

MLA records revenue of \$3.25 million for Q1 FY2017

- Human health business grows 4.0% over last quarter and 1.25% over Q1 FY2016

Sydney, 31 October 2016: Healthcare Company Medical Australia Limited (“MLA”, the “Company”) is pleased to update shareholders on its financial performance and activities for the quarter ended 30 September 2016.

Quarterly Financial Update

MLA recorded total company revenue for the quarter of \$3.25m that compares to revenue of \$4.14m in the corresponding period in FY2016 and \$3.12m in the previous quarter. Revenue is down on the comparative period in FY2016 following the divestment of the MediVet business and the loss of revenue represented by that business. However, direct comparisons with the on-going human health business show increases of 1.25% on Q1 FY2016 and 4.0% over the previous quarter.

Whilst the pace of sales growth in the quarter has eased slightly, the timing of orders, particularly in the UK business, has had an effect. Stronger year on year sales growth is expected in the next quarter.

Net cash consumed by the business in the quarter was \$145,000, in part due to the first quarter of a financial year containing many costs of annual nature, particularly in respect of listed companies, that are either paid in advance or fall in that quarter. A temporary spike in inventory holdings in June also resulted in higher than normal payments to suppliers being made in the quarter. Lower outgoings will occur in the next quarter. A slightly stronger Australian dollar has resulted in gross margin percentages marginally more favourable than for the same period last year with more upside possible in future quarters. The Company continues to efficiently manage its working capital, exhibiting optimal debtor and creditor day KPIs with inventory levels trending downwards.

Business Activities

The Company continues to focus on growing its core business units: TUTA Healthcare and Clements Medical Equipment.

In the TUTA business, the focus remains on driving the expansion of our core IV consumables and Irrigation products, and, on selectively adding sourced products that are complimentary with these and that have the same or similar customer call points.

A key development in expanding our existing sales has been the Company’s inclusion on Queensland Health’s supply contract for IV Consumables (SOA27). The Company is well positioned to leverage this given the good growth in the Queensland market over the past 12 months as a result of an enhanced sales presence. In other markets the sales team continues to focus on selected customers to expand our product offering, and in particular our range of needleless access valves.

During the past quarter the Company has secured two key distribution agreements for products that will be offered in conjunction with TUTA, these are:

- IV House

IV House of Chesterfield MO, (www.ivhouse.com) markets a range of speciality splints and dressings designed to protect IV sites enabling longer dwell times, less patient trauma, and, lower rates of infection. The product range has been developed by the company’s founder, Lisa Vallino, who, when working as a paediatric nurse, saw firsthand the effort that nurses had to go to ensure that IV lines



remained intact. After 25 years the range now includes both paediatric and adult products and is an important addition to the bundle of products available to healthcare professionals to enhance securement and protection of the IV site.

- Mercury Medical

Medical Australia has secured the Australian & New Zealand distribution rights for the hospital market to the Air-Q® range of laryngeal masks (www.mercurymed.com). The Air-Q® was recently exhibited at both the World Congress of Anaesthesia and at the Australian Society of Anaesthetists (ASA) Conference held in Melbourne. This product has received several awards for product design and innovation with its key feature being that it takes the guesswork out of mask cuff inflation. Australian clinical trials are due to take place at several key facilities during this quarter.

Clements Medical Equipment is seeing improved sales with the new CeeVac suction pump both in Australia and in South East Asia. This product will shortly be joined by ACeeVac, an AC only powered pump that will enable the Company to meet a wider range of price points in this very competitive market. These products continue the long tradition of Clements' pumps of high quality and exceptional value.

The ARDO range of breast pumps has been well received by both end-users and professionals following on from our participation at industry and consumer exhibitions and conferences during the quarter. Product trials are currently underway with several leading hospitals in NSW with a trial in Victoria to commence shortly. The Company remains confident that sales will continue to build following successful outcomes of these trials.

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.

Outlook

The Board and Management of MLA are confident the Company will continue to trade profitably with positive cash-flow over the fiscal year, giving it the financial flexibility 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.

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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.