

MLA continues solid performance with revenue of \$3.7 million for Q3 FY2015

HIGHLIGHTS

- Year-to-date revenue of \$11.3 million – a record performance
- Steady revenue performance driven primarily by growing sales in Human Healthcare division
- Significant investment made in building inventory levels in Human Healthcare division
- MLA completes exit from equine performance products during the quarter
- Animal Healthcare division now solely focused on regenerative medicine – recording pleasing sales
- Increased inventory levels expected to deliver revenue growth in Q4 and beyond
- Cash position of \$1.9 million gives MLA continued financial flexibility

Sydney, 30 April 2015: Human and Animal Healthcare company, Medical Australia Limited (“MLA”, the “Company”) is pleased to update shareholders on its financial performance and activities for the quarter ended 31 March 2015.

Quarterly Financial Update

Revenue for the quarter was solid at \$3.7 million and represents a 17% increase on the previous corresponding quarter. Revenues were slightly down on the prior quarter (Q2: \$3.8 million) due to there being slightly less trading days in the period. Revenue for the first three quarters of FY2015 stands at \$11.3 million – a record performance for MLA and underpinned by a growing Human Healthcare division.

Cash flow for the quarter was negative at \$1.17 million due to a significant investment in inventory levels in the Human Healthcare division, the payout of some long-term liabilities associated with the MediVet acquisition, and an investment in Research & Development in the Animal Healthcare division in the United States. Other than the investment in R&D, these are one-off factors impacting the cash flow during the quarter. Cash reserves remain solid at \$1.9 million and give MLA the financial flexibility to pursue growth opportunities.

While MLA experienced a minor loss for the quarter (\$72,000 after minorities), the investments made during the quarter lay the platform for the Company’s second consecutive year of profitability.

Human Healthcare

The Human Healthcare division continues to benefit from the investment made in strengthening its sales and marketing team in Australia, expanding its domestic geographical footprint, and from securing new supply agreements in both the private and public healthcare sectors. New products, specifically developed under the Tuta brand, are gaining market recognition and management is confident of growing sales of these products over the coming months. The Company continues to secure additional product supply agreements for the OEM market.

As previously stated, MLA has made a significant investment in growing inventory levels in its Human Healthcare division to meet anticipated demand from recent sales and marketing efforts and new product developments. MLA is confident that it can translate this investment into increased sales in Q4 and beyond.



Animal Healthcare

During the quarter MLA completed the exit from the equine performance products resulting in the Animal Healthcare division now being a totally focused regenerative medicine business.

The revenue performance of the Animal Healthcare Division has been encouraging, and recognition of the MediVet subsidiary's proprietary regenerative stem cell treatments by veterinarians is growing in Australia and the United States. Opportunities to deliver much needed scale to this business are being examined.

Outlook

MLA's management team is now focused on capitalising on the investment made in strengthening inventory levels during the March quarter, and driving greater sales growth in the Human Healthcare division both in Australia and in key international markets. Growth in Original Equipment Manufacture (OEM) opportunities is also being pursued. The growing acceptance of MediVet's regenerative medicine treatments continues to gather momentum and this highlights the potential that this division can achieve with continued investment.

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ABOUT MEDICAL AUSTRALIA LIMITED

Medical Australia Limited (ASX: MLA) is a Human and Animal Healthcare company engaged in the manufacture, distribution and sale of a broad range of medical and veterinary devices used by healthcare facilities, critical care services and veterinarians in global markets. The Company is a leader in Intravenous (IV) Medication Delivery Systems, Surgical Irrigation, Suction and Oxygen Therapy, Safety Sharps Collection and Reuse Prevention and specialised Diagnostic and Laboratory Equipment. Our products are used in three broad areas of healthcare, Human Health; Biological Collection, Processing and Laboratory; and Animal Health. Through the acquisition of MediVet Pty Ltd Medical Australia now has proprietary ownership of technology for regenerative medicine including stem cell therapy for domestic animals and the equine industry. Medical Australia's Animal Health business is now represented in major countries and regions such as Canada, USA, Great Britain, Continental Europe, Australia and the Asia Pacific Region, including a 60.5% interest in MediVet America LLC.