to treat patients with severe thermal burns in the U.S.

During the year ended 30 June 2018 the Group completed an institutional placement of shares to international and Australian institutional and sophisticated investors. The institutional placement included a second tranche totaling \$3.250 million of gross proceeds, contingent upon shareholder approval. Shareholder approval for Tranche 2 was received at an Extraordinary General Meeting held on 23 July 2018, and the net proceeds of \$3.041 million were received by the Group on 26 July 2018.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

In anticipation of approval, AVITA Medical has undertaken substantial efforts to prepare for the U.S. market launch. These initiatives include the recruitment of sales and marketing leadership highly experienced in regenerative medicine and the treatment of burns, completion and assimilation of extensive direct market research, and establishment of pricing and reimbursement strategies and support infrastructure. With the receipt of PMA approval on 20 September 2018, the Company will finalize its product packaging and promotional materials to reflect the final approval details and will complete the recruitment and hiring of its field sales team. The Company expects to formally launch the RECELL System in the U.S. in the fourth calendar quarter of 2018. The primary focus of the Company during fiscal 2019 will be the U.S. launch of the RECELL system and the expansion of the clinical development of the RECELL system into additional indications beyond the treatment of burns.

ENVIRONMENTAL REGULATION AND PERFORMANCE

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

**AVITA MEDICAL LIMITED
DIRECTORS' REPORT (continued)**

SHARE OPTIONS

Unissued Shares

As at the reporting date, there were 29,131,664 unissued ordinary shares under options represented by:

1,110,000 exercisable at \$0.08 expiring 31 December 2018 issued to an employee on 1 July 2017.

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.

1,038,333 exercisable at \$0.08 expiring 27 June 2027 issued to employees on 27 June 2017.

4,000,000 exercisable at \$0.063 expiring 6 September 2027 issued to an employee on 6 September 2017.

4,000,000 exercisable at \$0.061 expiring 3 January 2028 issued to an employee on 3 January 2018.

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.

**AVITA MEDICAL LIMITED
DIRECTORS' REPORT (continued)**

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	Non-Executive 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
Dale Sander	Chief Financial Officer
Erin Liberto	Chief Commercialization Officer
Timothy Rooney	Chief Administrative Officer
Andrew Quick	SVP, Clinical Development

The Company was pleased to announce on 31 August 2017 and 5 December 2017 the recruitment of Dale Sander as Chief Financial Officer and Erin Liberto as Chief Commercial Officer, respectively. Further, on 5 December 2017, the Company appointed of Timothy Rooney as Chief Administrative 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.

AVITA MEDICAL LIMITED
DIRECTORS' REPORT (continued)

REMUNERATION REPORT (continued)

In prior years we identified a number of key areas for additional emphasis 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 2017 Annual General Meeting ("AGM")

At the 2017 AGM, 79.95% of the votes received supported the adoption of remuneration report for the year ended 30 June 2017. 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 fiscal year 2018 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)
2018	1,652,161	(17,734,436)	(17,877,983)	(16,519,155)	(1.77)	6.9
2017	1,180,632	(12,543,267)	(12,682,970)	(11,511,024)	(1.72)	6.9
2016	1,002,007	(8,776,515)	(8,860,239)	(7,778,015)	(1.56)	8.2
2015	2,750,176	(7,743,958)	(7,806,582)	(7,107,497)	(2.01)	6.4
2014	2,683,133	(6,755,728)	(6,819,439)	(5,147,391)	(1.58)	8.8

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

**AVITA MEDICAL LIMITED
DIRECTORS' REPORT (continued)**

REMUNERATION REPORT (continued)

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.

The main focus of executives and of performance assessment for Fiscal 2018 was related to the U.S. PMA application for the RECELL System, related activities required to support FDA approval, and preparation for the planned market launch of the RECELL System in the U.S. For the upcoming year, the primary focus will be the successful market launch of the RECELL System in the U.S. and advancement of the Company's pipeline. 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 2018 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.

**AVITA MEDICAL LIMITED
DIRECTORS' REPORT (continued)**

REMUNERATION REPORT (continued)

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 number 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 2018 financial year there were no benefits paid in kind (2017: 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.

**AVITA MEDICAL LIMITED
DIRECTORS' REPORT (continued)**

REMUNERATION REPORT (continued)

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 2018 financial year

In addition to the before mentioned CEO Long Term Incentive Plan (Operating and Financial Review), 9,110,000 share options were granted during FY18. 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.

