

MEDICAL AUSTRALIA LIMITED

A.B.N. 30 096 048 912

Appendix 4D

Australian Securities Exchange Listing Rules Disclosure

Half-year report

For the period ending 31 December 2016

Compared to prior half-year period 31 December 2015

Results for announcement to the market

ENTITY RESULTS

	31 December 2016	31 December 2015	Change \$	Change %
Revenue from ordinary activities including discontinued operations	6,655,284	8,050,890	(1,395,606)	(17.3%)
Profit/(Loss) from ordinary activities after tax attributable to members	252,206	(4,674,692)	4,926,898	105%
Net profit/(loss) for the period attributable to members	252,206	(4,674,692)	4,926,898	105%

DIVIDENDS

No interim dividend was declared for the period ended 31 December 2016.

EXPLANATION OF RESULTS

Please refer to the half-year commentary for an explanation of the results.

NET TANGIBLE ASSETS PER SECURITY

	31 December 2016	31 December 2015
Net Tangible Assets per ordinary share	2.40 cents	2.12 cents



MEDICAL AUSTRALIA LIMITED

A.B.N. 30 096 048 912

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED

31 DECEMBER 2016

Lodged with the ASX under Listing Rule 4.2A.

This information should be read in conjunction with the 30 June 2016 Annual Report.

**MEDICAL AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

Corporate Directory

DIRECTORS

Mr Bruce Hancox (Chairman)
Mr Ian Mitchell (Non-Executive Director)
Dr Geoff Cumming (Non-Executive Director)
Mr Darryl Ellis (Executive Director)

CHIEF EXECUTIVE OFFICER

Mr Darryl Ellis

COMPANY SECRETARY

Mr Ian Mitchell

REGISTERED OFFICE

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PRINCIPAL OFFICE

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AUDITORS

Nexia Sydney Audit Pty Ltd
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1 Market Street
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Phone: +61-2 9251 4600

SOLICITORS

Websters
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Phone: +61-2 9233 2688 Fax: +61-2 9233 3828

SHARE REGISTRY

NextRegistries
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**MEDICAL AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

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**MEDICAL AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

**Directors' Report
For the half-year ended 31 December 2016**

Your directors submit their Directors' Report together with the consolidated financial report of the Group, being Medical Australia Limited and its controlled entities, for the half-year ended 31 December 2016, and the auditor's review report thereon.

Directors

The names of directors of the Company holding office at any time during or since the end of the half-year are:

Bruce Hancox (Chairman)	Director since 12 February 2014
Ian Burnham Mitchell	Director since 6 November 2008
Dr. Geoff Cumming	Director since 23 January 2009
Darryl Ellis	Director since 28 November 2016

Review of Operations & Principal Activities

Medical Australia Limited is a medical technology company with activities solely focused on the human healthcare market.

The Group is engaged in the manufacture, distribution and sale of a broad range of medical devices used by acute and primary healthcare facilities in Australian and global markets. The Group focuses on a number of core clinical therapy areas within the broader medical devices market – medication delivery (intravenous (IV) systems); reuse prevention; surgical and anaesthesia products and suction devices.

(a) Financial Results

The consolidated results for the six months to 31 December 2016 highlight sales revenue of \$6,655,284 (2015: continuing operations \$6,518,181: total Group \$8,050,890), an increase of 2% over the prior period for continuing operations. Reported total Group sales revenue for the prior period contained \$1,532,709 in sales from the now discontinued animal health business.

Gross profit of the sale of products in the reporting period was \$2,923,436 (2015: \$2,830,341) which represents a gross profit margin of 43.9% (2015: 43.4%). Operating overheads for the period were \$2,685,176 (2015: \$2,527,525) with most of this increase coming from investments made in the developing of new product areas. Net profit in the reporting period was \$252,206 (2015: continuing operations \$390,419: total Group loss of \$5,085,706). Included in the total Group loss for the prior period was the loss of \$5,476,125 attributable to the disposal of the animal health business in December 2015.

The Group's balance sheet has strengthened further with cash on hand of \$1.03m (June 2016: \$0.86m) and working capital of \$3.15m (June 2016: \$2.87m). Management continues to focus on optimising inventory levels to ensure efficient use of the Company's capital.

**MEDICAL AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

**Directors' Report
For the half-year ended 31 December 2016**

(b) Operational Results and commentary

The Company continues to operate in a highly competitive market place with strong competitors and, increasingly sophisticated buyers. This combination has seen downward pressure on selling prices that has resulted in a dampening effect on revenue growth. The flow-on impact of this on margins has been partially offset by cost reductions across a number of product areas. These cost reductions have been achieved as a result of a greater level of supplier price support, manufacturing efficiencies, product redesign and new supplier partnerships.

