Medical Developments International

Medical Developments International Limited
Appendix 4D

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 2021 $000	Half-year ended 31 Dec 2020 $000	Percentage increase/ (decrease)
Revenue (gross) from the sale of goods and customer contracts	9,865	12,783	(23%)
Revenue (gross) from the sale of goods	9,830	6,341	55%
Revenue (net) from the sale of goods and customer contracts	9,597	12,574	(24%)
Loss Before Interest and Tax	(9,424)	(1,311)	>100%
Net Loss After Tax	(7,378)	(1,137)	>100%
Basic Loss per share (cents)	(10.35)	(1.73)	>100%
Cash and Cash Equivalents	28,275	33,468	(16%)
Net Tangible Asset Per Share (cents)*	25.3	28.9	(12%)

** Net assets less goodwill, other intangible assets and deferred tax assets divided by the number of shares on issue at balance date*

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

Dividends
No interim dividend has been declared for the half year ended 31 December 2021.

No final dividend was declared or paid during the period in respect to the year ended 30 June 2021.

The Condensed Consolidated Financial Statements contained within the Consolidated Half-Year Report, upon which this report is based, have been reviewed by Deloitte.

Medical Developments International

24th February 2022

HALF-YEAR REPORT

Pursuant to listing rule 4.2A, please find following Medical Developments International Limited'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

Medical Developments International

Company Leadership Report

Company Chair's Report

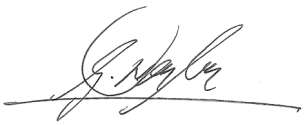
I continue to be pleased with the progress being made by Brent and his leadership team to reshape and focus MVP.

It is especially encouraging to see early signs that the approach is working. Despite the pandemic challenges, Penthrox® sales growth is strong in Europe, our primary growth corridor over the next few years. We're also seeing solid underlying growth in Australian sales and our US respiratory franchise.

Our renewed focus has meant that we have taken formal decisions to cease further development of continuous flow processes for third parties and to exit the Veterinary segment, allowing our skilled resources to be applied to the core pain segment.

In another positive development, our next generation Penthrox® delivery device ('Selfie') has reached the milestone of formal project approval. Our aim is for Selfie to propel further future business growth.

I thank Brent and the MVP team who have been through a challenging time. The challenges aren't over, but I am confident that the company is heading in the right direction.



Gordon Naylor
Company Chair

Chief Executive Officer's Report

Overview

Our core sales grew by 55% in the half year (H1), compared to the equivalent prior period, from $6.3m to $9.8m. Whilst gross revenue for the period was lower than the prior period by $2.9m, this was entirely due to $6.4m in non-recurring contract income recorded during the first half of last financial year (H1FY21).

The encouraging core sales growth is driven primarily by Penthrox® in Australia (+131% growth over prior year) and by respiratory sales in the US (+56% growth over prior year).

The company generated a Net Loss after Tax (NLAT) for the six months ended 31 December 2021 (H1FY22) of $7.4m compared to a NLAT of $1.1m in H1FY21. After adjusting for non-operating items, profitably is comparable to the prior period.

Penthrox®

Europe

Our focus has been on training and deploying Key Account Managers (KAMs) in France with eight commencing in September 2021. KAM activity was restricted through the European winter as severe movement restrictions returned to France and other parts of Europe in response to the Omicron variant.

Despite these considerable challenges, French in-market unit sales grew by 30% over the prior comparable period.

With continuing COVID restrictions in Germany, MVP deferred deployment of KAMs into the market. The company continues to prepare its reimbursement dossier for submission at the start of FY23.

In Italy, we are responding to regulatory queries in relation to our reimbursement submission.

In the United Kingdom and the Republic of Ireland, MVP's partner, Galen, continues to make good progress with in-market unit sales growing by 17% over the prior comparable period against the COVID headwind.

Australia

The distribution rights for Penthrox® have been in MVP's hands for just over 12 months. Supported by a new and energised sales team, in-market sales have returned to their pre-pandemic levels despite extensive lockdowns and movement restriction in NSW and Victoria throughout much of H1FY22.

