Medical Developments International

20th February 2017

HALF-YEAR REPORT

Pursuant to listing rule 4.2A, please find following Medical Developments International's Consolidated Half-Year Report and associated results announcement, which should be read in conjunction with the most recent annual financial report.

Mark Edwards
Company Secretary

Medical Developments International Limited ABN 14 106 340 667
4 Caribbean Drive Scoresby Victoria 3179 Australia **Postal Address** PO Box 9004 Scoresby Victoria 3179 Australia
Telephone +61 3 9547 1888 **Fax** +61 3 9547 0262 **Web** www.medicaldev.com

Chairman's and CEO's Report

Half-year Results

REVENUE UP
34%

NPAT UP
74%

INTERNATIONAL PENTHROX® REVENUE UP
108%

RESPIRATORY DEVICE SALES UP
142%

Medical Developments International Limited. ("MDI") (ASX: MVP) delivered revenue growth of 34% to $8.05m and Net Profit after Tax growth of 74% to $410,000 for the half year ended 31 December 2016 (compared to H1FY16.)

MVP has $5.5 million of cash in the bank and is debt free.

MVP has declared a further fully franked dividend of 2 cents per share.

The Financial Result Represents

- 34% growth in revenue to a record $8.05m
- 74% growth in Net Profit after Tax to $410,000
- 24% growth in Gross Margin
- 51% growth in EBITDA
- 82% growth in Profit before Tax
- 14% growth in Penthrox® revenue
- 108% growth in International Penthrox® revenue
- 142% growth in Global Respiratory Device sales
- 192% growth in Australian Respiratory Device sales
- 159% growth in European Respiratory Device sales
- 148% growth in USA Respiratory Device sales
- 42% increase in Cash Receipts from customers

"Our financial results and list of achievements is impressive. The full effect of our recent and pending registrations will flow through in FY18 and beyond."

Key Achievements

Penthrox®

- First sales of Penthrox® in France and Belgium.
- National Reimbursement of Penthrox® in France.
- Submitted Regulatory Applications to have Penthrox® approved in 22 European countries.
- Regulatory approval in the UAE.
- Regulatory approval in Taiwan.
- Distribution deal signed with Purdue Pharma in Canada.
- Distribution deal signed with BL&H Co Ltd Corporation for Korea.
- Received upfront payments from Korea and Canada.
- Submitted two new Global Patent Applications for Penthrox® Inhalers.
- Enrolled first patient in Penthrox® Post Authorisation Safety Study in Europe.
- Commenced pre-clinical and clinical work for FDA approval.
- Commenced planning pre-clinical and clinical work for Penthrox® indication extensions.

Respiratory Medical Devices

- Global sales growth of 142%.
- Signed new distribution deal in USA with McKesson.
- Sales growth of 148% for USA.
- First sales into 1,600 pharmacies in the USA. More to follow.
- Sales growth of 192% in Australia.
- Record sales for Breath-A-Tech®.
- Sales growth of 159% in UK and Europe.
- Sales growth of 41% in New Zealand.
- Patent Application for new respiratory device.
- Launch of six new respiratory products.

Other

- $5.5 million cash in bank.
- No debt.
- Construction of new manufacturing facility on time and on budget. Due for completion in March 2017.
- Continued investment in new product development.
- PDCO approval of Paediatric Study protocol, first patient expected July 2017.
- MVP has 9 Patent and Patent applications.
- MVP has Trademarks in over 30 countries.

The Future of MVP

Our ambition is to make Penthrox® a main stream analgesic of choice around the world and our Respiratory Devices global leaders in their field.

Over the next few years our business will undergo a significant transformation. Our plan is to sell Penthrox® into an additional 40 countries by 2019. For many of these countries Regulatory Submissions have either been submitted or are due for submission in the coming months.

Our work on getting Penthrox® approved for sale in the USA has begun, as has the work to extend the possible approved indications for use and markets for Penthrox® around the world.

We have an increasing portfolio of submitted Patent Applications protecting Penthrox® and our manufacturing technology which, of itself, should revolutionise the way we make Penthrox® in the future.

Our portfolio of respiratory devices is growing and we are delivering good sales growth from this business.

We look forward to reporting our progress and successes.

Penthrox® Developments

Penthrox® was recently launched in the French and Belgium markets. This was a milestone event for our company, and in preparation for the launch, MVP received and delivered its largest ever single order for Penthrox®. Feedback from the French and Belgium markets is very positive and first customer orders have already been received and delivered in France.

In the UK and Ireland, Galen is making good progress. Thirty four hospitals are approved and are regularly ordering and using Penthrox®. Five of the eleven Major Trauma Centres in the UK have approved and are using Penthrox®. Royal London Hospital approved the use of Penthrox® and joined St George (London), Aintree University (Liverpool), Royal Victoria (Belfast) and Addenbrooke (Cambridge) as Major Trauma Centres using Penthrox® to treat trauma patients.

