

Medical Australia Limited (ASX: MLA) Quarterly Activities Report for the period ended 30 June 2014

HIGHLIGHTS

- **Revenue of \$3.464 million up from \$3.168 million in previous quarter**
- **Significant gains from improved efficiencies in working capital management**
- **Cash flow positive for the quarter following two quarters of negative cash flow**
- **Solid cash position of \$1.8 million maintained**

Sydney, 30th July 2014: 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 30 June 2014.

Revenue from the quarter was strong at \$3.464 million, a circa \$340,000 increase on the March quarter. Receipts from customers were \$3.23 million.

The Company is also pleased to report that cash flow for the quarter was positive at \$33,000 following two previous quarters of negative cash flow of \$475,000 and \$692,000 respectively. This cash flow performance is a significant turnaround for MLA and has been achieved by reducing operating expenses and a more efficient use of working capital. Managing the cost base down is an ongoing focus.

As a result, MLA has been able to maintain a strong and stable cash position of \$1.8 million which is broadly in line with the cash position reported at the end of the March quarter. The Company also carries no debt.

Human Healthcare

During the quarter MLA continued with the rollout of new and existing products into St Vincent’s Public Hospital in Victoria. The use of MLA’s products by an esteemed and well-established healthcare institution is a valuable endorsement, and bodes well for new supply agreements for which the company is currently tendering.

During the quarter MLA continued to improve and enhance its supply chain, which has not only resulted in greater cost control, but also ensured that its customers receive their orders in a timely and efficient manner. The Company considers this to be a critical step in the successful marketing and uptake of its suite of products to potential customers in the public and private healthcare sectors.

The expanded MLA sales team continues to perform well and is pursuing a number of Original Equipment Manufacturer (OEM) opportunities in Australia and international markets. OEM agreements are again a key growth driver for the company.

Animal Healthcare

MLA has considerably strengthened its Animal Healthcare team in Australia with the appointment of a qualified veterinary practitioner, who is also a qualified bio-scientist, to the position of National Veterinary Account Manager. MLA is confident that with this appointment the company can strengthen the appeal of its proprietary regenerative stem cell technologies among veterinary practitioners in Australia and hence achieve greater acceptance and uptake.



As reported to shareholders on 3 July, MLA is also pleased that through its MediVet subsidiary it has secured an exclusive licensing agreement with Nanofiber Veterinary to distribute their patented technologies to major markets of the United States, Japan and Australia. More critically, MLA considers that these complementary technologies will greatly strengthen and further enhance the potential use and application of MediVet's own regenerative medicine offerings on a global scale.

MLA expects to report its full year earnings for the FY2104 year to shareholders some time in the second half of August.

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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.