Canada

We are in the final stage of exiting our relationship with Purdue in Canada. We expect to make an announcement shortly on our plans going forward.

United States

MVP submitted its clinical hold response, containing a proposed revised clinical trial protocol, to the FDA in December 2021. While the FDA has taken longer than the formal 30-days to give their feedback, we are encouraged by our interaction with the agency since submission.

Respiratory and Veterinary

Respiratory sales have rebounded strongly in the half, growing by 38% when compared to the prior period. In particular, the US business has grown 56% over the comparative prior period, driven by our core respiratory device range and the Walmart private label spacers.

Australian respiratory sales also performed strongly in the half, growing by 56% over the prior comparative period.

As part of our strategy to focus the business for growth, MVP will exit the Veterinary segment over the course of 2022. This decision resulted in an impairment of goodwill associated with that segment of $0.581m. The Group will also exit certain unprofitable and non-core medical equipment lines currently sold within the Respiratory segment.

Continuous Flow

As announced recently, MVP is concluding its CSIRO API (Active Pharmaceutical Ingredient) continuous flow development program.

Despite considerable technical progress across multiple pharmaceuticals (notably with Lidocaine), a careful prospective review indicated that significant commercial success was unlikely. This decision reflects both the commercial realities of the project and MVP's decision to focus on its pain and respiratory businesses.

MVP will continue to seek value from the work undertaken on the project but will not pursue any further development work on new molecules.

Importantly there is no impact from this decision on MVP's existing flow manufactured product - Penthrox®.

Expenses

Apart from the non-operating items associated with the decisions above, operating expenses have increased (by 27% over the prior comparable period), attributable primarily to:

- the comparative period including approximately $1.1m of Job Keeper government subsidies;
- increased freight and logistics costs;
- investment in operational and commercially focussed roles; and
- increased Share Based Payments expense.

Cash

At the end of the period, MVP had a solid cash balance of $28.3m.

Finally

I'm encouraged by signs that all the hard work is starting to pay off. Although the company remains in loss, profitability is improving as key market sales grow and we manage expenses carefully.

I am grateful to my team who have done sterling work under difficult circumstances. Unfortunately, I can only offer more hard work ahead!

I also wish to thank Gordon and the Board for supporting investments in the core business to drive future growth – as well as the decisions to discontinue non-core activities with modest growth prospects.

Brent MacGregor
Chief Executive Officer

Further Information:

MARK EDWARDS
COMPANY SECRETARY
03 9547 1888

ABN 14 106 340 667

Consolidated Half-Year Report

Half-Year Ended 31 December 2021

(Previous corresponding period: Half-year ended 31 December 2020)

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
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Medical Developments International

Consolidated Half-Year Report for the Half-Year Ended 31 December 2021

Contents

Directors' Report

The directors of Medical Developments International Limited ("MVP") herewith submit the financial report of Medical Developments International Limited and its subsidiaries (the "Group") for the half-year ended 31 December 2021. 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 and since the end of the half year are:

Mr Gordon Naylor (Non-Executive Chair)	Ms Christine Emmanuel
Mr David J Williams	Ms Mary Sontrop
Mr Robert M Johnston	Mr Richard Betts
Mr Leon Hoare	Mr Philip Powell (resigned 27 October 2021)

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.

Subsequent Events

On 3 February 2022 the Group announced it was concluding the CSIRO API continuous flow development program however it would continue to seek to realise value from the work undertaken on the project but was not to pursue any further development work on new molecules. The Group noted that despite considerable technical progress across multiple pharmaceuticals (notably with Lidocaine), a careful prospective review indicated that significant commercial success was unlikely. The decision reflected both the commercial realities of the project and MVP's decision to focus on its pain and respiratory businesses.

Other than the above, 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.

Auditor's Declaration of Independence

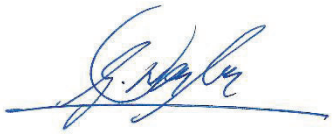
The auditor's independence declaration is included on page 3 of the Consolidated Half Year Report.

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 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.