In November MVP's European Partner submitted an application to the United Kingdom's Medicines & Healthcare products Regulatory Agency (MHRA) under the Decentralised Procedure to have Penthrox® approved for sale in Germany, Italy, Spain, Sweden, Switzerland, Finland, Austria, Denmark, Poland, Portugal, Bulgaria, Croatia, Cyprus, Czech Republic, Estonia, Latvia, Lithuania, Luxemburg, Romania, Slovakia and Slovenia. We expect these regulatory approvals to commence during FY18.

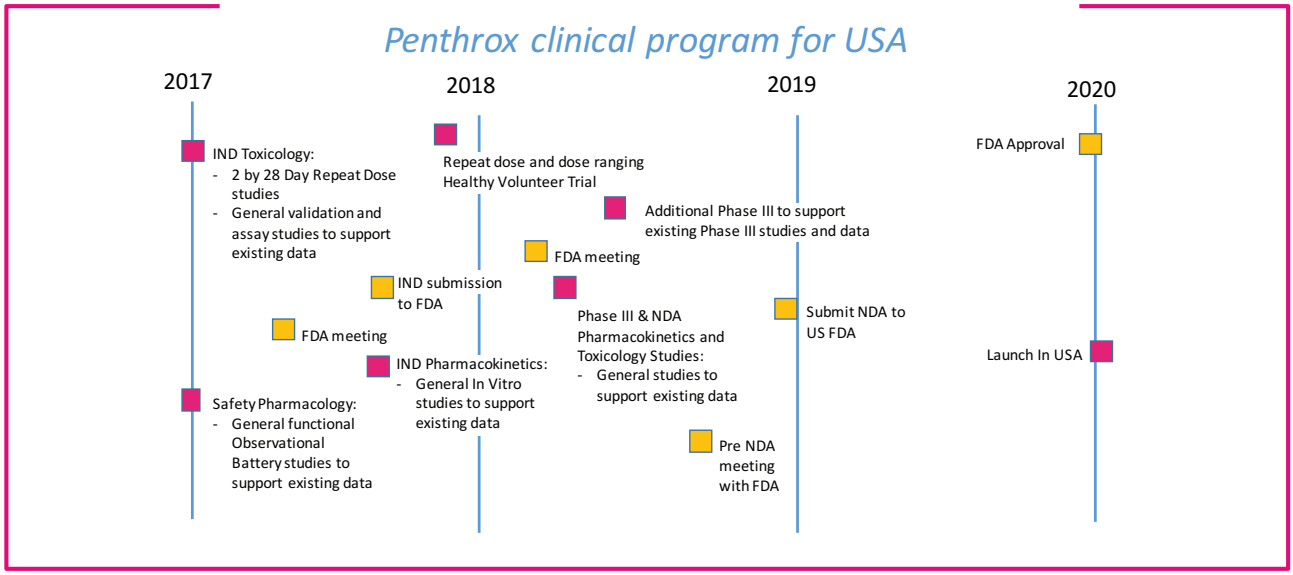
In addition, 'National Regulatory Applications' are expected to be filed with the relevant agencies within the Netherlands, Greece, Macedonia, Serbia, Albania, Liechtenstein, Montenegro, Kosovo, San Marino, Vatican City, Bosnia and Herzegovina, Andorra and Monaco in due course. Approvals are expected during FY18 and beyond.

Elsewhere in the world our regulatory submissions to Mexico, Iran, Hong Kong, Saudi Arabia, Iraq, Jordon and Korea are progressing.

MVP finalised licensing and distribution deals in Korea and Canada during the half year and received milestone payments.

Penthrox® was approved for sale by the Food and Drug Administration in Taiwan in December and we expect our first sale into Taiwan to occur during March 2017.

The growth and development of Penthrox® and its markets is increasing rapidly. A summary of how we see Penthrox® launch and proposed launch milestones is detailed below:



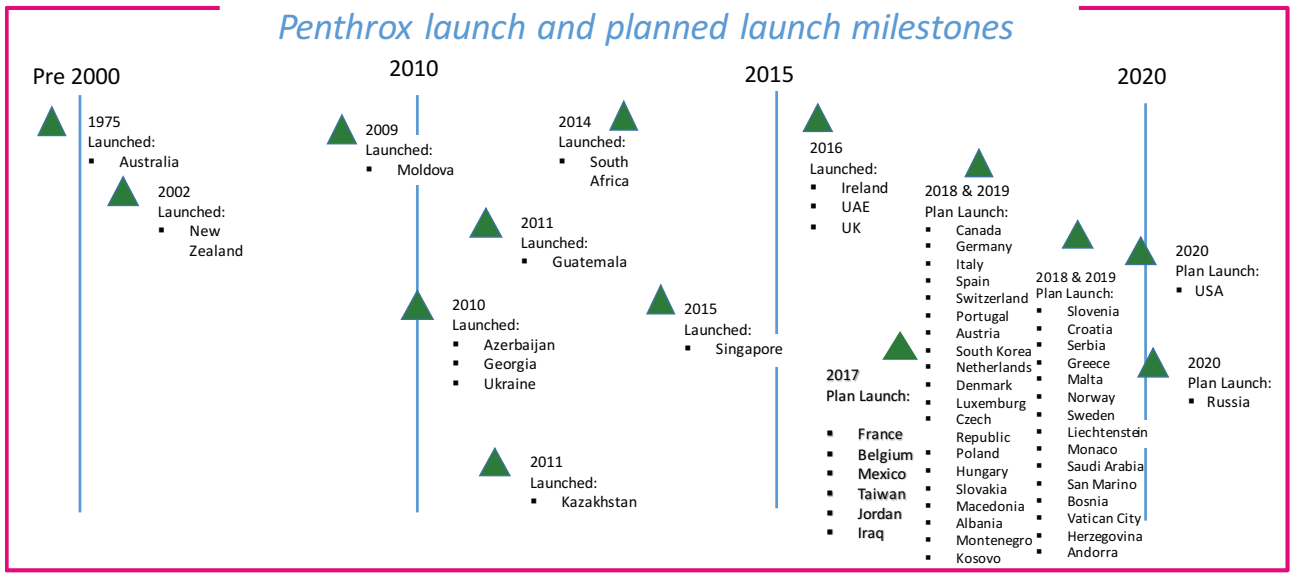
United States of America

MVP believe the clinical need and market opportunity for Penthrox® in the USA is obvious. Given the public and legislative bias expressed by the USA government and its FDA against the use of opioids, Penthrox® as a non-opioid / non-narcotic, fast acting, safe, easy to use, store and administer acute pain drug thereby offers a compelling solution.

In July 2016, MVP received feedback from the Food Drug Administration (FDA) about our proposed regulatory program designed to have Penthrox® approved for sale in the USA. That development program is now complete and includes a number of clinical and non-clinical studies. The clinical and non-clinical work in several cases repeats work previously done (including two Phase III studies) and we are confident the data collected will reconfirm what we already know and what has already been accepted by various regulators in Europe and elsewhere around the world.

We estimate the work needed to submit a New Drug Application (NDA) in the USA will be completed within two and a half years, at a cost of $US15 million.

The program of work and timeframes as we see them is illustrated below:



Respiratory Developments

Overall revenue from respiratory devices grew 142%.

Sales of respiratory devices in the Australian market grew 192%.

Our Breath-A-Tech® branded range of Space Chambers and respiratory products continues to exceed expectations, reinforcing MVP as market leader in Australia.

Sales into the USA market grew 148% and we continue to build our business in that market. Since we finalised our distribution deals with McKesson, AmerisourceBergen and Cardinal Health, MVP's Space Chamber® range of devices has been sold to 1,600 pharmacies across the USA. We are excited by our growth prospects in the USA.

Sales into Europe and UK grew 159% which is now making a significant contribution to the profits of our business.

Sales of respiratory devices to New Zealand grew 41% which was a very pleasing result since MVP no longer has the exclusive contract to supply respiratory devices via Pharmac. This growth reflects consumers buying our medical devices outside of the fully rebated Pharmac reimbursement program and is testimony to the quality and performance of our products.

Clinical Developments

MVP continues to invest heavily in our Regulatory Dossier. Our ambition is to extend the use of Penthrox® into Acute Pain applications including Surgical Procedures, Breakthrough Pain and ultimately Home Use. Together with our partners we have begun developing clinical programs to expand the indication for use of Penthrox® to acute pain procedures in the European Union. The benefit of this extension will be available to both our partners in Europe and, more importantly, it will provide essential clinical data to have the market opportunity for Penthrox® extended in jurisdictions worldwide.

During the period a number of important studies were completed and published or were ongoing including:

New publications:

- Gaskell AL, Jephcott CG, et al. Self-administered methoxyflurane for procedural analgesia: experience in a tertiary Australasian centre : Anaesthesia 2016;
- Frangos J, Mikkonnen A, et al. Derivation of an occupational exposure limit for an inhalation analgesic methoxyflurane (Penthrox®) Regulatory Toxicology and Pharmacology;
- Hey P, Shan J, et al. Inhaled methoxyflurane (Penthrox®) improves tolerability and success of nasogastric probe insertion for esophageal physiological studies: a pilot study. Journal of Gastroenterology and Hepatology 2016;
- Nguyen NQ, Burgess J, et al. Effects of Penthrox® on Psychomotor Function in Humans: Psychomotor and cognitive effects of 15-minute inhalation of methoxyflurane in healthy volunteers: implication for post-colonoscopy care A Randomized Placebo Trial. Endoscopy International Open 2016;
- Oxer H. Vital Signs Stability during Methoxyflurane Analgesia : Effects of Penthrox® (methoxyflurane) as an analgesic on cardiovascular and respiratory functions in the pre-hospital setting. Journal of Military and Veterans' Health 2016;
- Coffey F, Dissmann P et al. Methoxyflurane Analgesia in Adult Patients in the Emergency Department: A Subgroup Analysis of a Randomized, Double-blind, Placebo-controlled Study (STOP!). Adv Ther 2016;
- Blair HA and Frampton JE. Methoxyflurane: A Review in Trauma Pain. Clin Drug Investig 2016;
- Dayan A. Analgesic Use of Inhaled Methoxyflurane: Evaluation of its Potential Nephrotoxicity. Human and Experimental Toxicology 2015.

