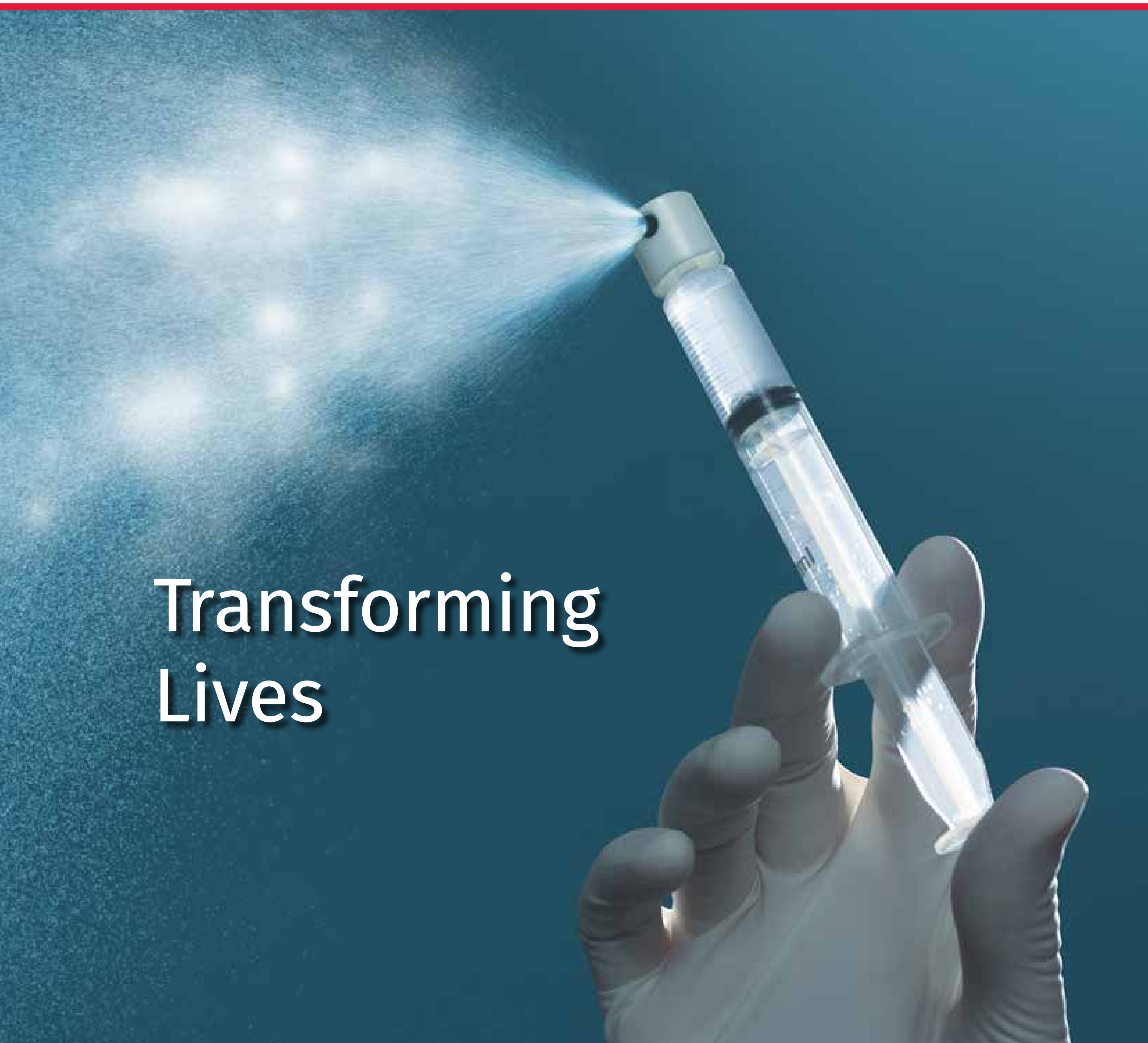
medical
avita
transforming lives

Concise Financial Report 2016



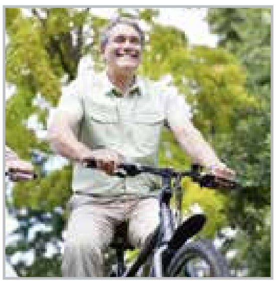
Contents

The Concise Financial Statements 2016 are an extract from the full financial statements of Avita Medical Limited and has been derived from Avita Medical Limited's 2016 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 2016 Annual Report.

2016 Concise Report

A copy of Avita Medical Limited's 2016 Annual Report, together with the Independent Audit Report, is available to all shareholders, and will be sent to shareholders without charge upon request. The financial statements can be requested by letter to the registered office or email at investor@avitamedical.com.





Corporate Information

Corporate Information
ABN 28 058 466 523

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

A description of the Group's operations and of its principal activities is included in the review of operations and activities in the directors' report on page 8.

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

Company Secretary
Mr Gabriel Chiappini

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Perth, Western Australia, 6000

Solicitors
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Level 4, The Read Buildings
16 Milligan Street
Perth, Western Australia, 6000

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

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

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

Internet Address
www.avitamedical.com

From the Chairman

Dear Shareholder

On behalf of the Board of Avita Medical, it gives me great pleasure to present the company's 2016 Annual report.

ReCell has the potential to drastically improve outcomes for patients who have suffered traumatic injuries. This includes patients with severe burns, chronic wounds and those in need of skin repigmentation. These ailments and defects are not only physical, but can be emotionally damaging to patients. Successful application of our technology has the potential to enhance peoples' lives.

Our primary focus over the past year has been to ensure that your company is properly structured and resourced to advance the commercialization of our proprietary ReCell technology. The successful divestment of the non-core respiratory business generated $2.66M. In addition, our contract with the US Biomedical Advanced Research Development Authority (BARDA) provided $2.42M of non-dilutive funding to support our ongoing clinical development studies and Pre Market Approval for burns in the US. Share issues in October 2015 and July 2016 contributed $19M.

Under Adam Kelliher's leadership, our senior executive team has been enhanced and structured to support our commercial strategy, as outlined in his CEO report. We are well placed to achieve FDA approval for burns in 2017. This will be a significant milestone for Avita.

It is important to acknowledge, and thank, our senior executive team and each of our employees for their hard work, commitment and passion.

During the year our board was also re-structured. Fiona Wood ceased acting as a Director, and now continues her involvement as a founding member of the Avita Clinical Advisory Board.

Suzanne Crowe, Lou Drapeau and Damien McDonald joined the board when Ian Macpherson and Matt McNamara retired. I thank current and former board members for their support and contribution.

It is an honour for me to work in this role alongside a talented board and senior executive team.

Your board is committed to working with management to ensure Avita achieves commercial success in order to deliver value for our shareholders. We thank shareholders for their ongoing support and trust. We look forward to reporting Avita's progress to you during 2017.

Lou Panaccio
Non-Executive Chairman
Avita Medical

From the CEO

Dear Shareholder

It is with great pleasure that I write to you on the key developments during the past financial year. We have been making strong progress in all areas as we put in place the foundations for success. Underpinning our business model is the knowledge that the requirement for Regenerative Skin is as strong as ever, and many will benefit from our unique approach to treating burns, chronic wounds and specific elective procedures. So our team have been working hard to implement our commercial plans to ensure a seamless marriage between patient need and our offering.

Commercial Strategy Takes Shape

To explain our thinking, it must be understood that selling ReCell® is a multi-layered prospect, and rests on four key actions:

1. We must prove to medical professionals that the approach is clinically effective, and deliver data to this effect.
2. We must show medical administrators that our approach will be cost effective.
3. We have to ensure that all involved are well trained and fully engaged with Avita: recurrent sales are more relationship-driven in this realm.
4. And we have to approach hospitals in depth, to get team adoption, rather than single doctors: better 20 units regularly sold in one hospital, than one unit each sold in 20 hospitals.

In the past year we have been putting in place key foundations to achieve this complex sale. Besides presenting good evidence on effectiveness, we are now able to give more detailed evidence for the biological mechanism of action following work on cell viability from the UK. Work is now underway for a Health Economics appraisal for burns in the US, and other key markets, and we believe these outsourced projects will give a strong narrative on how using ReCell® will reduce length of hospital stay and other significant costs, and make the product a good candidate for reimbursement. A new education and training package is underway, and we are recruiting a Director of Education, who will give complete focus to our training packages for both the US and current markets. Consistent device usage encourages consistent outcomes, and our training is designed to ensure this. And we are pursuing a Centre of Excellence model, under which selected hospitals with significant numbers of relevant patients, and strong in-house support from credible doctors, will become reference centres for our regenerative medical devices.

