

MEDICAL AUSTRALIA LIMITED

A.B.N. 30 096 048 912

Appendix 4E

Australian Securities Exchange Listing Rules Disclosure

Financial Year Ended ('Current Period')	Financial Year Ended ('Previous Period')
30 June 2014	30 June 2013

Results for announcement to the market

	30 June 2014	30 June 2013	Change \$	Change %
Revenue from ordinary activities	11,874,962	9,152,303	2,722,659	Increase 30%
Profit/(Loss) from ordinary activities attributable to members	105,241	(1,316,146)	1,421,387	Increase 108%
Net profit/(loss) for the year attributable to members	105,241	(1,316,146)	1,421,387	Increase 108%

Dividends (Distributions)	Amount per security	Franked amount per security
Final Dividend	Nil	N/A
Interim Dividend	Nil	N/A
Previous corresponding period		
Final Dividend	Nil	N/A
Interim Dividend	Nil	N/A
There was no dividend reinvestment plan occurred during the financial year.		

Record Date for determining entitlements to dividends	N/A
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NTA Backing	Current period	Previous corresponding period
Net Tangible Asset backing per ordinary security	3.66 cents	(0.08 cents)

Financial Report

- **Strong turnaround in profitability with NPAT of \$105,241 versus a \$1.3 million loss in FY13**
- **EBITDA solid at \$328,539**
- **Revenue up 30% to \$11.9 million**
- **Operational improvement programs have delivered a significantly lower cost base**
- **MLA now well placed for growth in both human and animal healthcare divisions**

Financial Results

Human and animal healthcare company Medical Australia Limited (“MLA” the “Company”) is pleased to report a return to profitability for the financial year ended 30 June 2014 with net profit after tax (NPAT) attributable to members of \$105,241 compared to a loss of \$1.3 million for FY2013. Earnings before interest and tax, depreciation and amortisation (EBITDA) were also stable at \$328,539.

Revenue increased 30% to \$11.9 million (2013: \$9.2m) reflecting the contribution from the MediVet business that was acquired during the year but also from organic sales growth achieved in the human healthcare division.

During the first half, MLA completed a 10-for-1 consolidation of its capital structure, resulting in a more appropriate capital structure for a company of this nature. The Company also completed a \$4 million placement with cornerstone investors, which allowed MLA to strengthen its balance sheet, achieve a \$50,000 per month cost saving by retiring debt, and complete the acquisition of MediVet.

The Company’s acquisition of MediVet in FY2014 was a key development for the company, giving it a strong presence in the growing regenerative animal stem cell treatment market globally. MLA now holds a 60.5% interest in MediVet America LLC and 100% of MediVet Pty Ltd, which encompasses key markets including Canada, Great Britain, Continental Europe, the Middle East, Australia and the Asia Pacific region.

The MediVet business has now been fully integrated with MLA, and the Company is pleased that after incurring some one-off costs associated with the acquisition, it is now delivering benefits by way of complementary research and product lines, as well as new revenue streams.

MLA continued its program of rationalisation and cost reduction during the year, with the relocation and merger of its business and operations into one location at Lidcombe, New South Wales. This initiative, combined with additional cost reductions, has delivered savings approaching \$1 million per annum.

In the second half, the Company strengthened its Board and Management with a number of key appointments which have resulted in greater operational efficiencies being achieved and improved strategic direction being delivered at Board level.

Human Healthcare

The human healthcare division delivered improved sales performance in FY2014 with a number of new contracts secured from customers in the public and private healthcare sector. Two notable contracts include a \$375,000 supply agreement of suction pumps and associated equipment to a

healthcare facility in Bangladesh, and the rollout of new and existing products into St Vincent's Public Hospital in Victoria.

During the second half, MLA strengthened its sales team with the appointment of three experienced executives to maximise organic growth opportunities identified in the private and public healthcare markets in Australia where MLA's products enjoy a strong reputation.

MLA is also exploring additional contract supply opportunities in the Asian and Middle Eastern markets as well as pursuing a number of tenders with public and private hospital healthcare companies in Australia.

The expanded sales team is also targeting a number of Original Equipment Manufacturing (OEM) agreements in Australia and internationally. OEM agreements are a key future growth driver for MLA.

Animal Healthcare

The acquisition and integration of the MediVet business into MLA during the year significantly strengthened the company's presence in the animal healthcare sector.