Gordon Naylor
Company Chair
Melbourne, 24 February 2022

Deloitte Touche Tohmatsu
ABN 74 490 121 060
477 Collins Street
Melbourne, VIC, 3000
Australia

Phone: +61 3 9671 7000
www.deloitte.com.au

24 February 2022

Board of Directors
Medical Developments International Limited
4 Caribbean Drive
Scoresby VIC 3179

Dear Board Members,

Auditor's Independence Declaration to the directors of 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 half year financial statements of Medical Developments International Limited and its subsidiaries for the half year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

Travis Simkin
Partner
Chartered Accountants

Deloitte Touche Tohmatsu
ABN 74 490 121 060
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Independent Auditor's Review Report
to the members of Medical Developments International Limited

Conclusion

We have reviewed the half-year financial report of Medical Developments International Limited (the "Company") and its subsidiaries (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2021, 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, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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 the Group is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2021 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*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Directors' Responsibilities 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Deloitte.

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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 Group's financial position as at 31 December 2021 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.*

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.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Travis Simkin
Partner
Chartered Accountants

Melbourne, 24 February 2022

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

Gordon Naylor
Company Chair
Melbourne, 24 February 2022

Medical Developments International

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Half-Year Ended 31 December 2021

	Half-year ended	
	31 Dec 2021 $'000	31 Dec 2020 $'000
Gross revenue from sales and customer contracts	9,865	12,783
Less discounts and claims	(268)	(209)
Net revenue from sales and customer contracts	9,597	12,574
Cost of sales	(3,992)	(2,796)
Gross Profit	5,605	9,778
Other income (interest)	27	27
Distribution expenses	(1,267)	(651)
Marketing expenses	(3,408)	(946)
Occupancy expenses	(676)	(653)
Administration expenses	(3,852)	(2,853)
Regulatory and registration expenses	(3,906)	(1,830)
Impairment charges	(581)	-
Finance expenses	(53)	(65)
Other expenses	(1,339)	(4,157)
Loss before income tax expense	(9,450)	(1,350)
Income tax benefit	2,072	213
Loss for the period	(7,378)	(1,137)
Items that may be reclassified subsequently to profit or loss, net of income tax		
Exchange differences on translating foreign operations	26	(13)
Total Comprehensive Loss for the period	(7,352)	(1,150)
Loss attributable to:		
Owners of the parent	(7,378)	(1,137)
Total Comprehensive Loss attributable to:		
Owners of the parent	(7,352)	(1,150)
Loss per Share:		
Basic (cents per share)	(10.35)	(1.73)
Diluted (cents per share)	(10.35)	(1.73)

Notes to the financial statements are included on pages 11-17

Medical Developments International

Condensed Consolidated Statement of Financial Position
As at 31 December 2021

	Notes	31 Dec 2021 $'000	30 Jun 2021 $'000
Current Assets			
Cash and cash equivalents		28,275	36,277
Trade and other receivables		3,005	2,648
Inventories		6,298	5,728
Current tax receivable		2,337	2,337
Other		566	397
Total Current Assets		40,481	47,387
Non-Current Assets			
Plant and equipment		11,599	11,704
Deferred tax asset		4,303	2,237
Goodwill	5	3,808	4,389
Other intangible assets	5	35,833	34,458
Total Non-Current Assets		55,543	52,788
Total Assets		96,024	100,175
Current Liabilities			
Trade and other payables		8,032	6,002
Provisions		648	553
Lease liability		342	337
Deferred revenue		68	68
Total Current Liabilities		9,090	6,960
Non-Current Liabilities			
Provisions		328	294
Lease liability		2,591	2,712
Deferred revenue		22,013	21,907
Total Non-Current Liabilities		24,932	24,913
Total Liabilities		34,022	31,873
Net Assets		62,002	68,302
Equity			
Issued capital		76,993	76,895
Reserves		4,525	3,545
Accumulated (losses)/earnings		(19,516)	(12,138)
Total Equity		62,002	68,302