In the reporting period, the Company has had an active program of product promotion of both existing and new products, particularly across the eastern states. A key development has been the approval of a range of the Company's products for sale into the Queensland Government hospital network that will build on the growth achieved in fiscal 2016. User trials for a number of products, including DualCap®, AirQ and the Ardo range of breast pumps, are currently underway. Successful completion of these trials should see sales in the latter half of fiscal 2017.

To support this increased level of market activity, the Company has added additional sales and clinical staff along with higher levels of both marketing and advertising expenditure.

The Board and Management of MLA remains confident the Company will continue to be profitable and cash positive through the business cycle, giving it the financial flexibility to fast track its strategy to expand sales, add supply and distribution agreements, consider geographic expansion and assess accretive acquisitions.

Events Subsequent to Balance Date

The Company announced on 10 February 2017, that it had received notification from Carefusion, an OEM partner since 2003, that it would not be renewing its distribution contract with Medical Australia when it expires in May this year. On 22 February 2017 the Company announced the signing of a strategic partnership with the Australian BreastFeeding Association in support of the Ardo range of breast pumps. There are no other events or transactions which have arisen in the interval between the end of the financial period and the date of this report, of a material or unusual nature likely, which in the opinion of the directors of the Company, will affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

**MEDICAL AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

**Directors' Report
For the half-year ended 31 December 2016**

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

The Lead Auditor's Independence Declaration is set out on page 4 and forms part of the Directors' Report for the half-year ended 31 December 2016.

Signed in accordance with a resolution of the board of directors.



Ian Mitchell
Director

Dated this 28th day of February 2017

The Board of Directors
Medical Australia Limited
Unit 4B, 128-130 Frances Street
Lidcombe NSW 2141

To the Board of Directors of Medical Australia Limited

Auditor's Independence Declaration under Section 307C of the *Corporations Act 2001*

As lead audit partner for the review of the financial statements of Medical Australia Limited for the financial half-year ended 31 December 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
and
- (b) any other applicable code of professional conduct in relation to the review.

Yours sincerely

Nexia Sydney Audit Pty Ltd



Stephen Fisher
Director

Sydney

Dated: 28 February 2017

Nexia Sydney Audit Pty Ltd

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**MEDICAL AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

Condensed Consolidated Statement of
Comprehensive Income
For the half-year ended 31 December 2016

Continuing Operations		Consolidated	
	Notes	31 December 2016 \$	31 December 2015 \$
Sale of goods	2	6,655,284	6,518,181
Cost of goods sold		(3,731,848)	(3,687,840)
Gross profit		<u>2,923,436</u>	<u>2,830,341</u>
Other Revenue		20,000	91,305
Expenses:			
Administration and consultants		(222,204)	(275,792)
Advertising and marketing		(90,126)	(30,356)
Depreciation and amortisation		(69,097)	(106,225)
Employee benefits expenses		(1,606,159)	(1,509,310)
Occupancy costs		(110,646)	(113,108)
Other		(344,322)	(308,655)
Travel and accommodation		(242,622)	(184,079)
Profit before interest and income tax		<u>258,260</u>	<u>394,121</u>
Financial income		554	610
Financial expense		(6,608)	(4,312)
Net financing (loss)		<u>(6,054)</u>	<u>(3,702)</u>
Profit before income tax		252,206	390,419
Income tax benefit		-	-
Profit for the period from continuing operations	3	<u>252,206</u>	<u>390,419</u>
(Loss) from discontinued operations	6	-	(5,476,125)
Profit/(Loss) for the period		<u>252,206</u>	<u>(5,085,706)</u>
Other comprehensive income after income tax			
Items that will be reclassified to profit or loss when specific conditions are met:			
Exchange differences on translating foreign operation		(7,591)	3,466
Total comprehensive income/(loss) for the period		<u>244,615</u>	<u>(5,082,240)</u>
Net profit/(loss) attributable to			
Owners of the parent entity		252,206	(4,674,692)
Non-controlling interest		-	(411,014)
		<u>252,206</u>	<u>(5,085,706)</u>

**MEDICAL AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

Condensed Consolidated Statement of
Comprehensive Income
For the half-year ended 31 December 2016

