



**Medical Australia Limited (ASX: MLA)
Quarterly Activities Report
For the period ended 31 March 2014**

HIGHLIGHTS FOR THE QUARTER

- **Revenue of \$3.1 million**
- **Integration of recently acquired Medivet business successfully completed**
- **Clements Medical Equipment division secures \$US275,000 order in Asian market**
- **Key sales and business development appointments to drive sales growth**

Sydney, 30th April 2014: Human and animal healthcare company Medical Australia Limited (“MLA”, the “Company”) is pleased to update shareholders on its activities for the quarter ended 31 March 2014.

Revenue for the quarter was solid at \$3.1million, up from \$2.5 million in the prior quarter. Cash out flow of \$1.1m was impacted by the repayment of borrowings (\$513k), movements in working capital and one-off costs related to the integration of the Medivet business.

The Board and Management team were also strengthened during the quarter with the appointment of Mr Bruce Hancox and Mr Jeremy Delk as Directors and Mr Darryl Ellis as Chief Operating Officer as reported to shareholders on 13 & 28 February.

The consolidation and integration of the human and animal healthcare businesses into one location and one operating platform has now been completed and all associated one-off costs have been incurred.

Human Healthcare

Medical Australia Limited’s human healthcare business performed solidly during the quarter. A pleasing development was the Clements business securing an order valued at \$US275,000 to supply suction pumps and associated equipment to a healthcare facility in Bangladesh. The company continues to pursue additional contracts in the Asian and Middle East markets.

During the quarter MLA also strengthened its sales function in the human healthcare business with the appointment of three new members to the sales team. Two experienced executives have been engaged in New South Wales and one in Queensland to maximise organic growth opportunities identified in both the public and private healthcare sectors in these markets.

MLA has also undertaken a review of its Original Equipment Manufacturing (OEM) operation and is assessing ways of strengthening its position in this sector.

Animal Healthcare

Following the acquisition of MediVet, MLA has the opportunity to strengthen its position in the large US animal healthcare market with the company focused on unlocking the potential for its regenerative animal stem cell technology. MLA’s strategy is to drive increased use of the technology from the circa 260+ veterinary clinics in the US that have used the technology, as well as securing new veterinary clinics that see potential in the treatment.

The company is now implementing a more targeted sales and marketing program that seeks to build on the uptake of the MediVet stem cell therapy treatment. With over 27,000 veterinary clinics in the United States, there is considerable scope for growth.

During the quarter MLA's MediVet team launched a new nebulising apparatus for the equine market which is now generating sales. The company is assessing opportunities to broaden its portfolio of products in the animal healthcare market with this apparatus one such example.

Quarterly Financial Update

The integration of MLA and MediVet has now been completed, resulting in some useful synergies, efficiencies and hence cost savings. Further, this integration means that the back-end systems of finance and reporting will be operating on the same platform.

After its first full quarter of ownership and control of MediVet, MLA has delivered acceptable sales with lower operating costs. Following a period of acquisition, restructuring and consolidation, the business is now stable and the company feels that it is well placed to focus on organic growth opportunities in its human and animal healthcare divisions.

- ENDS -

For more information contact:

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ABOUT MEDICAL AUSTRALIA LIMITED

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. 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")

31st March 2014

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from customers	3,286	8,232
1.2 Payments for (a) staff costs	(630)	(1,722)
(b) advertising and marketing	-	-
(c) research and development	-	-
(d) leased assets	(162)	(444)
(e) inventory	(1,708)	(3,850)
(f) other working capital	(1,259)	(3,296)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	4	6
1.5 Interest and other costs of finance paid	(6)	(85)
1.6 Income taxes refund (R&D tax refund)	-	-
1.7 Other (provide details if material)	-	-
Net operating cash flows	(475)	(1,159)

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

		Current quarter \$A'000	Year to date (9 months) \$A'000
1.8	Net operating cash flows (carried forward)	(475)	(1,159)
Cash flows related to investing activities			
1.9	Payment for acquisition of:		
	(a) businesses (item 5)	-	-
	(b) equity investments	(38)	(38)
	(c) intellectual property	-	-
	(d) physical non-current assets	-	-
	(e) other non-current assets	(56)	(56)
1.10	Proceeds from disposal of:		
	(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)	-	142
	Net investing cash flows	(94)	48
1.14	Total operating and investing cash flows	(569)	(1,111)
Cash flows related to financing activities			
1.15	Proceeds from issues of shares, options, etc.	-	4,000
1.16	Proceeds from sale of forfeited shares	-	-
1.17	Proceeds from borrowings	19	4,125
1.18	Repayment of borrowings	(513)	(5,500)
1.19	Dividends paid	-	-
1.20	Other (provide details if material)	-	-
	Net financing cash flows	(494)	2,625
	Net increase / (decrease) in cash held	(1,063)	1,514
1.21	Cash at beginning of quarter/year to date	2,829	252
1.22	Exchange rate adjustments to item 1.20	-	-
1.23	Cash at end of quarter	1,766	1,766

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	35
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	24
	Professional Fees (Company Secretarial)	11
		35

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	-	-

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	1,657	2,720
4.2 Deposits at call		
4.3 Bank overdraft		
4.4 Other (provide details)	109	109
Total: cash at end of quarter (item 1.23)	1,766	2,829

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: 30 April 2014
(Director/Company secretary)

Print name: Ian Burnham Mitchell

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.