Completed study:

- Comparison of Inhalational Methoxyflurane (Penthrox®) And Intramuscular Tramadol for Prehospital Analgesia. (Singapore Emergency Ambulance Service). The trial found Penthrox was superior to IM Tramadol in terms of analgesic efficacy and speed of onset as well as administration.

On-going study:

- TRUS-biopsy: A phase III double-blind placebo-controlled randomised trial of methoxyflurane with periprostatic local anaesthesia to reduce the discomfort of transrectal ultrasound-guided prostate biopsy (Pain-Free TRUS B).

Apart from the USA studies, MVP and its partners are planning:

- A randomised, double-blind, multicentre, placebo controlled study to evaluate the safety and efficacy of methoxyflurane (PENTHROX®) for the treatment of acute pain in children and adolescents from 6 to less than 18 years of age (presenting to an Emergency Department with minor trauma) MEOF-002; MAGPIE (Methoxyflurane AnalGesia for Paediatric InjuriEs);
- Before-After Implementation Study Comparing the Effectiveness of Nurse Initiated Pain Protocol With Self-Administered Inhaled Analgesia in the Emergency Department (SingHealth);
- Open randomised clinical trial to compare speed of pain relief between methoxyflurane and standard of care for treating patients with trauma pain in Spanish emergency units;
- Efficacy and safety of Penthrox® for the moderate to severe acute pain in patients with biliary colic.
  – draft synopsis available;
- Mountain rescue study in Italy.
  – planning stages.

Some of these studies may be sponsored by MVP and/or Mundipharma.

These studies will extend the body of safety and efficacy data for Penthrox® in adults and children and enable MVP to leverage the outcome of these studies in the proposed New Drug Application (NDA) to the USA and registrations elsewhere in the world.

Our longer term ambition is to gather sufficient clinical and safety data to extend the use of Penthrox® into:

a. post-operative breakthrough pain;
b. breakthrough cancer pain;
c. repeat use scenarios; and ultimately
d. home use.

Commercial Developments

New Manufacturing Facility

Our new purpose built state of the art manufacturing facility in Scoresby is expected to be completed shortly. The new manufacturing facility, combined with our revolutionary manufacturing process, could increase manufacturing capacity to 25 million units of Penthrox® per annum, thereby transforming the cost base for Penthrox®.

Technology

In December 2016 MVP entered into an agreement with the CSIRO (definitive legal agreements expected before the end of March 2017) to develop our manufacturing technology and capability further to become a manufacturer and distributor of other analgesic and anaesthetic products.

MVP believe this technology has the capability and flexibility for MVP to become a leading player in the world supply of a number of small molecule pharmaceutical products. The markets we are focussing on are extremely large and we expect the research and development program to commence during Q4FY17.

Penthrox: Rest of World

MVP continues to negotiate with interested parties from around the world in terms of registering and selling Penthrox®. A number of key markets are drawing strong interest. We are confident new distribution deals and registrations will be achieved in due course.

Product Development

During the period MVP filed two separate Patent Applications protecting its new Penthrox® delivery device technology. In total, we have filed six Patent Applications to protect Penthrox®.

MVP filed one additional Patent Application to protect a new respiratory device developed by MDI.

MVP expect to submit additional patent applications as we extend our respiratory product offering in the future.

FY17 Half Year Financial Result

Our half year result has delivered revenue **growth** of **34%** and a gross profit **growth** of **24%**. Net profit after tax has **grown 74%.**

Revenue from respiratory devices **grew 142%.**

Revenue from Penthrox® **grew 14%**. Sales of Penthrox® into International markets **grew 108%**. Revenue from the sale of Penthrox® to Ambulance in Australia **fell 15%** compared to the same period last year. In November and December 2015 MVP sold large amounts of stock to Ambulance to ensure all the services had sufficient stock to cover the closure of the factory and the move of the offices of MVP from Springvale to Scoresby. This created an unusual timing anomaly in

the purchasing of Penthrox® and skews the comparison between periods. We expect full year sales to Ambulance will be consistent with FY16. Sales into Hospital and GP markets **grew 3%** but the comparison between the periods is skewed for the same reason. We expect good growth from the Hospital and GP markets for the full year.