So this is an approach in real depth, and while it takes time and commitment to get these various elements in place, we are sure this thoroughness will yield strong recurrent sales. This is not a simple transactional exercise, and we are paying close attention to ensure whichever sales channel we use – be it distributor, agent or direct – that the sales personnel will embrace our multi-layered approach.

During the past year we have kept apace with building out our distributor network, and supporting them once this is in place, be it in Europe or Asia. A key market we are focused on is China, where we see real scope for widespread device usage given the patient volumes at our current hospitals, and for those in which we are awaiting approval. New distributors will soon be coming on stream in other territories where we have found a suitable candidate. The switch to a distributor model did mean a drop in some revenues in the past year due to decreased margins compared with a direct sales model, but we are now seeing an increase in device usage as our sales footprint expands.

Building a Stronger Team

To make all this happen, we require the right talent, and Avita is proving itself to be a magnet for some very strong candidates. We were recently joined by Troy Barring, as Chief Operating Officer. Troy made an immediate impact, applying his

From the CEO (Cont.)

leadership gleaned from working in operations in medical device companies both large and small. His initial focus has been on strengthening our operational infrastructure, but Troy also has a strong marketing pedigree and has added much value in this area too. And his military ethos, of ensuring his reports deliver on clearly defined goals on time, is a very welcome addition.

Ross Saunders is now on board as our new VP of Sales and Marketing. Ross brings some 20 years of experience at Johnson & Johnson, where he led international sales networks for one of their medical device divisions. Ross is a strategic marketeer, and will bring the necessary rigour to implement our multi-layered commercial strategy.

Troy and Ross join our other executive stalwarts. CFO Tim Rooney has relinquished his dual COO role to Troy, and is now able to fully focus on our capital markets strategy. And Andy Quick, who has been pivotal in securing our BARDA contract and running our FDA approval programme, has been promoted to Senior VP of Clinical Development. These key individuals provide the backbone for a new, stronger executive team, focused on execution.

Much of this activity is centred in the Los Angeles office, which we are developing into the Company's main operational hub. We have also recruited key staff members in such areas as supply chain, regulatory, and clinical education. Other positions are being actively recruited as we work towards a US launch. With all of these new people, we have outgrown our Northridge office, and so we will be moving to a larger office in the nearby area of Valencia, itself a hub for several medical device companies. As part of this streamlining, in August we closed our UK office, which was situated outside Cambridge. We decided this did not align with our new direction, and that the resources were better allocated to the US build-out.

Clinical Strategy Funded and on Track

We have made substantial progress during the past year towards achieving a Pre Market Approval (PMA) for burns in the US. The multi-centre trial, which is taking place in seven leading US burns centres, has been fully recruited, and the entire cohort of patients — being assessed to determine as to whether ReCell® will provide additional benefit if used in conjunction with skin grafts — has been treated. With that hard work done, we are now in a safety and observation period, which will end in early 2017. At that point, we will submit our PMA dossier to the FDA, and barring the unforeseen, we anticipate an approval by late 2017. So the time for a US market entry is rapidly approaching, and will most assuredly be a driver of significant value to the Company. And we are actively exploring all commercial options to make sure Avita gets traction in the world's largest healthcare market.

What has been clear in the past year is the real interest within the US burns community about our approach, under defined activities underway in this pre-market phase. This awareness began with the participation of leading burns surgeons in our multi-centre trial, for whom we have now petitioned the FDA to allow Continued Access, so that these surgeons can access ReCell® to treat their patients during the PMA submission and evaluation period. We will also continue to build the body of controlled, objective clinical data during the period of Continued Access. Further, we have seen escalating interest in our Compassionate Use protocol, under which specific patients in the US can get access to ReCell®, for use in life-saving situations. These patients are typically suffering from horrific large-surface-area burns, and do not have enough donor skin for conventional autografting treatment, an impasse that we can unlock with our ability to generate a cellular suspension from a small skin sample, and cover

From the CEO (Cont.)

a wide wound area. To date, more than 30 American patients have been treated under the Compassionate Use Investigational Device Exemption, at 10 burns centres. Positive patient outcomes from the compassionate use cases have been presented both at US and international conferences.

The Biomedical Advanced Research and Development Authority (BARDA), which increased its support package to Avita by some $8m to bring the total to $61m, is underwriting our clinical studies and other activities associated with the PMA for ReCell®. The supplementary funds are to pay direct operational expenses, many in support of a host of new positions within the Company. BARDA is also funding a Health Economics evaluation of how approaches such as ours may bring benefit to the US burn-care pathway. All together this comes to about $500,000 a month being invoiced by Avita. BARDA's primary intent, as a disaster preparedness agency, is to be able to have a sizeable number of devices stockpiled in the event of an emergency. Mass casualty planning by BARDA encompasses a holistic approach toward improving everyday standard of care and sustainability through clinical and health economics education. Our main mission to get our operations ready for US market launch aligns with BARDA's procurement criteria.

Away from burns, more good work has been done as we build the clinical rationale for our unique approach. Much of this was unveiled in April at our Skin Regeneration Symposium, held at Cambridge University as a showcase for the latest research in our three condition areas. One of the highlights was a report on the success of our randomised multi-centre trial on Venous Leg Ulcers, which saw encouraging results in both wound closure and quality of life amongst the 52 people treated. We expect to report in coming months on how we will structure a US approval trial, also on a PMA pathway, based on this new data. Also in the UK, we have started a Diabetic Foot Ulcer trial, to be conducted at three leading hospitals to see how the application of a cellular suspension may trigger wound closure for this debilitating condition.

More positive clinical study results in the treatment of repigmentation will soon be published by the Netherlands Institute for Pigment Disorders, which has most recently been evaluating use of more patient-friendly laser settings in conjunction with ReNovaCell™. Our clinical research collaboration with the Institute is shifting toward evaluation of ReNovaCell™ in patients with non-segmental vitiligo. Since 80% of vitiligo patients are within the non-segmental group, furthering our understanding of the use of ReNovaCell™ in this group has real commercial implications.

With such an active clinical programme, we also formed a Clinical Advisory Board, to oversee our clinical strategy. Its founder member is Dr Fiona Wood, the co-inventor of the ReCell® device, and we are very excited to have her ongoing guidance in this advisory body.

A Strengthened Capital Structure

We have had good success during the past year keeping the company properly funded. A Rights Issue completed in July yielded $9m, and we would again like to express our thanks to all of you who participated for your continued support.

We also divested our respiratory business, which was not core to our regenerative mission. This was sold for a total of A$2.66m, and the funds were allocated to building out our team and operations under our defined plans.

We continue to explore multiple options for future capitalization of the Company including further government-sourced non-dilutive initiatives similar to what we have previously executed with the BARDA contract award. We remain extremely focused on achieving the procurement piece of the current BARDA contract which would generate ~A$10m in revenues. This procurement piece, along with potential FDA approval in calendar 2017, are key catalysts for shareholders to look forward to.

From the CEO (Cont.)

Plans for 2017

As said, we have significant milestones that we must achieve in 2017: the approval of our PMA application to the FDA, BARDA procurement, and commercial traction all coming to mind. As CEO, my fundamental task is to ensure this process delivers value to all of you who have supported Avita. Our team and I are fully committed towards achieving this success, and realising the increased value that Avita deserves to be. Success will also mean a lot more wounded people will be healed in a kinder and better way. That, we are sure, is the biggest motivator between all of us on the Avita journey.

Adam Kelliher
Chief Executive Office
Avita Medical

Directors' Report

Your Directors present their report with respect to the results of Avita Medical Limited (the "Company") for the year ended 30 June 2016 and the state of affairs of the Company at that date. Avita Medical Limited is a company limited by shares that is incorporated and domiciled in Australia. The Company has prepared this consolidated financial report incorporating the entities that it controlled during the financial period.

