

## **MLA delivers strong revenue performance of \$3.8 million for Q2 FY2015**

### **HIGHLIGHTS**

- **Solid quarter-on-quarter revenue growth**
- **Human Health division performing strongly with a focus for continued growth**
- **Animal Health business further rationalised and now focused on regenerative healthcare**
- **MLA trading profitably for the first half – well placed to maintain profitability in FY2015**
- **Strong cash position of \$3 million to fund future growth**

**Sydney, 30 January 2015:** Human and animal healthcare company Medical Australia Limited (“MLA”, the “Company”) is pleased to update shareholders with an update on its financial performance and activities for the quarter ended 31 December 2014.

### **Quarterly Financial Update**

MLA is pleased to report revenue of just over \$3.8 million for the December quarter driven by strong organic growth in the human healthcare business and a steady contribution from the more focused animal healthcare division.

Quarter-on-quarter revenue growth was also encouraging, with revenue up 5% on the previous quarter and achieved over fewer trading days.

The Company is encouraged by this solid revenue performance, which is a direct reflection of the efforts it has made to strengthen the human health division through investments in sales and marketing, product development and by securing further contracts in the growing private healthcare sector in Australia. The Tuta and Clements divisions continue to make a steady contribution to sales, and the Original Equipment Manufacturing (OEM) division is also performing well.

In addition, MLA has been particularly focused on the growth and development of its US-based subsidiary, MediVet America LLC (recently rebranded as MediVet Biologics LLC – “MediVet”), by positioning this business to consolidate and build on its position as a leader in the field of regenerative medicine in animal healthcare. MLA has identified a number of growth opportunities for this division and is encouraged by its prospects in the regenerative animal healthcare market.

Due to the restructure and streamlining of the MediVet subsidiary and the one-off costs associated with these initiatives, MLA experienced negative operating cashflow of \$302,000 for the quarter. This figure is in line with expectations, and the Company expects to see the benefits of these initiatives during the second half of FY2015.

MLA has completed the first half of financial year 2015 with a pleasing revenue result that demonstrates solid organic sales and growth. The Company enters the second half well placed to maintain profitability, with a strong balance sheet and cash on hand of over \$3 million.

### **Capital Raising**

On 12 November 2014, MLA announced that it would issue 34,626,780 new shares after the successful completion of a Non-Renounceable Rights Issue, offered on a one-for-one basis at an issue price of 6 cents per share, and raising just over \$2 million in capital for the Company.



As communicated to shareholders on 10 October 2014, the purpose of this capital raising was to raise funds for the possible acquisition of similar businesses, expanding MLA's human healthcare product range, the further development of its veterinary regenerative medicine business in the United States, and for the provision of working capital.

### **Human Healthcare**

MLA continues to build on the success it has achieved with an expanded sales and marketing team in Australia, as it pursues and negotiates additional service and supply agreements in the private healthcare sector here. MLA has recently secured such an agreement with a leading private healthcare provider and is confident of extending this – the Company will update shareholders on these developments as and when it is able.

The Company's human healthcare business has also been successful with the introduction of new products to the market, in particular, the TUTA T-site Needle-free injection port, which went from inception to market in under four months. The new product filled a gap identified in the market by the MLA team, and is now widely distributed.

This case study illustrates how adept the business is at identifying opportunities and using its resources and expertise to deliver high quality, competitively priced medical devices to meet industry needs, something which MLA is widely respected for within the healthcare industry.

Through these initiatives, and with its ongoing focus on customer retention, sales and marketing, the human healthcare division of MLA has once again delivered significant revenue for the Company providing a solid platform for continued growth across the business.

### **Animal Healthcare**

During the first quarter of FY2015, MLA identified the need to restructure its Animal Healthcare division to better reflect its focus on regenerative medicine for animals, along with a necessity to invest in research and development in order to enhance and build on the success it has had in the field.

MLA rolled out these initiatives in the second quarter, commencing with the appointment of experienced veterinary sales professionals both in the US and Australia. The purpose of this is to achieve greater acceptance, understanding and uptake of the MediVet subsidiary's proprietary regenerative stem cell treatments by veterinarians.

The Company also undertook a process of product rationalisation, discontinuing products considered to be non-performing and which were not core to the new business focus.

MediVet also investigated avenues for partnerships in research and development, as a result of which the team is currently collaborating with prominent researchers from the University of Kentucky's Markey Cancer Center to assist with developing a revolutionary canine cancer vaccine treatment (as reported to shareholders on 19 January 2015).

MediVet is involved in additional research and development partnerships, any of which may lead to significant advances in the field of regenerative medicine for animals. The Company expects to make announcements on its progress in this regard in the near future.