Revenue from the sales of VET equipment **grew 11%**.

Operating Expenses **grew 20%** for the period. MVP continue to invest in our business and team of people. MVP employed an additional 26 people during 2016 to cater for the workload resulting from the ongoing registration activity and planned new market launches over the next 18 months.

Dividend

The Board of Directors has declared a fully franked interim dividend of 2 cents per share to the holders of fully paid ordinary shares as at the record date of 6 March 2017 to be paid to shareholders on 10 April 2017. A Dividend Reinvestment Plan is again being offered.

Cash flow

Receipts from customers increased 42% to a record $7.7m.

Cash at bank was $5.5m as at 31 December 2016.

Outlook

MVP's ambition is to globalise Penthrox® and in doing so, make it the main stream analgesic of choice around the world.

Over the next six months we expect to:

- Complete our manufacturing facility which will also have special purpose Research and Development laboratories dedicated to improving the way we manufacture Penthrox®;
- Conclude additional distribution partnerships for Penthrox® and Respiratory Devices for new countries;
- Commence work on producing other Analgesic and Anaesthetic products using the intellectual property that is our new manufacturing process;
- Continue our clinical program focussed on:
    - gathering the clinical data needed to submit a 'New Drug Application' to the Food & Drug Administration in the USA; and
    - extending the indication for use of Penthrox® globally.

Our Respiratory Devices are leaders in the field. We will continue our global expansion and in particular, build our USA business. We expect to deliver new partnership deals, expand our product offering and grow sales significantly.

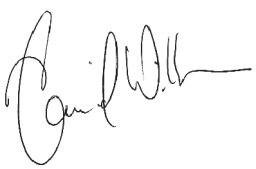
We would like to thank our staff and partners for their efforts and support and look forward to further success in FY17 and beyond.

There is significant growth on the horizon and we believe we have the technology, the people, the partners and the products to deliver that growth.

Further Information:

MR JOHN SHARMAN
CHIEF EXECUTIVE OFFICER

+61 3 9547 1888



MR DAVID WILLIAMS
CHAIRMAN

+61 414 383 593

Medical Developments International

ABN 14 106 340 667

Consolidated Half-Year Report (Appendix 4D)

Financial Half-Year Ended 31 December 2016

(Previous corresponding period: Half-year ended 31 December 2015)

Medical Developments International Limited ABN 14 106 340 667
4 Caribbean Drive Scoresby Victoria 3179 Australia **Postal Address** PO Box 9004 Scoresby Victoria 3179 Australia
Telephone +61 3 9547 1888 **Fax** +61 3 9547 0262 **Web** www.medicaldev.com

Medical Developments International

Results for Announcement to the Market

The following information is provided in accordance with ASX Listing Rule 4.2C.3

	Half-year ended 31 Dec 2016 $000	Half-year ended 31 Dec 2015 $000	Percentage increase/ (decrease)
Revenue From Ordinary Activities	8,054	5,991	34.4%
Earnings before Interest and Tax	540	318	69.8%
Net Profit After Tax	410	236	73.7%
Cash and Cash Equivalents	5,525	9,552	(42.2%)
Basic EPS (cents)	0.71	0.41	73.0%
Net Tangible Asset Per Share (cents)	(0.2)	0.3	(166.7%)

Dividends

The Board of Directors have declared a fully franked interim dividend of 2 cents per share to the holders of fully paid ordinary shares as at the record date of 6 March 2017 to be paid to shareholders on 10 April 2017.

MVP intends to implement a Dividend Reinvestment Plan which will allow shareholders to use the proceeds from the Interim Dividend to purchase MVP shares at the volume weighted average price of all of the company's full paid shares sold on the ASX during the 10 trading days immediately before the record date (no discount applied).

The following is the timetable in relation to the Interim Dividend:

Key Dates	**Event**
20 February 2017	Declaration of Interim Dividend
6 March 2017	Record Date for eligible shareholders to receive dividend
27 March 2017	Date for shareholders to elect to participate in Dividend Reinvestment Plan
10 April 2017	Payment Date

For a brief explanation of the figures above refer to the review of operations attached.

Medical Developments International

Consolidated Half-Year Report for the Half-Year Ended 31 December 2016

Contents

Directors' Report

The directors of Medical Developments International Limited ("MDI") herewith submit the financial report of Medical Developments International Limited and its subsidiary (the Group) for the half-year ended 31 December 2016. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names of the directors of the company during or since the end of the half year are:

- Mr D J Williams (Non-Executive Chairman)
- Mr R M Johnston
- Mr A D McCallum
- Dr H F Oxer
- Mr L Hoare
- Mr P Powell

Review of Operations

A detailed review of the operations of the company during the half-year and the results of these operations is set out in the accompanying results announcement.