DIRECTORS

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

Lou Panaccio
(Non-Executive Chairman)

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

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

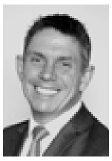
* denotes current directorship

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

- Bioxyne Ltd* (Appointed 7 May 2012 – resigned July 2014)
- Phylogica Ltd* (Appointed March 2012)
- AmpliPhi Bioscience Corporation Inc.* (Appointed July 1995)
- Sea Dragon Marine Oils Ltd* (Appointed 15 October 2012)
- Eacom Timber Corporation (Appointed 1997 – resigned June 2013)
- Rex Bionics plc* (Appointed 27 February 2012)
- Adherium Ltd* (Appointed July 2015)

* denotes current directorship



Mr Damien McDonald
(Non-Executive Director)

US-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 Chief Operating Officer of LivaNova, a NASDAQ listed medical technology and services company based in London. Prior to his current role, he served as Group Executive

Directors' Report (Cont.)

and Corporate Vice President at NYSE-listed Danaher Corporation, a multinational science and technology company that acquires and produces life science and industrial products. As Group President, Mr McDonald was responsible for a US$1.2B group of dental consumables companies, for which he executed group strategic planning with full P&L accountability. He has 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.

Dr Michael Perry
(Non-Executive Director)

Dr Perry was appointed to the Board on 6 February 2013 and currently serves as Senior Vice President and Chief Scientific Officer of Global Business Development and Licensing for Novartis AG. From 2014 – 2016, Dr Perry served as Chief Scientific Officer of Novartis' Cell and Gene Therapy Unit. and from 2012 – 2014 he served as Vice President and Global Head of Stem Cell Therapy for Novartis Pharmaceuticals Corp, a US affiliate of Switzerland-based Novartis AG. Dr Perry, based in the United States, has previously served as the Global Head of R&D at Baxter Healthcare, President and CEO of Cell & Gene Therapy at Novartis affiliates Systemix Inc. and Genetic Therapy, Inc., VP Regulatory Affairs at Sandoz Pharmaceuticals Corp., Director of Regulatory Affairs at Schering-Plough Corporation, and Chairman, CEO or CMO at several early stage biotech companies. He also previously served as a Venture Partner with Bay City Capital, LLC based in San Francisco California. During the past three years Dr Perry has also served as a Director of the following other listed companies:

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

* denotes current directorship

Mr Louis Drapeau
(Non-Executive Director)

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

Professor Suzanne Crowe
(Non-Executive Director)

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

Directors' Report (Cont.)

from Monash University, an internal medicine specialist qualification in Infectious Diseases from the Royal Australasian College of Physicians, and a Diploma in Medical Laboratory Technology from the Royal Melbourne Institute of Technology.

COMPANY SECRETARY

Gabriel Chiappini BBus, CA, GAICD

Gabriel is a Chartered Accountant and member of the Australian Institute of Company Directors with over 20 years experience in the Commercial Sector. Over the last 15 years Gabriel has held positions of Director, Company Secretary and Chief Financial Officer in both public and private companies with operations in Australia, the United Kingdom and the United States. He has assisted a number of companies list on the ASX and been involved with equity raisings exceeding AUD$250m. Gabriel has a sound understanding of the Australian Securities Exchange (ASX) Listing Rules and an in depth knowledge of the Corporations Act.

Gabriel currently manages his own consulting firm specialising in providing Director, company secretarial, corporate governance and investor relation services. He currently acts as a Director and Company Secretary for several companies listed on the ASX. Gabriel is currently Chairman of ASX listed company DMY Capital Ltd and a Non-Executive Director of Black Rock Mining Limited and Sunbird Energy Limited.

Interests in the Shares and Options of the Company

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

	Number of Ordinary Shares	Number of Options over Ordinary Shares
L Panaccio	-	-
J Curnock Cook[1]	-	-
M Perry	-	-
L Drapeau	-	-
D McDonald	-	-
S Crowe	–	–

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

EARNINGS PER SHARE

Earnings per share for the current year was a loss of 1.56 cents per share compared to a loss of 2.01 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 498,786,987.

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 2016 was 26 (30 June 2015: 21).

PRINCIPAL ACTIVITIES

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

OPERATING AND FINANCIAL REVIEW

Group Overview

Avita Medical develops and distributes regenerative products for the treatment of a broad range of wounds, scars and skin defects. Avita's patented and proprietary collection and application technology provides innovative treatment solutions derived from a patient's own skin. The Company's lead product, ReCell®, is used in the treatment of a wide variety of burns, plastic, reconstructive and cosmetic procedures. ReCell® is patented, CE-marked for Europe, TGA-registered in Australia, and CFDA-cleared in China. In the United States, ReCell® is an investigational device limited by federal law to investigational use, and a pivotal U.S. approval trial is underway.

Operating Results for the Year

Revenue from the sale of goods was $1,002,007, up 2% over the previous year (2015: $985,647). During this period the Company moved from a direct sales to a distributor sales model in most markets. While this did support the modest revenue growth over the previous fiscal year, there was a concurrent reduction in margin. The fundamental first step in the Company's commercialization programme is to increase the usage of devices via a systematic process of building awareness, educating medical professionals, and allowing them to experience the first-hand clinical and health-economic benefits from using the device. The expectation is that recurrent sales will be generated once the clinicians observe the transformative outcomes in their patients. This joint focus on device utilization accompanied by more salespeople via the distributor build-out has resulted in early successes in its key European markets, with device usage being up 135%, 70% and 44% in Germany, the UK and France respectively.

Revenue from the sale of goods and other revenue was $3,546,524, an increase of 192% over last year (2015: 1,214,635) due to the commencement of BARDA income of $2,424,357 which began in the 3rd quarter of the year.

Cost of sales were $401,568 (2015: $289,200) up 39% due to the transition across Europe to a distributor business model with associated lower margins while gross profits at $600,439 (2015: $696,447) decreased by only 14%. Normal operating costs were $14,388,799 (2015: $9,445,555) an increase of 52% compared to last year. This reflects the commencement of spend under the BARDA (Biomedical Advanced Research and Development Authority) contract aligned with the increase in BARDA income. The net loss before tax was $7,778,015 up 9% on last year (2015: $7,107,497).

Share based payments of $956,658 for the year include a non-cash amount of $902,959 which recognises this year's appropriate valuation of the issuance of 40 million fully paid shares under the CEO Long Term Incentive Plan, announced on 25 January 2016, and which is subject to escrow and vesting conditions. The full valuation of the 40 million shares will be allocated over a 5-year period as a non-cash expense. http://www.asx.com.au/asx/statistics/displayAnnouncement.do?display=pdf&idsId=01705296

Closing Inventories were $1,370,622 (2015: $594,517) up 130% due to supporting increased sales forecasts, initial build-up of stock to fulfil BARDA contractual sale agreements, and procurement of four different kit components (approximately $171k, reimbursed by BARDA) required for various testing protocols as part of the Company's upcoming PMA submission to the US FDA.

The current asset in Investments of $719,153 is due to the holding in escrow of 117,894 shares of Medical Developments International Ltd (ASX: MVP) originating from the sale of Avita's Respiratory Business in February 2016. Consideration for the divestment was $2,029,478 in cash plus the MVP shares which were valued at $453,892 at the closing of the transaction on 5 February 2016. The statement of profit and loss reflects a fair value gain of $265,261 in other comprehensive income on these escrowed shares, as these shares have a fair value at the reporting date of $719,153.

Investments for Future Performance

The Company continues to focus on achieving sales penetration in the regenerative medicine market. The Company is directing its resources to a limited number of key markets, working with a small number of select distributors and, where warranted, the addition of dedicated sales consultants or product specialists will be considered. The Company has commenced several clinical trial programmes to further develop clinical evidence in key indications.

Review of Financial Condition

Capital Structure

On 20 October 2015 the Company completed a Share Purchase Plan for 107,801,982 fully paid ordinary shares at a price of $0.09 raising $10,025,584, from which $805,544 was recognised as capital raising expenses.

Cash from Operations

Net cash outflows used in operations increased by 24% compared to the previous period, from $6,407,436 in 2015 to $7,938,557 in the current year.

Risk Management

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

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

On 5 February 2016 the Company completed the sale of its respiratory business to Medical Developments International Limited (MVP) for the consideration of $2,029,478 cash plus 117,894 new MVP shares escrowed for 6 months and valued at that date at $453,892. The statement of profit and loss reflects a fair value gain of $265,261 in other comprehensive income on these escrowed shares, as these shares have a fair value at the reporting date of $719,153.

