

Appendix 4E

Preliminary Final Report
30 June 2017

AVITA MEDICAL LIMITED

ABN 28 058 466 523

Results for announcement to the market

	Movement	June 2017	June 2016
Financial Results		\$	\$
Sale of goods	Up 18%	1,180,632	1,002,007
Other revenue	Up 173%	6,951,714	2,544,517
Total comprehensive loss for the period	Up 53%	11,726,101	7,681,854
Net Loss from ordinary activities after tax attributable to members	Up 50%	11,642,808	7,778,015

Dividends	Amount per Ordinary Security	Franked amount per security
2016 interim dividend	Nil	Nil
2015 interim dividend	Nil	Nil

Record date for determining entitlements to interim dividends	N/A
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Net Tangible Asset Backing	June 2017	June 2016
Net tangible asset backing per ordinary security	\$0.008	\$0.011

AVITA MEDICAL LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHEHSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

	Notes	Consolidated 2017 \$	2016 \$
Continuing operations			
Sale of goods	2	1,180,632	1,002,007
Cost of sales		(505,636)	(401,568)
Gross profit		674,996	600,439
Other revenue	2	6,951,714	2,544,517
Operating costs			
Administrative expenses		(10,497,936)	(6,512,197)
Share based expenses		(1,719,027)	(956,658)
Clinical and research & development expenses		(4,692,359)	(3,457,828)
Sales and marketing expenses		(3,395,679)	(3,462,095)
Finance costs		(12,754)	(21)
Total operating costs		20,317,755	14,388,799
Loss from continuing operations before income tax		(12,691,045)	(11,243,843)
Profit for the period from discontinued operations		0	2,493,947
Income tax benefit / (expense)		1,048,237	971,881
Loss for the period		(11,642,808)	(7,778,015)
Other comprehensive income / (loss)			
<i>Items that may be reclassified subsequently to profit and loss:</i>			
Foreign currency translation		(83,293)	(169,100)
Fair value gain on available for sale financial assets		0	265,261
Other comprehensive income for the period, net of tax		(83,293)	96,161
Total other comprehensive loss for the period		(11,726,101)	(7,681,854)
Loss for the period is attributable to:			
Owners of Avita Medical Limited		(11,642,808)	(7,778,015)
		(11,642,808)	(7,778,015)
Other comprehensive expense for the period is attributable to:			
Owners of Avita Medical Limited		(11,726,101)	(7,681,854)
		(11,726,101)	(7,681,854)
Basic loss per share attributable to ordinary equity holders of the parent		(1.74) cents	(1.56) cents
Diluted loss per share attributable to ordinary equity holders of the parent		(1.74) cents	(1.56) cents

AVITA MEDICAL LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Notes	Consolidated	
		2017	2016
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents		3,790,491	4,171,879
Trade and other receivables	3	2,070,534	2,021,494
Prepayments		382,026	225,270
Inventories	4	1,037,490	1,370,622
Investments		0	719,153
Total Current Assets		7,280,541	8,508,418
Non-Current Assets			
Plant & equipment		387,380	94,491
Total Non-Current Assets		387,380	94,491
TOTAL ASSETS		7,667,921	8,602,909
LIABILITIES			
Current Liabilities			
Trade and other payables		2,363,734	1,542,139
Provisions		182,355	208,253
Total Current Liabilities		2,546,089	1,750,392
TOTAL LIABILITIES		2,546,089	1,750,392
NET ASSETS		5,121,832	6,852,517
EQUITY			
<i>Equity attributable to equity holders of the parent</i>			
Contributed equity	5	134,806,022	126,264,372
Accumulated losses		(132,751,216)	(121,108,408)
Reserves		3,067,026	1,696,553
TOTAL EQUITY		5,121,832	6,852,517

AVITA MEDICAL LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	Consolidated	
	2017	2016
	\$	\$
Cash flows from operating activities		
Receipts from customers	1,207,943	1,079,549
Payments to suppliers and employees	(17,209,611)	(14,894,221)
Government grants received	13,200	6,965
R&D Tax refund received	972,283	654,060
R&D Tax refund anticipated	(1,048,634)	
Interest received	123,709	110,364
Interest paid		(21)
BARDA income and other income received	6,814,805	2,427,188
Net cash from discontinued operations		648,081
Proceeds from disposal of discontinued operations	719,153	2,029,478
Net cash flows used in operating activities	(8,407,153)	(7,938,557)
Cash flows from investing activities		
Purchase of plant & equipment	(432,592)	(48,289)
Gain on disposal of plant & equipment		440
Net cash flows used in investing activities	(432,592)	(47,849)
Cash flows from financing activities		
Proceeds from issue of shares and options	9,048,102	10,025,584
Capital raising expenses	(506,452)	(664,754)
Net cash flows provided by (used in) financing activities	8,541,650	9,360,830
Net increase / (decrease) in cash and cash equivalents	(298,095)	1,374,424
Cash and cash equivalents at beginning of period	4,171,879	2,966,555
Impact of foreign exchange	(83,293)	(169,100)
Cash and cash equivalents at end of period	3,790,491	4,171,879