Auditor's Declaration of Independence

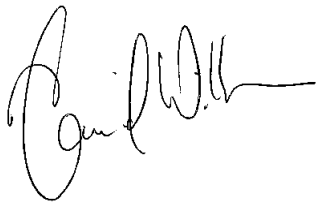
The auditor's independence declaration under s.307C in relation to the review is included on page 4.

Rounding Off of Amounts

The company is a company of the kind referred to in ASIC Corporations (Rounding in Financials / Directors' Reports) Instrument 2016/191, accordingly amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of the directors made pursuant to s.306(3) of the Corporations Act 2001.

On behalf of the Directors.



David Williams
Chairman
Melbourne, 20 February 2017

Deloitte.

Deloitte Touche Tohmatsu
ABN. 74 490 121 060

550 Bourke Street
Melbourne VIC 3000
GPO Box 78
Melbourne VIC 3001 Australia

Tel: +61 (0) 3 9671 7000
Fax: +61 (0) 3 9671 7001
www.deloitte.com.au

The Board of Directors
Medical Developments International Limited
4 Caribbean Avenue
SCORESBY VIC 3179

20 February 2017

Dear Board Members

Medical Developments International Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Medical Developments International Limited.

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

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

Yours faithfully

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU

Samuel Vorwerg
Partner
Chartered Accountants

Deloitte.

Deloitte Touche Tohmatsu
ABN. 74 490 121 060

550 Bourke Street
Melbourne VIC 3000
GPO Box 78
Melbourne VIC 3001 Australia

Tel: +61 (0) 3 9671 7000
Fax: +61 (0) 3 9671 7001
www.deloitte.com.au

Independent Auditor's Review Report to the members of Medical Developments International Limited

We have reviewed the accompanying half-year financial report of Medical Developments International Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2016, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 7 to 15.

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 Developments International 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.

Auditor's Independence Declaration

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*, which has been given to the directors of Medical Developments International Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Deloitte.

Conclusion

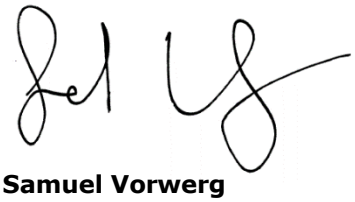
Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Medical Developments International Limited is not in accordance with the *Corporations Act 2001*, including:

(a) 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

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU



Samuel Vorwerg
Partner
Chartered Accountants
Melbourne, 20 February 2017

Directors' Declaration

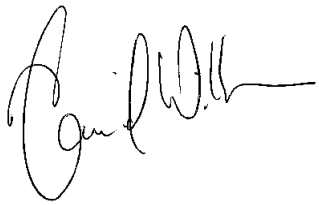
The directors declare that:

a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Directors



David Williams
Chairman
Melbourne, 20 February 2017

Medical Developments International

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Half-Year Ended 31 December 2016

	Half-year ended	
	31 Dec 2016 $'000	31 Dec 2015 $'000
Revenue	8,054	5,991
Cost of sales	(2,514)	(1,538)
Gross Profit	5,540	4,453
Other income	11	-
Distribution expenses	(517)	(397)
Marketing expenses	(1,327)	(815)
Occupancy expenses	(285)	(246)
Administration expenses	(1,654)	(1,619)
Regulatory and registration expenses	(908)	(608)
Finance expenses	(4)	(17)
Other expenses	(309)	(450)
Profit before income tax expense	547	301
Income tax expense	(137)	(65)
Profit for the period	410	236
Items that may be reclassified subsequently to profit or loss, net of income tax		
Exchange differences on translating foreign operations	(3)	(5)
Total Comprehensive Income for the period	407	231
Profit attributable to:		
Owners of the parent	410	236
Total Comprehensive Income attributable to:		
Owners of the parent	407	231
Earnings per Share:		
Basic (cents per share)	0.71	0.41
Diluted (cents per share)	0.71	0.41

Notes to the financial statements are included on pages 12-15

Medical Developments International

Condensed Consolidated Statement of Financial Position

As at 31 December 2016

	31 Dec 2016 $'000	30 June 2016 $'000
Current Assets		
Cash and cash equivalents	5,525	5,620
Trade and other receivables	2,970	7,520
Inventories	2,919	2,667
Other	330	244
Total Current Assets	11,744	16,051
Non-Current Assets		
Plant and equipment	5,038	2,614
Deferred tax asset	1,297	1,928
Goodwill	8,874	8,874
Other intangible assets	12,882	11,772
Total Non-Current Assets	28,091	25,188
Total Assets	39,835	41,239
Current Liabilities		
Trade and other payables	2,148	2,518
Provisions	275	254
Borrowings	144	143
Current tax liabilities	1,430	4,124
Other	1,736	1,772
Total Current Liabilities	5,733	8,811
Non-Current Liabilities		
Deferred tax liabilities	-	-
Provisions	142	114
Borrowings	311	338
Other	12,809	12,951
Total Non-Current Liabilities	13,262	13,403
Total Liabilities	18,995	22,214
Net Assets	20,840	19,025
Equity		
Issued capital	14,477	11,916
Reserves	268	257
Retained earnings	6,095	6,852
Total Equity	20,840	19,025