During the 2016 financial year, the Company made a number of changes to its senior management structure and sales & marketing and operations divisions in addition to the capital raising initiatives as outlined above. Otherwise there have been no significant changes in the state of affairs.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

On 11 July 2016 the Company completed a placement of 100,164,831 fully paid ordinary shares at a price of $0.09 raising

$9,014,835, of which $480,962 has been recognized as capital raising expenses.

Since the end of the reporting date all 117,894 MVP shares treated as available for sale financial assets at a fair value of $719,153 at reporting date have been sold for proceeds amounting to $627,837 resulting in a loss of $91,316 which will be recognised in FY 2017.

On 22 July 2016 the Company released from escrow 3,500,000 fully paid ordinary shares in AVH being the allocation of the first tranche of shares awarded to Mr Adam Kelliher (CEO) under his LTI agreement.

Other than this no matters or circumstances have arisen since the end of the reporting period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

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

ENVIRONMENTAL REGULATION AND PERFORMANCE

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

SHARE OPTIONS

Unissued Shares

As at the reporting date, there were 11,147,289 unissued ordinary shares under options represented by:

1,660,000 exercisable at $0.14 expiring 30 November 2016, issued to the ex-Chief Executive Officer at the Annual General Meeting held on 30 November 2010.

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

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

1,500,000 exercisable at $0.15 expiring 15 October 2018, issued to the Chief Financial Officer on 15 May 2013.

1,600,000 exercisable at $0.16 expiring 28 February 2017, issued to several employees on 28 February 2014.

700,000 exercisable at $0.175 expiring 28 February 2017, issued to an employee on 28 February 2014.

250,000 exercisable at $0.10 expiring 30 June 2017, issued to the Chief Financial Officer on 15 December 2013.

250,000 exercisable at $0.12 expiring 30 June 2017, issued to the Chief Financial Officer on 15 December 2013.

250,000 exercisable at $0.14 expiring 30 June 2017, issued to the Chief Financial Officer on 15 December 2013.

1,000,000 exercisable at $0.16 expiring 11 February 2020, issued to an employee on 11 February 2016

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

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

Shares Issued as a Result of the Exercise of Options

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

INDEMNIFICATION OF DIRECTORS AND OFFICERS

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

REMUNERATION REPORT (audited)

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

For the purposes of this report, the term 'executive' encompasses the Chief Executive and Senior Executives of the Company and the Group.

Details of Key Management Personnel

(i) Directors	
Lou Panaccio	Non-Executive Chairman
Ian Macpherson	Deputy-Chairman (Non-Executive – resigned 13 January 2016)
Fiona Wood	Director (Non-Executive – resigned 13 January 2016)
Jeremy Curnock Cook	Director (Non-Executive)
Matthew McNamara	Director (Non-Executive – resigned 13 January 2016)
Michael Perry	Director (Non-Executive)
Louis Drapeau	Director (Non-Executive – appointed 13 January 2016)
Damien McDonald	Director (Non-Executive - appointed 13 January 2016)
Suzanne Crowe	Director (Non-Executive - appointed 13 January 2016)

(ii) Executives	
Adam Kelliher	Chief Executive Officer
Timothy Rooney	Chief Financial Officer (former CFO / COO)
Troy Barring	Chief Operations Officer (appointed 20 June 2016)
Andrew Quick	Senior VP Research & Technology

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

Update from Remuneration Committee

During FY16 the committee carried on with its report and recommendations from FY14 which was to act on the feedback received from shareholders and advisors following the remuneration strike received at the 2013 AGM. This resulted in the continuation of the freeze on short term incentives for existing senior personnel announced in 2014 and the implementation of a Long Term Incentive Plan (LTIP).

The Company was also pleased to announce in FY15 the appointment of Mr Adam Kelliher as Chief Executive Officer. Mr Kelliher joins the company having been a successful entrepreneur with a strong marketing background and a track record of creating and building life science companies. He previously founded Equateq Limited (2006), a cGMP-certified manufacturer providing super-pure fatty acids for the nutritional, pharmaceutical and research sectors which was sold to BASF in 2012. He also started Equazen Limited (2000), a leading omega-3 and omega-6 supplement company whose lead product, eye q™ for lipid deficiencies linked to learning conditions, and at sale was marketed in 16 countries. Equazen was sold to Galencia of Switzerland in December, 2007. Mr. Kelliher received a Master of Arts from the University of Auckland and is a graduate of the Entrepreneurial Development Program at the Massachusetts Institute of Technology, Sloan School of Management.

In the context of executive remuneration during FY16, an LTI compensation package was granted to CEO, Mr. Adam Kelliher. Of note, the 40m shares granted to Mr. Kelliher were authorized in accordance with the Employee Share Plan approved by shareholders at the AGM in August 2015 and are subject to escrow and specific vesting conditions that have been intentionally designed to incentivize him to realize significant share price growth in strategic alignment with shareholder interests. Note that key vesting conditions are weighted in a scaled framework of incremental hurdles up to a 600% increase in share price (as of January 2016). As such, the Remuneration Committee has specifically focused the CEO's LTI plan so the Chief Executive accrues value only as shareholders do so alongside him.

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

- A revised Remuneration & Nomination Committee Charter which now mandates the development and maintenance of other Remuneration Governance Framework elements;

- A Senior Executive Remuneration Policy;
- A Short Term Incentive (STI) Policy & Procedure document; and
- A Long Term Incentive (LTI) Policy & Procedure document.

The Board addressed many of the concerns received from shareholders and undertook an independent review process with a focus on restructuring of both the STI and LTI policies with the review recommending that limited or no cash based STI should be offered (outside of contractual commitments).

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 or post year end.

Voting and comments made at the Company's 2015 Annual General Meeting ("AGM").

At the 2015 AGM, 97.2% of the votes received supported the adoption of remuneration report For the year ended 30 June 2016. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Company Performance and Links Between Performance and Reward

The following table outlines those measures of performance which are required to be displayed to shareholders under the Corporations Act, however at this stage in the Company's evolution the Board does not believe this perspective is particularly useful to shareholders. Therefore, a discussion of Company performance during FY16 follows and should be considered in conjunction with the Operating and Financial review outlined on Page 12 of this report:

Financial Year	Sales Revenue ($)	EBITDA ($)	EBIT ($)	Net Loss after Tax ($)	Loss per Share (cents)	Share Price (cents)
2016	1,002,007*	(8,776,515)	(8,860,239)	(7,778,015)	(1.56)	9.2
2015	2,750,176	(7,743,958)	(7,806,582)	(7,107,497)	(2.01)	7.2
2014	2,683,133	(6,755,728)	(6,819,439)	(5,147,391)	(1.58)	10
2013	2,814,990	(8,511,332)	(8,633,256)	(8,092,939)	(2.69)	13
2012	3,352,268	(7,688,195)	(8,257,427)	(7,671,682)	(3.22)	18.5

* In the current financial reporting period, the respiratory business has been disposed. Refer to the financial information in the Consolidated Statement of Profit or Loss and Other Comprehensive Income for further information.

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

Remuneration Framework, Philosophy and Policies

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

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

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

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

Non-Executive Director Remuneration

Objective

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

Policy

The amount of aggregate remuneration sought to be approved by shareholders and the fee structure is to be commercially acceptable, competitive and subject to an annual review. The Board considers advice from external consultants as well as the fees paid to Non-Executive Directors of comparable companies when undertaking the annual review process.

Structure

In accordance with best practice corporate governance, the structure of Non-Executive Director and Senior Management remuneration is separate and distinct. The Constitution and the ASX Listing Rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting. The latest determination was at the Annual General Meeting held on 29 November 2005 when shareholders approved an aggregate remuneration of $450,000 per year in respect of fees payable to Non-Executive Directors. Please refer to Table 2 of this report for the allocation of Directors' fees.

Each Director receives a fee for being a Director of the Company and includes attendance and participation at Board and committee meetings. Any additional services provided are charged at a daily rate agreed in advance by the Chairman. The Non-Executive Directors do not participate in any incentive programs. These additional services provided are disclosed as other short term benefits in Table 2 of the remuneration report.

The remuneration of Non-Executive Directors for the year ended 30 June 2016 is detailed in Table 2 of this report.

