

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

HIGHLIGHTS

- **Revenue of \$3.8 million represents a 11% increase on June quarter**
- **Significant growth of 46 % for year-on-year comparison**
- **Increases in working capital to support growth**
- **MLA continues to build on solid platform created in FY 2014**

Sydney, 27 October 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 September 2014.

Quarterly Financial Update

Revenue from the quarter was strong at \$3.8 million, which represents an increase of 11% on the previous quarter. This figure also represents significant growth of 46% (with the addition of Medivet) when compared to revenue of \$2.6 million in the same quarter in FY13.

The Company is also pleased to report that net income for the September quarter was \$314k, a circa fifteen-fold increase on the preceding June quarter result of \$21k. The Company is encouraged by this result, which follows a sustained program of cost reduction and streamlining operations during the 2014 financial year.

Profit was slightly impaired by the falling Australian dollar during this period. MLA sources some of its products and inputs for sale and distribution from offshore. This has been offset to a certain degree by sales realised in US dollars during the same period by MLA's MediVet subsidiary.

MLA has commenced FY15 with solid revenue growth and significantly reduced overheads, which remain a key focus for management.

Human Healthcare

As previously communicated to shareholders, MLA has significantly expanded its marketing and sales team in Australia in order to build on the success it has had in securing supply agreements in the Private healthcare network here. The Company is currently in negotiation with providers in this sector and looks forward to providing more information on these tenders as and when it is able.

MLA is also pleased to report that improvements and enhancements made to the supply chain and logistics side of its operations continue to deliver benefits to customers in terms of timely and efficient deliveries, as well as cost benefits to the Company. The Company's medical devices business under the Clements brand has delivered good growth as a result of these changes.

The Company is encouraged that the strategies outlined above have enabled its Human Healthcare division to contribute circa \$2.9 million in revenue for the September quarter, as well as to the positive net income achieved.



Animal Healthcare

In July, through its MediVet Animal Health business, MLA secured an exclusive licensing agreement with Nanofiber Veterinary to distribute their patented NanoWhiskersV™ and NanoCareV™ product lines in the key markets of Australia, Japan, and the United States.

These innovative product lines now provide a valuable adjunct to MediVet's already established stem cell technologies and will assist to broaden their use and application. MLA continues to collaborate with Nanofiber Veterinary with ongoing research to improve their combined offerings and promote their broader uptake.

MLA has embarked on a program of considerably strengthening its Animal Healthcare team with the recruitment of experienced veterinary sales professionals in both the US and Australia. This move puts MLA in more direct contact with veterinary professionals enabling clearer communication of the benefits of MLA's proprietary regenerative stem cell treatments, as well as assisting them in developing their local reputation as a regenerative medicine clinic.

As reported to the market on 7 July 2014, MLA's US-based subsidiary, MediVet America LLC, was successful in achieving a confidential out of court settlement which arose from legal action it had brought against a competitor, Vet-Stem Inc, regarding claims the latter had made about MediVet's patented veterinary regenerative products.

In addition to this, as also reported, MediVet's patented technologies were independently tested and validated by both the Kentucky College of Medicine and Nexellcom Biosciences of Lawrence, Massachusetts. The Company feels that this validation, along with its successful legal action, confirms its reputation as a provider of innovative and world leading regenerative therapies to the veterinary industry.

Resignation of Chairman

As communicated to the market on 27 August 2014, the Directors of MLA announced that the Chairman of the Company, Mr Gary Lewis, had advised of his intention to stand down as Chairman and not seek re-election as a Director of the Company at the Annual General Meeting to be held on 6 November 2014.

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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.