**AVITA MEDICAL LIMITED
DIRECTORS' REPORT (continued)**

REMUNERATION REPORT (continued)

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
CFO	Mr Dale Sander	Open ended contract	6-month notice period	6 months
CAO	Mr Timothy Rooney	Open ended contract	12-month notice period	12 months
CCO	Ms Erin Liberto	Open ended contract	6-month notice period	6 months
SVP, Clinical Development	Mr Andrew Quick	Open ended contract	3-month notice period	Payment in lieu of notice only, no other benefits specified
Non-Executive 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 Cummock 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
	Professor Suzanne Crowe	Open ended contract	Nil notice period - subject to Avita constitution	Payment in lieu of notice only, no other benefits specified

AVITA MEDICAL LIMITED
DIRECTORS' REPORT (continued)

REMUNERATION REPORT (continued)

Remuneration of Key Management Personnel

Table 2: Remuneration for the year ended 30 June 2018

	Short-term Benefits			Post-employment Benefits		Equity-settled Share-based Payments			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	Pension and superannuation	Shares/Units	Options/Rights	Non-salary Cash based Incentives	Shares/Units	%	%	%	%		
Non-Executive Directors														
L Panaccio – Non-Executive Chairman	58,758	-	-	7,481	19,992	-	86,231	0%	0%	77%				
J Cumcock Cook	61,040	-	-	-	-	-	61,040	0%	0%	100%				
L Drapeau	56,213	-	-	-	-	-	56,213	0%	0%	100%				
D McDonald	-	-	-	-	56,549	-	56,549	0%	0%	0%				
S Crowe	45,989	-	-	5,296	9,755	-	61,040	0%	0%	84%				
Sub-total Non-Executive Directors	222,000	-	-	12,777	86,296	-	321,073	0%	0%	42%				
Other Key Management Personnel & Executives														
M Perry – CEO	662,022	327,337	73,271	-	701,408	-	1,764,038	19%	40%	82%				
A Kellher – CEO (resigned 1 June 2017)	372,149	87,860	24,004	15,905	-	-	499,917	0%	0%	65%				
D Sander – CFO	236,156	63,395	40,900	8,226	-	89,384	438,061	0%	0%	50%				
T Rooney – CAO	406,791	97,143	41,670	20,808	-	367,384	933,797	0%	0%	0%				
T Barrington – COO (resigned 16 June 2017)	-	-	-	-	-	34,474	34,474	0%	0%	0%				
E Liberto – COO	311,938	226,601	63,066	12,891	-	123,231	737,728	0%	0%	53%				
A Quick – SVP, Clinical Development	341,138	67,888	52,802	19,905	-	194,191	675,924	0%	0%	61%				
G Chiappini – Company Secretary (resigned March 2018)	52,010	-	-	-	-	-	52,010	0%	0%	100%				
Sub-total executive KMP & Executives	2,382,203	870,224	295,713	77,735	701,408	808,664	5,135,948	0%	0%	42%				
Totals	2,604,203	870,224	295,713	90,512	787,704	808,664	5,457,021	0%	0%	42%				

On the 30 November 2017, 50,000 LTI's were issued to Dr Michael Perry based on the following milestones:

1. Tenure – total of 16,666,666 LTIs issued but to vest over the three-year period commencing 1 July 2017;
2. Company Share Price – total of 16,666,666 LTIs issued but to vest in three equal tranches subject to the Volume Weighted Average Price (VWAP) of Company share price (as at close of trade on the ASX on relevant date) achieving multiples of 2x, 3x and 4x the Company's share price as at shareholder approval; and
3. Milestone performance – total of 16,666,668 LTIs issued, but to vest in two equal tranches with one tranche to vest upon the achievement of the following milestones:
 - a. FDA PMA approval of RECELL for burns
 - b. Initial BARDA procurement under CLIN2 of the BARDA Contract

AVITA MEDICAL LIMITED
DIRECTORS' REPORT (continued)

REMUNERATION REPORT (continued)

Remuneration paid as a cash bonus is determined by % of the employee's annual salary, linked to individual performance through achievement of KPI's.