Total comprehensive income/ (loss) attributable to	Consolidated	
	31 December 2016	31 December 2015
	\$	\$
Owners of the parent entity	244,615	(4,671,226)
Non-controlling interest	-	(411,014)
	244,615	(5,082,240)
Earnings per share		
From continuing and discontinued operations:		
Basic profit/(loss) per share (cents per share)	0.18 cents	(3.72 cents)
Diluted profit/(loss) per share (cents per share)	0.18 cents	(3.72 cents)
From continuing operations:		
Basic profit/(loss) per share (cents per share)	0.18 cents	0.28 cents
Diluted profit/(loss) per share (cents per share)	0.18 cents	0.28 cents

**MEDICAL AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

Condensed Consolidated Statement of Financial
Position
As at 31 December 2016

		Consolidated	
	Notes	December 2016	June 2016
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		1,029,929	860,711
Trade and other receivables		1,580,191	1,580,940
Inventories		2,113,320	2,683,708
Other assets		212,838	123,058
TOTAL CURRENT ASSETS		4,936,278	5,248,417
NON-CURRENT ASSETS			
Property, plant and equipment		207,347	211,332
Intangible assets	4	3,886,046	3,907,871
TOTAL NON-CURRENT ASSETS		4,093,393	4,119,203
TOTAL ASSETS		9,029,671	9,367,620
CURRENT LIABILITIES			
Trade and other payables		1,471,579	2,085,696
Provisions		309,953	295,944
TOTAL CURRENT LIABILITIES		1,781,532	2,381,640
NON-CURRENT LIABILITIES			
Provisions		76,067	66,410
TOTAL NON-CURRENT LIABILITIES		76,067	66,410
TOTAL LIABILITIES		1,857,599	2,448,050
NET ASSETS		7,172,072	6,919,570
EQUITY			
Issued capital	5	26,753,918	26,753,918
Equity remuneration reserve		154,257	146,370
Foreign Currency translation reserve		(68,141)	(60,550)
Accumulated losses		(19,667,962)	(19,920,168)
TOTAL EQUITY		7,172,072	6,919,570

**MEDICAL AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

Condensed Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2016

	Issued capital	Equity Remuneration Reserve	Foreign Currency Translation Reserve	Non- controlling Interest	Accumulated Losses	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2015	26,753,918	146,370	(368,149)	(1,101,527)	(15,081,905)	10,348,707
(Loss) for the period	-	-	-	(411,014)	(4,674,692)	(5,085,706)
Other comprehensive income	-	-	3,466	-	-	3,466
Total comprehensive profit/(loss)	-	-	3,466	(411,014)	(4,674,692)	(5,082,240)
Derecognition of non-controlling interest upon disposal of discontinued operations	-	-	-	1,512,541	-	1,512,541
Reclassification to profit or loss upon disposal of discontinued operations	-	-	194,632	-	(194,632)	-
Balance at 31 December 2015	26,753,918	146,370	(170,051)	-	(19,951,229)	6,779,008
Balance at 1 July 2016	26,753,918	146,370	(60,550)	-	(19,920,168)	6,919,570
Profit for the period	-	-	-	-	252,206	252,206
Other comprehensive income	-	-	(7,591)	-	-	(7,591)
Total comprehensive profit/(loss)	-	-	(7,591)	-	252,206	244,615
Share options reserve	-	7,887	-	-	-	7,887
Balance at 31 December 2016	26,753,918	154,257	(68,141)	-	(19,667,962)	7,172,072

**MEDICAL AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

Condensed Consolidated Statement of
Cash Flows
For the half-year ended 31 December 2016

	Consolidated	
	31 December 2016	31 December 2015
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	6,808,529	7,736,458
Payments to suppliers and employees	(6,601,167)	(8,114,143)
Interest received	583	2,531
Interest paid	(4,357)	(4,311)
Income tax refund	-	26,412
	203,588	(353,053)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(39,622)	(147,194)
Payments for intangibles	(3,818)	(125,825)
Proceeds from sale of business	-	72,000
Other (cash balance for business sold)	-	(33,074)
	(43,440)	(234,093)
CASH FLOWS FROM FINANCING ACTIVITIES		
	-	-
Net cash provided by financing activities	-	-
Net increase in cash and cash equivalents	160,148	(587,146)
Cash and cash equivalents at the beginning of the period	860,711	933,312
Net foreign exchange differences from translation of cash and cash equivalents	9,070	6,511
	1,029,929	352,677
Cash and cash equivalents at the end of the period	1,029,929	352,677

**MEDICAL AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

Notes to the half-year financial statements

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These general purpose consolidated financial statements for the interim half-year reporting period ended 31 December 2016 have been prepared in accordance with Accounting Standard AASB 134 “Interim Financial Reporting”, and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards.