The Animal Health business continues to perform in line with expectations and consistent with MLA's strategic direction. Whilst this business is likely to continue to incur losses in the short to medium term the Company is confident that as a result of the initiatives outlined above, MediVet will enjoy greater visibility in the marketplace as a leader in the field of regenerative medicine for animals, and will therefore achieve better uptake and revenues going into FY2016.



### **Board and CEO Appointments**

At the Company's Annual General Meeting, held on 6 November 2014, Dr Geoffrey Cumming was re-elected as a Director. Mr Bruce Hancox and Mr Jeremy Delk were also elected as Directors, with Mr Hancox subsequently being elected Chairman (following the resignation of Mr Gary Lewis, as advised to shareholders on 27 August 2014).

Mr Delk is Chief Executive Officer of the MediVet subsidiary, a position he has held since 2010. He was deeply involved in and integral to the acquisition of MediVet by MLA in 2013, and also its integration into the Company.

On 2 December 2014, MLA announced that it had appointed Mr Darryl Ellis to the position of Chief Executive Officer. Mr Ellis joined MLA in February 2014 as Chief Operating Officer, and it was under his leadership that the Company returned to profitability in financial year 2014.

These appointments are a key part of MLA's broader strategy to take its human and animal healthcare divisions to the next stages of growth, development and profitability in order to deliver maximum value for its shareholders.

– ENDS –

### **For more information contact:**

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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.*

# Appendix 4C

## Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005.

Name of entity

Medical Australia Limited

ABN

30 096 048 912

Quarter ended ("current quarter")

31<sup>st</sup> December 2014

### Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'ooo	Year to date (6 months) \$A'ooo
1.1	Receipts from customers	3,808	7,640
1.2	Payments for (a) staff costs	(946)	(1,650)
	(b) advertising and marketing	-	-
	(c) research and development	-	-
	(d) leased assets	(83)	(174)
	(e) inventory	(1,778)	(3,670)
	(f) other working capital	(1,310)	(2,792)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	7	8
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes refund (R&D tax refund)	-	-
1.7	Other (provide details if material)	-	-
<b>Net operating cash flows</b>		<b>(302)</b>	<b>(638)</b>

+ See chapter 19 for defined terms.

**Appendix 4C**  
**Quarterly report for entities**  
**admitted on the basis of commitments**

	Current quarter \$A'ooo	Year to date (6 months) \$A'ooo
1.8 Net operating cash flows (carried forward)	(302)	(638)
<b>1.9 Cash flows related to investing activities</b>		
Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	(140)	(145)
<b>1.10 Proceeds from disposal of:</b>		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (cash balance for acquired business)	-	-
<b>Net investing cash flows</b>	<b>(140)</b>	<b>(145)</b>
<b>1.14 Total operating and investing cash flows</b>	<b>(442)</b>	<b>(783)</b>
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.	2,078	2,078
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	23
1.18 Repayment of borrowings	-	(23)
1.19 Dividends paid	-	-
1.20 Other (provide details if material)	-	-
<b>Net financing cash flows</b>	<b>2,078</b>	<b>2,078</b>
<b>Net increase / (decrease) in cash held</b>	<b>1,636</b>	<b>1,295</b>
1.21 Cash at beginning of quarter/year to date	1,447	1,793
1.22 Exchange rate adjustments to item 1.20	5	-
<b>1.23 Cash at end of quarter</b>	<b>3,088</b>	<b>3,088</b>

+ See chapter 19 for defined terms.

## Payments to directors of the entity and associates of the directors

### Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	25
1.25	Aggregate amount of loans to the parties included in item 1.11	-
1.26	Explanation necessary for an understanding of the transactions (\$A'000)	
	Directors Fees	14
	Professional Fees (Company Secretarial)	11
		<b>25</b>

## Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

- 2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

N/A

## Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-
3.3 Bank Overdraft	-	-

+ See chapter 19 for defined terms.

**Appendix 4C**  
**Quarterly report for entities**  
**admitted on the basis of commitments**

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**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
4.1	Cash on hand and at bank	374	1,397
4.2	Term deposits	2,664	-
4.3	Bank overdraft		
4.4	Other (provide details)	50	50
<b>Total: cash at end of quarter (item 1.23)</b>		<b>3,088</b>	<b>1,447</b>

**Acquisitions and disposals of business entities**

		Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1	Name of entity		
5.2	Place of incorporation or registration		
5.3	Consideration for acquisition or disposal		
5.4	Total net assets		
5.5	Nature of business		

**Compliance statement**

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: ..... Date: .....  
 (Director/Company secretary)

Print name: .....

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## Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
  - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
  - 9.2 - itemised disclosure relating to acquisitions
  - 9.4 - itemised disclosure relating to disposals
  - 12.1(a) - policy for classification of cash items
  - 12.3 - disclosure of restrictions on use of cash
  - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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