Table 2: Remuneration for the year ended 30 June 2017

	Short-term Benefits			Post-employment Benefits		Equity-settled Share-based Payments		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	Shares/Units	Options/Rights		Non-salary Cash based Incentives	Shares/Units	
	\$	\$	\$	\$	\$	\$	\$	\$	%	%	%
Non-Executive Directors											
L Panaccio – Non-Executive Chairman	78,750	-	-	-	7,481	4,988	-	91,229	0%	0%	100%
J Cumock 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	0%	0%	100%
Other Key Management Personnel & Executives											
M Perry – CEO (appointed 1 June 2017)	51,494	-	2,049	-	-	5,450	-	58,993	0%	0%	91%
A Kellher – CEO (resigned 1 June 2017)	479,323	87,025	25,129	-	32,346	1,189,021	-	1,812,844	0%	0%	30%
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	24,809	-	-	842,648	0%	0%	88%
A Quick – SVP, Clinical Development	342,471	-	56,309	-	21,033	-	111,381	531,194	0%	0%	67%
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	0%	0%	100%
Totals	2,247,773	205,555	222,409	556	112,034	1,215,809	257,217	4,261,353			

AVITA MEDICAL LIMITED
DIRECTORS' REPORT (continued)

REMUNERATION REPORT (continued)

Table 3: Compensation of Key Management Personnel

	2018	2017
	\$	\$
Short-term employee benefits	3,770,141	2,933,510
Post-employment employee benefits	90,512	112,034
Share-based payment	1,596,368	1,215,809
Total compensation	5,457,021	4,261,353

Table 4: Option holdings of Key Management Personnel

30 June 2018	Balance at 1 July 2017 No.	Issued Date	Grant Details		Value \$ (Note1)	Exercised		Cancelled		Lapsed No.	Balance at 30 June 2018	Vested		Total at 30 June 2018	Unvested Total at 30 June 2018
			No.	No.		No.	Value \$	No.	No.			Unexercisable	Unexercisable		
Directors															
All	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other KMP															
T Rooney	7,800,000	-	-	-	-	-	-	-	-	-	7,800,000	4,360,000	-	4,360,000	3,440,000
A Quick	4,518,750	-	-	-	-	-	-	-	-	-	4,518,750	2,903,750	-	2,903,750	1,615,000
T Barrington	-	1 July 2017	1,110,000	-	34,474	-	-	-	-	-	1,110,000	-	-	-	1,110,000
E Liberto	-	6 September 2017	4,000,000	-	123,231	-	-	-	-	-	4,000,000	-	-	-	4,000,000
D Sandler	-	3 January 2018	4,000,000	-	89,384	-	-	-	-	-	4,000,000	-	-	-	4,000,000
	12,318,750		9,110,000		\$247,089						21,428,750	7,263,750		7,263,750	14,165,000

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.

The options issued in the period have vesting criteria based on the following performance conditions:

- Tenure with the Group
- Revenue target
- FDA PMA approval of RECELL for burns
- Initial BARDA procurement under CLIN2 of the BARDA Contract
- US Quotation

AVITA MEDICAL LIMITED
DIRECTORS' REPORT (continued)

REMUNERATION REPORT (continued)

Table 4: Option holdings of Key Management Personnel (continued)

30 June 2017	Balance at 1 July 2016 No.	Issued Date	Grant Details No.	Value \$ (Note 1)	Exercised		Lapsed No.	Balance at 30 June 2017	Vested		Unvested Total at 30 June 2017	
					No.	Value \$			Unexercisable	Total at 30 June 2017		
Directors												
All	-	-	-	-	-	-	-	-	-	-	-	
Other KMP												
A Kelliher	40,000,000	-	40,000,000	1,189,021	-	-	-	40,000,000	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	-	-	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	-	-	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	

**AVITA MEDICAL LIMITED
DIRECTORS' REPORT (continued)**

REMUNERATION REPORT (continued)

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

GLOSSARY

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
FDA	United States Food and Drug Administration
LTI	Long Term Incentives
STI	Short Term Incentives
RES	Regenerative Epidermal Suspension

AVITA MEDICAL LIMITED
DIRECTORS' REPORT (continued)

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	Remuneration	Audit
Number of meetings held:	4	3	3
Number of meetings attended:			
Lou Panaccio	4	N/A	3
Jeremy Curnock Cook	4	3	N/A
Michael Perry	4	N/A	N/A
Louis Drapeau	4	3	3
Damien McDonald	4	N/A	2
Suzanne Crowe	2	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)	Suzanne Crowe (c)
Lou Panaccio	Louis Drapeau
Damien McDonald	Jeremy Curnock Cook

Notes

(c) Designates the Chairman of each Committee

**AVITA MEDICAL LIMITED
DIRECTORS' REPORT (continued)**

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The Directors have obtained an independence declaration from our auditors, Grant Thornton Audit Pty Ltd, as presented on the following page 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.