Moving forward, MLA's objective is to entrench MediVet as a leader in the commercialisation of regenerative stem cell treatment in the animal healthcare sector. This is being achieved by appointing experienced executives that can better educate the veterinary profession on the benefits of regenerative stem cell treatments for pets; by developing superior co-operative marketing programs; and, by broadening the portfolio of regenerative stem cell treatments in MediVet's portfolio.

The company has also secured an exclusive licensing agreement with Nanofiber Veterinary to distribute their patented regenerative technologies in the United States, Japan and Australia. MLA considers that these complementary technologies will also strengthen and enhance its own offerings.

Medivet Acquisition

Shareholders will note that at the Company's last AGM, a resolution for the purchase of 100% of the shares in Medivet Pty Ltd ("Medivet") was carried. Under the Sale and Purchase Agreement with the vendors, the nominal value of the MLA shares to be transferred to Medivet shareholders in consideration for Medivet shares, was \$0.30 per share. The implied value of the transaction on that basis was \$11,000,000.

The half year and full year accounts of MLA are required to be prepared and presented in accordance with Australian Accounting Standards. The approach and treatment of acquisitions where consideration is in the form of equity does not allow the nominal value of \$0.30 per MLA share to be used in valuing the transaction. The prescribed approach where equity is the form of consideration which is being exchanged, is to measure the fair value of the consideration with reference to the fair value of the assets being acquired, unless that fair value cannot be estimated reliably.

Following the approach required under the abovementioned accounting standards, the independent valuer's calculations, albeit based on historic performance rather than forward looking factors, have been used to determine the fair value of the assets being acquired and therefore the value of the consideration, the shares in MLA, that were issued to the vendors of Medivet.

Outlook

MLA enters FY2015 with a strong foundation to drive organic growth in both its human and animal healthcare divisions. With a solid balance sheet, a lower cost base, a growing sales profile, and cohesive sales teams, MLA expects to capitalise on the transformative year that has just concluded.

The company's immediate priorities are to continue to invest in product innovation; pursue new supply contracts with public and private healthcare facility operators in Australia and internationally; strengthen its OEM offering; and, increase uptake of its regenerative stem cell technology among veterinary practices. MLA will continue to update shareholders on its progress each quarter and report on any other material developments as they occur.

Darryl Ellis
Chief Operating Officer
Dated this 29th of August 2014

**MEDICAL AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

Consolidated Statement of Comprehensive Income
For the year ended 30 June 2014

	Notes	Consolidated June 2014 \$	Consolidated June 2013 \$
Sale of goods		11,874,962	9,152,303
Cost of goods sold		(5,623,005)	(4,312,988)
Gross profit		<u>6,251,957</u>	<u>4,839,315</u>
Expenses:			
Administration and consultants	2	(1,010,692)	(971,803)
Depreciation and amortisation		(206,121)	(220,797)
Impairment write down	2, 6	-	(301,151)
Employee benefits expenses		(2,851,369)	(3,086,810)
Travel and accommodation		(442,596)	(446,350)
Occupancy costs		(586,178)	(469,029)
Advertising and marketing		(69,818)	(27,146)
Other	2	(965,802)	(535,522)
Profit/(Loss) before interest and income tax		<u>119,381</u>	<u>(1,219,293)</u>
Financial income		18,787	5,589
Financial expense		(113,223)	(163,349)
Net financing loss		<u>(94,436)</u>	<u>(157,760)</u>
Profit/(Loss) before income tax		24,945	(1,377,053)
Income tax benefit	3	48,668	60,907
Profit/(Loss) for the year after income tax		<u>73,613</u>	<u>(1,316,146)</u>
Non-controlling interest		(31,628)	-
Net (loss) for the period after non-controlling interest		<u>105,241</u>	<u>(1,316,146)</u>
Profit/(Loss) for the year after income tax		73,613	(1,316,146)
Other comprehensive income after income tax			
Exchange differences on translating foreign controlled entity		(10,702)	(32,760)
Total comprehensive profit/(loss) for the year		<u>62,911</u>	<u>(1,348,906)</u>

The Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

**MEDICAL AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

Consolidated Statement of Comprehensive Income
For the year ended 30 June 2014

Net profit/(loss) attributable to		
Owners of the parent entity	105,241	(1,316,146)
Non-controlling interest	(31,628)	-
	<u>73,613</u>	<u>(1,316,146)</u>
Total comprehensive income (loss) attributable to		
Owners of the parent entity	82,143	(1,348,906)
Non-controlling interest	(19,232)	-
	<u>62,911</u>	<u>(1,348,906)</u>
Basic earnings (loss) per share attributable to ordinary shareholders (cents per share)	4	<u>0.14 cents (2.90) cents</u>
Diluted earnings (loss) per share attributable to ordinary shareholders (cents per share)	4	<u>0.14 cents (2.90) cents</u>

**MEDICAL AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

Consolidated Statement of Financial Position

As at 30 June 2014

		Consolidated	
	Notes	June 2014 \$	June 2013 \$
CURRENT ASSETS			
Cash and cash equivalents	5	1,757,258	129,134
Trade and other receivables		1,614,680	869,918
Inventories		2,144,269	985,373
Current tax receivables		26,096	90,000
Other assets		459,733	248,911
TOTAL CURRENT ASSETS		<u>6,002,036</u>	<u>2,323,336</u>
NON-CURRENT ASSETS			
Property, plant and equipment		314,956	194,093
Investment		103,379	-
Intangible assets	6	5,720,100	3,987,645
TOTAL NON-CURRENT ASSETS		<u>6,138,435</u>	<u>4,181,738</u>
TOTAL ASSETS		<u>12,140,471</u>	<u>6,505,074</u>
CURRENT LIABILITIES			
Trade and other payables		2,334,559	1,230,546
Interest bearing liabilities	7	8,113	1,350,070
Provisions		242,188	296,772
TOTAL CURRENT LIABILITIES		<u>2,584,860</u>	<u>2,877,388</u>
NON-CURRENT LIABILITIES			
Trade and other payables		110,359	-
Interest bearing liabilities	7	9,517	-
Provisions		28,137	20,431
TOTAL NON-CURRENT LIABILITIES		<u>148,013</u>	<u>20,431</u>
TOTAL LIABILITIES		<u>2,732,873</u>	<u>2,897,819</u>
NET ASSETS		<u>9,407,598</u>	<u>3,607,255</u>
EQUITY			
Issued capital	8	24,676,311	18,476,311
Equity remuneration reserve		137,020	131,410
Non-controlling Interest		(487,410)	-
Foreign Currency translation reserve		(53,297)	(30,199)
Accumulated losses	9	(14,865,026)	(14,970,267)
TOTAL EQUITY		<u>9,407,598</u>	<u>3,607,255</u>

The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

**MEDICAL AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

Consolidated Statement of Changes in Equity
For the year ended 30 June 2014

	Issued capital	Equity Remuneration Reserve	Non- Controlling Interests	Foreign Currency Translation Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$	\$
Balance at 30 June 2012	18,476,311	131,410	-	2,561	(13,654,121)	4,956,161
Loss for the year	-	-	-	-	(1,316,146)	(1,316,146)
Other comprehensive loss	-	-	-	(32,760)	-	(32,760)
Total comprehensive loss	-	-	-	(32,760)	(1,316,146)	(1,348,906)
Balance at 30 June 2013	18,476,311	131,410	-	(30,199)	(14,970,267)	3,607,255
Profit/(loss) for the year	-	-	(31,628)	-	105,241	73,613
Other comprehensive income	-	-	12,396	(23,098)	-	(10,702)
Total comprehensive profit/(loss)	-	-	(19,232)	(23,098)	105,241	62,911
Equity contributions	6,200,000	-	-	-	-	6,200,000
Cost of share based payments	-	5,610	-	-	-	5,610
Non-controlling interest on acquisition	-	-	(468,178)	-	-	(468,178)
Balance at 30 June 2014	24,676,311	137,020	(487,410)	(53,297)	(14,865,026)	9,407,598

