

RESPIRATORY PRODUCT SALES UP 72%; NEW MANUFACTURING PROCESS ON LINE AHEAD OF SCHEDULE

- **Respiratory product sales up 72% for the year to date compared to the corresponding period last year**
- **First production of Breath-A-Tech under new manufacturing process shipped ahead of schedule**
- **Manufacturing costs for respiratory products reduced by more than 30%**

2 April 2009: Avita Medical Ltd (ASX: AVH) is pleased to announce the following sales and marketing update.

Record Respiratory Sales. Revenue for the 2009 year to date¹ from Avita Medical's respiratory products, including the Breath-A-Tech and Funhaler spacers, is \$1.829 million, up 72% on the same period last year (\$1.061 million).

Avita Medical General Manager, Asia Pacific Lorraine Glover said the respiratory division showed signs of continued good performance through the remainder of the financial year.

"Spacer sales in Australia alone are up over 45% during the March 2009 Quarter compared to last year's actual March 2008 Quarter sales," said Ms Glover.

"Respiratory sales for the year to date are significantly ahead of expectations and we anticipate continued acceleration of sales as we enter the winter months which is traditionally our busiest period."

New Spacer Manufacturing Process On Line. In February 2009 Avita Medical announced a major revision of its spacer manufacturing process including the relocation of manufacturing to a new GMP facility in Malaysia. All tool qualification, validation processes and first production run have been completed and Avita Medical is pleased to report that the initial production lot of Breath-A-Tech spacers manufactured under the new process has shipped approximately 1 week ahead of schedule.

Avita Medical VP Operations William Marshall said the new manufacturing process for the Company's respiratory products had reduced production costs by more than 30%.

"Implementation of the new manufacturing process has proceeded exceptionally well under a very tight timeline. We have successfully met an aggressive production schedule and exceeded our estimated cost savings," said Mr Marshall.

"The increased sales volume over the past 3 months has added pressure to meet the timeline and left little room for error in getting production on line."

Avita Medical CEO Dr William Dolphin said he was pleased with Avita's progress over the past 9 months.

"The Company has made tremendous progress over the first 9 months of the 2009 financial year. The Operations team has done an exceptional job in getting our new manufacturing up and running and the Sales & Marketing team, through a new focus of effort, is

¹ 1 July – 31 March

generating very encouraging results for both the respiratory and regenerative product line,” said Dr Dolphin.

“The improved efficiency, reduced manufacturing costs and increased sales will positively impact our top and bottom lines and will be increasingly apparent over the next several quarters.”

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ABOUT AVITA MEDICAL LIMITED

Avita Medical Limited (www.avitamedical.com) is a publicly listed, global medical technology company. The company is active in the regenerative medicine and respiratory markets.

Regenerative Medicine

The company develops and distributes regenerative and tissue-engineered products for the treatment of a wide range of wounds, scars and skin defects. Using proprietary tissue-culture/collection technology, the company is able to provide innovative treatment solutions derived from the patient’s own skin, to enhance healing rates, reduce scar formation and reintroduce pigmentation into the skin.

ReCell[®] is a stand-alone, rapid cell harvesting device that enables surgeons to treat skin defects using the patient’s own cells. The surgeon can prepare a small quantity of cells within 30 minutes on site rather than having to send a biopsy to the laboratory. ReCell[®] has been designed for use in a wide variety of plastic, reconstructive and cosmetic procedures. ReCell[®] is gaining acceptance in a number of indications including Vitiligo, a common skin pigmentation disease.

ReCell[®] is patented, CE marked for the EU and TGA registered in Australia

Respiratory

The company commercialises innovative medical technologies for improved medication delivery and adherence in patients suffering from chronic respiratory diseases. The company manufactures and sells a range of spacers for the paediatric, adolescent and adult market and is the leading provider of spacers in Australia.

The Funhalei[®] incentive asthma spacer has been designed specifically for the paediatric market, incorporating auditory and visual incentives to encourage children to comply with their medication plan and has been clinically demonstrated to improve compliance to prescribed medication and increase proper inhalation technique. The Funhalei[®] is patented, CE marked for the EU, FDA cleared for the US and TGA registered in Australia.



Breath-A-Tech is the leading spacer for adolescents and adults in Australia. The product is effective, compact, easy to use and competitively priced. The Breath-A-Tech hospital-grade spacer can also be autoclaved in the hospital or clinical setting.