Notes to the financial statements are included on pages 12-15

Condensed Consolidated Statement of Changes in Equity

For the Half-Year Ended 31 December 2016

	Half-year ended 31 December 2016				
	Issued capital $'000	Retained earnings $'000	Employee equity settled benefits reserve $'000	Foreign Currency Translation Reserve $'000	Total $'000
Opening balance at 1 July 2016	11,916	6,852	318	(61)	19,025
Profit for the period	-	410	14	-	424
Exchange differences on translation of foreign operations	-	-	-	(3)	(3)
Total Comprehensive Income	**-**	**410**	**14**	**(3)**	**421**
Dividends Paid	-	(1,167)	-	-	(1,167)
Dividends reinvested in the forms of shares	571	-	-	-	571
Share issue	2,000	-	-	-	2,000
Equity raising costs	(10)	-	-	-	(10)
Closing balance at 31 December 2016	**14,477**	**6,095**	**332**	**(64)**	**20,840**

	Half-year ended 31 December 2015				
	Issued capital $'000	Retained earnings $'000	Employee equity settled benefits reserve $'000	Foreign Currency Translation Reserve $'000	Total $'000
Opening balance at 1 July 2015	10,946	6,440	-	21	17,407
Profit for the period	-	236	-	-	236
Exchange differences on translation of foreign operations	-	-	-	(5)	(5)
Total Comprehensive Income	**-**	**236**	**-**	**(5)**	**231**
Dividends Reinvested	-	-	-	-	-
Dividends Paid	-	-	-	-	-
Closing balance at 31 December 2015	**10,946**	**6,676**	**-**	**16**	**17,638**

Notes to the financial statements are included on pages 12-15

Medical Developments International

Condensed Consolidated Statement of Cash Flows

For the Half-Year Ended 31 December 2016

	Half-year ended 31 Dec 2016 $'000	Half-year ended 31 Dec 2015 $'000
Cash flows from operating activities		
Receipts from customers	7,690	5,414
Payments to suppliers and employees	(7,500)	(5,153)
Milestone and upfront payments	4,482	10,858
Receipts from Government grants	256	-
Interest paid	(4)	(14)
Income tax refund/(paid)	(2,204)	(75)
Net cash provided by operating activities	2,720	11,030
Cash flows from investing activities		
Interest received	11	-
Payment for plant and equipment	(2,574)	(529)
Payments for other intangible assets	(1,605)	(1,334)
Net cash used in investing activities	(4,168)	(1,863)
Cash flows from financing activities		
Payments for hire purchase	(26)	(24)
Dividends paid (net of DRP)	(596)	-
Proceeds from share issue	2,000	-
Share issue transaction costs	(10)	-
Repayment of borrowings	-	(200)
Net cash provided by / (used) in financing activities	1,368	(224)
Net increase/(decrease) in cash held	(80)	8,943
Cash at the beginning of the half-year	5,620	954
Effects of exchange rate changes on the balance of cash held in foreign currencies	(15)	(345)
Cash at the end of half-year	5,525	9,552

Notes to the financial statements are included on pages 12-15

Notes to the Condensed Consolidated Financial Statements

For the Half-Year Ended 31 December 2016

1. Significant accounting policies

Statement of Compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

Basis of Preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The company is a company of the kind referred to in ASIC Corporations (Rounding in Financials / Directors' Reports) Instrument 2016/191, accordingly amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's annual financial report for the financial year ended 30 June 2016, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

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 half-year.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Group include:

- AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation;
- AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle; and
- AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101.

The application of these amendments does not have any impact on the disclosures or the amounts recognised in the Group's condensed consolidated financial statements.

2. Segment information

Products and services within each business segment

For management purposes, the company is organised into three business units – pharmaceuticals, medical devices and veterinary products. These units are the basis on which the company reports its primary segment information. The principal products and services of each of these divisions are as follows:

- Pharmaceuticals – the sale of Penthrox® primarily within Australia, Europe and UK, and some sales in New Zealand, the Middle East and South Africa
- Medical Devices – the sale of medical devices, particularly the Space Chamber and Breath-Alert Peak-Flow meters, primarily within Australia and New Zealand, and some sales in Asia, Europe, the Middle East and North America
- Veterinary Products – the sale of veterinary products worldwide