Michael Perry
Chief Executive Officer
Dated: 18 October 2018
Valencia, California, United States

Central Park, Level 43
152-158 St Georges Terrace
Perth WA 6000

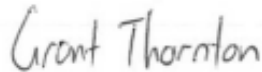
Correspondence to:
PO Box 7757
Cloisters Square
Perth WA 6850

T +61 8 9480 2000
F +61 8 9480 2050
E info.wa@au.gt.com
W www.grantthornton.com.au

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

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Avita Medical Limited for the year ended 30 June 2018, 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 AUDIT PTY LTD
Chartered Accountants



M P Hingeley
Partner - Audit & Assurance

Perth, 18 October 2018

Grant Thornton Audit Pty Ltd ACN 130 913 594
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AVITA MEDICAL LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	Notes	Consolidated	
		2018	2017
		\$	\$
Continuing operations			
Sale of goods	2(a)	1,652,161	1,180,632
Cost of sales	2(e)	(704,972)	(505,636)
Gross profit		947,189	674,996
BARDA revenue		9,650,783	6,606,980
Other income	2(b)	68,617	344,734
Operating costs			
Operating and administrative expenses		(9,119,527)	(7,113,019)
Sales and marketing expenses		(8,936,440)	(5,201,761)
Clinical and research and development expenses		(8,653,448)	(6,271,194)
Share based payment expenses	2(g)	(1,835,157)	(1,587,243)
Finance costs	2(c)	(26,586)	(12,754)
Total operating costs		(28,571,158)	(20,185,971)
Loss from continuing operations before income tax benefit		(17,904,569)	(12,559,261)
Income tax benefit		1,385,414	1,048,237
Loss for the period	3	(16,519,155)	(11,511,024)
Other comprehensive income (loss)			
<i>Items that may be reclassified subsequently to profit and loss:</i>			
Foreign currency translation		563,279	(83,293)
Fair value gain on available for sale financial assets		-	(265,261)
Other comprehensive income (loss) for the period, net of tax		563,279	(348,554)
Total other comprehensive loss for the period		(15,955,876)	(11,859,578)
Loss for the period attributable to owners of the parent		(16,519,155)	(11,511,024)
Total comprehensive loss attributable to owners of the parent		(15,955,876)	(11,859,578)
Basic loss per share attributable to ordinary equity holders of the parent		(1.77) cents	(1.72) cents
Diluted loss per share attributable to ordinary equity holders of the parent		(1.77) cents	(1.72) cents

The accompanying notes form part of the consolidated financial statements.

AVITA MEDICAL LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Consolidated	
	2018	2017
	\$	\$
ASSETS		
Current Assets		
Cash and cash equivalents	14,825,532	3,790,491
Trade and other receivables	5,437,357	2,070,534
Prepayments and other assets	855,716	382,026
Inventories	1,155,826	1,037,490
Total Current Assets	22,274,431	7,280,541
Non-Current Assets		
Plant and equipment	742,583	387,380
Total Non-Current Assets	742,583	387,380
TOTAL ASSETS	23,017,014	7,667,921
LIABILITIES		
Current Liabilities		
Trade and other payables	3,487,582	2,363,734
Provisions	395,535	182,355
Total Current Liabilities	3,883,117	2,546,089
Finance Lease	134,338	-
Total Non-Current Liabilities	134,338	-
TOTAL LIABILITIES	4,017,455	2,546,089
NET ASSETS	18,999,559	5,121,832
EQUITY		
Equity attributable to equity holders of the parent:		
Contributed equity	162,801,028	134,806,022
Accumulated losses	(148,592,879)	(132,218,352)
Reserves	4,791,410	2,534,162
TOTAL EQUITY	18,999,559	5,121,832

The accompanying notes form part of the consolidated financial statements.

