



**Medical Australia Limited (ASX: MLA)  
Quarterly Activities Report  
For the period ended 31 December 2013**

**HIGHLIGHTS FOR THE QUARTER**

- **Completes acquisition of leading regenerative animal stem cell technology company MediVet Pty Ltd**
- **Integration with MediVet Pty Ltd well under way - update to shareholders pending**
- **Raises \$4 million from strategic healthcare investors**
- **Multiple new products being developed for both animal and human healthcare markets**
- **Repayment of interest bearing liabilities - monthly saving of \$50,000**
- **December quarter impacted by one off items – integration costs, costs associated with business restructure and relocation, and increased inventory purchases due to seasonal factors**
- **Combined MLA and MediVet business is now profitable and cash flow positive**

**Sydney: 31 January 2014:** Medical products and distribution company Medical Australia Limited (“MLA” the “Company”) is pleased to update shareholders on its quarterly activities for the period ended 31 December 2013.

**Completion of MediVet Pty Ltd Acquisition**

During the quarter, MLA achieved a significant milestone by completing the acquisition of regenerative animal stem cell company, MediVet Pty Ltd. MLA now holds a 60.5% interest in MediVet America LLC, and 100% of MediVet Pty Ltd which encompasses Canada, USA, Great Britain, Continental Europe, the Middle East, Australia and the Asia Pacific Region.

The integration of MLA and MediVet is well advanced, and the Company looks forward to updating Shareholders on the full financial and operational impact of this integration in the coming weeks.

MLA is pleased to report that following a number of restructuring and cost reduction initiatives during the December quarter, the combined businesses are now cash flow positive and profitable.

**Capital Raising**

During the December quarter, MLA was pleased to complete a strategic \$4 million placement at \$0.20 per share to Windfall (NZ) Trust and Walker Group Holdings who subscribed for 10,000,000 Fully Paid Ordinary Shares each.

This placement has given MLA the financial flexibility to complete the acquisition of MediVet Pty Ltd and put the company on a solid financial footing for the remainder of 2014.

## **Quarterly Financial Update**

MLA undertook a number of cost reduction and restructuring initiatives during the quarter. With its strengthened balance sheet, the Company retired interest-bearing debt, which has reduced MLA's cost base by \$50,000 per month. Additional overhead reduction initiatives have resulted in savings of over \$1 million per annum.

The Company's quarterly performance was impacted by a number of one-off, non-recurring items including a write down of expired product, and costs associated with increasing inventory to ensure MLA has the necessary stock to supply customers whilst China based manufactures close for the Chinese New Year holiday period.

## **New Product Development Pipeline**

Pre-merger, MLA and MediVet have been collaborating on a number of new products for both the human and animal healthcare markets. MLA has made significant progress in this regard with a pipeline of new projects and supply contracts to be announced over the coming months. This has added considerable strength to MLA's product base, and will bring additional revenue streams from customers in domestic and international markets.

## **CEO Commentary**

MLA's Managing Director and Chief Executive Officer, Mr. Mark Donnison said: "This has been a quarter of significant transition for MLA and we now have a solid foundation in place with strong balance sheet, a committed shareholder base, and a diversified range of products to take the Company to the next stage of its growth.

"While the full impact of our cost rationalisation and restructuring program has yet to be felt, we are pleased to confirm that MLA is now trading profitability and generating positive cash flow.

"MLA is also pleased with the progress it has made in terms of new product development and negotiating new supply agreements in both the human and animal healthcare markets, and we hope to be able to report on these initiatives in the near-term. A number of these products have been developed in house by the MLA team which highlights the Company's ability to bring new, innovative products to the market and diversify our revenue base.

"MLA is in the best position of the Company's history to deliver improved returns to Shareholders, and we look forward to providing further updates on our progress."

- ENDS -

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

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*Medical Australia Limited (ASX : MLA) is a medical 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. Our products are used in three broad areas of healthcare, Human Health; Biological Collection, Processing and Laboratory; and Animal Health.*