Notes to the financial statements are included on pages 11-17

Condensed Consolidated Statement of Changes in Equity

For the Half-Year Ended 31 December 2021

	Half-year ended 31 December 2021					
	Issued capital $'000	Accumulated (losses)/ earnings $'000	Employee equity settled benefits reserve $'000	CSIRO Option Reserve $'000	Foreign Currency Translation Reserve $'000	Total $'000
Opening balance at 1 July 2021	76,895	(12,138)	1,969	1,606	(30)	68,302
Loss for the period	-	(7,378)	-	-	-	(7,378)
Exchange differences on translation of foreign operations	-	-	-	-	26	26
Total Comprehensive Loss	-	(7,378)	-	-	26	(7,352)
Share Based Payment	-	-	803	-	-	803
Options issued to the CSIRO	-	-	-	151	-	151
Share issue via capital raising	100	-	-	-	-	100
Equity raising costs	(2)	-	-	-	-	(2)
Closing balance at 31 December 2021	76,993	(19,516)	2,772	1,757	(4)	62,002

	Half-year ended 31 December 2020					
	Issued capital $'000	Accumulated (losses)/ earnings $'000	Employee equity settled benefits reserve $'000	CSIRO Option Reserve $'000	Foreign Currency Translation Reserve $'000	Total $'000
Opening balance at 1 July 2020	40,954	427	802	1,200	(45)	43,338
Loss for the period	-	(1,137)	-	-	-	(1,137)
Exchange differences on translation of foreign operations	-	-	-	-	(13)	(13)
Total Comprehensive Loss	-	(1,137)	-	-	(13)	(1,150)
Share Based Payment	-	-	365	-	-	365
Options issued to the CSIRO	-	-	-	200	-	200
Share issue via capital raising	24,900	-	-	-	-	24,900
Equity raising costs	(642)	-	-	-	-	(642)
Closing balance at 31 December 2020	65,212	(710)	1,167	1,400	(58)	67,011

Notes to the financial statements are included on pages 11-17

Medical Developments International

Condensed Consolidated Statement of Cash Flows

For the Half-Year Ended 31 December 2021

	Half-year ended 31 Dec 2021 $'000	Half-year ended 31 Dec 2020 $'000
Cash flows from operating activities		
Receipts from customers	9,203	7,528
Payments to suppliers and employees	(14,286)	(11,284)
Other income	-	41
Receipts from Government grants	140	44
Interest paid - Leases	(44)	(57)
Income tax paid	-	(55)
Net cash used in operating activities	(4,987)	(3,783)
Cash flows from investing activities		
Interest received	31	45
Payment for plant and equipment	(547)	(207)
Payments for other intangible assets	(2,493)	(2,331)
Net cash used in investing activities	(3,009)	(2,493)
Cash flows from financing activities		
Proceeds from share issue	100	24,900
Proceeds from option issue	-	200
Share issue transaction costs	(2)	(642)
Lease repayments	(95)	(105)
Net cash provided by financing activities	3	24,353
Net (decrease)/increase in cash held	(7,993)	18,077
Cash at the beginning of the half-year	36,277	15,544
Effects of exchange rate changes on the balance of cash held in foreign currencies	(9)	(153)
Cash at the end of half-year	28,275	33,468

Notes to the financial statements are included on pages 11-17

Notes to the Condensed Consolidated Financial Statements

For the Half-Year Ended 31 December 2021

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 and any public announcements made by the Group during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Basis of Preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost. 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 directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

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 2021, 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 adopted all relevant new and amended accounting standards and interpretations issued by the Australian Accounting Standards Board that are effective for annual reporting periods beginning on or after 1 July 2021. None of the new standards or amendments to standards that are mandatory for the first time materially affected any of the amounts recognised in the current period or any prior period.

Going concern

The FY22 Half Year Financial statements have been prepared on a going concern basis.

As at 31 December 2021, the Group has significant cash holdings of $28.275m and undrawn overdraft facilities of $0.2m. The Group has net current assets of $31.391m and net assets of $62.002m.