AVITA MEDICAL LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

	Consolidated	
	2018	2017
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees	(25,681,347)	(17,676,710)
Receipts from customers	1,582,345	1,207,943
Government grants received	-	13,200
R&D tax refund received	-	972,283
Interest received	65,656	123,709
Interest paid	(26,586)	(12,754)
BARDA income and other income received	7,687,908	6,814,805
Net cash flows used in operating activities	(16,372,024)	(8,557,524)
Cash flows from investing activities		
Payments for plant and equipment	(498,749)	(432,592)
Proceeds from the sale of financial assets	-	627,837
Net cash flows (used in)/provided by investing activities	(498,749)	195,245
Cash flows from financing activities		
Proceeds from issuance of shares and options	29,760,563	9,048,102
Capital raising expenses	(1,825,643)	(506,452)
Purchase of finance leased asset	-	(303,521)
Net cash flows provided by financing activities	27,934,920	8,238,129
Net increase/(decrease) in cash and cash equivalents	11,064,147	(124,150)
Cash and cash equivalents at beginning of period	3,790,491	4,171,879
Impact of foreign exchange	(29,106)	(257,238)
Cash and cash equivalents at end of period	14,825,532	3,790,491

The accompanying notes form part of the consolidated financial statements.

AVITA MEDICAL LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

Consolidated	Contributed equity	Accumulated losses	Share based payment reserve	Foreign currency translation reserve	Total
	\$	\$	\$	\$	\$
At 1 July 2017	134,806,022	(132,218,352)	2,811,179	(277,017)	5,121,832
Loss for the period	-	(16,519,155)	-	-	(16,519,155)
Other comprehensive income					
Foreign currency translation	-	-	-	563,279	563,279
Total comprehensive loss for the year	-	(16,519,155)	-	563,279	(15,955,876)
<i>Transactions with owners in their capacity as owners</i>					
Expired options	-	141,188	(141,188)	-	-
Forfeiture options	-	3,440	(31,832)	-	(28,392)
Share based payments	-	-	1,866,989	-	1,866,989
New shares	29,846,859	-	-	-	29,846,859
Cost of share placement	(1,851,853)	-	-	-	(1,851,853)
Balance at 30 June 2018	162,801,028	(148,592,879)	4,505,148	286,262	18,999,559

The accompanying notes form part of the consolidated financial statements.

AVITA MEDICAL LIMITED
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)
<i>Transactions with owners in their capacity as owners:</i>						
Expired Options	-	401,080	(401,080)	-	-	-
Share based expenses	-	-	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

The accompanying notes form part of the consolidated financial statements.

AVITA MEDICAL LIMITED
NOTES TO THE CONCISE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

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 2018. This concise report has been derived from the full 2018 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 2018 Financial Report.

Note 2. Revenue and Expenses

	2018	2017
	\$	\$
(a) Revenue		
Sale of goods	1,652,161	1,180,632
Other income	9,719,400	6,951,714
Total revenue	11,371,561	8,132,346

The Group had been granted a BARDA contract in September 2015, wherein BARDA will fund the Company to support the ongoing U.S. clinical regulatory program towards FDA Premarket Approval and Compassionate Use program, and clinical and health economics research in U.S. pediatric burn care. The objectives support BARDA's overarching goal of building burn care preparedness, by securing effective medical countermeasures for burn injuries for use in case of a mass casualty.

	2018	2017
	\$	\$
(b) Other income		
Bank interest income	65,656	123,709
Contracts received	-	13,200
Other income	2,961	207,825
Total other income	68,617	344,734

	2018	2017
	\$	\$
(c) Finance costs		
Other loans	26,586	12,754
	26,586	12,754

AVITA MEDICAL LIMITED
NOTES TO THE CONCISE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2018

Note 2. Revenue and Expenses (continued)

	2018	2017
	\$	\$
(d) Depreciation, impairment and amortisation included in profit or loss		
Depreciation	143,546	139,703
Profit on disposal of plant and equipment	-	(1,347)
	<u>143,546</u>	<u>138,356</u>
	2018	2017
	\$	\$
(e) Cost of sales	<u>704,972</u>	<u>505,636</u>
	2018	2017
	\$	\$
(f) Lease payments and other expenses included in profit or loss	<u>463,095</u>	<u>418,193</u>
	2018	2017
	\$	\$
(g) Employee benefits expense		
Salaries and wages	8,057,869	6,143,458
Share-based expenses	1,835,157	1,587,243
Defined contribution superannuation expense	374,435	341,586
	<u>10,267,461</u>	<u>8,072,287</u>

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:

	2018	2017
	\$	\$
Net loss for the period	<u>(16,519,155)</u>	<u>(11,511,024)</u>
Weighted average number of ordinary shares for basic and diluted loss per share	<u>934,312,458</u>	<u>669,930,538</u>

AVITA MEDICAL LIMITED
NOTES TO THE CONCISE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2018

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, Europe and Americas including Canada. The Chief Executive Officer monitors the performance of all these segments separately. The Group does not operate in any other geographic segment.