Executive Remuneration (including Executive Directors)

Objective

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

- reward Executives for Company and individual performance against targets set by reference to appropriate benchmarks as well as to specific short- and long-term goals of the Company;
- align the interests of Executives with those of shareholders; and
- ensure total remuneration is competitive by market standards.

Policy

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

The Remuneration Committee is to ensure that:

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

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

Structure

The Remuneration Committee determines the level and make-up of the Chief Executive remuneration. The Committee takes advice from the Chief Executive with input from independent market remuneration advisers to set and approve all other executive remuneration. To assist in achieving the Company's objectives, the Remuneration Committee links the nature and amount of officers' emoluments to the Company's performance.

Remuneration may consist of the following key elements:

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

The proportion of fixed remuneration and variable remuneration (potential short term and long term incentives) is established for each Executive by the Remuneration Committee annually. Table 2 details the fixed and variable components for the Executives of the Group and the Company.

On an annual basis, after consideration of performance against KPI's, the level of variable remuneration (if any) is approved by the Remuneration Committee. Payments made are usually delivered as a cash bonus, or through the issue of performance rights or options.

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 2016 financial year there were no benefits paid in kind (2015: nil).

Structure

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

Variable Remuneration – Short Term Incentive (STI)

Objective

The objective of variable remuneration is to link the achievement of the Group's operational targets with the remuneration received by the Executives charged with meeting those targets. The Company's STI objectives:

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

Structure

During FY16 the Company carried on with its report and recommendations from FY14 which was to act on the feedback received from shareholders and advisors following the remuneration strike received at the 2013 AGM. This resulted in the continuation of the freeze on short term incentives for existing senior personnel announced in 2014 and the implementation of a Long Term Incentive Plan (LTIP). However, an STI of $89,955 was provided to the CEO as a component of his contracted remuneration.

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. The board has the scope to implement a LTI securities plan for key executives and staff and will review this during FY17.

LTI for 2016 financial year

Other than the before mentioned CEO Long Term Incentive Plan (Operating and Financial Review) there were no LTI securities issued during FY16. This was largely due to the Company reassessing its remuneration mix and policy; as noted in this report, the Company now has two separate LTI plans that it can use as part of incentivising senior executives and staff for achieving targeted Key Performance Indicators (KPI's) including financial and non-financial targets, corporate metrics and individual measures of performance.

Remuneration of Key Management Personnel

Table 1: Employment Contracts

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

Role	Incumbent	Contract duration	Period of notice	Termination payments provided for by contract
CEO	Mr Adam Kelliher	Open ended contract	12 month notice period	12 months if notice given by either party
CFO	Mr Timothy Rooney	Open ended contract	6 month notice period	6 months if notice given by either party
COO	Mr Troy Barring	Open ended contract	6 month notice period	6 months if notice given by either party
Senior VP Research & Technology	Mr Andrew Quick	Open ended contract	3 month notice period	Payment in lieu of notice only, no other benefits specified
Board Chairman	Mr Lou Panaccio	Open ended contract	Nil notice period- subject to Avita constitution	Payment in lieu of notice only, no other benefits specified
All other non-executive directors	Mr Jeremy Curnock Cook	Open ended contract	Nil notice period- subject to Avita constitution	Payment in lieu of notice only, no other benefits specified
	Doctor Michael Perry	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

Remuneration of Key Management Personnel

Table 2: Remuneration for the year ended 30 June 2016

	Short-term Benefits				Post-employment Benefits		Long-term benefits		Long-term benefits		Cash-settled Share-based Payments	Termination Benefits	Total	Proportion of Element of Remuneration Related to Performance (Other than Options Issued)		Proportion of Elements of Remuneration Not Related to Performance
	Salary, fees and leave	Profit share and bonuses	Non-monetary benefits	Other	Pension and superannuation	Other	Incentive plans	LSL	Shares/ Units	Options/ Rights				Non-salary Cash based Incentives	Shares/ Units	
	$	$	$	$	$	$	$	$	$	$	$	$	$	%	%	%
Non-Executive Directors																
L Panaccio – Chairman	78,750	-	-	-	7,481	-	-	-	-	-	-	-	86,231	0%	0%	100%
I Macpherson (resigned 13 January 2016)	77,462	-	-	-	2,609	-	-	-	-	-	-	-	80,071	0%	0%	100%
F Wood (resigned 13 January 2016)**	40,000	-	-	-	-	-	-	-	-	-	-	-	40,000	0%	0%	100%
J Curnock Cook	49,808	-	-	-	-	-	-	-	-	-	-	-	49,808	0%	0%	100%
M McNamara (resigned 13 January 2016)	21,398	-	-	-	-	-	-	-	-	-	-	-	21,398	0%	0%	100%
M Perry	59,980	-	-	-	-	-	-	-	-	-	-	-	59,980	0%	0%	100%
L Drapeau (appointed 13 January 2016)	27,717	-	-	-	-	-	-	-	-	-	-	-	27,717	0%	0%	100%
D McDonald (appointed 13 January 2016)	27,649	-	-	-	-	-	-	-	-	-	-	-	27,649	0%	0%	100%
S Crowe (appointed 13 January 2016)	25,985	-	-	-	2,469	-	-	-	-	-	-	-	28,454	0%	0%	100%
Sub-total Non-Executive Directors	**408,749**	**-**	**-**	**-**	**12,559**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**421,308**			
Other Key Management Personnel & Executives																
A Kelliher – CEO	523,326	89,955	11,327	15,764	61,887	-	-	-	*902,959		-	-	1,605,218	0%	0%	44%
T Rooney – CFO	452,954	-	26,208	5,565	18,858	-	-	-	-	2,899	-	-	506,484	0%	0%	99%
T Barring –COO (appointed 20 June 2016)	14,063	-	3,000	636	-	-	-	-	-	-	-	-	17,699	0%	0%	100%
A Quick – Snr VP Research & Technology	324,323	-	30,950	(4,726)	15,182	-	-	-	-	-	-	-	365,729	0%	0%	100%
Sub-total executive KMP & Executives	**1,314,666**	**89,955**	**71,485**	**17,239**	**95,927**	**-**	**-**	**-**	***902,959**	**2,899**	**-**	**-**	**2,495,130**			
Totals	**1,723,415**	**89,955**	**71,485**	**17,239**	**108,486**	**-**	**-**	**-**	***902,959**	**2,899**	**-**	**-**	**2,916,438**			

* $902,959 recognizes the first year for the fair value of the 40,000,000 shares awarded to A Kelliher, which will be recorded across the various vesting periods. On 22 July 2016 the Company released from escrow the first tranche, amounting to 3,500,000 fully paid ordinary shares under his LTI agreement. Remaining tranches will be released based on the criteria set in the Plan announced on 25 Jan 2016.

** Fiona Wood remains with Avita on the Clinical Advisory Board

Remuneration of Key Management Personnel

Included in short-term benefits are payments made to A Kelliher as bonus at the end of each year of this appointment as the Chief Executive Officer of Avita Medical Limited.

Securities Received that Are Not Performance-related

No members of KMP are entitled to receive securities that are not performance-based as part of their remuneration package.

Cash Bonuses, Performance Bonuses and Share-based Payments

The terms and conditions relating to options and bonuses granted as remuneration during the year are summarised in the following table and detailed in Note 18: Share Based Payments.

	Remuneration Type	Grant Date	Grant Value $	Exercise price $	Terms for the Grant	Percentage Vested/ Paid during the Year %	Percentage Forfeited during the Year %	Percentage Remaining for Vesting or Payment %	Expiry Date for Vesting or Payment	Range of Possible Values Relating to Future Payments
KMP										
A Kelliher – CEO	Shares	07/01/2016	346,500	Nil	(a)	100%	0%	0.00%	06/01/2017	n/a
	Shares	07/01/2016	346,500	Nil	(b)	61%	0%	39.00%	06/01/2018	n/a
	Shares	07/01/2016	346,500	Nil	(c)	40%	0%	60.00%	06/01/2019	n/a
	Shares	07/01/2016	346,500	Nil	(d)	30%	0%	70.00%	06/09/2020	n/a
	Shares	07/01/2016	275,288	Nil	(e)	9.58%	0%	90.42%	06/09/2021	n/a
	Shares	07/01/2016	231,764	Nil	(f)	9.58%	0%	90.42%	06/09/2021	n/a
	Shares	07/01/2016	204,516	Nil	(g)	9.58%	0%	90.42%	06/09/2021	n/a
	Shares	07/01/2016	177,892	Nil	(h)	9.58%	0%	90.42%	06/09/2021	n/a
	Shares	07/01/2016	163,020	Nil	(i)	9.58%	0%	90.42%	06/09/2021	n/a

(a) The shares have been granted subject to the CEO being employee or director of the Company on the expiry of the vesting period being 1 year from the issue date.