The Group incurred a loss for the half year of $7.378m. Whilst the Group's manufacturing operations have been largely unaffected by COVID-19 related lockdown restrictions (as they are considered an 'essential service'), its trading performance has been impacted as a result of the effect that movement restrictions have had on the demand for Penthrox and the Group's Respiratory products. However, the current period has seen a marked improvement in sales across both its Pain Management and Respiratory segments (refer segment revenue and results table within note 2) and the Group is confident that demand for its products, in particular Penthrox, will continue this trend as COVID-19 related movement restrictions are eased and market conditions return to a more normalised state.

The directors are satisfied that the Group's cash position and strong net current asset position as at 31 December 2021 will enable the Group to pay its debts as and when they fall due for a period of no less than 12 months from the date these financial statements were approved by the directors. This includes investment activities forecast to occur during the course of the 2022 calendar year to fund the expansion of the Group's operations within the European Union and continued pursuit of regulatory approval in the US and China markets for Penthrox.

2. Segment information

Products and services within each business segment

For management purposes, the company is organised into three business units:

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

The operating results for these business units are regularly reviewed by the Chief Executive Officer and the Board of Directors to assess their performance and make decisions about the allocation of resources. The change of the segment names noted above did not result in any reallocation of related revenues and expenses or assets.

2. Segment information (continued)

Segment revenues and results

	Pain Management		Respiratory		Veterinary		Unallocated		Total	
	Half-year ended		Half-year ended		Half-year ended		Half-year ended		Half-year ended	
	31 Dec 2021 $'000	31 Dec 2020 $'000	31 Dec 2021 $'000	31 Dec 2020 $'000	31 Dec 2021 $'000	31 Dec 2020 $'000	31 Dec 2021 $'000	31 Dec 2020 $'000	31 Dec 2021 $'000	31 Dec 2020 $'000
Revenues:										
External revenue (gross)	5,971	3,513	3,678	2,673	181	156	-	-	9,830	6,341
Sales discounts and claims	-	-	(267)	(209)	-	-	-	-	(267)	(209)
Sales revenue (net)	**5,971**	**3,513**	**3,410**	**2,464**	**181**	**156**	**-**	**-**	**9,563**	**6,132**
Milestone and licence revenue*	34	6,442	-	-	-	-	-	-	34	6,442
Total revenue (net)	**6,005**	**9,955**	**3,410**	**2,464**	**181**	**156**	**-**	**-**	**9,597**	**12,574**
Loss before interest, income tax, depreciation & amortisation	**(4,326)**	**2,316**	74	**77**	(2)	**76**	**(3,145)**	**(2,184)**	**(7,399)**	**285**
Depreciation & Amortisation	(1,198)	(1,366)	(114)	(95)	(13)	(13)	(119)	(122)	(1,444)	(1,596)
Impairment charges		-	-	-	(581)	-	-	-	(581)	-
(Loss)/Profit before interest and tax	**(5,524)**	**950**	**(40)**	(18)	**(596)**	**63**	**(3,264)**	**(2,306)**	**(9,424)**	**(1,311)**
Net interest							(26)	(39)	(26)	(39)
(Loss)/Profit before income tax							**(3,290)**	**(2,345)**	**(9,450)**	**(1,350)**
Income tax benefit/(expense)							2,072	213	2,072	213
Net (Loss)/Profit for the period from continuing operations							**(1,218)**	(2,132)	**(7,378)**	(1,137)

	Pain Management		Respiratory		Veterinary		Unallocated		Total	
	31 Dec 2021 $'000	30 Jun 2021 $'000	31 Dec 2021 $'000	30 Jun 2021 $'000	31 Dec 2021 $'000	30 Jun 2021 $'000	31 Dec 2021 $'000	30 Jun 2021 $'000	31 Dec 2021 $'000	30 Jun 2021 $'000
Assets and Liabilities										
Assets	53,796	51,193	5,395	5,688	309	962	36,524	42,332	96,024	100,175
Liabilities	-	-	-	-	-	-	34,022	31,873	34,022	31,873