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

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

Unallocated

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

- Corporate revenue
- Corporate charges
- Amortisation of intellectual property

The segment information provided to the Chief Executive Officer for the reportable segments for the year ended 30 June 2018 is as follows:

	<i>Asia Pacific</i>	<i>EMEA</i>	<i>Americas</i>	<i>Total</i>
	\$	\$	\$	\$
Year ended 30 June 2018				
Revenue				
Sale of goods	709,907	488,955	453,299	1,652,161
Other revenues from external customers	-	2,961	9,650,783	9,653,744
Interest received	59,552	438	5,667	65,657
Total revenue and other income per consolidated statement of profit or loss and other comprehensive income	769,458	492,354	10,109,749	11,371,562
Segment net loss before tax benefit	(1,341,200)	(2,181,622)	(9,539,295)	(13,062,117)
Reconciliation of segment net result before tax to loss before income tax:				
Corporate charges including share based expenses				(4,842,452)
Loss before income tax benefit				(17,904,569)

The Group's revenue in its Americas including Canada operating segment includes \$9,650,783 from BARDA, representing 85%.

AVITA MEDICAL LIMITED
NOTES TO THE CONCISE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2018

Note 4. Segment Information (Continued)

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:

	2018 %	2017 %
Australia	6.8	9.4
Other	93.2	90.6
Total revenue	100.0	100.0

	<i>Asia Pacific</i> \$	<i>EMEA</i> \$	<i>Americas</i> \$	<i>Total</i> \$
Year ended 30 June 2018				
Segment assets				
Segment operating assets	532,926	579,081	17,079,653	18,191,660
Segment non-current assets	5,662	18,214	703,100	726,977
Unallocated assets	-	-	-	4,098,377
Total assets per the consolidated statement of financial position				23,017,014
Segment liabilities				
Segment operating liabilities	189,531	176,461	3,314,423	3,680,415
Unallocated liabilities	-	-	-	337,040
Total liabilities per the consolidated statement of financial position				4,017,455
	<i>Asia Pacific</i> \$	<i>EMEA</i> \$	<i>Americas</i> \$	<i>Total</i> \$
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 including share based expenses				(5,790,442)
Loss before income tax				(12,559,261)

AVITA MEDICAL LIMITED
 NOTES TO THE CONCISE FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED 30 JUNE 2018

Note 4. Segment Information (Continued)

	<i>Asia Pacific</i> \$	<i>EMEA</i> \$	<i>Americas</i> \$	<i>Total</i> \$
Year ended 30 June 2017				
Segment assets				
Segment operating assets	227,359	1,166,946	2,342,846	3,737,150
Segment non-current assets	6,624	20,375	360,380	387,380
Unallocated assets	-	-	-	3,156,011
Total assets per the consolidated statement of financial position				7,280,541
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

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 2018, the net carrying amount of the furniture and IT equipment held under lease arrangements is \$159,043.

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

	<u>2018</u>
Finance Lease liabilities	
Current:	86,883
Non-current:	<u>72,160</u>
	<u>159,043</u>

	Minimum Lease Payment Due			Total
	Within 1 Year	1-5 Years	After 5 Years	
30 June 2018				
Lease Payments	114,650	92,515	-	207,165
Finance charges	(27,767)	(20,355)	-	(48,122)
Net Present Values	<u>86,883</u>	<u>72,160</u>	-	<u>159,043</u>

Operating Leases as Lessee

The Group leases space under operating leases. Future minimum lease payments as of 30 June 2018 are as follows:

	Minimum Lease Payment Due			Total
	Within 1 Year	1-5 Years	After 5 Years	
30 June 2018	525,919	856,541	-	1,382,460
30 June 2017	344,431	879,079	-	1,223,509

AVITA MEDICAL LIMITED
NOTES TO THE CONCISE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 JUNE 2018

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 2018, the Group has generated a loss for the period of \$16,519,155 (2017: \$11,511,024) and the Group has used cash in operations of \$16,372,024 (2017: \$8,557,524).