(b) The shares have been granted subject to the CEO being employee or director of the Company on the expiry of the vesting period being 2 years from the issue date.

(c) The shares have been granted subject to the CEO being employee or director of the Company on the expiry of the vesting period being 3 years from the issue date.

(d) The shares have been granted subject to the CEO being employee or director of the Company on the expiry of the vesting period being 4 years from the issue date.

(e) The shares have been granted subject to the volume weighted average share price in Avita during the 5 year vesting period being at least $0.20 over a period of 20 consecutive trading days.

(f) The shares have been granted subject to the volume weighted average share price in Avita during the 5 year vesting period being at least $0.30 over a period of 20 consecutive trading days.

(g) The shares have been granted subject to the volume weighted average share price in Avita during the 5 year vesting period being at least $0.40 over a period of 20 consecutive trading days.

(h) The shares have been granted subject to the volume weighted average share price in Avita during the 5 year vesting period being at least $0.50 over a period of 20 consecutive trading days.

(i) The shares have been granted subject to the volume weighted average share price in Avita during the 5 year vesting period being at least $0.60 over a period of 20 consecutive trading days.

Remuneration of Key Management Personnel

Table 3: Remuneration For the year ended 30 June 2015

	Short-term Benefits				Post-employment Benefits		Long-term benefits		Long-term benefits		Cash-settled Share-based Payments	Termination Benefits	Total	Proportion of Element of Remuneration Related to Performance (Other than Options Issued)		Proportion of Elements of Remuneration Not Related to Performance
	Salary, fees and leave	Profit share and bonuses	Non-monetary benefits	Other	Pension and superannuation	Other	Incentive plans	LSL	Shares/ Units	Options/ Rights				Non-salary Cash based Incentives	Shares/ Units	
	$	$	$	$	$	$	$	$	$	$	$	$	$	%	%	%
Non-Executive Directors																
L Panaccio – Chairman	78,750	-	-	-	7,481	-	-	-	-	-	-	-	86,231	0%	0%	100%
I Macpherson (resigned 13 January 2016)	52,500	-	-	-	4,988	-	-	-	-	-	-	-	57,488	0%	0%	100%
F Wood (resigned 13 January 2016)**	40,000	-	-	-	-	-	-	-	-	-	-	-	40,000	0%	0%	100%
J Curnock Cook	40,000	-	-	-	-	-	-	-	-	-	-	-	40,000	0%	0%	100%
M McNamara (resigned 13 January 2016)	40,000	-	-	-	-	-	-	-	-	-	-	-	40,000	0%	0%	100%
M Perry	52,244	-	-	-	-	-	-	-	-	-	-	-	52,244	0%	0%	100%
Sub-total Non-Executive Directors	**303,494**	**-**	**-**	**-**	**12,469**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**315,963**			
Other Key Management Personnel & Executives																
A Kelliher – CEO (appointed 13 April 2015)	110,639	-	-	9,769	9,971	-	-	-	-	-	-	-	130,379	0%	0%	100%
T Rooney – CFO / COO (former Interim CEO)	409,577	-	22,840	13,029	23,961	-	-	-	-	13,338	-	-	482,745	0%	0%	97%
A Quick – VP Research & Technology	285,860	-	30,169	12,508	17,090	-	-	-	-	-	-	-	345,627	0%	0%	100%
W Marshall – VP Operations	169,336	-	44,135	5,137	3,338	-	-	-	-	-	-	-	221,946	0%	0%	100%
J McCann – VP Finance	166,903	4,435	9,574	(59)	14,826	-	-	-	-	-	-	-	195,679	0%	0%	100%
L Glover – General Manager Asia Pacific	185,720	-	-	3,004	19,888	-	-	7,770	-	-	-	-	216,382	0%	0%	96%
C Johnson – General Manager EMEA	173,573	4,227	4,815	62	14,555	-	-	-	-	-	-	-	197,232	0%	0%	100%
L Whitlock – Sales & Marketing Director *	141,629	(8,523)	4,699	660	6,809	-	-	-	-	-	-	-	145,274	0%	0%	100%
G Chiappini – Company Secretary	36,000	-	-	-	-	-	-	-	-	-	-	-	36,000	0%	0%	100%
Sub-total executive KMP & Executives	**1,679,237**	**139**	**116,232**	**44,110**	**110,438**	**-**	**-**	**7,770**	**-**	**13,338**	**-**	**-**	**1,971,264**			
Totals	**1,982,731**	**139**	**116,232**	**44,110**	**122,907**	**-**	**-**	**7,770**	**-**	**13,338**	**-**	**-**	**2,287,227**			

*Includes settlement of $13,779 and pay in lieu of $33,604 upon cessation of employment on 28 November 2014.

Table 4: Compensation of Key Management Personnel

	2016 $	2015 $
Short-term employee benefits	1,904,993	2,143,212
Post-employment employee benefits	108,486	130,677
Share-based payment	902,959	13,338
Total compensation	**2,916,438**	**2,287,227**

Table 5: Option holdings of Key Management Personnel

		Grant Details			Exercised		Lapsed			Vested		Unvested
30-Jun-16	**Balance at 1 July 2015**	**Issued Date**	**No.**	**Value $**	**No.**	**Value $**	**No.**	**Balance at 30 June 2016**	**Exercisable**	**Un-exercisable**	**Total at 30 June 2016**	**Total at 30 June 2016**
	No.			(Note 1)			(Note 2)					
Directors												
All	-	-	-	-	-	-	-	-	-	-	-	-
Other KMP												
A Kelliher	-	07/01/2016	40,000,000	902,959	-	-	-	40,000,000	-	-	-	40,000,000
T Rooney	2,550,000	-	-	2,899	-	-	(300,000)	2,250,000	2,250,000	-	2,250,000	-
T Barring (appointed 26 June 2016)	-	-	-	-	-	-	-	-	-	-	-	-
A Quick	1,000,000	-	-		-	-	-	1,000,000	1,000,000	-	1,000,000	-
	3,550,000		**40,000,000**	**905,858**	**-**	**-**	**(300,000)**	**43,250,000**	**3,250,000**	**-**	**3,250,000**	**40,000,000**

Note 1 The fair value of options granted as numeration 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.

Note 2 The lapsed options were granted in May 2013.

Table 6: Shareholdings of Key Management Personnel

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

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

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.

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

End of Remuneration Report

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

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

DIRECTORS' MEETINGS

		Meetings of Committees	
	Directors Meetings	Remuneration	Audit
Number of meetings held:	10	1	2
Number of meetings attended:			
Lou Panaccio	10	N/A	2
Jeremy Curnock Cook	8	1	N/A
Michael Perry	8	1	N/A
Louis Drapeau (appointed 13 January 2016)	6	N/A	1
Damien McDonald (appointed 13 January 2016)	3	N/A	1
Suzanne Crowe (appointed 13 January 2016)	4	1	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)	Michael Perry (c)
Lou Panaccio	Jeremy Curnock Cook
Damien McDonald	Suzanne Crowe

Notes (c) Designates the Chairman of each Committee

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The directors have obtained an independence declaration from our auditors, Grant Thornton, as presented on page 38 of this report.

NON-AUDIT SERVICES

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

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

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

Signed in accordance with a resolution of the directors.