	Pain Management		Respiratory		Veterinary		Unallocated		Total	
	31 Dec 2021 $'000	31 Dec 2020 $'000	31 Dec 2021 $'000	31 Dec 2020 $'000	31 Dec 2021 $'000	31 Dec 2020 $'000	31 Dec 2021 $'000	31 Dec 2020 $'000	31 Dec 2021 $'000	31 Dec 2020 $'000
Other Segment Information										
Acquisition of segment assets	2,814	2,313	138	179	7	19	81	26	3,040	2,538

**- Milestone and license revenue relates to upfront payments received from customers, that are recognised as revenue according to accounting principles over the relevant service period or as performance obligations are satisfied. In the current and comparative period, no such payments were received in cash, meaning these amounts are non-cash in nature.*

Unallocated costs reflect costs associated with share-based payments, listed company expenses, corporate overheads and professional fees not directly related to a particular segment.

Unallocated assets primarily include cash, deferred tax assets and prepayments. Liabilities are not disclosed per segment as it is not possible to track these on a segment basis.

Geographical Information	Sales revenue from customers 31 Dec 2021 $000's	%	Sales revenue from customers 31 Dec 2020 $000's	%
Australia	5,380	56.3%	2,680	43.7%
Europe/UK	2,147	22.5%	1,146	18.7%
New Zealand	396	4.1%	560	9.1%
International	1,640	17.1%	1,746	28.5%
	9,563	100.0%	6,132	100.0%

The revenue reported above represents revenue generated from external customers. There were no intersegment sales during the half-year.

The accounting policies of the reportable segments are the same as the Group's accounting policies.

3. Items included in Profit and Loss

	31-Dec-21 $'000	31-Dec-20 $'000
Expense items included in profit and loss		
Depreciation of non-current assets		
- Right of use asset	136	136
- Other fixed assets	516	536
	652	672
Amortisation of intangible assets	792	924
Impairment of Vet goodwill	581	-
Research and development costs	298	227
Europe transition and establishment costs	3,950	4,317
Share based payments	802	365
Government subsidies	-	(1,140)
Loss/(gain) on foreign currency transactions	7	96

During the prior half-year, the Group incurred expenses of $4.317m related to the buyback of the distribution rights for its pain relief drug, Penthrox, in all 27 member states in the European Union and costs associated with establishing a European office to execute on the Group's strategy for the region. This amount was disclosed within 'Other Expenses' in the Statement of Profit or Loss.

In the FY22 half year, $3.95m of Europe related costs have been incurred, which have been allocated to relevant expense categories in the Statement of Profit or Loss according to their nature.

4. Dividends

No interim dividend has been declared for the half year ended 31 December 2021.

No final dividend was declared or paid during the period in respect to the year ended 30 June 2021.

No fully franked dividend was declared in relation to the 31 December 2020 period.

5. Intangible assets

	31-Dec-21 $'000	30-Jun-21 $'000
Goodwill	3,808	4,389
Other Intangible Assets	35,833	34,458
	39,641	38,847

Goodwill: Impairment indicator assessment

The Group has performed an assessment of impairment indicators at the end of the reporting period, following the full impairment testing that was conducted at 30 June 2021.

As part of an ongoing business review, the Group has made the decision to undertake an orderly wind-up of the Veterinary segment over the course of 2022. This decision has resulted in a full impairment of goodwill associated with that segment of $0.581m. Whilst the Veterinary business is presented as a segment, the Group has elected not to present its financial performance and financial position as a discontinued operation given its scale relative to the consolidated group as reflected in Note 2.

5. Intangible assets (continued)

The Pain Management segment generated a loss in the current period, however the Group expect the business to return to profitability in the near term, supported by enhanced demand in established markets (correlated with the easing of COVID-19 restrictions) and the realisation of the market opportunity present in Europe. Further, the Group remains confident of achieving regulatory approval in the Chinese and US markets based on its 40+ years of experience, the demonstrated safety profile of Penthrox over that time, its ongoing clinical development program and recent achievements in getting Penthrox approved for sale in more than 40 counties around the world. As a result of these considerations, and with reference to the results of impairment testing undertaken at 30 June 2021, the Group has concluded that no indicators of impairment are present for the Pain Management segment as at 31 December 2021.