During the year ended 30 June 2018, the Group completed a series of equity transactions. On 11 October 2017 the Company completed a placement of 100,982,978 fully paid ordinary shares at a price of \$0.045 per share raising gross proceeds of \$4,544,234 and incurring \$248,720 in capital raising expenses. On 7 November 2017 the Company completed a rights offering of 276,502,853 fully paid ordinary shares at a price of \$0.045 per share raising gross proceeds of \$12,442,628 and incurring capital raising costs of \$636,067. On 6 June 2018 the Company completed the first tranche of an institutional placement in which it issued 255,475,665 fully paid ordinary shares at a price of \$0.050 per share raising gross proceeds of \$12,773,783 and incurring \$777,285 in capital raising expenses. The institutional placement included a second tranche totaling \$3.250 million of gross proceeds, contingent upon shareholder approval. Shareholder approval for Tranche 2 was received at an Extraordinary General Meeting held on 23 July 2018, and the net proceeds of \$3.041 million were received by the Group on 26 July 2018.

The Group also benefits from cash inflows from the series of BARDA contracts, the first of which was awarded to the Company in September 2015. These payments from BARDA offset the costs from various activities undertaken to support the FDA regulatory approval process for RECELL in the U.S., preparation for the planned commercial launch of RECELL in the U.S., and other RECELL clinical programs in the U.S. 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\$10.2m), expected to be initiated in 2019.

The Group is a development stage biotechnology company and as such expects to be utilizing cash reserves until its research and development activities are commercialized in the U.S. and other major markets. The Group has historically funded its research and development activities through raising capital by issuing securities in the Company, and 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 or other programs.

As a result of the above, the directors are satisfied that there is sufficient working capital to support the committed research development programs and other 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

On 20 September 2018, the FDA approved the Group's PMA application to market the RECELL System to treat patients with severe thermal burns in the U.S.

During the year ended 30 June 2018 the Group completed an institutional placement of shares to international and Australian institutional and sophisticated investors. The institutional placement included a second tranche totaling \$3.250 million of gross proceeds, contingent upon shareholder approval. Shareholder approval for Tranche 2 was received at an Extraordinary General Meeting held on 23 July 2018, and the net proceeds of \$3.041 million were received by the Group on 26 July 2018.

**AVITA MEDICAL LIMITED
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 2018 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 2018 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 ended 30 June 2018.

On behalf of the Board



Michael Perry
Chief Executive Officer
Dated: 18 October 2018
Valencia, California, United States



Central Park, Level 43
152-158 St Georges Terrace
Perth WA 6000

Correspondence to:
PO Box 7757
Cloisters Square
Perth WA 6850

T +61 8 9480 2000
F +61 8 9480 2050
E info.wa@au.gt.com
W www.grantthornton.com.au

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 2018, 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 2018.

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.

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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 27 September 2018. That report also includes:

- A *Material Uncertainty Related to Going Concern* section that draws attention to Note 2(y) in the financial report. Note 2(y) of the financial report indicates that Avita Medical Limited incurred a net loss of \$16,519,155 during the year ended 30 June 2018 and cash used in operations of \$16,372,024. These events or conditions, along with other matters as set forth in Note 2(y) 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
<p>Recognition of R&D Tax Incentive</p> <p>Under the research and development (R&D) tax incentive scheme, the Group receives a 43.5% refundable tax offset (2017: 43.5%) of eligible expenditure if its turnover is less than \$20 million per annum, provided it is not controlled by income tax exempt entities.</p> <p>An R&D plan is filed with AusIndustry in the following financial year and, based on this filing, the Group receives the incentive in cash. Management performed a detailed review of the Group's total R&D expenditure to estimate the refundable tax offset receivable under the R&D tax incentive legislation. As at 30 June 2018, a receivable of \$1,385,797 has been recorded.</p> <p>This area is a key audit matter due to the size of the accrual and the degree of judgement and interpretation of the R&D tax legislation required by management to assess the eligibility of the R&D expenditure under the scheme.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • comparing the nature of the R&D expenditure included in the current year estimate to the prior year claim; • utilising an internal R&D tax specialist to review the expenditure methodology employed by management for consistency with the R&D tax offset rules; • considering the nature of the expenditure against the eligibility criteria of the R&D tax incentive scheme to form a view about whether the expenses included in the estimate were likely to meet the eligibility criteria; • comparing the eligible expenditure used in the receivable calculation to the expenditure recorded in the general ledger; • vouching a sample of expenditure to source documents; • inspecting copies of relevant correspondence with AusIndustry and the ATO related to historic claims; and; • assessing the appropriateness of financial statement disclosures.