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

**MEDICAL AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

Consolidated Statement of Cash Flows

For the year ended 30 June 2014

		Consolidated	
	Notes	June 2014 \$	June 2013 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		11,460,248	9,387,806
Paid to suppliers and employees		(12,525,659)	(10,076,816)
Cash (used by) operations		(1,065,411)	(689,010)
Interest paid		(84,226)	(155,780)
Interest received		13,696	6,081
R&D tax refund		114,849	93,624
Net cash used in operating activities	12	<u>(1,021,092)</u>	<u>(745,090)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for equity investments		(37,957)	-
Payments for property, plant and equipment		(62,187)	(67,674)
Other (cash balance for acquired business)		123,057	-
Net cash provided by (used in) investing activities		<u>22,913</u>	<u>(67,674)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		4,000,000	-
Proceeds from borrowings		-	931,456
Repayment of borrowings		(1,373,712)	(567,574)
Net cash provided by financing activities		<u>2,626,288</u>	<u>363,882</u>
Net (decrease) / increase in cash and cash equivalents		1,628,109	(448,882)
Effect of exchange rate on cash holdings in foreign currency		15	(205)
Cash and cash equivalents at the beginning of the year	5	129,134	578,221
Cash and cash equivalents at the end of the year	5	<u><u>1,757,258</u></u>	<u><u>129,134</u></u>

The Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

**MEDICAL AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

Notes to the Consolidated Financial Statements
For the year ended 30 June 2014

Note 1 – Basis of Preparation

Statement of compliance

The financial information in this preliminary financial report does not include all notes of the type normally included with the annual financial report and therefore cannot be expected to provide a full understanding of the statement of comprehensive income, statement of financial position, statement of changes in equity and statement of cash flows of the consolidated entity.

The preliminary final report should be read in conjunction with the half-year financial report of Medical Australia Limited as at 31 December 2013. It is also recommended that the financial report be considered together with any public announcements made by Medical Australia Limited during the year ended 30 June 2014 in accordance with the continuous disclosure requirements arising under the *Corporations Act 2001*.

This preliminary final report has been prepared in accordance with the requirements of the Australian Securities Exchange listing rules.

This preliminary final report does not constitute the full financial report for the year ended 30 June 2014.

The preliminary report has been prepared in accordance with Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes comply with International Financial Reporting Standards issued by the IASB.

(a) Basis of Accounting

There have been no material adjustments to the accounting policies of the Group since 30 June 2013.

The Group has not elected to early adopt any new standards or amendments.

Going Concern

The financial report has been prepared on a going concern basis which contemplates the realisation of assets and settlement of liabilities in the ordinary course of business.

The Group derived a trading profit of \$73,613 for the year ended 30 June 2014 (2013 – loss of \$1,316,146), has accumulated losses of \$14,865,026 and a working capital surplus of \$3,461,212 as at that date.

**MEDICAL AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

Notes to the consolidated financial statements
For the year ended 30 June 2014

Note 2 – Profit/(Loss) from operating activities

	Consolidated	
	June 2014	June 2013
	\$	\$
The following expense items are relevant in explaining the financial performance for the year:		
Administration and consultants expenses:		
- General and administrative	427,196	388,392
- Legal fees	(38,244)	6,627
- Consultancy fees	597,740	439,480
- Due diligence costs	24,000	137,304
	1,010,692	971,803
 Impairment write down	-	301,151
Other expenses:		
- Audit and review of financial reports	97,915	67,467
- Insurance	146,434	114,591
- Telephone & Internet	133,967	127,858
- Warehouse/Lab supplies	90,376	39,831
- Regulatory expense	67,079	36,840
- Provision for Doubtful Debt	69,409	-
- Bank Fee	59,513	59,798
- Foreign exchange loss/(gain)	57,070	(23,035)
- Other expenses	244,039	112,172
	965,802	535,522

**MEDICAL AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

Notes to the consolidated financial statements
For the year ended 30 June 2014

Note 3 – Income tax benefit

	Consolidated	
	June 2014	June 2013
	\$	\$
Numerical reconciliation between income tax benefit and pre-tax net loss		
Profit/(loss) before tax – continuing operations	24,945	(1,377,053)
Income tax expense/(benefit) using the domestic corporation tax rate of 30%	7,483	(413,116)
Increase / (decrease) in income tax expense due to:		
- Non-deductible expenses	90,298	69,496
- Non-deductible impairment write down	-	90,345
- Difference in international tax rates	19,624	15,795
- Effect of tax losses brought to account	(203,499)	-
- Effect of tax losses not brought to account	88,370	237,480
- Research & Development tax offset	(50,944)	(60,907)
Income tax expense/(benefit)	(48,668)	(60,907)

Note 4 – Loss per share

Profit/(loss) after income tax attributable to members at the parent entity used to calculate basic and dilutive EPS	105,241	(1,316,146)
	Number	Number
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and dilutive EPS	77,171,743	45,392,583

Share structure changed in the current year being a 10 to 1 share consolidation. The prior year number of ordinary shares has been restated to provide a consistent measure of EPS.

