

# Appendix 4D

Half-Year Report

31 December 2017

## AVITA MEDICAL LIMITED

ABN 28 058 466 523

### Results for announcement to the market

Financial Results				December 2017 \$	December 2016 \$
Sale of goods	Up	51%	to	788,295	521,742
Other revenue	Up	19%	to	3,713,777	3,117,521
Total comprehensive loss for the period	Up	53%	to	7,305,987	4,775,664

Dividends	Amount per Ordinary Security	Franked amount per security
2016 interim dividend	Nil	Nil
2017 interim dividend	Nil	Nil

Record date for determining entitlements to the 2017 interim dividends	N/A
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Net Tangible Asset Backing	December 2017	December 2016
Net tangible asset backing per ordinary security	\$0.0138	\$0.0161

<b>Other explanatory notes</b>
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The information required by listing rule 4.2A is contained in both this Appendix 4D and the attached half-year report. This half-yearly reporting information should be read in conjunction with the most recent annual financial report of the company.

AVITA MEDICAL LIMITED

A.B.N. 28 058 466 523

HALF-YEAR FINANCIAL REPORT

**31 December 2017**

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## **Corporate Information**

**ABN 28 058 466 523**

This half-year 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 principal activities are included in the review of operations and activities in the Directors' Report on page 4. The Directors' Report does not form part of the financial report.

### **Directors**

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

### **Company Secretary**

Mr Gabriel Chiappini

### **Registered Office**

Level 9, The Quadrant  
1 William Street  
Perth, Western Australia, 6000  
Email: [investor@avitamedical.com](mailto:investor@avitamedical.com)

### **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

### **Principal Bankers**

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

### **Stock Exchange**

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

## **DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

Your Directors submit their report for the half-year ended 31 December 2017.

### **DIRECTORS**

The names of the Company's Directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Mr Lou Panaccio (Non-Executive Chairman)

Mr Jeremy Curnock-Cook (Non-Executive Director)

Mr Louis Drapeau (Non-Executive Director)

Mr Damien McDonald (Non-Executive Director)

Dr Michael Perry (Executive Director)

Professor Suzanne Crowe (Non-Executive Director)

### **REVIEW AND RESULTS OF OPERATIONS**

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 Epithelial Suspension (RES™), an autologous suspension comprised of the patient's own skin cells and wound healing factors that are necessary to regenerate natural healthy skin. This suspension is then applied to the area of the patient to be treated. 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, and the Group has applied for regulatory approval to sell the devices in the United States.

Sale of goods totalled \$788,295 for the half-year ended 31 December 2017, an increase of \$266,553 or 51% over the \$521,742 recognized during the same period in 2016. The largest increase in sale of goods occurred in Europe, but the Company also experienced an increase in every other region in which the Company sold its products. Gross margin for the half-year ended 31 December 2017 was 61% compared to 56% for the same period in 2016.

Other revenue totalled \$3,713,777 for the half-year ended 31 December 2017, an increase of \$596,256 or 19% over the \$3,117,521 recognized during same period in 2016. As in prior periods, other revenue consisted primarily of support under research contracts with the Biomedical Advanced Research and Development Authority (BARDA) within the U.S. Department of Health and Human Services. Funding provided by BARDA during the half-year ended 31 December 2017 focused primarily on support of the United States PreMarket Approval (PMA) application for the RECELL® medical device filed with the U.S. Food & Drug Administration (FDA), the continued access and compassionate use programs which provide access to RECELL 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 RECELL versus standard of care for the treatment of severe burns. Data from the health economic model will be considered in the establishment of pricing and support reimbursement for RECELL in the U.S. and other markets.

Operations for the six months ended 31 December 2017 were focused primarily on preparation for the planned U.S. launch of RECELL, selected commercial sales efforts in markets in which RECELL is approved for sale, and preparation for the further development of RECELL. As expected, operating expenses increased during the current year period as the Company prepared and completed the PMA submission, made investments in commercial, manufacturing, leadership and system capabilities in preparation for the planned U.S. launch of RECELL, and undertook the other major programs described above in the discussion of the BARDA support. Operating costs for the half-year ended 31 December 2017 totalled \$11,443,209, a \$3,468,674 or 43% increase over the \$7,974,535 incurred in the same period in 2016 and were in line with management expectations.