Lou Panaccio
Non-Executive Chairman
Dated: 13 October 2016
Perth, Western Australia

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

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Avita Medical Limited for the year ended 30 June 2016, 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

P W Warr
Partner - Audit & Assurance

Perth, 29 September 2016

Consolidated Statement of Comprehensive Income

As at 30 June 2016

	Notes	Consolidated	
		2016	2015
Continuing operations		$	$
Sale of goods	2(a)	1,002,007	985,647
Cost of sales	2(e)	(401,568)	(289,200)
Gross profit		**600,439**	**696,447**
Other revenue	2(b)	**2,544,517**	**228,988**
Operating costs			
Administrative expenses		(6,512,197)	(2,452,496)
Share based payments		(956,658)	(13,338)
Clinical and research & development expenses		(3,457,828)	(3,767,788)
Sales and marketing expenses		(3,462,095)	(3,211,920)
Finance costs	2(c)	(21)	(13)
Total operating costs		14,388,799	9,445,555
Loss from continuing operations before income tax		**(11,243,843)**	**(8,520,120)**
Profit for the period from discontinued operations	6	2,493,947	758,955
Income tax benefit / (expense)		971,881	653,668
Loss for the period	**3**	**(7,778,015)**	**(7,107,497)**
Other comprehensive income / (loss)			
Items that may be reclassified subsequently to profit and loss:			
Foreign currency translation		(169,100)	182,018
Fair value gain on available for sale financial assets		265,261	-
Other comprehensive income for the period, net of tax		**96,161**	**182,018**
Total other comprehensive loss for the period		**(7,681,854)**	**(6,925,479)**
Loss for the period is attributable to:			
Owners of Avita Medical Limited		(7,778,015)	(7,107,497)
		(7,778,015)	**(7,107,497)**
Other comprehensive expense for the period is attributable to:			
Owners of Avita Medical Limited		(7,681,854)	(6,925,479)
		(7,681,854)	**(6,925,479)**
Basic loss per share attributable to ordinary equity holders of the parent		(1.56) cents	(2.01) cents
Diluted loss per share attributable to ordinary equity holders of the parent		(1.56) cents	(2.01) cents
Discontinued Operations			
Diluted profit per share attributable to ordinary equity holders of the parent		0.05 cents	0.21 cents
Diluted profit per share attributable to ordinary equity holders of the parent		0.05 cents	0.21 cents

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

Consolidated Statement of Financial Position

As at 30 June 2016

	Consolidated	
	2016 $	2015 $
ASSETS		
Current Assets		
Cash and cash equivalents	4,171,879	2,966,555
Trade and other receivables	2,021,494	1,505,442
Prepayments	225,270	243,162
Inventories	1,370,622	594,517
Investments	719,153	-
Total Current Assets	**8,508,418**	**5,309,676**
Non-Current Assets		
Plant & equipment	94,491	133,490
Total Non-Current Assets	**94,491**	**133,490**
TOTAL ASSETS	**8,602,909**	**5,443,166**
LIABILITIES		
Current Liabilities		
Trade and other payables	1,542,139	1,047,579
Provisions	208,253	178,703
Total Current Liabilities	**1,750,392**	**1,226,282**
TOTAL LIABILITIES	**1,750,392**	**1,226,282**
NET ASSETS	**6,852,517**	**4,216,884**
EQUITY		
Equity attributable to equity holders of the parent		
Contributed equity	126,264,372	117,044,332
Accumulated losses	(121,108,408)	(113,457,640)
Reserves	1,696,553	630,192
TOTAL EQUITY	**6,852,517**	**4,216,884**

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

Consolidated Statement of Cash Flow

For the year ended 30 June 2016

	Consolidated	
	2016 $	2015 $
Cash flows from operating activities		
Receipts from customers	1,079,549	1,238,474
Payments to suppliers and employees	(14,894,221)	(9,971,277)
Government grants received	6,965	5,730
R&D Tax refund received	654,060	1,517,058
Interest received	110,364	45,431
Interest paid	(21)	(13)
BARDA income and other income received	2,427,188	277
Net cash from discontinued operations	648,081	756,884
Proceeds from disposal of discontinued operations	2,029,478	-
Net cash flows used in operating activities	**(7,938,557)**	**(6,407,436)**
Cash flows from investing activities		
Purchase of plant & equipment	(48,289)	(38,644)
Proceeds on disposal of plant & equipment	440	481
Net cash flows used in investing activities	**(47,849)**	**(38,163)**
Cash flows from financing activities		
Proceeds from issue of shares and options	10,025,584	6,177,780
Capital raising expenses	(664,754)	(575,378)
Net cash flows provided by financing activities	**9,360,830**	**5,602,402**
Net increase/(decrease) in cash and cash equivalents	**1,374,424**	**(843,197)**
Cash and cash equivalents at beginning of period	**2,966,555**	**3,648,390**
Impact of foreign exchange	(169,100)	161,362
Cash and cash equivalents at end of period	**4,171,879**	**2,966,555**

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2016

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)**
Transactions with owners in their capacity as owners:						
Expired options	-	127,247	(127,247)	-	-	-
Share based payments	-	-	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**

Consolidated	Contributed equity	Accumulated losses	Share based payment reserve	Foreign currency translation reserve	Total
	$	$	$	$	$
At 1 July 2014	**111,441,930**	**(106,602,169)**	**893,503**	**(206,642)**	**5,526,622**
Loss for the period	-	(7,107,496)	-	-	(7,107,496)
Other comprehensive income					
- Foreign currency translation	-	-	-	182,018	182,018
Total comprehensive income / (loss) for the year	**-**	**(7,107,496)**	**-**	**182,018**	**(6,925,478)**
Transactions with owners in their capacity as owners:					
Expired options	-	252,025	(252,025)	-	-
Share based payments	-	-	13,338	-	13,338
New shares	6,177,780	-	-	-	6,177,780
Cost of share placement	(575,379)	-	-	-	(575,379)
Balance at 30 June 2015	**117,044,332**	**(113,457,640)**	**654,816**	**(24,624)**	**4,216,884**

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

Notes to the Concise Financial Statements

For the year ended 30 June 2016

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 2016.

This concise report has been derived from the full 2016 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 2016 Financial Report.

Note 2. Revenue and Expenses

		2016 $	2015 $
(a)	**Revenue**		
	Sale of goods	1,002,007	985,647
	Other revenue (b)	2,544,517	228,988
		3,546,524	**1,214,635**

		2016 $	2015 $
(b)	**Other revenue**		
	Bank interest receivable	110,364	45,431
	Contracts received	6,965	5,730
	BARDA income	2,424,357	-
	Gain on disposal of Avita Medical Srl	-	177,550
	Other income	2,831	277
		2,544,517	**228,988**

		2016 $	2015 $
(c)	**Finance costs**		
	Other loans	21	13
		21	**13**

Note 2. Revenue and Expenses (continued)

		2016 $	2015 $
(d)	**Depreciation, impairment and amortisation included in profit or loss**		
	Depreciation	83,724	62,624
	Loss on disposal of plant & equipment	440	364

		2016 $	2015 $
(e)	**Cost of Sales**	401,568	289,200

Inventories recognised as an expense as a result of expiration for the year ended 30 June 2016 totalled $182,150 (2015: $72,902). This expense has been included in the cost of sales line item as a cost of inventories.

		2016 $	2015 $
(f)	**Lease payments and other expenses included in profit or loss**		
	Minimum lease payments – operating lease	283,412	209,708

		2016 $	2015 $
(g)	**Employee benefits expense**		
	Wages and salaries	4,669,718	3,565,496
	Defined contribution superannuation expense	311,435	254,925
	Share-based payments expense	956,658	13,338
		5,937,811	**3,833,759**

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:

	2016 $	2015 $
Net loss for the period	(7,778,015)	(7,107,496)
Profit for the year from discontinued operations	2,493,947	758,955
Weighted average number of ordinary shares for basic and diluted loss per share	**498,786,987**	**353,085,392**

Note 4. Segment Information

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

The Group's chief operating decision maker has been identified as the Chief Executive Officer.

The Chief Executive Officer reviews the financial and operating performance of the business primarily from a geographic perspective. On this basis management have identified three reportable operating segments being the Asia Pacific region, the Americas including Canada, the EMEA region (Europe, Middle East and Africa). The Chief Executive Officer monitors the performance of all these segments separately. The Group does not operate in any other geographic location.