NOTE 5 – CASH AND CASH EQUIVALENTS

Cash at bank and on hand	950,051	20,134
Term deposits	807,207	109,000
	1,757,258	129,134

**MEDICAL AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

Notes to the consolidated financial statements
For the year ended 30 June 2014

Note 6 – Intangible Assets

	June 2014	Consolidated
	\$	June 2013
		\$
Goodwill – TUTA Healthcare	3,409,564	3,409,564
Goodwill on acquisition – Clements	400,000	400,000
Goodwill on acquisition – Medivet	1,781,604	-
	5,591,168	3,809,564
Product Development Costs – Gross	359,179	359,179
Less: Accumulated amortisation	(230,247)	(181,098)
Product Development Costs – Net	128,932	178,081
	5,720,100	3,987,645

An impairment test for goodwill has been separately performed for the Tuta, Clements, and Medivet businesses as at 30 June 2014. Based on the results, the Directors believe that there is no impairment loss to be recognised.

The Group has adopted a policy of capitalising product development costs related to specific projects, in accordance with AASB 138. These are amortised on a straight line basis over the useful life of the product. As at 30 June 2014, specific product development costs capitalised as intangible assets have a carrying value of \$128,932 (2013: \$178,081).

Note 7 – Interest bearing liabilities

	June 2014	Consolidated
	\$	June 2013
		\$
Current (i)		
Loans	-	418,614
Debtor finance facility	-	931,456
Hire Purchase	8,113	-
Total	8,113	1,350,070
Non-current		
Hire Purchase	9,517	-

(i) All interest bearing liabilities reported at June 2013 have been paid out during the year using the proceeds of capital raisings. Interest bearing liabilities as at reporting date are represented by a motor vehicle lease.

**MEDICAL AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

Notes to the consolidated financial statements
For the year ended 30 June 2014

Note 8 – Issued Capital

	2014 No.	2014 \$	2013 No.	2013 \$
Fully paid ordinary shares				
Balance at the beginning of the year	453,925,832	18,476,311	453,925,832	18,476,311
Share consolidation – 10 shares into 1 share	(408,533,248)	-	-	-
Shares issued on 6 December 2013 at fair value of \$0.06 per share	36,666,667	2,200,000	-	-
Shares issued on 10 December 2013 at \$0.20 per share	20,000,000	4,000,000	-	-
Shares issued to employees on 10 December 2013	30,000	-	-	-
Balance at the end of the year	<u>102,089,251</u>	<u>24,676,311</u>	<u>453,925,832</u>	<u>18,476,311</u>

Issued capital as at 30 June 2014 amounted to \$24,676,311 (102,089,251 ordinary shares). The movements in the issued capital of the company in the current year are shown in the above table.

Note 9 – Accumulated losses

	June 2014 \$	Consolidated June 2013 \$
Accumulated losses at the beginning of the year	(14,970,267)	(13,654,121)
Net profit/(loss) attributable to members of the parent entity	<u>105,241</u>	<u>(1,316,146)</u>
Accumulated losses at the end of the year	<u>(14,865,026)</u>	<u>(14,970,267)</u>

Dividends

No dividends were paid or declared during the year.

**MEDICAL AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

Notes to the consolidated financial statements

For the year ended 30 June 2014

NOTE 10 – BUSINESS COMBINATIONS

Acquisition of Medivet Pty Ltd

On 9 December 2013, the Group acquired 100% of the ordinary shares of Medivet Pty Ltd (“Medivet”), an Australian private company which operates in the animal health sector, specialising in animal stem cell research. Medivet has controlling interests in Medivet Laboratory Services Australia Pty Ltd and two US based companies, Medivet America LLC and Medivet Direct.

The acquisition has been accounted for using the acquisition method. The consolidated financial statements include the results of Medivet Pty Ltd and its subsidiaries for the period between 10 December 2013 and 30 June 2014.