Other than the above, there were no other indicators of impairment identified that required an impairment test to be conducted as at 31 December 2021.

Registration costs

Registration costs relate to costs incurred to obtain registration for Penthrox in a geographic region.

Registration costs are recognised as an intangible asset if, and only if, all of the following are demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to reliably measure the expenditure attributable to the asset during its development.

If the recognition criteria set out above is not met, development expenditure is expensed as incurred. Expenditure on research activities is also expensed as incurred.

Methoxyflurane, which is the active ingredient in Penthrox, has been used for acute analgesia in Australia for more than 40 years. The Group has successfully registered methoxyflurane in over 40 countries, requiring varying levels of documentation and clinical evidence to meet the requirements of regulatory bodies. The Group has historically capitalised registration costs as an intangible asset on the basis that it is seeking registration for a product with an established history of use in Australia and various International markets, which supports the Group in meeting the recognition criteria under AASB 138 *Intangible Assets*, in particular the technical feasibility of achieving registration and the probability of generating future economic benefits.

The amounts capitalised comprise directly attributable costs, including:

- The cost of preclinical and clinical trials (principally external costs)
- Employee benefits directly attributable to achieving registration within a geographic region

5. Intangible assets (continued)

Registration costs are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over the estimated useful life of the asset (5 - 10 years), commencing from the date that registration is achieved and the Group commences generating economic benefits from the relevant geography. Costs capitalised for registrations in progress are not amortised and are assessed for impairment annually or when an indicator of impairment is identified.

As at 31 December 2021, the carrying value for registration costs comprised:
- Registrations obtained $15.238m
- Registrations in progress $16.677m (USA market: $12.236m, Chinese market: $4.441m)

MVP remains confident of achieving approval in the USA and Chinese markets based on its 40+ years of experience, the demonstrated safety profile of Penthrox over that time, its ongoing clinical development program and recent achievements in getting Penthrox approved for sale in more than 40 countries.

Product and technology development costs

Product and technology development costs principally relate to developments costs associated with:
- The initial development of the CSIRO Continuous Flow Technology for methoxyflurane
- The ongoing development of a new and enhanced Penthrox inhaler; and
- Other respiratory devices

Until 30 June 2021 (including 31 December 2020), product and technology development costs included costs associated with the ongoing development of the CSIRO Continuous Flow Technology for molecules other than methoxyflurane. As reported at 30 June 2021, as the Group had yet to formally validate new molecules at commercial scale production levels using its flow technology, it had delayed the achievement of a commercial outcome and resulted in these development costs being impaired in full on the basis that future economic benefits were not probable. In January 2022 the Group advised that it was concluding the project (refer note 6 below) and therefore as at 31 December 2021, there has been no change in circumstance that would support reversal of the previously recognised impairment loss. Additional project costs of $326k were incurred and expensed in relation to the project during the current period.

Product and technology development costs are recognised as an intangible asset if, and only if, they meet the recognition criteria under AASB 138 *Intangible Assets*, as set out above in the accounting policy for "registration costs". If the recognition criteria is not met, development costs are expensed as incurred. Expenditure on research activities is also expensed as incurred.

Product and technology development costs are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over the estimated useful life of the asset (5 - 10 years), commencing from the date that development activities are completed and the Group commences generating economic benefits. Developments in progress are not amortised.

As at 31 December 2021, the carrying value for product and technology development costs comprised:
- Development projects completed $1.228m
- Development projects in progress $0.983m

6. Subsequent events

On 3 February 2022 the Group announced it was concluding the CSIRO API continuous flow development program however it would continue to seek to realise value from the work undertaken on the project but was not to pursue any further development work on new molecules. The Group noted that despite considerable technical progress across multiple pharmaceuticals (notably with Lidocaine), a careful prospective review indicated that significant commercial success was unlikely. The decision reflected both the commercial realities of the project and MVP's decision to focus on its pain and respiratory businesses. The accounting impact of this decision is further addressed above in note 5.

Other than the above, 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.

7. Contingencies and commitments

There has been no significant changes to contingent liabilities, contingent assets or material commitments since 30 June 2021.