Net loss after tax for the half-year ended 31 December 2017 was \$7,250,597, a \$2,687,152 or 59% increase compared to \$4,563,445 incurred in the same period in 2016. 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 six months. As the Company continues its preparations for the planned launch of RECELL 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.

During the half-year ended 31 December 2017, net cash provided by the issuance of shares was \$15,980,605. Cash and cash equivalents held at 31 December 2017 was \$11,777,009.

## **PATENTS**

The Group holds a series of U.S. and international patents and patent applications related to its RECELL medical device. In 2017 Avita Medical Limited (a U.S.-based entity within the Group) filed a petition with the United States Patent Trial and Appeal Board to institute an Inter Parties Review on a U.S. patent owned by Renovacare Sciences Corp. The petition was denied. The denial did not sanction Renovacare's technology, nor did it affirm the validity of the Renovacare patent. The Group maintains the right to pursue legal actions in the future, including an infringement action against Renovacare if and when that company ever achieves success at bringing a product to the market in the U.S. which infringes any claims of the Group's patents. The Group continues to build its own patent estate, which includes U.S. and international patents and applications directed toward its RECELL technology.

## **SUBSEQUENT EVENTS**

From the end of the reporting period to the date of this report, no matter or circumstance has arisen which has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group.

**DIRECTORS' REPORT  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

**AUDITOR'S INDEPENDENCE DECLARATION**

A copy of the auditor's independence declaration as required under s307C of the Corporations Act 2001 is included on the following page.

Signed in accordance with a resolution of the Directors.



**Michael Perry**  
**Executive Director**

Dated: 28 February 2018  
Valencia, California, United States

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

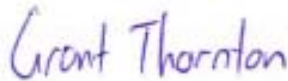
Correspondence to:  
PO Box 7757  
Cloisters Square  
Perth WA 6850

T +61 8 9480 2000  
F +61 8 9322 7787  
E [info.wa@au.gt.com](mailto:info.wa@au.gt.com)  
W [www.grantthornton.com.au](http://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 review of Avita Medical Ltd for the half-year ended 31 December 2017. I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



M P Hingeley  
Partner - Audit & Assurance

Perth, 28 February 2018

Grant Thornton Audit Pty Ltd ACN 130 913 594  
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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE LOSS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

	Note	Consolidated	
		31 Dec 2017	31 Dec 2016
		\$	\$
<b>Continuing Operations</b>			
Sale of goods	2	788,295	521,742
Cost of sales		(309,460)	(228,173)
<b>Gross Profit</b>		<b>478,835</b>	<b>293,569</b>
Other revenue	2	3,713,777	3,117,521
<b>Operating Costs</b>			
Administrative expenses		(4,602,185)	(3,347,646)
Share based payment expense		(726,855)	(274,423)
Clinical and research and development expenses		(3,285,218)	(2,517,245)
Sales and marketing expenses		(2,815,698)	(1,835,180)
Finance costs		(13,253)	(41)
Total Operating Costs		(11,443,209)	(7,974,535)
<b>Loss from Continuing Operations Before Income Tax Expense</b>		<b>(7,250,597)</b>	<b>(4,563,445)</b>
Income tax expense		-	-
<b>Loss for the Period</b>		<b>(7,250,597)</b>	<b>(4,563,445)</b>
<b>Other Comprehensive Income</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Reclassification to profit or loss		-	(265,261)
Foreign currency translation		(55,390)	53,042
<b>Other Comprehensive Loss for the Period, Net of Tax</b>		<b>(55,390)</b>	<b>(212,219)</b>
Total comprehensive loss for the period		(7,305,987)	(4,775,664)
Loss for the period attributable to owners of the parent		(7,250,597)	(4,563,445)
<b>Total Comprehensive Loss Attributable to Owners of the Parent</b>		<b>(7,305,987)</b>	<b>(4,775,664)</b>
<b>Earnings Per Share</b>			
Basic and diluted loss per share from continuing operations		(0.91) cents	(0.79) cents

The accompanying notes form part of the financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2017**

