

MLA records revenue of \$3.96 million for Q2 FY2016

HIGHLIGHTS

- Result represents 4.2% increase on previous corresponding period (Q2 FY2015 \$3.8 million) and a 4.4% decrease on previous quarter (Q1 FY2016 \$4.14 million) with fewer trading days this quarter
- Human Healthcare business performing well with revenue of \$3.3 million for quarter
- Animal Health divestment finalised – MLA now fully focused on growth and development of Human Healthcare business

Sydney, 29 January 2016: 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 December 2015.

Quarterly Financial Update

MLA booked revenue for the quarter of \$3.96 million, representing a decrease of 4.4% on the previous quarter (\$4.14 million) and delivered in what is traditionally a quieter period with fewer trading days. The decrease in revenue also reflects the disposal of the animal health business midway through December.

The Company’s Human Healthcare business continues to improve as demonstrated by revenue of \$3.3 million for the quarter, an increase of 2.1% on the previous quarter and 7.7% on the corresponding quarter in FY 2015.

As MLA has a number of global supply agreements, the Company has been somewhat affected by the devaluation of the Australian dollar. However, MLA has been able to lessen the effects to some degree through the use of forward exchange contracts.

Net operating cash flow for the quarter was negative \$290,000, however it was attributable to the Company’s Animal Healthcare business and in line with expectations. This result was a slight decrease from the previous quarter (negative \$326,000).

The Company continues its focus on managing its investment in inventory levels to align with customer demand and the efficient use of working capital. While inventory payments during the period increased, this was due to a reduction in creditors rather than an increase in physical inventory levels. MLA expects to continue to benefit from this inventory management strategy.



As previously announced to shareholders (ASX 22 December 2015) MLA has now finalised the divestment of its 60.5% interest in MediVet Biologics, the Company's U.S. based Animal Healthcare business and received in the quarter, consideration of \$72,000. As reported in the above announcement, the Company is able to benefit further should Medivet Biologics enter into any future transactions that result in asset sales.

Human Healthcare

MLA's Human Healthcare division, which is now the Company's core business and key focus, continues to perform well. The division's solid revenue performance, as reported above, is underpinned by strong and recurring sales into public and private hospital networks. The renewal of these tender and supply contracts remains a priority for the MLA sales and marketing team, while continuing to seek further opportunities in other states.

During the quarter, MLA undertook extensive training of its entire sales team to continue to upskill and improve performance of all Company representatives. In addition, the Company rolled out a new software to assist the sales team, ensuring greater salesforce effectiveness and efficiency through the tracking of all sales data, along with a comprehensive CRM (Customer Relationship Management) system.

MLA continued to expand its product range during the quarter, and a number of its products received regulatory approval. Most notable among these were the DualCap and N-Pulse products which are both aimed at improving infection control in the hospital environment. DualCap is a unique addition to the IV line bundle – a disinfection cap system designed for use on needle-free valves and male leur connectors. The TUTA N-Pulse Needle-Free Connector for infusion therapy has a self-opening split septum and is designed to compliment best clinical practices. Both products help in the fight against IV catheter-related blood stream infections which are a source of hospital acquired infections that result in higher healthcare costs and, in some instances, morbidity.

The Company maintains a focus on continually building and improving its product range in order to meet the needs of the health care sector, and building on its reputation as a trusted and reliable supplier to the industry.

Animal Healthcare

As noted above, the Company has now finalised the divestment of its 60.5% interest in MediVet Biologics, allowing it to solely focus on the Human Healthcare business upon which MLA was founded.



Outlook

Having finalised the divestment of its interest in MediVet, the Board and Management of MLA are confident the Company will return to profitable and cash positive trading, giving it the financial flexibility to fast track its strategy to expand sales, add supply and distribution agreements, consider geographic expansion and assess accretive acquisitions.

MLA looks forward to updating shareholders on its operations and business initiatives, along with any material developments for the Company over the coming months.

– ENDS –

For more information contact:

Darryl Ellis
Chief Executive Officer
Medical Australia
Ph: +61 2 9466 5300

Media please contact: Adam Jarvis, Six Degrees Investor Relations: +61 424 297 736

ABOUT MEDICAL AUSTRALIA LIMITED

Medical Australia Limited (ASX: MLA) is a human healthcare company engaged in the manufacture, distribution and sale of a broad range of medical devices used by healthcare facilities and critical care services 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.