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

Unallocated

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

- Corporate revenue
- Corporate charges
- Amortisation of intellectual property

The segment information provided to the Chief Executive Officer for the reportable segments for the year ended 30 June 2016 is as follows:

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

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:

	2016 %	2015 %
Australia	24.3	72.9
Other	75.7	27.1
Total revenue	**100**	**100**

SEGMENT INFORMATION (continued)

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

	Asia Pacific $	EMEA $	Americas $	Total $
Year ended 30 June 2015				
Revenue				
Sale of goods	376,150	609,498	-	985,648
Other revenues from external customers	-	177,833	5,730	183,563
Interest received	44,036	1,239	149	45,424
Total revenue and other income per consolidated statement of profit or loss and other comprehensive income	**420,186**	**788,570**	**5,879**	**1,214,635**
Segment net operating profit / (loss) before tax	(1,127,284)	(1,878,009)	(2,649,362)	(5,654,655)
Reconciliation of segment net result before tax to loss before income tax:				
Corporate charges				(2,865,465)
Loss before income tax				**(8,520,120)**

SEGMENT INFORMATION (continued)

	Continuing Operations			
	Asia Pacific $	**EMEA $**	**Americas $**	**Total $**
Year ended 30 June 2015				
Segment assets				
Segment operating assets	933,161	565,804	625,368	2,124,333
Unallocated assets				3,318,833
Total Assets per the statement of financial position				**5,443,166**
Segment liabilities				
Segment operating liabilities	205,034	358,095	498,107	1,061,236
Unallocated liabilities				165,046
Total liabilities per the consolidated statement of financial position				**1,226,282**

Note 5. Commitments and Contingencies

Operating lease commitments – Group as lessee

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

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

	2016 $	**2015 $**
Within one year	190,706	266,681
After one year but not more than five years	438,554	638,727
Total minimum lease payments	**629,260**	**905,408**

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

Note 6. Discontinued Operations

On 5 February 2016 the Respiratory Business was sold to Medical Developments International Ltd (ASX: MVP) for the consideration of $2,029,478 cash plus 117,894 new MVP shares escrowed for 6 months valued at $453,892. These shares have been revalued to their fair value at 30 June 2016 and this has resulted in a fair value gain of $265,261, which has been appropriately recorded in the available for sale reserve and thus reflected in other comprehensive income.

Discontinued operations	**2016 $**	**2015 $**
Continuing operations		
Sale of goods	859,883	1,764,528
Cost of sales	(283,407)	(466,091)
Gross profit	**576,476**	**1,298,437**
Sales and marketing expenses	(307,560)	(539,482)
Profit in the period from discontinued operations before income tax	**268,916**	**758,955**
Income tax expense	**-**	**-**
Profit for the period from discontinued operations after income tax	**268,916**	**758,955**
Cash received for discontinued operation	2,029,478	-
Fair value of shares received for discontinued operation	453,892	-
Carrying amount of assets disposed in discontinued operation	(258,339)	-
Net proceeds from disposal of discontinued operations	2,225,031	-
Total profit from disposal of discontinued operations	**2,493,947**	**-**
Net cash flow from discontinued operations	648,081	756,884
Net cash proceeds from disposal of discontinued operations	2,029,478	-
Cash flows from discontinued operations	**2,677,559**	**756,884**

NOTE 7. 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 8. EVENTS AFTER THE REPORTING DATE

On 11 July 2016 the Company completed a placement of 100,164,831 fully paid ordinary shares at a price of $0.09 raising $9,014,835, of which $480,962 has been recognized as capital raising expenses.

Since the end of the reporting date all 117,894 MVP shares treated as available for sale financial assets at a fair value of $719,153 at reporting date have been sold for proceeds amounting to $627,837 resulting in a loss of $91,316 which will be recognised in FY 2017.

On 22 July 2016 the Company released from escrow 3,500,000 fully paid ordinary shares in AVH being the allocation of the first tranche of shares awarded to Mr Adam Kelliher (CEO) under his LTI agreement.

Other than the above, no other subsequent events have occurred since the Balance Sheet Date which require disclosure in this report.

Directors' Declaration

The Directors of Avita Medical Limited declare that the accompanying Concise Financial Report is presented fairly in accordance with Accounting Standards 1039 Concise Financial Report and is consistent with the consolidated entity's 30 June 2016 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 2016 and of its performance for the year ended on that date; and

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

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

(c) This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2016 and in accordance with a resolution of directors.

On behalf of the Board

Lou Panaccio
Non-Executive Chairman
Dated: 13 October 2016
Perth, Western Australia

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

Report on the concise financial report

We have audited the accompanying concise financial report of Avita Medical Limited which comprises the consolidated statement of financial position as at 30 June 2016, 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 year then ended and related notes, derived from the audited financial report of Avita Medical Limited for the year ended 30 June 2016. The concise financial report does not contain all the disclosures required by the Australian Accounting Standards and accordingly, reading the concise financial report is not a substitute for reading the audited financial report.

Directors responsibility for the concise financial report

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

Auditor's responsibility

Our responsibility is to express an opinion on the concise financial report based on our audit procedures which were conducted in accordance with Auditing Standard ASA 810 Engagements to Report on Summary Financial Statements. We have conducted an independent audit, in accordance with Australian Auditing Standards, of the financial report of Avita Medical Limited for the year ended 30 June 2016. Our audit report on the financial report for the year was signed on 29 September 2016 and was not subject to any modification. The Australian Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report for the year is free from material misstatement.

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

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

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

Independence
In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Avita Medical Limited, would be in the same terms if given to the Directors as at the time of this auditor's report.

Auditor's opinion
In our opinion, the concise financial report of Avita Medical Limited for the year ended 30 June 2016 complies with Accounting Standard AASB 1039 Concise Financial Reports.

Report on the Remuneration Report
The following paragraphs are copied from our Report of the Remuneration Report for the year ended 30 June 2016.

We have audited the remuneration report included in pages 14 to 23 of the Directors' Report for the year ended 30 June 2016. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report
In our opinion, the remuneration report of Avita Medical Limited for the year ended 30 June 2016, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

P. Warr.

P W Warr
Partner - Audit & Assurance

Perth, 13 October 2016

ASX Shareholder Information

Ordinary Fully Paid Shares (Total) as of 30 September 2016

Range		Total holders	Ordinary Shares	% of Issued Capital
1 - 1,000		439	161,717	0.02
1,001 - 5,000		504	1,579,457	0.23
5,001 - 10,000		769	6,139,914	0.91
10,001 - 100,000		1,597	58,290,925	8.66
100,001 - 9,999,999,999		571	606,744,813	90.17
	Total	**3,880**	**606,744,813**	**100.00**

Unmarketable Parcels	Minimum Parcel Size	Holders	Shares
Minimum $ 500.00 parcel at $ 0.082 per share	5,000	856	1,306,174

Substantial Shareholder	Shares	%
J P Morgan Nominees Australia Limited	126,935,087	18.86
National Nominees Limited	72,418,613	10.76

ASX Shareholder Information

Ordinary Fully Paid Shares (Total) as of 30 September 2016

AVITA MEDICAL LIMITED

Top 20 Holders

Rank	Name	Shares	% of Shares
1.	JP MORGAN NOMINEES AUSTRALIA LIMITED	126,935,087	18.86
2.	NATIONAL NOMINEES LTD	72,418,613	10.76
3.	ONE FUNDS MANAGEMENT LIMITED <ASIA PAC HEALTH FUND II A/C>	56,125,447	8.34
4.	CITICORP NOMINEES PTY LIMITED	36,377,936	5.41
5.	UBS NOMINEES PTY LTD	12,653,113	1.88
6.	ATEQ INVESTMENTS PTY LTD	11,987,386	1.78
7.	FATS PTY LTD	11,109,816	1.65
8.	BRISPOT NOMINEES PTY LTD <HOUSE HEAD NOMINEE NO1 A/C>	8,555,556	1.27
9.	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	7,115,511	1.06
10.	MOORE FAMILY NOMINEE PTY LTD <MOORE FAMILY SUPER FUND A/C>	7,000,000	1.04
11.	PHILIP JOHN DIBBEN	5,000,000	0.74
12.	CS FOURTH NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 11 A/C>	4,831,064	0.72
13.	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	4,637,521	0.69
14.	DR RUSSELL KAY HANCOCK	4,500,000	0.67
15.	MR PETER MURRAY JACKSON	4,350,000	0.65
16.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	4,100,832	0.61
17.	TALICO OVERSEAS LIMITED	4,000,000	0.59
18.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,965,311	0.59
19.	MR NORMAN COLBURN MAYNE<N C MAYNE SUPER FUND A/C>	3,666,667	0.54
20.	MR ADAM KELLIHER	3,500,000	0.52
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (TOTAL)		**392,829,860**	**58.4**
Total Remaining Holders Balance		**280,086,966**	**41.6**

Notes

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