	Note	Consolidated	
		31 Dec 2017	30 Jun 2017
		\$	\$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		11,777,009	3,790,491
Trade and other receivables		2,490,987	2,070,534
Prepayments		734,534	382,026
Inventories		1,109,298	1,037,490
<b>Total Current Assets</b>		<b>16,111,828</b>	<b>7,280,541</b>
<b>Non-Current Assets</b>			
Plant and equipment		404,409	387,380
<b>Total Non-Current Assets</b>		<b>404,409</b>	<b>387,380</b>
<b>TOTAL ASSETS</b>		<b>16,516,237</b>	<b>7,667,921</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		1,740,348	2,363,734
Provisions		252,584	182,355
<b>Total Current Liabilities</b>		<b>1,992,932</b>	<b>2,546,089</b>
<b>TOTAL LIABILITIES</b>		<b>1,992,932</b>	<b>2,546,089</b>
<b>NET ASSETS</b>		<b>14,523,305</b>	<b>5,121,832</b>
<b>EQUITY</b>			
Equity attributable to equity holders of the parent:			
Contributed equity	6	150,786,627	134,806,022
Accumulated losses		(139,327,761)	(132,218,352)
Reserves		3,064,439	2,534,162
<b>TOTAL EQUITY</b>		<b>14,523,305</b>	<b>5,121,832</b>

The accompanying notes form part of the financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

	Consolidated	
	31 Dec 2017	31 Dec 2016
	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from customers	367,933	646,308
BARDA receipts and other income received	3,676,182	3,037,741
Payments to suppliers and employees	(11,943,480)	(8,653,608)
Interest received	37,595	79,779
Interest paid	(13,255)	(41)
<b>Net cash flows used in operating activities</b>	<b>(7,875,025)</b>	<b>(4,889,821)</b>
<b>Cash flows from investing activities</b>		
Proceeds from the sale of financial assets	-	627,624
Payments for plant & equipment	(63,672)	(81,070)
<b>Net cash flows (used in) / provided by investing activities</b>	<b>(63,672)</b>	<b>546,554</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of shares	17,028,964	9,014,835
Capital raising expenses	(1,048,359)	(506,452)
<b>Net cash flows provided by financing activities</b>	<b>15,980,605</b>	<b>8,508,383</b>
<b>Net increase in cash and cash equivalents</b>	<b>8,041,908</b>	<b>4,165,116</b>
Cash and cash equivalents at beginning of period	3,790,491	4,171,879
Impact of foreign exchange	(55,390)	53,042
<b>Cash and cash equivalents at end of period</b>	<b>11,777,009</b>	<b>8,390,037</b>

For the purpose of the half-year Statement of Cash Flows, cash and cash equivalents are comprised of the following:

	Consolidated	
	31 Dec 2017	31 Dec 2016
	\$	\$
Cash at bank and in hand	1,403,330	742,779
Short-term deposits	10,373,679	7,647,258
<b>Total Cash and Cash Equivalents</b>	<b>11,777,009</b>	<b>8,390,037</b>

The accompanying notes form part of the financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

Consolidated		Contributed equity	Accumulated losses	Share based payment reserve	Available for sale reserve	Foreign currency translation Reserve	Total
	Note	\$	\$	\$		\$	\$
<b>At 1 July 2017</b>		134,806,022	(132,218,352)	2,811,179	-	(277,017)	5,121,832
Loss for the period		-	(7,250,597)	-	-	-	(7,250,597)
Other comprehensive income		-	-	-	-	(55,390)	(55,390)
<b>Total comprehensive loss for the period</b>		-	<b>(7,250,597)</b>	-	-	<b>(55,390)</b>	<b>(7,305,987)</b>
Transactions with owners in their capacity as owners							
Share based payments		-	-	726,855	-	-	726,855
New shares	6	17,028,964	-	-	-	-	17,028,964
Cost of share placement	6	(1,048,359)	-	-	-	-	(1,048,359)
Transfer of expired options		-	141,188	(141,188)	-	-	-
<b>Balance at 31 December 2017</b>		<b>150,786,627</b>	<b>(139,327,761)</b>	<b>3,396,846</b>	-	<b>(332,407)</b>	<b>14,523,305</b>