The half-year financial report does not include all notes of the type normally included within the annual financial report, and therefore, cannot be expected to provide as full an understanding of the statement of comprehensive income, statement of financial position and operating, financing and investing activities of the economic entity as a full financial report.

This half-year report should be read in conjunction with the Annual Financial Report of Medical Australia Limited for the year ended 30 June 2016 and any public announcements made by Medical Australia Limited and its controlled entities during the half-year ended 31 December 2016, in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

Basis of Preparation

The consolidated financial statements have been prepared on the basis of historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets. All amounts are presented in Australian dollars, unless otherwise noted.

The half-year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2016.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period.

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Group’s accounting policies and has no effect on the amounts reported for the current or prior periods. The new and revised Standards and Interpretations has not had a material impact and not resulted in changes to the Group’s presentation of, or disclosure in, its half-year financial statements.

**MEDICAL AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

Notes to the half-year financial statements

NOTE 2 - SEGMENT REPORTING

The Group operates in 2016 wholly within the human healthcare industry in Australia, New Zealand, Asia and UK. In 2015, the Group also operated in the animal healthcare industry in the USA.

Geographical segments 31 December 2016	Australia \$	Asia \$	New Zealand \$	United Kingdom \$	Unallocated/ Elimination \$	Consolidated \$
Revenue						
External segment income	5,748,609	323,815	251,548	156,890	174,422	6,655,284
Other revenue	20,000	-	-	-	-	20,000
	<u>5,768,609</u>	<u>323,815</u>	<u>251,548</u>	<u>156,890</u>	<u>174,422</u>	<u>6,675,284</u>
Interest expense	(6,054)	-	-	-	-	(6,054)
Depreciation expense	(69,097)	-	-	-	-	(69,097)
Result						
Segment result	136,424	7,685	5,970	97,988	4,139	252,206
Net profit/(loss)	<u>136,424</u>	<u>7,685</u>	<u>5,970</u>	<u>97,988</u>	<u>4,139</u>	<u>252,206</u>
Assets						
Segment assets	<u>8,825,994</u>	<u>-</u>	<u>-</u>	<u>203,677</u>	<u>-</u>	<u>9,029,671</u>
Including non-current assets acquired during the period:						
Warehouse Equipment	13,564	-	-	-	-	13,564
Furniture & Fittings	1,087	-	-	-	-	1,087
Office Equipment	4,980	-	-	-	-	4,980
Computer Software	19,991	-	-	-	-	19,991
Intangible Assets	3,818	-	-	-	-	3,818
	<u>43,440</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,440</u>
Segment liabilities	<u>1,855,940</u>	<u>-</u>	<u>-</u>	<u>1,659</u>	<u>-</u>	<u>1,857,599</u>

**MEDICAL AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

Notes to the half-year financial statements

NOTE 2 - SEGMENT REPORTING (Cont'd)

Geographical segments 31 December 2015	Australia \$	Asia \$	United States \$	United Kingdom \$	Unallocated/ Elimination \$	Consolidated \$
Revenue						
External segment income	5,758,093	269,247	1,426,842	201,109	395,599	8,050,890
Interest income	2,531	-	-	-	-	2,531
Other revenue	140,275	-	-	-	-	140,275
	<u>5,900,899</u>	<u>269,247</u>	<u>1,426,842</u>	<u>201,109</u>	<u>395,599</u>	<u>8,193,696</u>
Less: Revenue from discontinued operations	(156,028)	(730)	(1,426,842)	-	-	(1,583,600)
Revenue from continuing operations	<u>5,744,871</u>	<u>268,517</u>	<u>-</u>	<u>201,109</u>	<u>395,599</u>	<u>6,610,096</u>
Result						
Segment result	(471,000)	40,061	(2,692,075)	(56,904)	(1,905,788)	(5,085,706)
Net profit/(loss)	<u>(471,000)</u>	<u>40,061</u>	<u>(2,692,075)</u>	<u>(56,904)</u>	<u>(1,905,788)</u>	<u>(5,085,706)</u>
Add: Net loss from discontinued operations	874,172	4,090	2,692,075	-	1,905,788	5,476,125
Net profit from continuing operations	<u>403,172</u>	<u>44,151</u>	<u>-</u>	<u>(56,904)</u>	<u>-</u>	<u>390,419</u>
Assets						
Segment assets	<u>14,766,003</u>	<u>-</u>	<u>-</u>	<u>107,531</u>	<u>(6,656,568)</u>	<u>8,216,966</u>
Including non-current assets acquired during the period:						
Warehouse Equipment	630	107,636	-	-	-	108,266
Furniture & Fittings	15,568	-	-	-	-	15,568
Plant & Equipment	6,931	-	-	-	-	6,931
Computer Software	16,429	-	-	-	-	16,429
Intangible Assets	-	-	125,825	-	(125,825)	-
	<u>39,558</u>	<u>107,636</u>	<u>125,825</u>	<u>-</u>	<u>(125,825)</u>	<u>147,194</u>
Segment liabilities	<u>12,841,855</u>	<u>-</u>	<u>-</u>	<u>1,067,684</u>	<u>(12,471,581)</u>	<u>1,437,958</u>

