

9 December 2013

ASX ANNOUNCEMENT

Trading Update

Medical Developments International Limited (“MVP”) advise that Penthrox sales, other Medical Device and Veterinary business sales are on budget for the first five months of FY14.

However, as previously advised, sales of our Respiratory Device business are significantly behind budget. There are three factors that have impacted this business:

- Sales in New Zealand have been impacted by an unusually mild winter;
- The merger between EBOS and Symbion has delayed sales until the beginning of calendar 2014; and
- GSK has cancelled its Respiratory Device supply contract with us as a result of two of GSK’s competitors’ products being approved for sale by the PBS. Both products compete against GSK’s Seretide product, which is the market leader. GSK has advised us the cancellation has nothing to do with MVP’s performance or the quality of our product, rather the change represents a shift in its Seretide marketing strategy as a result of the changing competitive landscape. We have initiatives and strategies in place to win back the lost volumes.

These are all timing problems and there has been no negative impact on the size of the market for our products or our prospects. Sales for the month of December for Respiratory Devices are excellent. We are confident volumes of our respiratory devices will return to forecast levels during the last six months of FY14.

In the medium term, we continue to develop new markets for our Respiratory Devices. Our European business is growing and our FDA 510(k) approval in November in the USA gives MVP the opportunity to sell the Space Chamber Plus range into the largest Respiratory Devices market in the world. MVP estimate more than 20,000,000 space chambers are sold each year in the USA and given the characteristics and leading performance of our range of devices, MVP hope to win market share over the coming months and years. MVP is in partnering discussions with a number of the USA’s leading companies and we expect to have a deal(s) completed before 30 June 2014.

We expect profit after tax for the six months ending 31 December 2013 will be approximately \$500,000, which includes a one-off tax adjustment of \$360,000.



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Respiratory Devices

MVP's Space Chamber and Space Chamber Plus devices deliver category leading performance for Asthma and COPD sufferers. Both devices have MVP's patented Cross Valve technology which allows patients to manage their disease more effectively and deliver medication more efficiently. In the course of obtaining FDA approval, a number of independent clinical laboratory trials were conducted at world recognised facilities proving the Space Chambers' performance as "best practice".

About Medical Developments International Ltd

MVP is an Australian company delivering emergency medical solutions dedicated to improving patient outcomes. MVP is a leader in emergency pain relief and respiratory products. The Company manufactures Pentrox[®], a fast acting minor trauma & emergency pain relief product. It is used in Australian Hospitals including Emergency Departments, Australian Ambulance Services, the Australian Defence Forces, Sports Medicine and for analgesia during short surgical procedures such as Dental and Cosmetic surgery as well as in other medical applications. MVP is expanding internationally and manufactures a range of world-leading Asthma respiratory devices.