Consolidated	Contributed equity	Accumulated losses	Share based payment reserve	Available for sale reserve	Foreign currency translation Reserve	Total
	\$	\$	\$		\$	\$
<b>At 1 July 2016</b>	<b>126,264,372</b>	<b>(121,108,408)</b>	<b>1,625,016</b>	<b>265,261</b>	<b>(193,724)</b>	<b>6,852,517</b>
Loss for the period	-	(4,563,445)	-	-	-	(4,563,445)
Other comprehensive income	-	-	-	(265,261)	53,042	(212,219)
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>(4,563,445)</b>	<b>-</b>	<b>(265,261)</b>	<b>53,042</b>	<b>(4,775,664)</b>
Transactions with owners in their capacity as owners						
Share based payments	-	-	274,423	-	-	274,423
New shares	9,014,834	-	-	-	-	9,014,835
Cost of share placement	(506,452)	-	-	-	-	(506,452)
Transfer of expired options	-	174,940	(174,940)	-	-	-
<b>Balance at 31 December 2016</b>	<b>134,772,754</b>	<b>(125,496,913)</b>	<b>1,724,499</b>	<b>-</b>	<b>(140,682)</b>	<b>10,859,658</b>

The accompanying notes form part of the financial statements.

## NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

### 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

#### Basis of Preparation

This general purpose condensed financial report for the half-year ended 31 December 2017 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. The Parent Company's functional and presentation currency is AUD (\$).

This half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2017 and considered together with any subsequent public announcements made by Avita Medical Limited in accordance with the continuous disclosure obligations of the *ASX listing rules*.

This financial report has been prepared on the going concern basis. The interim financial statements have been prepared in accordance with the same accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2017. The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these interim financial statements.

#### Going Concern

These financial statements have been prepared on the basis of going concern, which contemplates the continuity of normal business activities and the realization of assets and settlement of liabilities in the ordinary course of business. During the half-year ended 31 December 2017, the Group has generated a loss for the period of \$7,250,597 (2016: \$4,563,445) and the Group has used cash in operations of \$7,875,025 (2016: \$4,889,821).

The Group 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 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 revenue for the Company is the BARDA contract line item covering the initial purchase, delivery and storage of RECELL devices in the amount of US\$7,594,620 (~A\$10m), expected to be initiated in 2018.

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 and 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.

**NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

**2. REVENUE**

	CONSOLIDATED	
	31 Dec 2017	31 Dec 2016
	\$	\$
<b>Revenue</b>		
Sale of goods	788,295	521,742
Other revenue	3,713,777	3,117,521
	<b>4,502,072</b>	<b>3,639,263</b>
<b>Other Revenue</b>		
BARDA receipts	3,676,182	2,863,119
Bank interest income	37,595	79,780
Other income	-	174,622
	<b>3,713,777</b>	<b>3,117,521</b>

**3. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES**

No amounts have been paid, declared or recommended by Avita Medical Limited by way of dividend since the commencement of the half-year, and up to the date of this report.

**4. OPERATING SEGMENTS**

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 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 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

**NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

**4. OPERATING SEGMENTS (CONTINUED)**

The segment information provided to the Chief Executive Officer for the reportable segments for the half-year ended 31 December 2017 is as follows:

	<i>Continuing Operations</i>			
	<i>Asia Pacific</i>	<i>Europe</i>	<i>Americas</i>	<i>Total</i>
	\$	\$	\$	\$
<b>Half-year ended 31 December 2017</b>				
<b>Revenue</b>				
Sales to external customers	344,367	263,394	180,534	788,295
Other revenue from external customers	-	-	3,676,182	3,676,182
Interest received	34,151	3,224	220	37,595
<b>Total revenue per statement of comprehensive income</b>	<b>378,518</b>	<b>266,618</b>	<b>3,856,936</b>	<b>4,502,072</b>
Segment net loss before tax	(688,840)	(1,325,927)	(3,098,175)	(5,112,942)
<b>Reconciliation of segment net result before tax to loss before income tax</b>				
Corporate charges				(2,137,655)
<b>Loss before income tax</b>				<b>(7,250,597)</b>
<b>Segment assets</b>				
Segment operating assets	327,350	692,388	4,077,021	5,096,759
Unallocated assets				11,419,478
<b>Total assets per the statement of financial position</b>				<b>16,516,237</b>
<b>Segment liabilities</b>				
Segment operating liabilities	119,882	192,630	1,526,727	1,839,239
Unallocated liabilities				153,693
<b>Total liabilities per the statement of financial position</b>				<b>1,992,932</b>



NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

4. OPERATING SEGMENTS (CONTINUED)

	<i>Continuing Operations</i>			
	<i>Asia Pacific</i>	<i>Europe</i>	<i>Americas</i>	<i>Total</i>
	\$	\$	\$	\$
<b>Half-year ended 31 December 2016</b>				
<b>Revenue</b>				
Sales to external customers	256,966	132,460	132,316	521,742
Other revenue from external customers	174,282	340	2,863,119	3,037,741
Interest received	72,852	1,218	5,710	79,780
<b>Total revenue per statement of comprehensive income</b>	<b>504,100</b>	<b>134,018</b>	<b>3,001,145</b>	<b>3,639,263</b>
Segment net loss before tax	(680,185)	(1,806,498)	(1,015,781)	(3,502,464)
<b>Reconciliation of segment net result before tax to loss before income tax</b>				
Corporate charges				(1,060,981)
<b>Loss before income tax</b>				<b>(4,563,445)</b>
<b>Segment assets</b>				
Segment operating assets	318,812	1,162,641	2,640,565	4,122,018
Unallocated assets				7,721,786
<b>Total assets per the statement of financial position</b>				<b>11,843,804</b>
<b>Segment liabilities</b>				
Segment operating liabilities	107,606	291,123	461,275	860,004
Unallocated liabilities				124,142
<b>Total liabilities per the statement of financial position</b>				<b>984,146</b>

There was no material difference between the basis of segmentation and the measurement of segment result compared to the 30 June 2017 annual report.

5. COMMITMENTS AND CONTINGENCIES

There are no significant changes to the commitments and contingencies disclosed in the most recent annual financial report.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

6. CONTRIBUTED EQUITY

	CONSOLIDATED	
	31 Dec 2017	30 Jun 2017
	\$	\$
<i>Ordinary shares</i>		
Issued and fully paid	150,786,627	134,806,022

	Number	\$
<i>Movement in ordinary shares on issue:</i>		
At 1 July 2017	673,219,854	134,806,022
Issue of shares	378,182,806	17,028,964
Capital raising costs	-	(1,048,359)
<b>At 31 December 2017</b>	<b>1,051,402,660</b>	<b>150,786,627</b>

7. RELATED PARTY DISCLOSURES

The total amount of transactions entered into with Key Management Personnel for the half-year ended 31 December 2017 were \$124,156 Consultancy fees (2016: \$20,810) paid under normal terms and conditions to Bioscience Managers Pty Ltd of which J Curnock-Cook is a Director.

Details of all related party transactions have been disclosed in the annual report for the year ended 30 June 2017. There have been no new significant related party transactions during the interim period.

8. SUBSEQUENT EVENTS

From the end of the reporting period to the date of this report, no matter or circumstance has arisen which has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group.

**DIRECTORS' DECLARATION  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

**DIRECTORS' DECLARATION**

In accordance with a resolution of the Directors of Avita Medical Limited, I state that:

In the opinion of the Directors:

- a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
  - (i) Giving a true and fair view of the financial position at 31 December 2017 and the performance for the half-year ended on that date of the consolidated entity; and
  - (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
- 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.

On behalf of the Board



**Michael Perry**  
**Executive Director**

Dated: 28 February 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 9322 7787  
E [info.wa@au.gt.com](mailto:info.wa@au.gt.com)  
W [www.grantthornton.com.au](http://www.grantthornton.com.au)

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

### Report on the Half Year Financial Report

#### Conclusion

We have reviewed the accompanying half year financial report of Avita Medical Limited (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of Avita Medical Limited does not give a true and fair view of the financial position of the Group as at 31 December 2017, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial reporting*.

#### Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Group incurred a net loss of \$7,250,597 during the half year ended 31 December 2017 and net cash outflows from operating activities of \$7,875,025. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

#### Directors' Responsibility for the Half Year Financial Report

The Directors of the Company are responsible for the preparation of the half year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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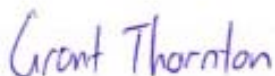
### **Auditor's Responsibility**

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2017 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Avita Medical Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Independence**

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



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



M P Hingeley  
Partner - Audit & Assurance

Perth, 28 February 2018