Division of the Group's results and assets into geographical segments has been ascertained by direct identification of revenue cost centres. Asia includes China, India, Indonesia, Malaysia, Singapore and Thailand and primarily represents sales of components to our customers and payments of our suppliers. There are no intersegment revenue transactions. The major products are IV systems, safety, blood banking, surgical, anaesthesia and animal stem cell products.

**MEDICAL AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

Notes to the half-year financial statements

NOTE 3 – RESULTS FOR THE PERIOD

	Consolidated	
	31 December 2016	31 December 2015
	\$	\$
The following expense items are relevant in explaining the financial performance for the period:		
Consultants	139,830	142,896
Insurance	70,572	78,765
Regulatory registration	54,819	46,265
Corporate advisors	-	43,161
	-	43,161

NOTE 4 – INTANGIBLE ASSETS

	31 December 2016	30 June 2016
	\$	\$
Goodwill – TUTA Healthcare	3,409,564	3,409,564
Goodwill on acquisition – Clements	400,000	400,000
	3,809,564	3,809,564
Product Development Costs – Gross	421,557	417,739
Less: Accumulated amortisation	(345,075)	(319,432)
Product Development Costs – net	76,482	98,307
	3,886,046	3,907,871

The Group has adopted a policy of capitalising Product Development Costs related to specific projects, in accordance with AASB 138. Intangible asset costs are amortised on a straight line basis over the useful life of the product, that period currently assessed at 8 years. As at 31 December 2016, specific Product Development Costs capitalised as intangible assets had a carrying value of \$76,482 (30 June 2016: \$98,306).

**MEDICAL AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

Notes to the half-year financial statements

NOTE 5 – ISSUED CAPITAL

Fully paid ordinary shares	Consolidated			
	31 December 2016		31 December 2015	
	Number	\$	Number	\$
Balance at the beginning of the half-year	136,766,031	26,753,918	136,766,031	26,753,918
Balance at the end of the half-year	136,766,031	26,753,918	136,766,031	26,753,918

Issued capital as at 31 December 2016 amounted to \$26,753,918 (136,766,031 ordinary fully paid shares).

NOTE 6 – DIVIDENDS

No dividends have been declared or paid during the current period or the prior period.

NOTE 7 – EVENTS SUBSEQUENT TO BALANCE DATE

The Company announced on 10 February 2017, that it had received notification from Carefusion, an OEM partner since 2003, that it would not be renewing its distribution contract with Medical Australia when it expires in May this year. On 22 February 2017 the Company announced the signing of a strategic partnership with the Australian BreastFeeding Association in support of the Ardo range of breast pumps. There are no other events or transactions which have arisen in the interval between the end of the financial period and the date of this report, of a material or unusual nature likely, which in the opinion of the directors of the Company, will affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

**MEDICAL AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

D i r e c t o r s ' D e c l a r a t i o n

In the opinion of the Directors of Medical Australia Limited:

- (a) the financial statements and notes set out on pages 5 to 14, are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the financial half-year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 – *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed at Sydney this 28th day of February 2017
in accordance with a resolution of the Board of Directors:



Ian Mitchell
Director

Independent Review Report to the members of Medical Australia Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Medical Australia Limited, which comprises the Condensed Consolidated Statement of Financial Position as at 31 December 2016, the Condensed Consolidated Statement of Comprehensive Income, Condensed Consolidated Statement of Changes in Equity and Condensed Consolidated statement of Cash Flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, of the group comprising Medical Australia Limited and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Medical Australia Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been given to the directors of Medical Australia Limited.

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Medical Australia Limited and its controlled entities is not in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- ii. complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Nexia Sydney Audit Pty Ltd



Stephen Fisher
Director

Sydney

Dated: 28 February 2017