AVITA MEDICAL LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

Consolidated	Contributed equity	Accumulated losses	Share based payment 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	-	(11,642,808)	-	-	-	(11,642,808)
Other comprehensive income						
- Foreign currency translation	-	-	-	-	(83,293)	(83,293)
Total comprehensive income / (loss) for the year	-	(11,642,808)	-	-	(83,293)	(11,726,101)
<i>Transactions with owners in their capacity as owners:</i>						
Expired options	-	-	-	-	-	-
Share based expenses	-	-	1,719,027	-	-	1,719,027
MVP shares	-	-	-	(265,261)	-	(265,261)
New options	-	-	-	-	-	-
New shares	9,048,102	-	-	-	-	9,048,102
Cost of share placement	(506,452)	-	-	-	-	(506,452)
Balance at 30 June 2017	134,806,022	(132,751,216)	3,344,043	-	(277,017)	5,121,832

AVITA MEDICAL LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

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

AVITA MEDICAL LIMITED
NOTES TO THE PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of Preparation

This preliminary final report has been prepared in accordance with the ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

This 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 this financial report be read in conjunction with any public announcements made by Avita Medical Limited during the year ended 30 June 2017 in accordance with the continuous disclosure obligations of the *ASX listing rules*.

The accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

Commentary on the results for the period

Revenue from the sale of goods was \$1,180,632, up 18% over the previous year (2016: \$1,002,007). In its key markets of focus the Company continued to expand its commercialization program through building awareness, educating medical professionals, and allowing them to experience the first-hand benefits from using the ReCell® device. A more focused approach has also been undertaken towards the implementation of local well-controlled clinical trials intricately linked with the initiation of robust health-economic and cost-effectiveness data. The expectation is that recurrent sales will be generated once the clinicians observe the positive outcomes from robust clinical data alongside a compelling economic justification for adoption. In the US, familiarity and acceptance with surgeons is expanding organically through the Expanded Access (Compassionate Use) and Continued Access programs as the Company prepares for its FDA submission of a Premarket Approval (PMA) application, followed by the expected US commercial launch of ReCell® in mid-2018.

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

Gross profit was \$674,996 (2016: \$600,439) an increase of 12% from the previous year while cost of sales were \$505,636 (2016: \$401,568) up 26%. Total operating costs were \$20,317,755 (2016: \$14,388,799) an increase of 41%, which primarily reflects the increased administrative expenses incurred under the BARDA contract, including \$2.4M towards new hires in the US to support the PMA submission and pre-commercialization efforts. These new hires were in the functional areas of clinical, regulatory, operations, and reimbursement. BARDA reimbursed the Company \$2M towards funding these additional personnel throughout the fiscal year.

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

The net loss after tax was \$11,642,808 (2016: \$7,778,015) up 50% from last year. Current year net loss included the \$1,189,021 non-cash expense attributed to the shares awarded to the former CEO as mentioned above. In addition, the prior year net loss included a profit from discontinued operations (divestment of the respiratory business segment) of \$2,493,947.

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

AVITA MEDICAL LIMITED
NOTES TO THE PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017

2. REVENUES AND EXPENSES

Revenue and Expenses from Continuing Operations

	Consolidated	
	2017	2016
	\$	\$
(a) Revenue		
Sale of goods	1,180,632	1,002,007
(b) Other revenue		
Bank interest receivable	123,709	110,364
Contracts received	13,200	6,965
BARDA Income	6,606,980	2,424,357
Other income	207,825	2,831
Total other revenue	6,951,714	2,544,517
Total revenue	8,132,346	3,546,524
(c) Employee benefits expense included in income statement		
Wages and salaries	6,143,458	4,669,718
Defined contribution superannuation expense	341,586	311,435
Share-based expenses	1,719,027	956,658
	8,204,071	5,937,811

3. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

	Consolidated	
	2017	2016
	\$	\$
Trade receivables	464,957	659,371
Allowance for doubtful debts	-	-
	464,957	659,371
R & D tax claim	1,048,634	972,282
Other receivables	556,943	389,841
Carrying amount of trade and other receivables	2,070,534	2,021,494

AVITA MEDICAL LIMITED
NOTES TO THE PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017

4. CURRENT ASSETS - INVENTORIES

	Consolidated	
	2017	2016
	\$	\$
Raw materials and components (at cost)	804,052	954,160
Finished goods (at cost)	233,438	416,462
Total inventories at cost	1,037,490	1,370,622

5. CONTRIBUTED EQUITY

	Consolidated	
	2017	2016
	\$	\$
<i>Ordinary shares</i>		
Issued and fully paid	134,806,022	126,264,372
	134,806,022	126,264,372

	Number of shares	\$
<i>Movement in ordinary shares on issue</i>		
At 1 July 2016	532,751,995	126,264,372
Shares issued	140,467,859	9,048,102
Capital issue costs	-	(506,452)
At 30 June 2017	673,219,854	134,806,022

6. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

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

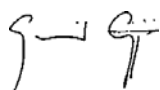
Compliance statement

- 1 This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and IFRS.
- 2 This report, and the accounts upon which the report is based (if separate), use the same accounting policies.
- 3 This report does give a true and fair view of the matters disclosed
- 4 This report is based on accounts to which one of the following applies.
(Tick one)

<input type="checkbox"/> The accounts have been audited.	<input type="checkbox"/> The accounts have been subject to review.
<input checked="" type="checkbox"/> The accounts are in the process of being audited or subject to review.	<input type="checkbox"/> The accounts have <i>not</i> yet been audited or reviewed.
- 5 The entity has a formally constituted audit committee.

Sign here:

Date: 29 August 2017



Gabriel Chiappini
Company Secretary