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 2018, 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 2018.

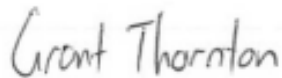
Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 19 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Avita Medical Limited, for the year ended 30 June 2018, 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, 18 October 2018

ASX Shareholder Information

Ordinary Fully Paid Shares (Total) as of 30 September 2018

Range	Total holders	Ordinary Shares	% of Issued Capital
1 - 1,000	443	149,728	0.01
1,001 - 5,000	465	1,492,767	0.11
5,001 - 10,000	714	5,739,083	0.43
10,001 - 100,000	1,741	67,316,703	5.01
100,001 Over	863	1,267,680,044	94.44
Total	4,226	1,342,378,325	100.00

Unmarketable Parcels	Minimum Parcel Size	Holders	Shares
Minimum \$ 500.00 parcel at \$ 0.1050 per share	4,762	804	1,124,568

Substantial Shareholder	Ordinary Shares	% of Issued Capital
HSBC Custody Nominees (Australia) Limited	246,465,803	18.36
HSBC Custody Nominees (Australia) Limited - A/C 2	207,985,797	15.49

ASX Shareholder Information

Ordinary Fully Paid Shares (Total) as of 30 September 2018

AVITA MEDICAL LIMITED

Top 20 Holders

Rank	Name	Shares	% of Shares
1	HSBC Custody Nominees (Australia) Limited	246,465,803	18.36
2	HSBC Custody Nominees (Australia) Limited - A/C 2	207,985,797	15.49
3	Citicorp Nominees Pty Limited	127,853,431	9.52
4	One Funds Management Limited <Asia Pac Health Fund II A/C>	83,347,669	6.21
5	Phillip Asset Management Limited <Bioscience MTF1 A/C>	33,333,334	2.48
6	Mr Paul Cozzi	30,000,000	2.23
7	Morgan Stanley Australia Securities (Nominee) Pty Limited <No 1 Account>	25,705,326	1.91
8	Merrill Lynch (Australia) Nominees Pty Limited	19,236,187	1.43
9	Brispot Nominees Pty Ltd <House Head Nominee A/C>	17,806,186	1.33
10	CS Fourth Nominees Pty Limited <HSBC Cust Nom AU LTD 11 A/C>	17,432,933	1.30
11	UBS Nominees Pty Ltd	14,439,123	1.08
12	ATEQ Investments Pty Ltd	12,241,052	0.91
13	J P Morgan Nominees Australia Limited	12,236,952	0.91
14	Moore Family Nominee Pty Ltd <Moore Family Super Fund A/C>	11,039,684	0.82
15	BNP Paribas Nominees Pty Ltd <IB AU Noms Retail Client DRP>	10,650,922	0.79
16	Mr Adam Kelliher	10,500,000	0.78
17	Dibbens Developments Pty Ltd <Dibbens Super B Fund A/C>	6,866,624	0.51
18	CS Third Nominees Pty Limited <HSBC Cust Nom AU Ltd 13 A/C>	6,500,000	0.48
19	Neweconomy Com AU Nominees Pty Limited <900 Account>	6,440,640	0.48
20	Dr Russell Kay Hancock	5,000,000	0.37
Top 20 holders of Ordinary Fully Paid Shares (Total)		905,081,663	67.42
Total Remaining Holders Balance		437,296,662	32.58



TRANSFORMING LIVES

*through the development
of regenerative medicine*

AUSTRALIA

Visiomed Group Ltd
c/o Mertons Corporate Services
Level 7, 330 Collins Street
Melbourne VIC 3000 Australia
Tel: +61 3 8689 9997
Fax: +61 8 9474 7742
info.au@avitamedical.com
Visiomed Group Limited ABN 34 003 010 580
C3 Operations Pty Limited ABN 63 090 161 505
Registered in Australia

UNITED STATES

28159 Avenue Stanford
Suite 220
Valencia CA 91355
United States of America
Tel: +1 661 367 9170
customerservice@avitamedical.com

CHINA

Avita
Suite 502, Entrance 9, Building No. 9 Xingfuyicun Xili
Chaoyang District, Beijing 100027
China
Tel: +86 (10) 6401 9528
Fax: +86 (10) 6417 3471
info.au@avitamedical.com

www.avitamedical.com