The fair values of identifiable assets and liabilities of Medivet Pty Ltd and its subsidiaries at the date of acquisition were:

	Fair value recognised on acquisition \$
Assets	
Property, plant and equipment	205,574
Cash and cash equivalents	123,057
Inventory	692,555
Debtors	410,860
Other receivables and prepayments	104,600
Total Assets	1,536,646
Liabilities	
Trade and other payables	(413,072)
Borrowings	(416,500)
Provisions and other liabilities	(756,856)
Total liabilities	(1,586,428)
Total identifiable net assets at fair value	(49,782)
Non-controlling interest	468,178
Goodwill arising on acquisition	1,781,604
Purchase consideration transferred (i)	2,200,000
	\$
Net cash acquired with the subsidiary (included in cash flows from investing activities)	123,057
Cash paid	-
Net cash inflow	123,057

The fair value of receivables amounts to \$410,860.

**MEDICAL AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

Notes to the consolidated financial statements

For the year ended 30 June 2014

NOTE 10 – BUSINESS COMBINATIONS (Cont'd)

(i) The purchase consideration comprised of 36,666,667 fully paid ordinary shares in Medical Australia Limited

From the date of acquisition to the end of the reporting period, Medivet and subsidiaries contributed revenue of \$1,857,850 and a net loss after tax of \$178,057 from the continuing operations of the Group.

The goodwill recognised is primarily attributed to synergies available to the new group and the quite considerable market potential represented by the US market. The goodwill is not deductible for income tax purposes. Transaction costs of \$24,000 have been expensed and are included in administration and consultants expense in the Statement of Comprehensive Income and are part of operating cash flows in the statement of cash flows.

Note 11 – Particulars in relation to controlled entities

Parent Entity

Medical Australia Limited is an Australian incorporated company listed on the Australian Securities Exchange.

Controlled Entities	Country of Incorporation	Ownership Interest	
		2014	2013
		%	%
BMDI Pty Ltd	Australia	100	100
BMDI TUTA Healthcare Pty Ltd	Australia	100	100
Bio Medical Developments International Pty Ltd	Australia	70	70
MediVet Pty Ltd	Australia	100	0
MediVet Laboratory Services Pty Ltd	Australia	50.5	0
MediVet America LLC	United States	60.5	0
MediVet Direct	United States	60.5	0
BMDI Tuta Healthcare UK Ltd	United Kingdom	100	100

**MEDICAL AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

Notes to the consolidated financial statements
For the year ended 30 June 2014

Note 12 – Reconciliation of net profit/(loss) for the year to net cash flows used in operating activities

	Consolidated	
	June 2014	June 2013
	\$	\$
Profit/(loss) for the year before non-controlling interest	73,613	(1,316,146)
Adjustments for:		
Depreciation and amortisation of non-current assets	206,122	220,797
Impairment write down	-	301,151
Expense recognised in respect of equity-settled share-based payments	5,610	-
Other movements	(36,102)	51,450
Movements in working capital (net of movements arising from business combinations)		
Decrease / (increase) in trade and other receivables	(218,030)	51,007
Decrease / (increase) in inventories	(276,973)	217,998
Increase in other assets	(224,357)	(206,689)
(Decrease) / increase in other provisions	(46,878)	(15,130)
(Decrease) / increase in trade and other payables	(504,097)	(49,528)
	(1,021,092)	(745,090)
Net cash used in operating activities	(1,021,092)	(745,090)

**MEDICAL AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

Notes to the consolidated financial statements

For the year ended 30 June 2014

Note 13 – Segment information

The Group operates in the animal health sector since the acquisition of Medivet Pty Ltd.

Business unit segments 30 June 2014	Human Health \$	Animal Health \$	Elimination \$	Consolidated \$
Revenue				
External segment income	10,017,111	1,857,850		11,874,961
Interest income	18,787			18,787
				<u>11,893,748</u>
Interest expense	(111,520)	(1,703)		(113,223)
Depreciation expense	(185,390)	(20,732)		(206,122)
Tax benefit	50,944	(2,276)		48,668
Result				
Segment result	283,298	(209,685)		73,613
Net profit/(loss)	<u>283,298</u>	<u>(209,685)</u>		<u>73,613</u>
Assets				
Segment assets	11,686,511	1,243,294	(789,334)	12,140,471
Including non-current assets acquired during the year:				
Warehouse Equipment	2,675			2,675
Software	2,355			2,355
Furniture & Fittings	52,607			52,607
Motor Vehicles	5,586			5,586
Plant & Equipment	4,550			4,550
	<u>67,773</u>	-	-	<u>67,773</u>
Segment liabilities	<u>1,799,033</u>	<u>1,384,402</u>	<u>(450,562)</u>	<u>2,732,873</u>

**MEDICAL AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

Notes to the consolidated financial statements

For the year ended 30 June 2014

Note 13 – Segment information (Cont'd)

The Group operates within the Human and Animal health care industry in Australia, Asia, United States, and United Kingdom.