Segment revenues and results

	Pharmaceuticals		Medical Devices		Veterinary		Unallocated		Total	
	Half-year ended		Half-year ended		Half-year ended		Half-year ended		Half-year ended	
	31 Dec 2016 $'000	31 Dec 2015 $'000	31 Dec 2016 $'000	31 Dec 2015 $'000	31 Dec 2016 $'000	31 Dec 2015 $'000	31 Dec 2016 $'000	31 Dec 2015 $'000	31 Dec 2016 $'000	31 Dec 2015 $'000
Revenues:										
External sales	4,032	3,938	2,842	1,395	294	265			7,168	5,598
Milestone and License revenue	886	393							886	393
Other income							-	-	-	-
Total revenue									**8,054**	**5,991**
Results:										
Profit before interest, income tax, depreciation & amortisation	**2,237**	**2,245**	**54**	**(285)**	**129**	**96**	**(1,235)**	**(1,268)**	**1,186**	**788**
Depreciation & Amortisation	(530)	(371)	(67)	(42)	(8)	(8)	(41)	(50)	(646)	(470)
Profit before interest and tax	**1,707**	**1,874**	**(13)**	**(327)**	**121**	**88**	**(1,275)**	**(1,318)**	**540**	**318**
Net interest							7	(17)	7	(17)
Profit before income tax							**(1,268)**	**(1,334)**	**547**	**301**
Income tax expense							(137)	(65)	(137)	(65)
Net profit for the period from continuing operations							**(1,405)**	(1,399)	**410**	**236**

	Pharmaceuticals		Medical Devices		Veterinary		Unallocated		Total	
	31 Dec 2016	30 Jun 2016	31 Dec 2016	30 Jun 2016	31 Dec 2016	30 Jun 2016	31 Dec 2016	30 Jun 2016	31 Dec 2016	30 Jun 2016
Assets and Liabilities										
Assets	22,258	22,319	8,453	9,736	962	1,064	8,162	8,120	39,835	41,239
Liabilities	-	-	-	-	-	-	18,995	22,214	18,995	22,214

	Pharmaceuticals		Medical Devices		Veterinary		Unallocated		Total	
	31 Dec 2016 $'000	31 Dec 2015 $'000	31 Dec 2016 $'000	31 Dec 2015 $'000	31 Dec 2016 $'000	31 Dec 2015 $'000	31 Dec 2016 $'000	31 Dec 2015 $'000	31 Dec 2016 $'000	31 Dec 2015 $'000
Other Segment Information										
Acquisition of segment assets	3,536	1,983	221	62	30	12	392	323	4,179	2,380

Geographical Information	Revenue from external customers 31 Dec 2016 $000's	%	Revenue from external customers 31 Dec 2015 $000's	%
Australia	4,741	66.1%	4,202	75.1%
New Zealand	277	3.9%	119	2.1%
International	2,148	30.0%	1,277	22.8%
	7,168	100.0%	5,598	100.0%

3. Dividends

A final dividend in relation to the 30 June 2016 year was declared and paid during the current 6 month period.

A fully franked dividend of 2 cents per share was declared in relation to the 31 December 2015 comparative period.

Refer also to note 9 below for details of the dividend declared in respect of the half year ended 31 December 2016.

4. Trade and Other Receivables

	31-Dec-16 $'000	30-Jun-16 $'000
Trade receivables	2,928	3,396
Other debtors	-	4,032
GST recoverable	42	92
	2,970	7,520

Other debtors receivable at 30 June 2016 were received in the current period.

5. Plant and Equipment

	31-Dec-16 $'000	30-Jun-16 $'000
Plant and equipment	5,038	2,614

The increase in plant and equipment during the period is attributed to the construction of the new Scoresby based Penthrox manufacturing facility. The value of the works in progress as at 31 December 2016 was approximately $3.02m.

6. Borrowings

The group has an available Bank Bill Facility of $4.79m as at 31 December 2016 that expires on 31 August 2018. The loan bears interest at variable market rates and requires ongoing principal and interest repayments. The loan also features an offset and redraw facility.

7. Non-Current Liabilities - Other

	31-Dec-16 $'000	30-Jun-16 $'000
Revenue received in advance	14,015	14,431
Unearned government grant income	530	292
	14,545	14,723
Current	1,736	1,772
Non-current	12,809	12,951
	14,545	14,723

Other non-current liabilities relates to unamortised upfront and milestone payments. For accounting purposes these payments are deferred and amortised into the income statement over the term of the agreement to which the payments relate.

8. Issued Capital

The increase in issued capital during the period is a result of the exercising of Tranches 1 and 2 of the CEO Long Term Incentive Plan ($2m) and the Dividend Reinvestment Plan that was again offered in October 2016 ($0.57m).

9. Subsequent events

On the 20th February 2017 the Board of Directors declared a fully franked interim dividend of 2 cents per share to the holders of fully paid ordinary shares as at the record date of 6 March 2017, to be paid to the shareholders on the 10 April 2017. This dividend has not been included as a liability in these financial statements.

There has not been any other matter or circumstance that has arisen since the end of the half-year that has significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in future years.

10. Contingencies and commitments

Other than the construction contract in relation to the Penthrox manufacturing facility, there has been no significant changes to contingent liabilities, contingent assets or commitments since 30 June 2016.