Geographical segments 30 June 2014	Australia \$	Asia \$	United States \$	United Kingdom \$	Unallocated / Eliminations \$	Consolidated \$
Revenue						
External segment income	8,805,045	689,143	1,229,842	310,952	839,979	11,874,961
Interest income	18,787					<u>18,787</u>
						<u>11,893,748</u>
Interest expense	(112,608)	-	(615)	-	-	(113,223)
Depreciation expense	(177,581)	-	(9,899)	(18,642)	-	(206,122)
Tax benefit	48,668	-	-	-	-	48,668
Result						
Segment result	362,596	27,566	(95,519)	(254,629)	33,599	<u>73,613</u>
Net loss	<u>362,596</u>	<u>27,566</u>	<u>(95,519)</u>	<u>(254,629)</u>	<u>33,599</u>	<u>73,613</u>
Assets						
Segment assets	13,004,652	-	592,388	165,918	(1,622,487)	<u>12,140,471</u>
Including non-current assets						
Warehouse Equipment	2,675	-	-	-	-	2,675
Software	2,355	-	-	-	-	2,355
Furniture & Fittings	52,607	-	-	-	-	52,607
Motor Vehicles	-	-	-	5,586	-	5,586
Plant & Equipment	4,550	-	-	-	-	4,550
	<u>62,187</u>	<u>-</u>	<u>-</u>	<u>5,586</u>	<u>-</u>	<u>67,773</u>
Segment liabilities	<u>1,062,408</u>	<u>-</u>	<u>1,816,740</u>	<u>923,483</u>	<u>(1,069,758)</u>	<u>2,732,873</u>

**MEDICAL AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

Notes to the consolidated financial statements
For the year ended 30 June 2014

Note 13 – Segment information (Cont'd)

Geographical segments 30 June 2013	Australia \$	New Zealand \$	Asia \$	United Kingdom \$	Unallocated / Eliminations \$	Consolidated \$
Revenue						
External segment income	7,965,822	358,297	502,650	87,689	237,845	8,152,303
Interest income	-	-	-	-	-	5,589
						<u>9,157,892</u>
Impairment write off	(301,151)					(301,151)
Interest expense	(163,349)					(163,349)
Depreciation expense	(196,882)			(23,915)		(220,797)
Income tax benefit	60,907					60,907
Result						
Segment result	(1,145,524)	(51,525)	(72,283)	(12,610)	(34,203)	<u>(1,316,146)</u>
Net loss	<u>(1,145,524)</u>	<u>(51,525)</u>	<u>(72,283)</u>	<u>(12,610)</u>	<u>(34,203)</u>	<u>(1,316,146)</u>
Assets						
Segment assets	8,797,611	-	-	197,358	(2,489,895)	<u>6,505,074</u>
Including non-current assets acquired during the year:						
Office equipment	-	-	-	-	-	-
Software	-	-	-	-	-	-
Furniture & Fittings	1,484	-	-	-	-	1,484
Leasehold Improvements	54,451	-	-	11,739	-	66,190
	<u>55,935</u>	<u>-</u>	<u>-</u>	<u>11,739</u>	<u>-</u>	<u>67,674</u>
Segment liabilities	<u>11,358,458</u>	<u>-</u>	<u>-</u>	<u>651,181</u>	<u>(9,111,820)</u>	<u>2,897,819</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 suppliers. There are no intersegment revenue transactions. The major products are IV systems, safety, blood banking, surgical, anaesthesia products and animal stem cell.

**MEDICAL AUSTRALIA LIMITED
AND ITS CONTROLLED ENTITIES**

Notes to the consolidated financial statements

For the year ended 30 June 2014

Compliance Statement

1. This preliminary report has been prepared in accordance with Australian Accounting Standards which includes International Financial Reports Standards (AIFRS). Compliance with AIFRS ensures compliance with International Financial Reporting Standards (IFRS).
2. This preliminary report, and the accounts upon which the report is based (if separate), use the same accounting policies.
3. This preliminary report does give a true and fair view of the matters disclosed.
4. The accounts are in the process of being audited.
5. The entity has a formally constituted audit committee.

Ian Mitchell

Director

Dated this 29th of August 2014